

SIMULATED LIFE AND LAW INSURANCE EXAM

PART I - MULTI – STATE LIFE 50 QUESTIONS

Read each question carefully and select the answer that best answers the question or statement posed. Allot 120 minutes as your maximum time for successful completion of both Parts (I and II). Do not consult the answer key until you are completely finished with both Parts. After scoring, review each missed question and try to determine why your answer was incorrect. This SIMULATED EXAM is an excellent final step to passing your actual state exam and must not be skipped. Our simulated exam does not use pretesting but the question topic areas are weighted according to the Promissor content outline.

- 1) An Annuitant expresses the desire to leave any unpaid cash balance to a beneficiary. The agent should recommend which of the following annuities?
 - A) Variable Annuity
 - B) Refund annuity
 - C) Period Certain Annuity
 - D) Fixed Annuity

- 2) All of the following statements about Group Life Insurance are true Except
 - A) A master policy is issued
 - B) The employer usually pays part of the premium
 - C) A group cannot be formed solely to take advantage of a group life contract
 - D) In a contributory plan, 100% of all eligible employees participate

- 3) The main reason an insurance company orders an inspection report is to make an assessment regarding the applicant's:
 - A) Health
 - B) Personal characteristics
 - C) Credit Score
 - D) Employment history

- 4) A Producer is selling a \$100,000 Universal Life policy to a new customer. The customer is canceling the same amount and type of policy with different company in order to buy this new coverage. All of the following are true regarding agent and company performance, except:
 - A) A replacement form must be signed solely by the insurance producer
 - B) The producer must inform the customer that the proposed replacement may or may not be in the best interest of the customer
 - C) A replacement form must identify the policy being replaced.
 - D) The new insurance company must notify the existing company of the possible replacement.

- 5) All of the following statements about premium payments are true Except
 - A) Total premiums paid are less if the annual mode was utilized instead of the monthly mode
 - B) Premiums are not paid past the maturity date of a policy
 - C) Premium payments must be made in a timely fashion or applicant rights may be affected
 - D) Mode of premium may only be changed at an anniversary date of a policy

- 6) If a policyowner names a revocable primary beneficiary in a policy and then wishes to borrow against cash value, who must authorize the loan?
 - A) The policyowner
 - B) The revocable primary beneficiary
 - C) The policyowner and the revocable primary beneficiary
 - D) None of the above

7) Of the following nonforfeiture options, which continues to build equity in the policy?

- I) Cash Value Surrender
- II) Reduced Paid-up
- III) Extended Term

- A) II only
- B) II and III only
- C) I, II and III
- D) Neither I, II nor III

8) A beneficiary with a vested interest in the proceeds of a life policy is called

- A) Irrevocable
- B) Primary
- C) Contingent
- D) Revocable

9) Alma Love applied for insurance fifteen years ago when she was when she was 50 years of age. At the time of application she told the agent she was 42 years old. Ms. Love died last week at the age of 65. The Insurance company

- A) Completely denied the claim due to fraud
- B) Refunded all premiums paid to the beneficiary
- C) Paid the full face amount since the Contestable Period had expired
- D) Reduced the face amount to what the premium paid had purchased based on her correct age at the time of application.

10) All of the following statements regarding Joint Life insurance are true, except:

- A) Two lives are covered under one policy
- B) Once the contract is over the survivor never has the right to continue coverage with permanent insurance.
- C) The premium cost is less than the premium would otherwise have been if each life had been separately insured.
- D) If both covered lives died together in the crash of a regularly scheduled airline flight then the policy would pay the full face amount for both lives

11) HIPPA disclosures require which of the following?

- A) The applicant is giving written permission for the insurance company to access all personal medical records
- B) The insurance company can use the medical information accessed for matters unrelated to the underwriting function
- C) The authorization to access medical records is good for 36 months
- D) The applicant has the right to revoke the written permission previously given to access personal medical information

12) The main purpose of purchasing a Payor Benefit Rider is

- A) To protect the future insurability of a child.
- B) To waive premium payments on a juvenile policy if the applicant dies or becomes disabled.
- C) To increase the child's face amount of coverage once The child becomes an adult.
- D) To provide payments to a child if the child becomes disabled.

13) If an issued commits suicide within the first 12 months of policy issue, the policy beneficiary will

- A) Receive no payment in any amount
- B) Receive all premiums paid with interest
- C) Receive all premiums paid without interest, minus expenses incurred by the insurance company in issuing the policy
- D) Receive all premiums without interest

14) Survivor benefits, under Social Security, are paid to the children of a deceased insured until the children

- A) Attain age 18, unless they attend college and extend the benefit to age 22
- B) Attain age 18, without regard to education
- C) Graduate from high school
- D) Attain age 19 or graduate high school by age eighteen whichever occurs first

15) A Nonforfeiture clause of a permanent life policy consists of all of the following options Except

- A) Cash Value Surrender
- B) Reduced Paid-up
- C) Extended Term
- D) Policy Loan

- 16) Elvis Parsley owned a life insurance policy for 5 years and then died of a massive coronary just after the policy's fifth anniversary date passed. In reviewing the application it was shown that the doctor who examined Elvis answered "No" several times regarding any past heart treatment or consultation. The insurance company will
- A) Pay the face amount
 - B) Refund all premiums with interest
 - C) Refund all premiums without interest
 - D) Not make a payment in any amount
- 17) The policy provision which says insurance coverage is effective upon signing a completed application and paying the initial premium is which of the following?
- A) Incontestable
 - B) Insuring
 - C) Consideration
 - D) Reinstatement
- 18) Assume a life insurance application has been completed and properly signed by the applicant. Changes to the application can be made by
- A) The applicant if all changes are initialed
 - B) By an officer of the company and without the knowledge of the applicant, but only in contractually specified circumstances
 - C) The agent if the applicant was at least verbally informed of the changes
 - D) The chief underwriter of the insurance company if written notice was provided to the applicant
- 19) The provision which stipulates the manner in which proceeds may be distributed upon the death of the insured is called
- A) Settlement Options
 - B) Consideration Clause
 - C) Cash Surrender Value
 - D) Payor Provision
- 20) An Annuity in which cash value accumulation is dependent upon securities investments is known as
- A) Straight Life Annuity
 - B) Variable Annuity
 - C) Period Certain Annuity
 - D) Refund Annuity
- 21) Of the following dividend options which, if any, creates taxable income to the policyowner?
- I) Paid-up additions
 - II) Cash
 - III) Accumulate at interest
 - IV) Additional term coverage purchase
- A) III only
 - B) I and III only
 - C) II and III only
 - D) Neither I, II, III nor IV
- 22) If a bank receives a collateral assignment of a life insurance policy, this means which of the following?
- A) The bank gets to cash in the policy prior to the
 - B) The bank has a form of temporary ownership of the policy
 - C) The bank may borrow against cash values at any time
 - D) The bank may appoint itself as the primary Beneficiary
- 23) The basic purpose of a Suicide clause in a life insurance policy is to
- A) Force the beneficiary to demonstrate that cause of death was not by suicide
 - B) Permanently exclude suicide as a covered loss
 - C) Protect the company from insureds who are considering suicide at the time of policy purchase
 - D) Further punish the family of an insured who takes his own life
- 24) Accidental Death and Dismemberment policies can provide specified benefits for the loss of which of the following?
- I) Sight in one or both eyes
 - II) Loss of hearing
 - III) Loss of limbs
- A) I only
 - B) III only
 - C) I and II only
 - D) I, II and III
- 25) If an Annuitant wants the highest possible guaranteed monthly income available, an agent should recommend which of the following annuities?
- A) Variable Annuity
 - B) Straight Life Annuity
 - C) Period Certain Annuity
 - D) Fixed Annuity

- 26) "Underwriting" can best be defined as which of the following?
- A) Discriminating against individuals based on race
 - B) An unlimited right to name anyone as a beneficiary
 - C) Classifying individuals into groups such that each group pays a fair share of all cost of coverage
 - D) The right to buy specified additional amounts of benefit without being required to demonstrate evidence of insurability
- 27) Of the following cash value building policies, which will mature prior to the 100th birthday of the insured?
- A) 20 Pay Life
 - B) Life Paid-up at 65
 - C) Single Premium Whole Life
 - D) Endowment
- 28) The right of an applicant to return a delivered policy, within a specified period of time, for a return of all premium paid is found in the
- A) Insuring Clause
 - B) Free Look Provision
 - C) Settlement Options
 - D) Consideration Clause
- 29) Assume a policyowner does not pay insurance premium on the due date. The first response of the insurance company will be based on which provision?
- A) Automatic Premium Loan
 - B) Reinstatement Provision
 - C) Grace Period
 - D) Consideration Clause
- 30) A policy with an outstanding loan taken against cash value has the effect of doing which of the following upon the death of the insured?
- A) The face amount will be paid in full
 - B) Any indebtedness due to the company will be deducted from the face amount
 - C) The beneficiary will need proof the insured was still insurable shortly before death before any payment can be made
 - D) The policy is void
- 31) An insured purchases a convertible term policy and exercises the conversion right 10 years later. Reasons for why the premium has increased may be attributed to all of the following reasons Except
- A) The new policy is Limited Pay Life
 - B) The new premium is based upon attained age
 - C) The new policy is Straight Life
 - D) The health of the insured has declined
- 32) All of the following provisions are required to be included in a Whole Life policy Except
- A) Grace Period
 - B) Automatic Premium Loan
 - C) Insuring Clause
 - D) Settlement Options
- 33) An HIV notice and consent form must be provided to and signed by the insurance applicant. This form
- A) Allows the company to inform the MIB about the positive presence of HIV in a collected and tested sample
 - B) Allows the company to inform the personal physician of the applicant about the positive presence of HIV in a collected and tested sample
 - C) Prohibits the company from disclosing positive HIV results to insurance agents and brokers
 - D) Prohibits the company from testing a collected urine sample for the presence of HIV
- 34) Statements which must be completely true are known as
- A) Representation
 - B) Misstatements
 - C) Warranties
 - D) Waivers
- 35) George Jensen has just purchased a new home with the help of a sizable mortgage. The best type of coverage to meet this insurance need is
- A) 20 Pay Life
 - B) Endowment
 - C) Term
 - D) Straight Life
- 36) An individual may deduct which of the following percentages of premiums paid on life insurance contracts for federal income tax purposes?
- A) 0%
 - B) 15%
 - C) 28%
 - D) 100%
- 37) Selma Nella owns an Annuity which may increase future benefit payments and protect her purchasing power. It is most likely that Selma owns a
- A) Straight Life Annuity
 - B) Variable Annuity
 - C) Period Certain Annuity
 - D) Refund Annuity

- 38) The requirement that prevents an applicant from ownership of life insurance as a gambling device is known as
- A) Medical Information Bureau
 - B) Underwriting
 - C) Insurable Interest
 - D) Substandard Risk
- 39) Regarding insurable interest, which of the following statements is accurate?
- A) Insurable interest must exist at the time of the death of the insured
 - B) Debtors have an insurable interest in a creditor
 - C) When insurable interest stops after a policy has been issued, that policy must change parties such that insurable interest again exists
 - D) Each individual has an unlimited insurable interest in their own life
- 40) The tax treatment of premiums and proceeds of life insurance purchased to fund a buy and sell agreement is most accurately summarized by which of the following?
- A) Premiums are not deductible and proceeds are taxable
 - B) Premiums are deductible and proceeds are taxable
 - C) Premiums are not deductible and proceeds are not taxable
 - D) Premiums are deductible and proceeds are not Taxable
- 41) On July 3, Mr. Hobart applied for life insurance and indicated honestly throughout the application that he was, to the best of his knowledge, in excellent health. The policy was issued on July 17 and Mr. Hobart died cancer on December 22 of the same year in which the policy was issued. The insurance company will
- A) Deny the benefit and refund any premium paid
 - B) Pay fully because the Incontestable period has passed
 - C) Be allowed to deny the claim because the insured was ill and the fact he was unaware in not relevant
 - D) Pay the claim because the insured did not know of his condition at the time of application
- 42) Joyce Jasper owns a Whole Life policy but wishes to stop paying premium. She indicates a desire to have the full face protection for a stated future time without paying. An agent should inform her that
- A) Such a request is unreasonable and impossible to fulfill
 - B) She need only pay one more cash premium directly to the agent and her request will be granted
 - C) An officer of the company may be able to "work something out with her"
 - D) Such an option is available contractually and is known as Extended Term
- 43) Before an agent can issue a conditional receipt to an applicant, which condition(s) must be complied with?
- I) The insured must complete a medical examination
 - II) The insurance company must approve the risk
 - III) The signature of the applicant must be on the application
 - IV) The first premium payment must be made
- A) II only
 - B) III and IV only
 - C) II, III and IV
 - D) I, II, III and IV
- 44) The protection from a policy ends in 10 years with no cash value accumulation. This is which of the following plans?
- A) Term
 - B) Straight Life
 - C) Limited Pay Life
 - D) Annuity
- 45) If a life policy was issued by a company as applied for but no premium had been collected, what is the duty of the agent upon discovering that the health of the insured has suddenly deteriorated?
- A) Inform the applicant an extra premium may be due
 - B) Collect the first premium as quickly as possible to put coverage into effect
 - C) Not deliver the policy
 - D) Write a new policy with a higher premium payment at the same face amount
- 46) All of the following may be parties who must sign an application for life insurance except:
- A) An applicant
 - B) An Insured
 - C) A beneficiary
 - D) A producer

47) All of the following are exempt from the requirements of the Do Not Call Registry, except:

- A) Political organizations
- B) Survey conductors
- C) Insurance companies
- D) Charitable organizations

48) Mr. Rudy Baga owned a life policy in which Mrs. Baga was the named primary beneficiary. Which of the following statements about Mrs. Baga's federal income tax liability concerning the proceeds paid is true, if any?

- A) Policy dividends are income taxable
- B) Only cash value amounts in excess of premium payments are income taxable
- C) The policy face amount less premiums paid is income taxable
- D) None of the above

49) A counteroffer at policy delivery most likely means

- A) There is no coverage
- B) An original conditional receipt has bound coverage
- C) A standard risk rating was assessed by an underwriter
- D) The producer is under no obligation to explain to the applicant the nature of the counteroffer

50) When a company is calculating an annuity payment and it only looks at principal and interest without regard to life span, this is a

- A) Variable Annuity
- B) Refund annuity
- C) Period Certain Annuity
- D) Fixed Annuity

Answer Key for SIMULATED EXAM LIFE

LIFE ANSWER KEY FOR PART I - MULTISTATE

1. B	11. B	21. A	31. D	41. D
2. D	12. B	22. B	32. B	42. D
3. B	13. D	23. C	33. C	43. B
4. A	14. D	24. D	34. C	44. A
5. D	15. D	25. B	35. C	45. C
6. A	16. A	26. C	36. A	46. C
7. A	17. C	27. D	37. B	47. C
8. A	18. A	28. B	38. C	48. D
9. D	19. A	29. C	39. D	49. A
10. B	20. B	30. B	40. C	50. C

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PROCEED TO ILLINOIS INSURANCE LAW EXAM
FOR LIFE INSURANCE

SIMULATED LIFE AND LAW INSURANCE EXAM

PART II – ILLINOIS LAW 38 QUESTIONS

Read each question carefully and select the answer that best answers the question or statement posed. Allot 105 minutes as your maximum time for successful completion of both Parts (I and II). Do not consult the answer key until you are completely finished with both Parts. After scoring, review each missed question and try to determine why your answer was incorrect. This SIMULATED EXAM is an excellent final step to passing your actual state exam and must not be skipped.

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- 1) Which of the following is considered an advertisement?
 - A) A life insurance contract
 - B) An article taken from an insurance company's newsletter that is given only to that company's insurance producers
 - C) An insurance company newsletter which is intended only for that company's insurance producers but which is left conspicuously in the waiting area of an insurance office where prospective clients are likely to see it.
 - D) The prepared brochure of an insurance company that is only used in a training program for that company's producers

- 2) Which of the following statements concerning a Buyer's Guide is true?
 - A) It promotes selected qualified insurance companies
 - B) It enables a potential buyer to decide how much money should be placed in a variable life contract.
 - C) It enables a potential buyer to decide how much life insurance to buy
 - D) It promotes selected qualified plans of life insurance

- 3) The Replacement Rule applies to none of the following types of insurance except
 - A) an annuity
 - B) variable life
 - C) nonconvertible and nonrenewable term expiring in five years or less
 - D) individual credit life

- 4) If replacement of life insurance is involved at the time an application is being taken, the producer must provide the applicant with
 - A) an explanation showing that replacement is in the applicant's best interest
 - B) a form called "Notice Regarding Replacement of Life Insurance or Annuity"
 - C) a form called "Applicant Replacement Acceptance"
 - D) nothing since replacement is acceptable when done in the applicant's best interest

- 5) Two documents must be given to all prospects for life insurance. These documents are
 - A) Buyer's Guide and Replacement Information
 - B) Policy Summary and Explanation of Cost Indices
 - C) Buyer's Guide and Explanation of Cost Indices
 - D) Policy Summary and Buyer's Guide

- 6) An advertisement for life insurance may include which of the following statements about dividends?
 - A) "They are guaranteed for a minimum of 10 years."
 - B) "They are guaranteed for a minimum of 5 years."
 - C) "They are based on a current dividend scale."
 - D) "They will be increased annually."

- 7) Before beginning a life insurance sales presentation, an insurance producer MUST give a prospect which of the following?
- A) The Best's Insurance Report rating of the company
 - B) The names of the officers of the company
 - C) The full name of the company
 - D) The states in which the company is licensed
- 8) The Replacement Rule is designed to
- A) assure disclosure to a prospective buyer
 - B) prevent the indiscriminate sale of Term policies
 - C) encourage people to retain Whole Life policies
 - D) help insurance company's keep policies in force
- 9) An individual would need a producer license to sell each of the following contracts except
- A) Universal Variable Life
 - B) Industrial Life
 - C) Accidental Death & Dismemberment
 - D) Disability Income
- 10) An individual is entitled to a temporary license for insurance producer application
- A) once in a lifetime
 - B) once every three years
 - C) once is six months
 - B) every 90 days
- 11) If an insurance producer has his license revoked, he may not apply for another license after the revocation for a minimum of how long a period of time?
- A) He may never try applying again
 - B) 1 year
 - C) 2 years
 - D) 3 years
- 12) Which of the following statements regarding compensation and service fees which an insurance producer may charge a consumer is CORRECT?
- A) If the policy or contract is cancelled after 30 days from inception, the insurance producer may keep the entire service fee.
 - B) Under no circumstance may a service fee exceed 5% of the policy premium.
 - C) The written signature of the consumer is required if the combined compensation on the service fee is more than 5% but less than 10%
 - D) Service fees must be refunded on a prorated basis if cancellation by the consumer is made within 90 days from the inception date of the policy.
- 13) All of the following statements about a producer license is true except
- A) It renews biannually
 - B) there is a continuing education requirement
 - C) It renews biannually for \$125
 - D) it will lapse if not renewed properly within the statutory period
- 14) If an insurance producer is convicted of a felony, he must report this judgement to the Illinois Director of Insurance within a maximum of how many days after the conviction?
- A) 7
 - B) 15
 - C) 30
 - D) 45
- 15) Money from premium collection can be placed in an interest bearing account by an insurance producer if he does which of the following?
- A) Obtains the principal's written consent
 - B) Forwards a share of the interest to the principal
 - C) Deposits the money in a federally chartered state bank
 - D) Is approved by the Director of Insurance to earn interest on premium dollars collected
- 16) All of the following statements about temporary licensing are true except?
- A) They are issued for 180 days
 - B) There is no fee required in the case of a producer who becomes physically disabled
 - C) They can renewed for an additional period of time
 - D) A producer who enters the US military is eligible
- 17) An applicant for an insurance producer license must meet which of the following requirements?
- A) Be at least seventeen years old
 - B) Complete a pre-licensing course of study
 - C) Hold a limited insurance representative license for one year prior to applying for a producer license
 - D) Not be licensed in another state six months prior to the date of application

- 18) An licensed agent of Indiana who wishes to sell life or health insurance to an Illinois resident, is required to have which license?
- A) Nonresident Producer
 - B) An Indiana Agent
 - C) Temporary Insurance Producer
 - D) Temporary License in the Case of Death
- 19) A producer is changing her residence address. Under Illinois law she has the burden of notifying the Director of Insurance of such a change within a maximum of how many days?
- A) 10
 - B) 20
 - C) 30
 - D) At license renewal time
- 20) Regarding an applicant who fails to pass an insurance producer exam, all of the following statements are false except
- A) he must pay the full exam fee even if he is retaking only a portion of an exam
 - B) he must repeat a certified prelicensing course of study in any failed areas
 - C) he is limited to 4 attempts at passing in any twelve month period of time
 - D) he is eligible for a partial refund of the testing fee
- 21) Producer Piper had his license revoked for lying on his producer application. Mr. Piper can expect
- A) to obtain his license after two more years elapse
 - B) to pay a monetary fine if he ever wishes to obtain a future license
 - C) that he will never be eligible to be licensed in the future.
 - D) to have his case forwarded to the attorney general for a possible jail sentence.
- 22) The Illinois Insurance Guaranty Fund will afford protection for all of the following except
- A) Accident and Health claims to \$300,000
 - B) Life Proceeds to \$300,000
 - C) Burial Life
 - D) Annuity net value to \$100,000
- 23) Which of the following MUST be provided to an applicant for life insurance:
- A) list of all states in which the company is licensed
 - B) list of producers that represent the company
 - C) copy of the company's annual report
 - D) copy of the Policy Summary
- 24) Once an Illinois producer has obtained a policy from a company for delivery to a client, he is authorized to collect the first premium due on the contract within a maximum of how many days?
- A) 30
 - B) 45
 - C) 60
 - D) 90
- 25) In the normal course of business, an insurance producer may do all of the following except
- A) distribute brochures describing a competitor
 - B) compare the relative strengths and weaknesses of a competitor's policy
 - C) mislead a client with respect to premium cost between selected companies
 - D) provide required documents
- 26) Illinois insurance law requires which of the following, if any, to be licensed as insurance producers?
- A) Premium collectors in insurance producer offices
 - B) Administrative and clerical employees of an insurance company whose compensation is not based on insurance sales production
 - C) An employer who enrolls his employees for group insurance
 - D) None of the above
- 27) An insurance producer may have his license revoked by the Illinois Director of Insurance for all of the following reasons except
- A) Conviction of a misdemeanor
 - B) Misappropriating client premiums
 - C) Willful violation of an insurance law
 - D) Engaging in fraudulent business practices

- 28) Any person or company held to violate an order of the Insurance Director can be fined. This applies to all of the following parties except
- A) A producer who ignored an order from the Director to desist.
 - B) The owner of the insurance agency who helped the producer ignore an order from the Director to desist.
 - C) An insured who was part of an illegal transaction.
 - D) The insurance company who aided a contracted producer in violating an order of the Director.
- 29) If a producer has a Premium Fund Trust Account (PFTA), all bank statements must be balanced
- A) every 15 days
 - B) monthly
 - C) quarterly
 - D) annually
- 30) Which of the following activities of an insurance company is prohibited?
- A) Hiring an 18 year-old to train as a producer
 - B) Failing to provide claim forms
 - C) Reporting agents who rebate to the Director
 - D) Settling claims in a prompt manner
- 31) If an insurance producer is one day late in the renewal of his producer license he
- A) may be fined \$ 1,000
 - B) will have his license suspended for one month
 - C) will have up to six months to reinstate his lapsed license
 - D) will have to pay a double license fee to renew his license
- 32) Premium financing occurs when more than this minimum percentage of total accounts are receivable are 90 days or more due after the premium due date
- A) 1%
 - B) 5%
 - C) 10%
 - D) 15%
- 33) To be qualified when initially applying for an insurance producer license, the applicant must
- A) demonstrate satisfactory completion of continuing education
 - B) show appointment from an insurance company admitted under Illinois law
 - C) prove he or she has a satisfactory credit rating
 - D) meet bonding requirements unless otherwise exempted
- 34) The Director of Insurance in Illinois has authority to examine the records of all of the following, EXCEPT:
- A) Mortgage lenders
 - B) Insurance companies
 - C) Any Attorney
 - D) Insurance Producers
- 35) Which of the following statements about business entities is true?
- A) They may not pay commissions
 - B) At least 3 individuals must be authorized to act as insurance producers
 - C) A licensed producer need not be designated to comply with law
 - D) Their license must be renewed biannually with a fee paid
- 36) All of the following are unfair claims practices on the part of insurance companies except
- A) Trying to settle a claim on the basis of an altered application
 - B) Unfairly delaying the payment of a claim
 - C) Seeking to enforce the contractual provisions of a policy against the policyholder
 - D) Not providing required claims forms and instructions on how to use them
- 37) All premium funds received by a producer must be deposited into a Premium Fund Trust Account if they have not been remitted to an insurance company within a maximum of how many days?
- A) 10
 - B) 15
 - C) 30
 - D) 90
- 38) Which of the following statements regarding an insurance producer license is not accurate?
- A) It is a perpetual license
 - B) There is a biannual renewal fee
 - C) Continuing education requirements must be fulfilled by renewal time, otherwise the license will not be renewed until such compliance is met
 - D) Individuals convicted of misdemeanor violations will be automatically denied a license

- 39) An applicant for an insurance producer license must meet all of the following requirements EXCEPT:
- A). complete fifteen hours of pre-licensing education per line
 - B) be at least twenty-one years old
 - C) maintain an appropriate bond or exemption
 - D) pay the appropriate fees
- 40) A producer, unless exempt, must maintain a bond in which of the following amounts?
- A) \$2,500 or 5% of the previous year's premiums brokered, whichever is greater
 - B) \$2,500 or 10% of the previous year's premiums brokered, whichever is greater
 - C) \$5,000 or 5% of the previous year's premiums brokered, whichever is greater
 - D) \$5,000 or 10% of the previous year's premiums brokered, whichever is greater
- 41) Which of the following statements regarding omissions and services fees is CORRECT?
- A) A business entity may not charge a service fee.
 - B) Service fees may not exceed 10% of the total premium.
 - C) Written disclosure of a service fee must be maintained by the insurance producer for a minimum of five years.
 - D). Service fees may be considered fully earned if the insurance producer provides a written disclosure.
- 42) The Life Insurance and Annuity Replacement Rule applies to which of the following types of insurance?
- A) Individual Credit Life
 - B) Individual Whole Life
 - C) Group Whole Life
 - D) Group Annuities
- 43) Which of the following must be licensed as an insurance producer to offer insurance advice for a fee?
- A) Trust officers of a bank performing duties incidental to the position
 - B) Licensed public adjusters acting within the scope of their license
 - C) Salaried insurance agency employees who receive commissions
 - D) Licensed attorneys

ANSWER KEY FOR ILLINOIS LIFE SIMULATED LAW EXAM PART II

1. C	11. D	21. B	31. D
2. C	12. D	22. C	32. B
3. A	13. C	23. D	33. A
4. B	14. C	24. D	34. C
5. D	15. A	25. C	35. D
6. C	16. B	26. D	36. C
7. C	17. B	27. A	37. A
8. A	18. A	28. C	38. D
9. B	19. C	29. B	39. B
10. A	20. A	30. B	40. A
			41. D
			42. B
			43. C

OVERALL, ON QUESTIONS 1-38, HOW MANY DID YOU MISS?

12 OR MORE - TIME TO STUDY A LOT HARDER

10 - 11 ----- BORDERLINE, STUDY MORE!

7-9 ----- NOT BAD, STILL ROOM TO IMPROVE

4-6 ---- PRETTY IMPRESSIVE

3 OR LESS -- YOU SHOULD BE TEACHING THE COURSE