

License Coach Life Section –Live Cram Course Handout

82) Life Insurance Slide

83) Insurance that is designed to protect against the risk of premature death.

84) What does a Stock Insurance company doing business on a Mixed Plan mean? The company offers both _____ (Dividends-more expensive \$\$) and _____ (No dividends) Insurance.

85) Name and Describe 3 Basic kinds of Life insurance.

- _____ - Temporary (Term) Perm.(WL,UL, VUL, etc.)
- _____ -Debit, Home Service
- _____ - Employee/Employer

86) In life insurance, the rate at which a specific population dies.

87) The 2 basic approaches used to determine the amount of insurance an individual needs are: _____ and _____ Most used today

88) No legal action may be taken prior to _____ after written proof of loss is provided to the insurer.

89) What is an Emergency Fund used for?

Answer:

Pays for maintenance, repairs, _____, loss of job,etc.

90) An individual's valid concern for the continuation of the life or well-being of the person insured. _____

91) When does insurable interest have to exist?

Answer:

At _____, at the time of the _____.

92) Features of Buy/Sells Plans:

- _____ can make it possible for the employee to buy their business.
- _____ on the life of proprietor; it is not tax deductible to the employee.

93) _____ partners purchase insurance on each other individually; the partnership itself is not involved.
How many policies would be required for 3 partners?
_____ (They each buy 1 policy on the other partners)

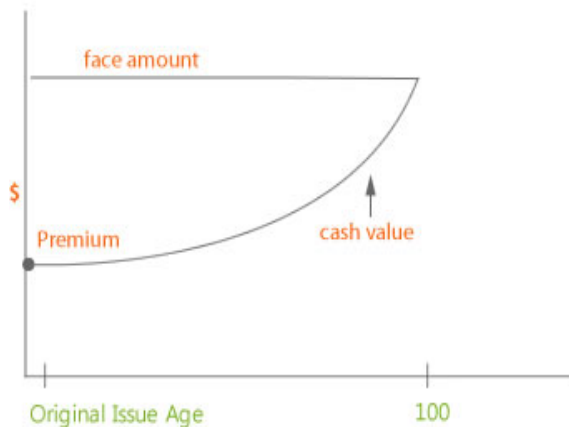
94) Term insurance is: _____
It provides insurance for:
A _____ time and pays _____ if the insured _____ during that period.

95) Decreasing Term
Premium stays _____, Face amount systematically
_____ to zero by end of term

96) _____ allows an insured to convert a term policy to whole life without proof of insurability.

97)

Single Premium Whole Life



98) Which policy has lower payments the first years (usually 5 years) then higher than typical thereafter?
Answer: _____

99) Endowment Policy
Policy providing for payment of _____ at end of fixed period (Endowment Period), at a specified age of insured, or at _____ before the end of the stated period.

100) Comprised of variable life and variable annuities. These products invest premium dollars in securities, which carry more risk due to price fluctuations. A securities license is required to sell these products.

101) What is the difference between a Joint Life Policy and a Joint and Last Survivor Policy?

- _____ covers 2 people, pays death benefit when the 1st one dies.
- _____ covers 2 people, pays a death benefit only when 2nd insured dies. (AKA) Second to Die policy.

102) What is Credit Life Insurance?

Covers the Life of _____ For amount of a loan

AKA _____ (mortgage insurance or Credit life)

103) What is another name for Whole Life insurance?

_____ and _____

104) When does Whole Life insurance mature?

At age 100 If policyowner is alive, check is paid to them for

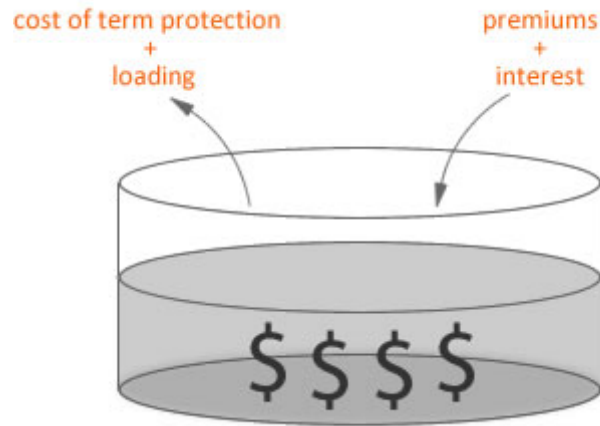
105) The most common type of insurance used in a group policy is:

106) What insurance protects against the risk that a person in debt cannot repay the debt to the creditor because of accident, sickness, disability or death?

Answer: _____

107)

Universal Life Cash Value



108) What is Universal Life?

Answer:

Defined as _____ insurance with a policy value fund.

109) Universal Life Cash Value grow 2 ways:

_____ Interest Rates Or _____
Minimum Rate

110) Universal Life - MIX

Premiums will be used for:

M - _____ (protection) element

I - _____ (accumulation) element

X - _____ (loading charges) element

111) What 3 things can be adjusted on a UL policy without needing a new policy?

- _____ Amount
- _____ Amount
- _____ of Payment

Key word for UL: _____

112) Universal Life

_____ interest rate than whole life, cost is also _____
than whole life.

Basically _____ Term Insurance with a
_____ account.

113) In Universal Life what type of Insurance is deducted Monthly?

ART/YTR Annual Renewable Term Yearly Renewable Term

114) Universal Life

If the Cash value account is not large enough to support monthly deductions the
policy _____.

115) Describe the features of the policy

Straight Whole Life

Permanent _____ Protection

_____ Premium

until _____ or _____

116) These policies earn a fluctuating rate of interest and do not guarantee a certain
cash value. They have fixed level premiums and a guaranteed minimum death
benefit. _____

117) Incontestable Clause Slide

118) How long can an insurance company challenge the validity of statements made
on a policy?

_____ AKA Incontestable Clause

119) What are 3 situations to which the incontestable time does not apply?

- I - _____
- I - No _____ Interest
- I - _____ to Murder

120) What is it called when a policy owner transfers one or all of his rights of
ownership of his policy?

121) Must the insurance company be notified when a policy is assigned?

_____, but no approval is needed.

122) What does the "Free Look" provision provide?
A chance for the insured to reject the policy without forfeiting his money
_____ to review the policy

123) What is it called when the policy proceeds are **assigned to a creditor?**
_____ **or Partial Assignment**

124) How long is the grace period? _____ = 30 days

125) A required provision in a life insurance policy which stipulates the rights of the policyowner. _____

126) What is it called when the assignee receives Full control of the policy?

127) What is the difference between a Provision and a Rider?
A provision is part of the _____
Whereas a rider is an _____ to the policy and frequently there is an additional charge.

128) Reinstatement Requirements
What 4 things may have to be done before a lapsed policy will be reinstated?
Here's a hint.....PAY x 3, PROOF

129)
PAY—PAY ALL _____ DUE
PAY—PAY BACK OUTSTANDING _____
PAY—PAY ALL _____ DUE
PROVE—PROOF OF _____

130) What does the (APL) Automatic Premium Loan provision provide?
Insurer (company) can pay insured's premium from Cash Value

131) What kind of assignment is it when a viatical company pays the original owner money and the owner assigns his policy to the viatical company?
Answer: _____

132) Suicide Clause
Question:
How much money does Mary receive if John commits suicide within 6 months of the issue date?
Answer:
Only the _____

133) Whole Life Insurance Cash Value Non-Forfeiture Options

You can't _____ your Cash Values, Policy owner chooses how to

134) There are 3 Non-forfeiture Options:

- R - _____
- E - _____
- C - _____

135) Yes or No

Since partial withdrawals from a fixed annuity are first treated as earnings income (FILO), do you pay income tax on a partial withdrawal?

136) The amount paid to the beneficiary under an insurance policy upon the death of the insured is called: _____

137) Riders

The _____ rider prevents a policy from lapsing by paying the premiums when the insured becomes disabled.

138) How long is the waiting period before this rider becomes effective?
_____ months - _____ months (90 - 180 days)

139) How long will the company waive/pay the premiums?

Until disabled owner _____; If disabled before 65 and not recovered-for life.

140) What is the rider called that when the owner dies, the children's premiums are waived until the child reaches 25?

_____, ONLY found in Juvenile Insurance

141) What is the Rider that can have more than one family member insured?

_____, Spouse or child rider

142) Accelerated Benefits/Viatical Settlements Slide

143) The _____ is the provision/rider that allows for an early payment of a portion of the death benefit to be paid to an insured that is _____/chronically ill.

144) _____ are companies which purchase life insurance policies from the terminally ill.

145) Yes or No

Are accelerated death benefits taxable?

Does a terminally ill person who sells her policy to a viatical company have to pay taxes on the money?

146) What are the rules for an employee to convert his group insurance to an individual policy after leaving a company?

- _____ days
- No _____ needed
- Plan other than _____

147) Where is the Entire Contract Provision found?

Answer: _____

148) What does the Entire Contract Provision mean?

- _____ Document
- Attached _____
- _____

149) How does the Entire Contract Provision protect the insured?

Insurer (Insurance Company) _____ any part of the policy after the delivery.

150) A contract which protects against the risk of living longer than expected. They provide guaranteed life income to protect against the risk of depleting retirement funds.

151) Federal social insurance program which provides retirement, disability, and survivors benefits. OASDI

- O - _____
- A - _____
- S - _____
- D - _____
- I - _____

152) Basis for determining Social Security insured status. A maximum of 4 quarters can be earned in one year. Synonymous with quarters of credit.

Quarters of Coverage

_____ =Fully Insured

153) Social Security is an _____, it is not a welfare program.
(40 credits= Fully insured.)

154) Retirement Plans slide

155) What type of plan is exempt from current income taxation?

156) Yes or No

Does an employee pay taxes on money they contribute to their qualified plan at work?

157) What does ERISA mean?

- E - _____
- R - _____
- I - _____
- S - _____
- A - _____

158) What does an ERISA do for workers?

Protects the rights of _____

159) 403b AKA _____

160) How many people can own an IRA account? (Individual Retirement Account)

- A. 1
- B. 2
- C. 3
- D. 0

161) CRAPO

Policyowner has **5** options to receive their Dividends.

C - _____

R - _____ Premiums

A - _____ at Interest (this is taxable)

P - _____ Additions

O - _____ Term

(aka 5th Dividend Option)

162) Question: Are dividends taxable?

Answer: _____, it is actually a refund of premium. The insured's own money is being returned, it's not a profit, so it's not taxed.

163) Allow employees to choose which health care benefits and coverages they want from a list of options. _____

164) What are some 501(c) organizations?

- _____
- Charitable
- Educational
- _____ Organizations

165) Does an **Insurable Interest** have to exist to assign a policy?
_____, the policy owner can give it to anyone.

166) Once the debt is repaid, does the policy owner regain the policy's benefits?

167) If a policy owners misstates his age, will the company be able to do anything about it after the contestable period expires?

_____ What?

_____ to reflect correct age – Increase or decrease the face amount.

168) What does Life Insurance Guarantee?

A specified sum of money upon the _____ of the insured.

169) Where is the Insuring Clause found in a policy?

Answer: On the _____ of the _____

170) What does Insuring Clause promise?

To pay the beneficiary at death or insured at age _____

171) Common Policy Exclusions Insurer will not pay:

- C - _____ of a Felony
- A - _____
- W - _____
- S - _____

172) Question:

What is Business Interruption insurance?

Answer:

_____ : the beneficiary is the business. It is a business asset.