

Chapter 1 Review Questions

Fill in the blanks.

1. Insurance is the _____ of individual risk to an insurance company.
2. Leading a healthier lifestyle is a way to _____ risk.
3. The three types of economic death are _____, _____, and _____.
4. The principle that enables insurance carriers to be so accurate in their mortality predictions is called the Law of _____.
5. The two kinds of insurance companies that widely exist today are the _____ and the _____.
6. A stock company is operated for the benefit of the _____.
7. A mutual company is operated for the benefit of the _____.
8. The insurance organization similar to a mutual insurance company but requires policyowners to join the organization is known as a _____.
9. A _____ company issues participating policies.
10. A _____ company issues non-participating policies.
11. _____ is defined as chance of loss.
12. When a company transfers part of the exposure and part of the premium to another company, the process is known as _____.
13. If an insurance company is admitted to do business in a state, it is known as a(n) _____ company.
14. Purchasing insurance from a non-admitted company through an agent with a special license is known as a _____ transaction.

ANSWER KEY

- | | |
|---|------------------------------|
| 1. transfer | 8. fraternal |
| 2. reduce | 9. mutual insurance |
| 3. physical death, retirement death, living death | 10. stock insurance |
| 4. Large Numbers | 11. Risk |
| 4. stock, mutual | 12. Reinsurance |
| 6. stockholders | 13. Authorized (or Admitted) |
| 7. policyowners | 14. Surplus Lines |

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Chapter 2 Review Questions

Choose from the answers below. Answers may be used once, more than once, or not at all.

1. Something of value exchanged _____
 2. An alternative proposal _____
 3. The insurance company's consideration _____
 4. A lie on the application _____
 5. A statement the applicant believes to be true _____
 6. An unequal exchange of benefits _____
 7. Withholding part of the truth _____
 8. The insured's consideration _____
 9. Coverage will start on the later of the application date or the physical exam if the policy is issued as applied for _____
 10. Only one party (the insurance company) makes legally enforceable promises _____
 11. An application with premium _____
 12. An application with no premium _____
 13. A statement that must be absolutely true _____
 14. When insurable interest must exist with a Life policy _____
 15. Along with insurable interest this is required to purchase a Life policy on someone else's life _____
-
- A. Offer
 - B. Concealment
 - C. Promises
 - D. Doctrine of Utmost Good Faith
 - E. Aleatory Contract
 - F. Premium and application
 - G. Consent
 - H. At the time of application
 - I. At the time of the loss
 - J. Unilateral Contract
 - K. Warranty
 - L. Representation
 - M. Misrepresentation
 - N. Consideration
 - O. Counter-Offer
 - P. Conditional Receipt
 - Q. Interim Term Receipt
 - R. Invitation to Make an Offer

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ANSWER KEY

1. N
2. O
3. C
4. M
5. L
6. E
7. B
8. F
9. P
10. J
11. A
12. R
13. K
14. H
15. G

Drill for Skill**Chapter 3 Review Questions**

Choose from the answers below. Answers may be used once, more than once, or not at all.

1. Selecting and classifying risks _____
2. Cheapest and best source of underwriting info _____
3. The tendency of poor risks to buy insurance _____
4. Less desirable risks _____
5. Average risks _____
6. Better than average risks _____
7. The table used to predict life expectancy _____
8. The table used to predict the frequency of sickness and accident _____
9. Risk plus expenses minus interest _____
10. Risk minus interest _____
11. The frequency of premium payments _____
12. The organization which allows insurance companies to share medical data _____
13. To use credit history for underwriting, a company must comply with the _____
14. Losses not covered by the contract _____
15. Part II of the application _____
16. If the applicant is other than the proposed insured, who must sign the app? _____
17. Info provided by the agent on a proposed insured _____
18. The gender that pays higher rates for life insurance _____
19. The gender that pays higher rates for health insurance _____
20. The portion of the loss paid by the insured _____

- | | |
|--|-------------------------------|
| A. Exclusion | N. Adverse selection |
| B. Applicant only | O. Underwriting |
| C. Mortality | P. MIB |
| D. Proposed insured only | Q. Preferred |
| E. Premium mode | R. Net premium |
| F. Both applicant and proposed insured | S. Medical history |
| G. Substandard | T. Standard |
| H. Agent's report | U. Females |
| I. Males | V. Deductible |
| J. Morbidity | W. HIV |
| K. The application | X. Moral hazard |
| L. Gross premium | Y. Laboratory screen |
| M. Fair Credit Reporting Act | Z. Interim insuring agreement |

ANSWER KEY

1. O
2. K
3. N
4. G
5. T
6. Q
7. C
8. J
9. L
10. R
11. E
12. P
13. M
14. A
15. S
16. F
17. H
18. I
19. U
20. V

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Chapter 4 Review Questions

Fill in the blanks

1. What type of policy offers protection only for a specified period of years? _____.
2. What type of policy offers protection for a lifetime? _____.
3. A Term insurance policy with a face amount that goes down over time is called _____.
4. A Term policy that might be characterized by overpayment of actual insurance costs in the early years of the policy? _____.
5. A Level Term policy has a level _____.
6. A policy that provides coverage until age 100 _____.
7. A Life Annuity that guarantees payment for a limited number of years even if the annuitant is deceased is a Life Annuity with a _____.
8. When an insured dies, his or her Life Insurance policy _____.
9. A Term policy that allows the insured to convert their policy to a Whole Life policy is called _____.
10. In an Annuity, premium is paid during the _____ period.
11. A Life Annuity that covers more than one life is known as a _____.
12. A Life Annuity that guarantees all of the principal invested will be paid out is referred to as a _____.
13. The _____ Annuity promises benefits based on Annuity units whose value fluctuates with the investment experience of the company.
14. There are three ways to purchase an Annuity, with a fixed premium, a flexible premium or a _____.
15. An Annuity that begins paying at once is an _____.
16. During the accumulation phase, the money in an Annuity grows on a tax _____ basis.

ANSWER KEY

1. Term
2. Whole Life
3. Decreasing Term
4. Level Premium Term
5. Face Amount or death benefit
6. Whole Life
7. Period Certain
8. Matures
9. Convertible Term
10. Accumulation
11. Joint and Survivor Life Annuity
12. Refund Life Annuity
13. Variable
14. Single Premium
15. Immediate Annuity
16. Deferred

Chapter 5 Review Questions

Choose from the answers on the following page. Answers may be used once, more than once, or not at all.

1. Designates who has all of the policy rights _____
2. A beneficiary with vested rights in the policy proceeds _____
3. A beneficiary with no vested rights in the policy proceeds _____
4. No benefits if the insured kills himself in the first two years of the policy _____
5. The first beneficiary _____
6. All beneficiaries after the first _____
7. Beneficiary if none is named _____
8. Beneficiary designated where flexibility and judgement are critical _____
9. Guiding principle if the beneficiary outlives the insured by two minutes and is awarded the proceeds _____
10. Guiding principle if the beneficiary must outlive the insured for a specified period to be awarded the proceeds _____
11. Beneficiary named per **surviving** person _____
12. Beneficiary named per **bloodline** _____
13. Policy plus application equals the complete contract _____
14. Right to return the policy _____
15. A policy sold on September 1st dated March 1st _____
16. The basic promise between the company and the policyowner _____
17. This principle applies if the applicant tells us he's 30 instead of 40 _____
18. Allows 30 (or 31) days to pay overdue premium _____
19. A requirement for reinstating a policy _____
20. Protects policyowners in the event of company bankruptcy _____
21. Changing ownership _____
22. At death, an unpaid policy loan (with interest) will be _____
23. Today, most people with hazardous hobbies will be _____
24. Dying without a will _____
25. Protects the proceeds against creditors of the policyowner _____

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- A. Suicide Clause
- B. Entire Contract Clause
- C. Primary
- D. Revocable beneficiary
- E. Per capita
- F. Insuring Clause
- G. Free Look provision
- H. Irrevocable beneficiary
- I. Grace Period Clause
- J. Contingent (Secondary or Tertiary)
- K. Backdating
- L. Per stirpes
- M. Estate
- N. Ownership Clause
- O. Trust
- P. Common Disaster provision
- Q. Uniform Simultaneous Death Act
- R. Pay back premium plus interest
- S. Assignment
- T. Misstatement of Age Clause
- U. Rated
- V. State Life and Health Guaranty Association
- W. Deducted from the death benefit
- X. Spendthrift Clause
- Y. Intestate
- Z. Excluded

ANSWER KEY

- 1. N
- 2. H
- 3. D
- 4. A
- 5. C
- 6. J
- 7. M
- 8. O
- 9. Q
- 10. P
- 11. E
- 12. L
- 13. B
- 14. G
- 15. K
- 16. F
- 17. T
- 18. I
- 19. R
- 20. V
- 21. S
- 22. W
- 23. U
- 24. Y
- 25. X

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Chapter 6 Review Questions

Choose from the answers below. Answers may be used once, more than once, or not at all.

1. A return of overpayment of premium _____
2. Pays dividends to policyowners _____
3. Dividend Option that results in increased death benefit _____
4. Non-forfeiture Option in which insured keeps the same face amount of coverage _____
5. Settlement Option that guarantees an income for life _____
6. Reduced Paid-Up _____
7. Non-forfeiture Option unavailable to a sub-standard risk _____
8. Taxable in the year it is earned _____
9. Non-forfeiture Option that once taken does not permit the policy to be reinstated _____
10. A Life Policy with Non-forfeiture Options _____
11. Allows the insured to receive a portion of the death benefit before their death _____
12. Extended Term results in _____ than the original policy
13. Dividends are _____
14. Cash, Interest and Annuity Certain are examples of _____
15. Triggers Non-forfeiture Options _____

- A. Death of the insured
- B. Lapse or surrender
- C. Settlement Options
- D. Dividend
- E. Whole Life
- F. Mutual Company
- G. Stock Company
- H. A shorter coverage period
- I. A smaller death benefit
- J. Always taxable
- K. Never guaranteed
- L. Cash
- M. Interest on a Dividend
- N. Life Annuity
- O. Extended Term
- P. Living Benefit Option
- Q. Usually guaranteed
- R. Paid-Up Addition
- S. A Non-forfeiture Option
- T. Company's Board of Directors

Drill for Skill**ANSWER KEY**

1. D
2. F
3. R
4. O
5. N
6. S
7. O
8. M
9. L
10. E
11. P
12. H
13. K
14. C
15. B

Chapter 7 Review Questions

Fill in the blanks

1. The combination policy which incorporates Convertible Term and Whole Life to insure every member of the family is called the _____ Policy.
2. A Family Income policy covers the life of the breadwinner and is structured with _____ Term and _____.
3. The Family Maintenance policy also provides an income to the family during the child-rearing period, but it is built with _____ Term and _____.
4. A policy which insures two or more people and pays upon the death of the first is called _____. A similar contract which pays upon the death of the last insured is called _____.
5. A Modified Life policy is built with _____ Term combined with _____.
6. A Family Income policy may be developed by adding a _____ Term rider to a Whole Life policy. A Family Maintenance policy would be constructed by adding a _____ Term rider to Whole Life.
7. A Payor Benefit rider is commonly added to _____ policies.
8. The coverage of a Multiple Indemnity rider is normally limited to age _____.
9. A policy which combines Decreasing Term and Whole Life and provides income in case of the premature death of the breadwinner to a predetermined time plus a lump sum of money at the end of the remaining income period is called the _____ policy.
10. A policy which pays monthly income upon the death of the breadwinner for a predetermined number of years after death plus a lump sum at the end and combines Level Term and Whole Life is known as a _____ policy.
11. Premium distribution that calls for underpayment of a Whole Life policy in the early years and overpayment in the later years would construct a _____ policy.
12. If a Multiple Indemnity rider is attached to a policy, the face value of the policy would be multiplied only if the cause of death is _____, occurs within _____ days of the accident, and is not contributed to by any other _____.
13. A type of policy loan which is designed to avoid an inadvertent lapse of the policy for non-payment of premium is called _____.
14. A Whole Life policy which might guarantee interest at 3% but earns 5 1/4% for the policyowner in a given year is known as _____.
15. A rider that allows the insured to buy additional life insurance at specified ages without showing proof of insurability is known as a _____.
16. The rider which allows the insured to buy a specified percentage of additional coverage each year to keep place with inflation is the _____.
17. After an insured has been disabled for six months, the _____ rider causes the company to forego future premiums for the length of the disability and to refund premiums paid during the initial six months.
18. The Living Benefit Option can be added to a policy with the use of the _____ rider.

Drill for Skill**ANSWER KEY**

1. Family
2. Decreasing, Whole Life
3. Level, Whole Life
4. Joint Life, Survivorship Life
5. Convertible, Whole Life
6. Decreasing, Level
7. juvenile
8. 60 or 65
9. Family Income
10. Family Maintenance
11. Graded Premium Whole Life
12. accidental, 90, cause
13. Automatic Premium Loan
14. Interest Sensitive Whole Life
15. Guaranteed Insurability rider
16. Cost of Living rider
17. Waiver of Premium
18. Accelerated Death Benefit

Chapter 8 Review Questions

Choose from the answers below. Answers may be used once, more than once, or not at all.

1. A tax-sheltered annuity _____
2. Buy-sell Agreement _____
3. Executive Bonus Plan (Section 457) _____
4. Required to open an IRA _____
5. Cash withdrawals from an IRA before this age may result in an IRS penalty _____
6. Life Policy in which the employer is the owner and the beneficiary _____
7. Joint Life Insurance _____
8. Life Policy in which employee and employer share the cost of the premium _____
9. Pension plan with guaranteed payout at retirement _____
10. Can be used to fund a qualified retirement plan _____
11. Employer's contributions to a qualified retirement plan are _____
12. Interest earnings in a qualified retirement plan are _____
13. The beneficiary of a Key Employee Life Insurance Policy _____
14. Retirement plan for self-employed individuals _____
15. Premiums on a Key Employee Life Insurance Policy are _____

- A. Employee
- B. 65
- C. Defined Benefit Plan
- D. An Annuity
- E. Earned Income
- F. 501-C
- G. 403-B
- H. A Business Continuation Plan
- I. Employer
- J. Not tax deductible
- K. Split Dollar Plan
- L. Defined Contribution Plan
- M. Tax deferred
- N. Used to fund a Buy-Sell Agreement
- O. A Non-qualified Retirement Plan
- P. Keogh Plan
- Q. 59 1/2
- R. Key Employee Life Insurance
- S. Tax deductible
- T. 70 1/2

Drill for Skill**ANSWER KEY**

1. G
2. H
3. O
4. E
5. Q
6. R
7. N
8. K
9. C
10. D
11. S
12. M
13. I
14. P
15. J

Chapter 9 Review Questions

Before completing the quiz below, fill in the chart using the "must know facts" as a guide. Notice how helpful the chart is for answering the questions. We suggest that you memorize the chart and recreate it on the scratch paper provided at the test center. It is perfectly legal and incredibly helpful.

	Premium	Death Benefit	Cash Value	Type of Insurance
Adjustable				
Variable Whole Life				
Universal Life				
Variable Universal Life				

1. Universal Life is comprised of cash value and pure insurance protection in the form of _____.
2. The cash value of a Universal Life policy accumulates tax _____ until it is withdrawn.
3. _____ Life offers a guaranteed minimum death benefit, fixed, level premiums, permanent protection, and cash value whose growth will vary from year to year.
4. Within certain limits, and possibly proof of insurability, the _____ of a Universal Life policy can be increased or decreased.
5. _____ Life could be Term or Whole Life, and easily changed from one to the other.
6. The investment of the cash value of _____ Life or _____ Life is controlled by the policyowner and, therefore, is not guaranteed.
7. _____ Life is a policy in which the policyowner chooses two of three variables: face amount, premium, and type of plan; those choices dictate the third variable.
8. The insuring element of Variable Universal Life is _____ insurance.
9. In order to sell Variable Whole Life or Variable Universal Life, the agent must hold both a _____ and a _____ license.
10. A policy which allows the policyowner to raise, lower and perhaps even skip premium payments altogether (within limits) and guarantees a minimum cash value growth rate but could pay a higher rate is known as _____.
11. A Variable Whole Life policy's _____ may increase or decrease, but it will never drop below a guaranteed minimum amount as long as the premiums are paid and the policy remains in force.
12. A policy in which the insured may pay the minimum premium or the target premium is known as _____ or _____.
13. A Variable Whole Life policy could be declared a MEC if the cash value grows too rapidly. The feature of the policy that avoids this problem is known as the _____.
14. The cash value of variable products is not invested in the company's general account but in a _____ account.

Note: Questions 1, 3, 4, 5, 6, 8, 10 and 12 can be answered right off the chart. It's a great tool!

Drill for Skill**ANSWER KEY**

1. Term
2. deferred
3. Variable Whole
4. face amount
5. Adjustable
6. Variable Whole or Variable Universal
7. Adjustable
8. Term
9. life insurance, securities
10. Universal Life
11. face amount
12. Universal Life or Variable Universal Life
13. corridor
14. separate

Chapter 10 Review Questions

Choose from the answers on the following page. An answer may be used once, more than once or not at all.

1. Health policy covering only the wage earner. _____
2. Health policy covering the entire family. _____
3. Health policy designed to pay doctors or hospitals. _____
4. Health policy designed to pay a family's ongoing expenses. _____
5. Health policy with a dollar deductible. _____
6. Health policy with a "time without benefits" deductible. _____
7. Nonprofit Health insurance service provider operating within state boundaries. _____
8. Health insurance service provider that actually provides the health care in a clinic environment. _____
9. Health insurance service provider that encourages the insured to use providers found on their preferential list. _____
10. Health care program that emphasizes preventive care, outpatient treatment, hospitalization alternatives and gatekeepers. _____
11. A Health insurance plan utilizing a Medical Expense policy with a very large deductible and a tax deferred account with which to pay small medical costs. _____
12. A form of renewability that guarantees coverage and price to a stated date or age. _____
13. A form of renewability that guarantees coverage to a stated age but does not guarantee cost. _____
14. A form of renewability that allows the company to cancel coverage if the insured chooses early retirement. _____
15. Gives the insured the right to return the policy for a limited time and receive a 100% refund. _____
16. A rider that eliminates coverage for a specific part of the body, malady or activity. _____
17. Allows the insurance company to exclude coverage for a limited time on an illness that the insured contracted prior to the policy date. _____
18. Waiting period. _____
19. Type of Health policy whose benefits are never taxable to the insured. _____
20. Type of Health policy whose benefits may be taxable to the insured dependent upon whom paid the premium. _____
21. Covers on the job injuries and illnesses. _____

Drill for Skill

- A. Medical Expense policy
- B. Disability Income policy
- C. Stock insurance company
- D. Blue Cross Blue Shield
- E. HMO
- F. PPO
- G. MSA
- H. Managed Care
- I. Optionally Renewable
- J. Conditionally Renewable
- K. Guaranteed Renewable
- L. Noncancellable
- M. Free Look
- N. Waiver of Premium rider
- O. Guaranteed Insurability rider
- P. Impairment rider
- Q. Probationary Period
- R. Elimination Period
- S. Workers Compensation

ANSWER KEY

- 1. B
- 2. A
- 3. A
- 4. B
- 5. A
- 6. B
- 7. D
- 8. E
- 9. F
- 10. H
- 11. G
- 12. L
- 13. K
- 14. J
- 15. M
- 16. P
- 17. P
- 18. Q
- 19. A
- 20. B
- 21. S

Chapter 11 Review Questions

Fill in the blanks.

1. In a Disability Income policy, _____ is the key underwriting factor.
2. Benefits in a Disability Income policy are based upon a percentage of _____.
3. For the Waiver of Premium provision to apply, the insured must be _____.
4. A time-based deductible is called the _____.
5. If an insured returns to work after a period of disability, and the same cause of loss occurs within six months, the _____ provision requires that benefits be paid with no new elimination period.
6. If an insured is totally disabled and then partially disabled, the two benefits that could pay a portion of their disability income benefits are called the Partial Disability Benefit and the _____.
7. The most generous and most expensive definition of total disability is _____.
8. The least generous and least expensive definition of total disability is _____.
9. A _____ policy is designed to keep a business functioning while the person responsible for the earnings of the business (doctor, lawyer, etc) is disabled.
10. In a Key Employee Disability Income policy, benefits are paid to the _____.
11. An Elimination Period begins on the date the insured becomes _____.
12. A Disability Income policy designed to pay benefits for 30 years would be called _____ disability.
13. In a Group Disability Income contract, when the employer pays the entire premium it means the benefits will be _____.
14. Built into the policy, _____ specifies that disability income payments will be made if an insured loses sight in both eyes, hearing in both ears, the power of speech, or the use of any two limbs.
15. Disability income benefits are not paid in a lump sum, they are paid _____.

Drill for Skill**ANSWER KEY**

1. Occupation
2. Earned income
3. Totally disabled
4. Elimination Period
5. Recurrent Disability
6. Residual Disability Benefit
7. Your Occupation
8. Any Occupation
9. Business Overhead Expense
10. Employer
11. Disabled
12. Long-term
13. Taxable
14. Presumptive Total Disability
15. Periodically

Chapter 12 Review Questions

Choose from the answers below. An answer may be used once, more than once or not at all.

1. Medical Expense policy with little or no deductible and low dollar limits. _____
2. Base plan whose limits are principally based upon the DBR rate paid by the contract. _____
3. The Base plan that covers the cost of physicians. _____
4. The Base plan that pays in accordance with a schedule of indemnities. _____
5. A Medical Expense policy with a significant up front deductible and copayments thereafter. _____
6. A maximum on a specific type of medical expenses. _____
7. Intended to control the overutilization of the policy. _____
8. Company pays 100% of eligible expenses after this limit is reached. _____
9. A Medical Expense policy that combines a Base plan and a Major Medical policy. _____
10. A deductible that applies to every claim. _____
11. A deductible that follows the Base plan benefits and precedes the Major Med benefits of a Comprehensive Major Med policy. _____
12. When coverage begins for an adopted child. _____
13. 19 or 23 (if a full time student). _____
14. The ability to keep a handicapped child on his parent's policy regardless of the child's age. _____
15. The right of children who reach the limiting age to obtain their own Health policy without proof of insurability. _____

- A. Base plan
- B. Basic Medical
- C. Basic Hospital
- D. Basic Surgical
- E. Major Medical
- F. Comprehensive Major Medical
- G. Date of birth
- H. Date of placement
- I. Stop Loss
- J. Flat deductible
- K. Corridor deductible
- L. Coinsurance
- M. Inside limit
- N. Rights of dependent children
- O. Right of conversion
- P. Limiting age

Drill for Skill**ANSWER KEY**

1. A
2. C
3. B
4. D
5. E
6. M
7. L
8. I
9. F
10. J
11. K
12. H
13. P
14. N
15. O

Chapter 13 Review Questions

Fill in the blanks.

1. A Long Term Care policy is primarily designed to provide coverage when an insured needs assistance performing their_____.
2. LTC policies must provide care for a minimum of _____consecutive months.
3. The maximum pre-existing conditions exclusion in an LTC and an MSP policy is _____.
4. An individual who needs both assistance with their activities of daily living and medical attention on a daily basis would most likely be admitted to a _____.
5. Both LTC and MSP would provide the insured with a _____day free look.
6. The minimum level of renewability for either LTC or MSP is _____.
7. Custodial care is best provided by a _____policy.
8. Medical Expense coverage for retirees is best provided by a _____plan.
9. _____are designed to pay for expenses such as Medicare deductibles and co-payments.
10. Every company offering Medicare Supplement Plans must offer _____.
11. Loss ratios establish how _____a policy can be.
12. In an LTC, Alzheimer's disease must be _____.
13. Long Term Care policies must provide care in the _____alternative possible.
14. When selling or replacing either LTC or MSP, the responsibility to determine if the policy is appropriate to the needs of the applicant rests with the _____.
15. Group LTC policies can be converted to individual LTC policies with no need for the insured to prove they are _____.

ANSWER KEY

1. Activities of Daily Living
2. 12
3. 6 Months
4. Skilled Nursing Facility
5. 30
6. Guaranteed Renewable
7. Long Term Care
8. Medical Supplement
9. Medicare Supplement Plans
10. Plan A
11. Profitable
12. Covered
13. Least
14. Producer
15. Insurable

Drill for Skill**Chapter 14 Review Questions**

Fill in the blanks.

1. An _____ policy is a Health insurance contract that can pay a death benefit.
2. The _____ would be paid in the event of an accidental death.
3. The _____ would be paid in the event of the accidental loss of two feet.
4. The _____ would be paid in the event of the accidental loss of one foot.
5. The capital sum is what percentage of the principal sum? _____
6. An accidental death must occur within _____ days for an AD&D policy to pay.
7. A policy that pays a specific dollar amount for every day the insured is in the hospital is called a _____ policy.

ANSWER KEY

1. AD&D
2. principal sum
3. principal sum
4. capital sum
5. 50%
6. 90
7. Hospital Indemnity

Chapter 15 Review Questions

Choose from the answers below. An answer may be used once, more than once or not at all.

1. Grace period if premiums are paid weekly. _____
 2. Provision that states the application can be challenged for a limited time. _____
 3. The provision that states when benefits will be paid. _____
 4. The provision that states to whom benefits will be paid. _____
 5. Grace period if premiums are paid semi-annually. _____
 6. Provision that states the insured has twenty days to inform the company of a loss. _____
 7. Number of days the insured has to prove loss. _____
 8. Provision that states benefit could change if you switch jobs. _____
 9. Period of time the insured must wait for sickness coverage once a policy is reinstated. _____
 10. Provision that requires all policy changes be made by an Executive Officer. _____
 11. The Reinstatement Provision states that the company can only collect past due premium for a maximum of: _____
 12. Changing to a more hazardous occupation could result in a: _____
 13. The time frame allowable to take legal action against the company. _____
 14. Grace period if premiums are paid monthly. _____
 15. The amount of time the company has to send blank claim forms. _____
-
- A. Reduction of benefit
 - B. Increase in benefit
 - C. 31 days
 - D. 7 days
 - E. 45 days
 - F. 20 days
 - G. 60 days and 3 years
 - H. Time Limit on Certain Defenses
 - I. Notice of Claim
 - J. Claim Forms
 - K. Proof of Loss
 - L. Entire Contract; Changes
 - M. 15 days
 - N. 10 days
 - O. Change of Occupation
 - P. 90 days
 - Q. Time of Payment of Claims
 - R. Payment of Claims
 - S. 60 days

Drill for Skill**ANSWER KEY**

1. D
2. H
3. Q
4. R
5. C
6. I
7. P
8. O
9. N
10. L
11. S
12. A
13. G
14. N
15. M

Chapter 16 Review Questions

Fill in the blanks

1. A group formed by a bank or lending institution to insure the lives of its debtors? _____
2. While there is only one master contract, each member of a group receives a _____ as evidence of coverage.
3. A group insurance plan in which the employer pays the entire premium is called a _____ plan.
4. A group insurance plan in which the employer and the employee share the cost of the premium is called a _____ plan.
5. Typically, in a contributory plan, at least _____% of the eligible employees must join the group.
6. In a non-contributory plan, the plan must cover _____% of the eligible employees.
7. The process of reviewing a group's claims experience in order to establish a premium rate is called _____.
8. In a group Credit Life plan, the proceeds of the insurance are payable to the _____ as beneficiary of the policy.
9. The current NAIC recommendation for the minimum size group for an association is _____.
10. The tendency for poorer risks to purchase life and health insurance, and to buy it in higher amounts than better risks is called _____.
11. When an employee terminates his employment, his group life coverage normally continues for an additional _____ day period.
12. A _____ privilege is a covered employee's right to purchase an individual life policy from the group life insurance carrier upon termination of employment .
13. Death during the conversion period is _____.
14. A Group Life policy is owned by the _____.
15. A Group Insurance policy normally features a _____day Grace Period.

ANSWER KEY

1. Creditor Group (Group Credit, Credit Life & Health)
2. Certificate of Insurance
3. Non-contributory
4. Contributory
5. 75%
6. 100%
7. Experience rating
8. Lending institution
9. 100
10. Adverse Selection
11. 31
12. Conversion
13. Covered
14. Employer or organizing entity
15. 31

Drill for Skill**Chapter 17 Review Questions**

Fill in the blanks.

1. An individual covered by a Group Health policy will have a _____ that states the amount of insurance and any dependent coverages.
2. A _____ Group Health plan is one in which the employer pays the entire premium.
3. Typically, in a Group Health Policy, medical exams are _____.
4. COBRA would allow an insured to retain coverage under the Group Health Policy for at least _____.
5. Group Health costs are usually lower because of Reduced Lapse rates and Reduced _____.
6. Considering the actual claims history of a group in underwriting is an example of using _____ rating.
7. The Grace Period for a Group Health policy is _____.
8. Portability is an issue addressed both by COBRA and _____.
9. HIPAA applies to Group Health policies covering _____ or more people.
10. A _____ clause specifies how two different Group Health policies covering an individual will pay.
11. Group Medical Expense policies _____ occupational related losses.
12. A contributory Group Health policy would require that _____ percent of eligible and insurable members be covered.
13. If the owner of a Group Health policy shifts coverage to another company, employees will experience neither a _____ nor a _____.
14. If an employee covered by a Group Health policy dies, COBRA specifies that dependents could maintain the coverage of the group plan for up to _____.
15. If a previously covered individual accepts a job and enrolls in the Group Health plan in a timely manner, there will be no new _____.

ANSWER KEY

1. Certificate of Insurance
2. Non-contributory
3. Not required
4. 18 months
5. Adverse Selection
6. Experience
7. 31 days
8. HIPAA
9. Two
10. Coordination of Benefits
11. Exclude
12. 75
13. Loss, Gain
14. 36 months
15. Pre-existing Conditions exclusion

Chapter 18 Review Questions

Choose from the answers on the following page. An answer may be used once, more than once or not at all.

1. OASDI _____
2. Eligible for some Social Security benefits _____
3. Eligible for all Social Security benefits _____
4. Amount of Social Security benefit is based upon _____
5. Period following expiration of Children's Benefit and beginning of Spouse's Benefit _____
6. Social Security Disability requires that a disability be expected to last at least how long? _____
7. Social Security waiting period after being declared disabled _____
8. Lump sum death benefit under Social Security _____
9. After two years of Social Security Disability benefits, you are eligible for _____
10. A widow eligible for retirement from both her own and her husband's Social Security account will receive _____
11. Medical Expense coverage for the elderly _____
12. Automatic coverage under Medicare upon reaching retirement age _____
13. Optional coverage under Medicare _____
14. Medicare coverage part which is primarily designed to pay hospital costs _____
15. Medicare coverage part which is primarily designed to pay physicians _____
16. The Medicare HMO option is known as _____
17. Medicare is best described as this type of program _____
18. Medicaid is best described as this type of program _____
19. Administrator of the Medicare program _____
20. Administrator of the Medicaid program _____

Drill for Skill

- A. Currently Insured
- B. Fully Insured
- C. Medicare
- D. Social Security
- E. 12 months
- F. 5 months
- G. PIA
- H. \$255
- I. Blackout period
- J. Both amounts
- K. The higher amount
- L. The lower amount
- M. Part A
- N. Part B
- O. Part C
- P. Welfare
- Q. Insurance
- R. Centers for Medicare and Medicaid Services
- S. State Department of Public Welfare

ANSWER KEY

- 1. D
- 2. A
- 3. B
- 4. G
- 5. I
- 6. E
- 7. F
- 8. H
- 9. C
- 10. K
- 11. C
- 12. M
- 13. N
- 14. M
- 15. N
- 16. O
- 17. Q
- 18. P
- 19. R
- 20. S