

Exam Questions LLQP

Life License Qualification Program (LLQP)

<https://www.2passeasy.com/dumps/LLQP/>



NEW QUESTION 1

- (Topic 1)

Aaliyah is a 37-year-old account manager at a large pharmaceutical company. She earns \$300,000 a year plus bonuses. She meets with Theo, an insurance agent, to review her life insurance needs. Theo deduces that Aaliyah needs a \$250,000 universal life (UL) insurance policy. Aaliyah agrees but states that she wants to keep her premiums low. Which of the following UL death benefit options would BEST suit her needs?

- A. Level death benefit.
- B. Level death benefit plus account value.
- C. Level death benefit plus cumulative premiums.
- D. Indexed death benefit.

Answer: A

Explanation:

A level death benefit option provides a fixed death benefit and is generally the least expensive premium option in Universal Life (UL) insurance. Since Aaliyah wants to keep her premiums low, this option best aligns with her needs. Other options like the death benefit plus account value or cumulative premiums increase the cost, as they provide a growing death benefit based on the policy's cash value or premiums paid. Therefore, Option A will help Aaliyah maintain lower premiums.

NEW QUESTION 2

- (Topic 1)

Svetlana is a 45-year-old single mother with two children: Georgi 17; and Ingrid 13. The children's father, Vladimir, has a serious gambling problem and only visits them sporadically. Vladimir's younger brother Sergei, on the other hand, is a dependable and helpful uncle who helps Svetlana regularly with the children. Svetlana meets with Robert, an insurance agent to review her life insurance needs because she wants to make sure that her children are taken care of if she were to die prematurely. Robert suggests that she purchase a \$200,000 policy. Who should she name as a beneficiary?

- A. Georgi and Ingrid but name Vladimir as a trustee.
- B. Georgi and Ingrid but name Sergei as a trustee.
- C. Sergei
- D. Vladimir

Answer: B

Explanation:

Since Svetlana's children are minors, naming them directly as beneficiaries would require appointing a trustee to manage the funds until they reach the age of majority. Given that Vladimir is unreliable, Sergei—who is dependable and supportive—is the most suitable choice to act as trustee. Naming him as trustee ensures that the funds are managed responsibly for the benefit of Georgi and Ingrid until they can access them. Therefore, Option B is the most appropriate choice.

NEW QUESTION 3

- (Topic 1)

Akeno is a 65-year-old retired accountant. He is divorced and has a 40-year-old son who is financially independent. Thanks to years of diligent savings, Akeno now enjoys a comfortable retirement. In addition to his pension income, he has over \$300,000 invested in shares in his non-registered account. He lives in a mortgage-free home valued at \$700,000 and owns a cottage valued at \$500,000. The mortgage on the cottage is \$100,000. Akeno purchased the homes 30 years ago when housing prices were low. It is important to him to donate \$100,000 to the Alzheimer's Association when he dies. What is the GREATEST financial risk that would arise in the event of Akeno's death?

- A. Loss of income.
- B. Debt repayment.
- C. Income tax.
- D. Estate creation.

Answer: C

Explanation:

Akeno's greatest financial risk upon death is income tax, primarily due to the capital gains taxes that would be incurred on the disposition of his non-registered investment assets and potentially his real estate properties. With significant investments and property appreciation, there may be substantial tax liabilities upon his death. Other options, such as loss of income and debt repayment, are less relevant given his financial stability and the low outstanding debt on the cottage mortgage. Estate creation is not a concern as he has sufficient assets.

NEW QUESTION 4

- (Topic 1)

Anita is a 50-year-old woman who is thinking of purchasing a \$150,000 permanent life insurance policy to pay for the capital gains tax that will be payable on her country home upon her death. She had purchased the home twelve years ago and wants to bequeath the property to her niece when she dies. Which of the following features about a permanent insurance policy is TRUE?

- A. The coverage ends when Anita turns 100.
- B. The premiums will remain level for the duration of the contract.
- C. The policy cannot be cancelled by Anita.
- D. Anita must contact the insurer if there is a change in the insurability.

Answer: B

Explanation:

Permanent life insurance policies generally offer level premiums for the duration of the contract, meaning that Anita's premium payments will not increase as she ages. While coverage can be structured to extend beyond age 100, many permanent policies maintain level premiums for the policyholder's lifetime. Unlike term insurance, Anita can also cancel the policy at any time. However, insurability changes do not typically affect existing permanent policies, which don't require updates to health information once the policy is in force. Therefore, Option B is correct.

NEW QUESTION 5

- (Topic 1)

Jasper owns TeleVida, a successful production company with over 50 employees. He wants to expand the company by opening an office in another province. Jasper needs to take out a \$500,000 20-year loan to make this expansion happen. However, he wants to make sure that if he dies while there's an outstanding balance on the loan, the balance will be paid in full by the insurance company.

- A. 20-year decreasing term life insurance.
- B. 20-year term life insurance.
- C. Term-100 life insurance policy.
- D. Universal life insurance policy.

Answer: A

Explanation:

In this case, Jasper is concerned with covering a specific loan balance that will decrease over time as the loan is repaid. A 20-year decreasing term life insurance policy is typically used for situations where the coverage amount decreases over the policy term, aligning with the declining balance of a loan. This is often the most cost-effective option, as the coverage amount decreases in line with the outstanding loan balance, ensuring that the insurance will pay off any remaining loan balance if Jasper dies within the 20-year term. Other options, such as a standard term policy with a level benefit (Option B), a Term-100 (Option C), or a Universal Life policy (Option D), provide level or flexible coverage not specifically suited to decreasing liabilities like a loan. Therefore, Option A is the best choice to meet Jasper's needs cost-effectively.

NEW QUESTION 6

- (Topic 1)

Harold is a 66-year-old retired school bus mechanic. He receives \$900 a month from his defined benefit pension plan (DBPP). His husband Karl is also retired and receives his own pension benefit. Harold would like to know the minimum monthly pension benefit from his DBPP that Karl will receive upon Harold's death.

- A. \$0
- B. \$450 to \$495 depending on the province they reside.
- C. \$540 to \$594 depending on the province they reside.
- D. \$900

Answer: A

Explanation:

Defined Benefit Pension Plans (DBPPs) provide a guaranteed income stream to the plan member after retirement, based on a formula considering factors like years of service and salary history. Generally, unless explicitly set up with survivor benefits, DBPPs do not automatically transfer income to a surviving spouse upon the member's death. In Harold's case, if no survivor benefit option was selected during retirement setup, Karl would not receive any income from Harold's DBPP. Therefore, the correct answer is A. \$0 as no automatic provision ensures Karl receives benefits unless Harold had chosen and paid for survivor benefits.

NEW QUESTION 7

- (Topic 1)

Konrad is the owner of CrossBoy, a manufacturing company employing over 50 employees. Konrad recently took out a \$500,000 loan to expand his business. Terrence works as a sales manager and is responsible for roughly 40% of the company's revenue. Konrad recognizes the importance of Terrence's contributions to the success of the company. Therefore, in addition to a sizeable base salary, CrossBoy also pays Terrence regular performance-based bonuses. Konrad understands that if Terrence dies prematurely, CrossBoy would suffer financially. What should he do to protect his company?

- A. Offer Terrence group life insurance plan.
- B. Purchase business-owned buy-agreement with Terrence.
- C. Purchase key person life insurance on Terrence.
- D. Purchase criss-cross insurance with Terrence.

Answer: C

Explanation:

Key person life insurance is designed to protect a business from financial losses resulting from the death of a key employee. In this case, Terrence's role is crucial to CrossBoy's success due to his substantial contribution to the company's revenue. By purchasing key person insurance on Terrence, Konrad can ensure that the company has the necessary funds to cover the financial impact of Terrence's potential loss. Other options, like offering a group life insurance plan (A), do not directly address the specific financial risk associated with the loss of a key employee. Therefore, Option C is the appropriate choice.

NEW QUESTION 8

- (Topic 1)

Ten years ago, Anastasia purchased a \$125,000 10-year term renewable life insurance policy. Her insurance need has not changed, and she is still in good health. She asks her insurance agent Raphael what she should do.

- A. Renew her current policy at the same rate.
- B. Renew the policy at an increased rate.
- C. Renew her policy and restart the incontestability period.
- D. Shop around for a better rate.

Answer: B

Explanation:

Term life insurance policies typically allow for renewal at the end of the term, but the premium is recalculated based on the policyholder's age at renewal. Since Anastasia's policy is a 10-year term, and she is now renewing it, her premiums will be higher due to her increased age, despite her good health. The policy will renew without medical underwriting, but it will be at an increased rate. Option A is incorrect, as the rate cannot remain the same. Option C, restarting the incontestability period, may happen but is unrelated to the premium question. Option D, shopping for a better rate, is an option but not directly tied to renewal. Therefore, Option B is correct.

NEW QUESTION 9

- (Topic 1)

Bethenny meets with Harrison, an insurance agent, to review her life insurance needs. Bethenny is a single mother of a 3-year-old daughter named Emma. Bethenny's main concern is that Emma istaken care of financially if Bethenny were to die prematurely. Emma??s father Steve suffers from chronic alcoholism and is homeless. He has not been present in Emma's day-to-day life. After careful analysis, Harrison suggests that Bethenny purchase a \$250,000 20-year term insurance policy. Given Bethenny's situation, who should she name as a beneficiary on her policy?

- A. Her estate.
- B. Emma.
- C. A trustee.
- D. Steve.

Answer: C

Explanation:

Since Emma is a minor, naming her directly as a beneficiary would complicate access to funds until she reaches the age of majority. Additionally, Steve, given his circumstances, would not be a suitable option. Instead,naming a trustee for Emma's benefit would ensure that the funds are managed responsibly until she is of legal age to handle the inheritance.

This setup aligns with Bethenny's intention to provide financial security for Emma, allowing a trusted adult to manage the funds in Emma's best interests.

NEW QUESTION 10

- (Topic 1)

Six years ago, when Kacey was working as an active firefighter, she purchased a \$200,000 30-year term life insurance policy. At the time, the insurance company rated her policy. Recently, she changed roles and now works for the fire department??s public relations office, answering media calls and filling out paperwork. She meets with her insurance agent, Bernice, to ask if the insurer would consider reducing her premiums.

- A. The premiums cannot be increased once the policy is issued.
- B. The insurer cannot reduce the premium, but Kacey can apply for a new policy at a lower premium.
- C. The premiums can be reduced only if the policy has been in force for more than two years.
- D. Her premiums can be reduced since she is no longer a firefighter.

Answer: B

Explanation:

When a term life insurance policy is issued with a specific rating based on risk factors, such as Kacey??s former occupation as a firefighter, the premiums are generally fixed and non- negotiable post-issuance. However, Kacey can apply for a new policy, which would consider her current lower-risk occupation and potentially offer lower premiums. She would need to undergo underwriting again. Thus,Option Bis correct, as the existing policy??s premiums cannot be adjusted retroactively to account for her new role.

NEW QUESTION 10

- (Topic 1)

Alana, Meaghan, and Beatrice are equal shareholders of Advanced Tech Inc. They each own 100 shares of the company. Each share is currently worth \$5,000. They recently signed a cross-purchase buy-sell agreement that is funded by life insurance. What will happen under this agreement if Alanadies today?

- A. Meaghan and Beatrice would each still own 100 shares of the company.
- B. There would now be 200 outstanding shares of the company.
- C. Each share would now be worth \$7,500.
- D. Alana??s estate would receive a total of \$500,000.

Answer: D

Explanation:

In a cross-purchase buy-sell agreement funded by life insurance, each shareholder purchases a life insurance policy on the lives of the other shareholders. Upon the death of a shareholder, the surviving shareholders use the proceeds from the insurance to buy out the deceased shareholder??sshares at the agreed value.

Since each share is valued at \$5,000, Alana's 100 shares would be worth:

$$100 \text{ shares} \times \$5,000 = \$500,000$$

Thus, Meaghan and Beatrice would collectively purchase Alana's shares from her estate, providing her estate with a total of\$500,000. Each surviving shareholder will then own an additional 50 shares, resulting in each now holding 150 shares of Advanced Tech Inc. This option aligns with the principles of cross-purchase agreements discussed in the LLQP.

NEW QUESTION 14

- (Topic 1)

Germain is a life insurance agent. This morning, he receives a call from Jason, whose wife, Rosalie owned a \$50,000 life insurance policy that she purchased from Germain seven years ago. Jason explains that Rosalie had a heart attack and died last week. Germain promises to help as much as he can.

- A. He can provide the claim form to Jason and help him fill it out.
- B. He can assure Jason that the payment will be made within 5 days after receipt of the claim.
- C. He can inform Jason that the death benefit will be paid within 30 days of Rosalie??s death.
- D. He can assure Jason that he will settle the death benefit as quickly as possible.

Answer: A

Explanation:

As a life insurance agent, Germain??s role is to assist the beneficiary in filing the claim but not to guarantee specific timelines for payment. Agents can help by providing the necessary claim forms, explaining the process, and offering guidance on filling out the forms accurately. The timeline for payment is determined by the insurer once they have received and reviewed therequired documentation. Assuring specific payment timelines, as implied in options B, C, and D, is beyond Germain??s authority and would be inaccurate. Therefore,Option Ais the best response for Germain to assist Jason appropriately.

NEW QUESTION 18

- (Topic 2)

Oscar is a chartered accountant who owns and operates his own firm, Tax Time Ltd., with the help of five employees. The provincial accountants' association offers group benefits plans to its members' firms. Oscar recently contacted the association to have a group benefits plan quoted and put in place for his firm. Who will be the plan sponsor?

- A. Oscar.
- B. Tax Time Ltd.
- C. The provincial accountants' association.
- D. The insurer providing the group insurance benefits.

Answer: B

Explanation:

Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:

In group insurance, the plan sponsor is typically the employer or entity that establishes and maintains the group benefits plan for its employees or members. The IFSE Ethics and Professional Practice Course (Common Law) explains that the sponsor is responsible for arranging the plan, often in collaboration with an insurer or association, but it is the employer (or firm) that formally sponsors it for its employees. Here, Tax Time Ltd., as Oscar's firm, is the employer entity setting up the plan for its five employees, making it the plan sponsor. Oscar, as an individual, is not the sponsor; the association facilitates the plan but does not sponsor it for Tax Time Ltd.'s employees; and the insurer provides the coverage but does not act as the sponsor. Thus, option B is correct.

References:

IFSE Ethics and Professional Practice Course (Common Law), Module 3: Group Insurance, Section on "Roles in Group Plans."

NEW QUESTION 23

- (Topic 2)

Laraine wants to purchase an Individual Variable Insurance Contract (IVIC) because of the death benefit guarantee as she has been ill. She has decided on a segregated fund which has, as its underlying asset, units of a mutual fund that invests in North American common shares. Her insurance agent, Jeffrey, wants her to understand key issues before she completes and signs the application. What should Jeffrey do?

- A. Provide her with the prospectus issued for the underlying mutual fund units.
- B. Provide her with the summary information folder for the segregated fund.
- C. Tell her she has a 10-day "free look" to review the contract.
- D. Tell her she must complete a medical questionnaire which will be attached to the application.

Answer: B

Explanation:

Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:

An IVIC, such as a segregated fund, is an insurance product with investment components, and agents are required to ensure clients understand its features. The IFSE Ethics and Professional Practice Course (Common Law) mandates that agents provide a summary information folder (or similar disclosure document) specific to the segregated fund, outlining its risks, benefits, and guarantees (like the death benefit). A prospectus (A) is for mutual funds, not segregated funds, which have distinct disclosure requirements. While a 10-day "free look" period (C) exists, it's not the primary disclosure step before signing. A medical questionnaire (D) may be required but isn't about understanding the product. Jeffrey's duty is to ensure Laraine understands the segregated fund via the summary information folder, making B correct.

References:

IFSE Ethics and Professional Practice Course (Common Law), Module 5: Investment Products and Insurance, Section on "Segregated Funds Disclosure."

NEW QUESTION 28

- (Topic 2)

Following the death of her sister Sarah last year, Yesha, the liquidator of Sarah's estate, had been in contact with Sarah's insurance agent Monique on several occasions to claim the death benefit on Sarah's life insurance policy.

Yesterday, Yesha noticed that Sarah also had a disability insurance policy with a return of premium option which stated that a portion of the premiums can be reimbursed upon her death. Yesha contacted Monique again and asked her for more details about the disability policy and return of premium option but Monique replied that she could not help her as her firm had destroyed Sarah's files shortly after paying out the death benefit.

Did Sarah's firm act appropriately?

- A. Yes, because the death benefit was paid.
- B. Yes, because the life insurance company will still have a copy of the contract.
- C. No, because the file has to be kept for 5 years.
- D. No, because the file has to be kept for 7 years.

Answer: C

Explanation:

In the context of insurance, records related to client policies, including claims and relevant documentation, must generally be retained for a minimum of five years. This requirement ensures that firms maintain adequate records for review or potential claims and can support clients or their representatives in matters related to policy details.

Destroying Sarah's file shortly after paying out the death benefit would violate this five-year record retention requirement, which is part of standard industry practice for insurance providers. The requirement is intended to safeguard client information and provide continuity of service in case further details are needed post-claim.

=====

NEW QUESTION 31

- (Topic 2)

Danny purchases a \$1,000,000 whole life insurance policy. He names his three daughters, Donna-Joe, Stephanie, and Michelle, as revocable beneficiaries with each receiving one-third of the death benefit.

If Michelle predeceases Danny, and Danny did not have a chance to modify his beneficiary designation, how will Danny's death benefit be paid out?

- A. Donna-Joe and Stephanie will each receive \$500,000.
- B. Donna-Joe and Stephanie will each receive \$333,333 and Michelle's estate will receive \$333,333.
- C. Donna-Joe and Stephanie will each receive \$333,333 and Danny's estate will receive \$333,333.
- D. Danny's estate will receive the entire \$1,000,000 death benefit.

Answer: A

Explanation:

When a beneficiary predeceases the policyholder and no alternate or contingent beneficiary has been named, the portion allocated to the deceased beneficiary is typically redistributed among the surviving beneficiaries. Since Michelle was named as a revocable beneficiary and predeceased Danny, her one-third share will be divided equally between the remaining two beneficiaries, Donna-Joe and Stephanie.

Thus, Donna-Joe and Stephanie will each receive half of the total death benefit (\$500,000 each), as per LLQP guidelines which state that a predeceased beneficiary's share is typically redistributed among surviving beneficiaries unless otherwise specified.

=====

NEW QUESTION 34

- (Topic 2)

Miguel applied for a disability insurance policy nearly three months ago. He recently received notice from his agent that his application was approved, with an exclusion applicable to his lower back due to a prior injury. The agent brought the exclusion amendment with the policy at the delivery appointment. Miguel signed and accepted it. He gave the agent a copy of a void cheque to set up direct billing for the premiums, but asked that they wait three days to draw the first premium, to coincide with his payday. The insurer drew the premium three days later, as requested. When did Miguel's policy take effect?

- A. The policy has been in effect ever since Miguel's initial application.
- B. The policy took effect when Miguel received notice of approval.
- C. The policy took effect when Miguel signed the policy and the amendment.
- D. The policy took effect when the insurer was able to draw the first premium.

Answer: C

Explanation:

Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:

Under Canadian insurance law, a policy typically takes effect when there is a meeting of the minds (offer and acceptance) and the contract is finalized, often marked by the policyholder's acceptance of the terms and conditions. The IFSE Ethics and Professional Practice Course (Common Law) notes that for individual insurance policies, coverage begins when the policy is delivered and accepted by the insured, provided the first premium is paid or arranged. In Miguel's case, he signed and accepted the policy and amendment at the delivery appointment, and the premium payment was arranged (via void cheque) with a mutually agreed delay of three days. The policy does not take effect at application (A) unless specified, nor at notice of approval (B) alone, nor solely when the premium is drawn (D). Acceptance at signing (C) aligns with contract formation principles, making it the correct answer.

References:

IFSE Ethics and Professional Practice Course (Common Law), Module 2: Insurance Contracts, Section on "Effective Date of Coverage."

NEW QUESTION 36

- (Topic 2)

Mordecai's life insurance lapsed four years after the policy was issued because he failed to make premium payments. The insurer reinstated the policy several months later when he made the required payments and provided the medical and financial information the insurer required. Twelve months later, Mordecai commits suicide and his beneficiaries ask Larry, his insurance agent, whether the claim will be paid. What should Larry tell the beneficiaries?

- A. The claim will be paid, because the incontestability clause ended two years after the policy was issued.
- B. The claim will be paid, because paying the death benefit would be consistent with public order and community standards.
- C. The claim will be rejected, because the suicide exclusion begins with the date the insurer reinstates the policy.
- D. The claim will be rejected, because Mordecai's poor mental health was, in all likelihood, a preexisting condition.

Answer: C

Explanation:

Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:

The IFSE Ethics and Professional Practice Course (Common Law) explains that life insurance policies typically include a suicide clause, which denies the death benefit if the insured commits suicide within a specified period—usually two years—from the policy's issue date or reinstatement date. When a policy lapses and is reinstated, the suicide exclusion period restarts from the reinstatement date, not the original issue date. In this case, Mordecai's policy lapsed after four years, was reinstated, and he committed suicide 12 months (less than two years) later. The incontestability clause (which prevents insurers from denying claims based on misstatements after two years) does not override the suicide exclusion, making A incorrect. Public order (B) is irrelevant, and there's no evidence of a preexisting condition (D) affecting the suicide clause. Thus, Larry should inform the beneficiaries that the claim will be rejected due to the suicide exclusion restarting upon reinstatement, making C correct.

References:

IFSE Ethics and Professional Practice Course (Common Law), Module 2: Insurance Contracts, Section on "Suicide Clause" and "Reinstatement."

NEW QUESTION 41

- (Topic 2)

Candace, an insurance agent, met with her client Rebecca on March 15th to complete a life insurance application form. Rebecca applied for a T-10 \$200,000 life insurance policy, she told Candace that she will wait for her policy to be accepted before making a premium payment. On April 10th, the application was accepted by the insurance company and Candace promptly called Rebecca to give her the good news. Candace delivered the policy to Rebecca on April 15th during the meeting, Rebecca gave Candace a cheque to cover her first premium and a void cheque to cover subsequent premium payments. Candace submitted the cheques to her manager on April 21st. When did Rebecca's policy come into force?

- A. March 15th
- B. April 10th
- C. April 15th
- D. April 21st

Answer: C

Explanation:

A life insurance policy generally comes into force when the policy is delivered to the applicant and the first premium is paid. In this case, Rebecca's policy was officially delivered on April 15th, at which time she paid the initial premium. As per LLQP guidelines, the contract becomes effective upon the meeting of these two conditions: delivery of the policy and payment of the first premium.

Therefore, since Rebecca met both conditions on April 15th, that is the date her policy came into force.

NEW QUESTION 45

- (Topic 2)

Mercedes is a single mother to her 5-year-old son Arthur. Arthur's father Richard is not in his son's life because he is a recovering drug dealer who spent the last 4 years in and out of prison. Mercedes has full custody of Arthur and cannot count on help from her family because they live in another province.

Wanting to ensure his well-being, in the event of her death, Mercedes purchases a \$100,000 life insurance policy and names Arthur the sole beneficiary of the policy. If she died without a will who would receive the death benefit?

- A. Arthur
- B. Richard
- C. Director of youth protection
- D. Mercedes's estate

Answer: A

Explanation:

Since Arthur is the named beneficiary on Mercedes' life insurance policy, the death benefit will be payable to him directly. Under LLQP provisions, life insurance proceeds designated to a minor beneficiary are generally paid into a trust or managed by a legal guardian until the minor reaches the age of majority.

In this case, because Mercedes died intestate (without a will), Arthur would still receive the proceeds of the life insurance policy as the sole named beneficiary. However, since he is a minor, the Director of Youth Protection or a legal guardian may be appointed to manage the funds until Arthur becomes of age.

NEW QUESTION 50

- (Topic 2)

Jane took out a \$100,000 Term 20 life insurance policy on herself when she got her first baby. She does not work and has no group insurance coverage. Five years later, she got another two newborn babies and needed greater insurance coverage to support her children financially in case of her own death. Jane talked to her insurance agent about having more coverage and, rather than having multiple policies, she decided to have one policy for the total coverage amount. She made an application to the life insurance company to change the coverage from \$100,000 to \$300,000. She is still in good health and the request for change has been approved. One year later, Jane took her own life after losing her husband in a tragic car accident. Based on the situation, how will the insurance company pay out the claim?

- A. Only \$200,000 will be paid out because the maximum payout is \$100,000 per year.
- B. Only the first \$100,000 will be paid out because that coverage has been in force for more than two years.
- C. The full \$300,000 will be paid out because the policy has been in force for five years before the suicide.
- D. No benefit will be paid because the policy has been in force for less than two years.

Answer: B

Explanation:

Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:

The IFSE Ethics and Professional Practice Course (Common Law) notes that life insurance policies include a suicide clause, typically denying benefits if suicide occurs within two years of the policy's issue or a significant change (e.g., coverage increase). Jane's original \$100,000 policy was in force for over five years, beyond the two-year suicide exclusion. The increase to \$300,000, approved one year before her suicide, restarts the exclusion for the additional \$200,000. Thus, only the original \$100,000—past its exclusion period—is payable. A (arbitrary limit) and C (full payout) misapply the clause, and D (no benefit) ignores the original coverage's duration. B is correct.

References:

IFSE Ethics and Professional Practice Course (Common Law), Module 2: Insurance Contracts, Section on "Suicide Clause and Policy Changes."

NEW QUESTION 52

- (Topic 2)

Last year, Ezekiel purchased a \$100,000 life insurance policy and named his wife Jolene as an irrevocable beneficiary of the policy. Last week, Ezekiel returned home early from a business trip and decided to surprise his wife instead of calling ahead. He arrived at midnight and not wanting to wake her, entered the house from the back door and left the lights off. Not expecting the intruder to be her husband, Jolene stabbed him in the heart with a kitchen knife. She quickly realized her mistake and called 911. Unfortunately, Ezekiel died in the hospital from his wounds. The police deemed Ezekiel's death as accidental, and no charges were filed. Will the insurer pay the death benefit?

- A. Yes, because Ezekiel's death was accidental, Jolene did not intend to kill him.
- B. Yes, because Jolene is the designated irrevocable beneficiary.
- C. No, because he died within the first 2 years of purchasing the policy.
- D. No, because Jolene caused his death.

Answer: A

Explanation:

In situations where an accidental death occurs and the beneficiary is involved, the intent behind the act is critical in determining whether the death benefit will be paid. Since Jolene's actions were not intentional and Ezekiel's death was ruled accidental by the police, she did not willfully cause his death. According to LLQP guidelines, a death benefit is typically payable when the insured's death is accidental and not due to intentional harm by the beneficiary.

Therefore, as Jolene acted without intent to harm Ezekiel, the insurer will likely pay the death benefit despite her being the cause of his accidental death.

NEW QUESTION 53

- (Topic 2)

Last week, at a dinner party, Dario, an insurance agent, met Andrew, a successful businessperson with a net worth of over \$10 million. Dario spent the evening following Andrew around, telling him how he could help him manage his finances. The day after the meeting, Dario sent a fruit basket to Andrew's office. Every day since, Dario has been calling and urging Andrew to meet with him and take advantage of his services and insurance products.

Which duties and obligations did Dario break?

- A. Duties and obligations towards the public
- B. Duties and obligations towards clients
- C. Duties and obligations towards other representatives, firms, independent partnerships, insurers and financial institutions
- D. Duties and obligations towards the profession

Answer: A

Explanation:

Dario violated his duties and obligations towards the public by engaging in aggressive and unsolicited solicitation tactics. According to LLQP ethical guidelines, insurance agents must conduct themselves in a manner that upholds the integrity and reputation of the profession. This includes respecting the public's privacy and avoiding high-pressure sales tactics.

The behavior described, where Dario persistently contacts Andrew and sends unsolicited gifts, can be seen as harassment, which is inconsistent with the standards expected of insurance representatives when interacting with the public. LLQP guidelines emphasize the importance of professionalism, transparency, and respect towards potential clients.

NEW QUESTION 55

- (Topic 2)

Marcel is 16 years old and attends a boarding school in Ontario. He is a resident of New Brunswick and lives there with his parents in the summer months. After a recent family death, his father has been reviewing the family's life insurance coverage and suggests that Marcel apply for a policy on himself. He tells his son that he will pay the premium while he remains a student. Since Marcel won't be home for some time, his father asks him to meet with an agent in Ontario to apply for coverage. Which one of the following statements is correct regarding Marcel's application?

- A. Marcel can be both the owner and insured of the policy.
- B. Marcel must sign the application in New Brunswick, where he is a resident.
- C. At least one of his parents must witness his signature as policy owner.
- D. At least one of his parents must be the owner of the policy.

Answer: A

Explanation:

Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:

Under Canadian common law and insurance principles, a minor who has reached the age of 16 can enter into an insurance contract on their own life, provided they have the capacity to understand the contract. Marcel, at 16, is legally able to apply for and own a life insurance policy where he is also the insured. The IFSE Ethics and Professional Practice Course (Common Law) emphasizes that the policy owner must have an insurable interest in the insured, which Marcel inherently has in himself. There is no requirement for the application to be signed in his province of residence (New Brunswick), nor is there a need for a parent to witness his signature or act as the policy owner, as long as Marcel consents and understands the contract. His father paying the premiums does not affect ownership, as premium payments can be made by a third party without transferring ownership. Option A is correct because Marcel can legally be both the owner and the insured.

References:

IFSE Ethics and Professional Practice Course (Common Law), Module 2: Insurance Contracts, Section on "Capacity to Contract" and "Insurable Interest."

NEW QUESTION 57

- (Topic 2)

Ariana is a Vancouver restaurateur who owns a \$250,000 universal life (UL) insurance policy with a cash surrender value that has grown considerably over the years. Unfortunately, her restaurant has fallen on hard times and in an effort to turn the business around, she takes out a string of business loans that she personally guaranteed. To protect her life insurance from creditors, she changes the beneficiary designation from her estate, naming her husband as a revocable beneficiary. Despite her efforts, the restaurant's profits do not improve, and she is forced to close her business and file for bankruptcy. Can her creditors seize her cash surrender value?

- A. Yes, because she changed her beneficiary designation to hinder creditors.
- B. Yes, because she has money accumulated in her cash surrender value.
- C. No, because her husband is a protected class beneficiary.
- D. No, because the creditors can only go after the restaurant's assets.

Answer: C

Explanation:

In most Canadian provinces, if a policyholder names a spouse as the beneficiary of a life insurance policy, the cash surrender value of the policy is generally protected from creditors, as long as the spouse qualifies as a "protected class" beneficiary. By designating her husband as a beneficiary, Ariana's policy benefits and cash surrender value are typically shielded from her personal creditors, even in the event of bankruptcy.

However, if she had named her estate as the beneficiary, the cash surrender value could have been subject to claims by creditors during her bankruptcy.

NEW QUESTION 58

- (Topic 2)

Dale meets with his last appointment of a busy workday. He is helping his client Larry fill out a disability insurance claim form. Larry suffered a heart attack a week ago and is at home recuperating. Larry will be unable to work for the next 6 months and needs the benefits as soon as possible to cover his expenses. The at-home appointment takes a little longer than scheduled and Dale finds himself rushing to his son's big hockey tournament. In his haste, he puts Larry's form in his briefcase and subsequently forgets to submit the form. Which responsibility did Dale breach?

- A. Integrity
- B. Competence
- C. Disclosure
- D. Duty of care

Answer: D

Explanation:

Dale breached his duty of care by failing to submit Larry's disability claim form in a timely manner. The duty of care requires insurance agents to act diligently and responsibly, ensuring that they prioritize their clients' needs and act in a timely manner, especially in situations where benefits are urgently needed. By neglecting to submit the form promptly, Dale did not fulfill this responsibility, potentially delaying Larry's benefits during his recovery period.

NEW QUESTION 61

- (Topic 2)

The primary and secondary beneficiaries of Rachel and Chad's joint first-to-die permanent life insurance policy are each other and their adult children, respectively. Within a year of Rachel and Chad's divorce, Rachel unexpectedly passes away. The policy beneficiaries remained as originally designated. Whose

claim will be paid by the insurer?

- A. Chad and the couple's adult children jointly, as they were all designated as beneficiaries.
- B. The couple's adult children, as they submitted a claim before Chad.
- C. Chad, as he was designated primary beneficiary.
- D. Rachel's parents, as Rachel and Chad were divorced.

Answer: C

Explanation:

Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:

In a joint first-to-die policy, the death benefit is paid to the surviving insured (primary beneficiary) upon the first death, unless altered. The IFSE Ethics and Professional Practice Course (Common Law) states that beneficiary designations remain valid unless changed, and divorce does not automatically revoke them in most Canadian common law jurisdictions (unlike some family law contexts). Here, Chad is the primary beneficiary, and the adult children are secondary (contingent) beneficiaries, payable only if Chad predeceased Rachel. Since Rachel died first and the designation wasn't updated post-divorce, Chad receives the benefit. Joint payment (A) or children claiming first (B) contradicts the primary/secondary structure, and Rachel's parents (D) have no standing. Thus, C is correct.

References:

IFSE Ethics and Professional Practice Course (Common Law), Module 2: Insurance Contracts, Section on "Beneficiary Designations."

NEW QUESTION 65

- (Topic 2)

Samir applied for a life insurance policy 18 months ago. At the time of the application, he was employed as an accountant. Samir quit his accounting job 6 months ago to become a professional scuba diver.

Which of the following statements about Samir's life insurance policy is CORRECT?

- A. Samir must inform his insurer about his change of occupation within 6 months of the change.
- B. Samir is not required to declare his change in occupation because the policy is less than 2 years old.
- C. Regardless of whether Samir informs his insurer of his change in occupation, if he dies while scuba diving, he would not be covered.
- D. Samir has no obligation to notify the insurer of his change of occupation regardless of how old the policy is.

Answer: D

Explanation:

In life insurance policies, once the policy is issued, the insured does not need to notify the insurer of any changes in occupation. The premiums and coverage are based on the occupation and risk profile at the time of application, and life insurance contracts do not generally require updates on occupational changes unless explicitly stated.

Therefore, regardless of Samir's current job as a scuba diver, his life insurance policy remains in force without the need for notification to the insurer. This is different from disability insurance, which may consider occupation changes to reassess risk and benefits.

=====

NEW QUESTION 69

- (Topic 2)

Josh is a successful insurance agent with Smart Insurance Inc. who mentors new agents and gives them tips on how to increase their client base. He tells Clarence, a new agent, that he should send an email to close friends and family members to explain the services that he now offers. Clarence is worried about sending unsolicited promotional emails because Firash, the compliance manager, had told him that the practice is not allowed. What legislation was Firash correctly referencing?

- A. The Personal Information Protection and Electronic Documents Act (PIPEDA).
- B. The Privacy Act.
- C. Canada's Anti-Spam Legislation (CASL).
- D. The Criminal Code.

Answer: C

Explanation:

Canada's Anti-Spam Legislation (CASL) regulates the sending of commercial electronic messages (CEMs) without the recipient's consent. CASL requires explicit consent before sending unsolicited promotional emails, even to friends and family, if the messages are for commercial purposes. Clarence's concern about compliance with CASL is valid, as sending unsolicited emails could result in penalties for violating this legislation.

PIPEDA and the Privacy Act relate to privacy and personal information protection but do not specifically address unsolicited electronic communications.

NEW QUESTION 74

- (Topic 2)

Ae-Cha starts working for the manufacturer, Premier Vibe Inc., a company that offers its employees group insurance with Sprout Life Insurance. Ae-Cha meets with Devon, the group insurance representative, and learns that her group plan includes \$75,000 of life insurance coverage. Ae-Cha would like to know who designates the beneficiary on the life insurance.

- A. Premier Vibe Inc.
- B. Ae-Cha
- C. Devon
- D. Sprout Life

Answer: B

Explanation:

In group life insurance plans, the employee (insured individual) is typically responsible for designating their own beneficiary. Although Premier Vibe Inc. sponsors the group plan, it is Ae-Cha, as the policyholder, who has the right to choose her beneficiary for the life insurance coverage provided under the plan. The employer or the insurer does not decide the beneficiary; this decision remains solely with the insured employee.

NEW QUESTION 78

- (Topic 2)

Frankie is a newly licensed insurance of persons agent who meets with Walter, her father's friend since college. Walter is in his late forties, and he mentions that he would like to purchase a life insurance policy and start planning for his retirement. Frankie has never sold a segregated fund before. Not wanting to disclose her inexperience, she clumsily fills out the application form to invest in segregated funds. Which responsibility did Frankie breach?

- A. Integrity
- B. Competence
- C. Disclosure
- D. Product suitability

Answer: B

Explanation:

By attempting to sell a segregated fund product without adequate knowledge or experience, Frankie breached her duty of competence. LLQP guidelines emphasize the importance of competence, requiring agents to have sufficient knowledge of the products they recommend to clients to ensure that they are acting in the client's best interest. Frankie's failure to disclose her inexperience could potentially lead to errors that might adversely affect Walter, highlighting her lack of preparation and professional responsibility.

NEW QUESTION 81

- (Topic 2)

Everett is an insurance of persons representative who works exclusively for Moon Life Insurance. He wants to leave the company and become an independent representative. He knows that before he branches out on his own, he needs to ensure he has sufficient liability insurance. Which of the following statements about his professional liability insurance is CORRECT?

- A. His liability insurance must have coverage of not less than \$1,500,000 per claim.
- B. If a contract has a deductible, it may not exceed \$20,000.
- C. This insurance covers gross faults committed by an insurance representative.
- D. Professional liability insurance covers fraud or misappropriation.

Answer: B

Explanation:

For an insurance representative such as Everett who intends to transition to an independent role, maintaining adequate professional liability insurance is crucial. According to LLQP guidelines, the requirements for liability insurance coverage mandate that if the policy includes a deductible, it cannot exceed \$20,000 per claim. This limit helps ensure that insurance representatives can reasonably cover the deductible amount without facing significant financial hardship in case of a claim.

Regarding the other answer choices:

A liability insurance policy is typically required to have a minimum coverage of \$1,000,000 per claim, not \$1,500,000.

Professional liability insurance does not cover gross negligence, fraud, or intentional misconduct such as fraud or misappropriation. It is designed to cover errors, omissions, and negligence within the scope of professional duties, provided they are not intentional or fraudulent acts.

Therefore, option B accurately reflects LLQP stipulations regarding the deductible limit on professional liability insurance for insurance representatives.

=====

NEW QUESTION 84

- (Topic 2)

It's Friday afternoon and Olivier, an insurance agent, has just received the paper copy of his client's insurance contract. Olivier is about to leave on a three-day weekend, and he's already late for his camping reservation. He wonders if he should delay his departure to deliver the document, or if it can wait until he gets back on Tuesday. How long does Olivier have to deliver the contract?

- A. Within 10 days of receiving it.
- B. Within 15 days of receiving it.
- C. Within 30 days of receiving it.
- D. Within a reasonable time.

Answer: D

Explanation:

Life insurance agents are generally required to deliver the insurance contract to the client within a reasonable time to ensure that the client is promptly informed of the policy's terms and conditions. This standard is set to prevent undue delays that might affect the client's rights and their free look period. While no specific timeframe is always mandated, it is commonly understood within the LLQP guidelines that timely delivery is essential for compliance. Therefore, Olivier can reasonably wait until after his weekend to deliver the contract on Tuesday, as this would still fall within a reasonable time.

NEW QUESTION 89

- (Topic 2)

Paola, an employee at Horizon Pharmaceuticals, was recently diagnosed with depression. She is unable to work and is receiving tax-free disability insurance benefits due to her condition. Paola is deeply indebted, and her creditors have been garnishing a portion of her pay for the last year. She is worried about her creditors also garnishing her disability benefit.

Can her disability benefits be seized by her creditors?

- A. Yes, disability insurance benefits are seizable.
- B. Yes, but creditors can only seize up to 50% of her benefit.
- C. No, because the benefits are tax-free.
- D. No, because she is disabled.

Answer: D

Explanation:

In Quebec, disability insurance benefits are generally protected from seizure by creditors. This protection is designed to ensure that disabled individuals retain access to essential income for their well-being during their period of disability. Since Paola's benefits are designated as disability income, they are exempt from

garnishment.

This aligns with Quebec's laws on disability and insurance benefits, which prioritize financial protection for individuals facing health-related work absences. Thus, her benefits remain protected, regardless of her tax status or existing debts.

NEW QUESTION 93

- (Topic 2)

Harris is the father of Aden, Charlie, and Edmond. They are turning 29, 26, and 24 this year respectively. Harris purchased a life insurance policy with Aden as the life insured, Charlie as the successor owner, and Edmond as co-owner of the policy. He also named his wife, Becky, as the irrevocable beneficiary. Years have passed and the life insurance accumulated sufficient cash value. Harris is working out of town most of the time and none of the family members can get hold of him. One day, Harris encounters a car accident in another country and becomes unconscious. Becky and the children decide to cancel the policy and remit the cash value to Harris's hospital. Which party can execute the intended transaction?

- A. Edmond and Aden.
- B. Edmond and Becky.
- C. Charlie and Aden.
- D. Charlie and Becky.

Answer: B

Explanation:

Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:

The IFSE Ethics and Professional Practice Course (Common Law) explains that the policy owner has the right to surrender a policy for its cash value, but an irrevocable beneficiary's consent is required for changes affecting their interest (e.g., cancellation). Here, Edmond is the co-owner (with Harris, who is incapacitated), giving him authority to act. Becky, as irrevocable beneficiary, must consent to the surrender. Charlie is a successor owner, effective only upon Harris's death, and Aden is the insured, not an owner. Thus, only Edmond (co-owner) and Becky (irrevocable beneficiary) can execute the transaction, making B correct.

References:

IFSE Ethics and Professional Practice Course (Common Law), Module 2: Insurance Contracts, Section on "Policy Ownership" and "Irrevocable Beneficiaries."

NEW QUESTION 95

- (Topic 2)

Emeka, a new insurance agent with Sunrise Insurance, meets with her client, Mosi. After analyzing Mosi's needs, Emeka determines that Mosi's current life insurance coverage with Starlight Insurance is more than sufficient. Nevertheless, she persuades Mosi to cancel his existing coverage and buy a new life insurance policy with Sunrise Insurance. She believes this is a good compromise because Mosi will have the coverage he needs, and the new transaction will pay her a commission. Which of the following offences did Emeka commit?

- A. Inducing to insure.
- B. Twisting.
- C. Churning.
- D. Fronting.

Answer: B

Explanation:

Twisting involves persuading a client to replace an existing insurance policy with a new one from a different insurer, often to earn a commission, without a clear benefit to the client. Emeka's action of convincing Mosi to cancel his sufficient coverage with Starlight Insurance to purchase a new policy with Sunrise Insurance, primarily for her commission, constitutes twisting. This practice is generally considered unethical, as it may not be in the best interest of the client and can lead to unnecessary costs and potential coverage gaps.

Churning, on the other hand, usually involves replacing policies within the same company to generate additional commissions, which does not apply here.

NEW QUESTION 97

- (Topic 2)

After meeting with his advisor Monica, Tom agrees to apply for a \$50,000 whole life insurance policy. Monica tells him that the monthly premium will be \$40 per month. Monica is advised by underwriting that Tom qualifies for an additional \$10,000 critical illness rider, and that the new premium would be \$50 per month. Monica advises underwriting that Tom accepts the additional coverage without speaking with him first, because it is such a good deal and great coverage, he won't mind. When Tom finds out what she has accepted on his behalf, without his knowledge, he is upset and wants to lodge a complaint to someone other than the insurance company and Monica; he wants to speak with an independent third party. He finds the contact information for the local regulatory authority. What are some of the responsibilities the regulatory authority has in protecting clients like Tom?

- A. Promoting transparency, taking action against breaches of conduct, and giving clients avenues to resolve individual complaints (e.g., OmbudService for Life and Health Insurance).
- B. Promoting transparency, reimbursing financial losses suffered by clients, and giving clients avenues to resolve individual complaints.
- C. Promoting transparency, educating the public, and organizing class action lawsuits against insurers.
- D. Taking action against breaches of conduct, increasing the public's financial knowledge (such as understanding financial concepts), and closing insurance offices that are non-compliant.

Answer: A

Explanation:

Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:

The IFSE Ethics and Professional Practice Course (Common Law) outlines that provincial/territorial regulatory authorities oversee insurance agents and protect consumers by promoting transparency, enforcing ethical conduct, and facilitating dispute resolution. Monica's actions (accepting coverage without consent) breach client autonomy and disclosure rules. Regulatory authorities investigate such conduct and refer clients to independent bodies like the OmbudService for Life and Health Insurance for complaints. They don't reimburse losses (B), organize lawsuits (C), or focus solely on public education and office closures (D). Option A aligns with their role, making it correct.

References:

IFSE Ethics and Professional Practice Course (Common Law), Module 4: Regulatory Environment, Section on "Role of Regulatory Authorities."

NEW QUESTION 102

- (Topic 3)

Vladimir is a new insurance agent with Family-Assure Inc. He and his supervisor Petros are reviewing the information collected during Vladimir's first meeting with Vanessa, a restaurant owner looking to add to her existing disability insurance (DI) coverage. Petros notices an overlap among sources, although the existing coverage appears adequate. Petros reminds Vladimir to explain to Vanessa how she would be impacted if she were to claim disability benefits. What should Vladimir tell Vanessa?

- A. Her DI benefits may be scaled back accordingly.
- B. It is more prudent to leave current coverage in place regardless of the overlap.
- C. Overlapping among sources may result in longer waiting periods.
- D. The insurer may refuse payment due to the appearance of fraud.

Answer: A

Explanation:

Disability insurance benefits can be subject to integration or offset provisions, especially if multiple sources of DI coverage exist. These provisions prevent the insured from receiving a total disability benefit amount that exceeds a certain percentage of pre-disability income. Vladimir should inform Vanessa that her benefits might be adjusted to avoid over-insurance and to align with her income levels. This aligns with the LLQP materials, which emphasize that overlapping coverage sources may lead to reductions in benefits from one source to maintain proportionality with earned income.

NEW QUESTION 105

- (Topic 3)

Harper owns a disability insurance policy that will pay her a monthly benefit if she becomes unable to work. At the time she applied for the policy, Harper was a new graduate with an annual income of \$60,000, and she qualified for a monthly benefit of \$3,000. Instead of taking the maximum benefit, she focused on paying off her student loans and keeping her insurance premiums low. She elected to purchase a monthly benefit of \$2,500 and add the future purchase option (FPO) rider for up to \$500 a month of additional coverage. Now she is further along in her career, Harper earns \$100,000 a year, and she meets with her insurance agent Trish to increase her coverage. Harper would like her new monthly benefit to be \$5,000.

Which of the following statements about Harper's coverage is TRUE?

- A. If Harper wants to increase her coverage, she will have to apply for an additional \$2,500 of monthly benefit with full medical underwriting.
- B. Harper cannot apply to receive an additional \$2,000 of coverage, but she can exercise the FPO and increase her monthly benefit by \$500.
- C. Harper can exercise the FPO and increase her monthly benefit by \$2,500.
- D. Harper can exercise the FPO, increase her monthly benefit by \$500, and apply for an additional \$2,000 of monthly benefit with full medical underwriting.

Answer: D

Explanation:

Harper has a Future Purchase Option (FPO) rider on her disability insurance policy, which allows her to increase her coverage by a predetermined amount (in this case, \$500) without undergoing additional medical underwriting, provided she exercises this option at specific intervals. Given her increased income, Harper wishes to increase her monthly benefit to \$5,000. By exercising the FPO, she can automatically add \$500 to her current benefit, raising it from \$2,500 to \$3,000 without medical underwriting. To reach her desired benefit of \$5,000, she would need an additional \$2,000. For this portion, she would need to go through medical underwriting as it exceeds the FPO amount. Thus, option D is correct, as it accurately reflects the process and options available to Harper under the LLQP guidelines for utilizing the FPO rider along with additional underwriting for further increases.

NEW QUESTION 107

- (Topic 3)

Dorothy, age 36, is an architect. She runs her own office with the help of two assistants.

She owns her own condo, has an active social life, and travels regularly for pleasure. She has a net annual income of approximately \$125,000, once all the business, rent, salary, and car expenses have been paid. Dorothy is well aware of the significant financial problems that she would face for any absences from the office due to illness or disability. What are Dorothy's main protection needs in this respect?

- A. Protect 60% of her net annual income.
- B. Protect 100% of her net annual income.
- C. Protect business overhead expenses.
- D. Protect 60% of her net annual income and business overhead expenses.

Answer: D

Explanation:

Comprehensive and Detailed Explanation:

As a self-employed architect, Dorothy needs disability income protection (60% of \$125,000 = \$75,000/year or \$6,250/month) for personal expenses and business overhead expense (BOE) insurance to cover fixed costs (e.g., assistants' salaries, rent) during disability (Chapter 5: Insurance to Protect Businesses).

Option A: Incomplete; ignores business costs. Option B: Unrealistic; insurers cap at 60-75%. Option C: Incomplete; misses personal income.

Option D: Correct; covers both personal and business needs.

Reference: LLQP Accident and Sickness Insurance Manual, Chapter 2: Insurance to Protect Income, Chapter 5: Insurance to Protect Businesses.

NEW QUESTION 111

- (Topic 3)

Eric is an architect who owns his own firm. He employs three staff and is in his fifth year of operation. While recently meeting with his insurance agent for an annual review of his coverage, he mentioned to the agent that he had recently purchased a new printing system and has a sizeable loan on it. In the event of disability, what type of insurance coverage could the agent suggest to ensure the loan payments are made?

- A. Key person disability insurance.
- B. Business overhead expense disability insurance.
- C. Disability buyout insurance.
- D. Business loan protection disability insurance.

Answer: D

Explanation:

Comprehensive and Detailed Explanation:

Business loan protection disability insurance covers loan payments if the owner is disabled, directly addressing Eric's need (Chapter 5:Insurance to Protect Businesses).

Option A: Incorrect; protects business operations. Option B: Incorrect; covers overhead, not loans. Option C: Incorrect; for buy-sell agreements. Option D: Correct; targets loan payments.

Reference: LLQP Accident and Sickness Insurance Manual, Chapter 5:Insurance to Protect Businesses.

NEW QUESTION 115

- (Topic 3)

Rene, age 39, is a framing carpenter at a company that builds doors and windows. He has group disability insurance equivalent to 60% of his annual salary, which is \$70,000. His monthly living expenses are \$3,500. Since he has no pension plan at work, Rene has enrolled in an individual RRSP through payroll deductions (\$1,000 per month). His RRSP savings currently amount to \$45,000. In addition, Rene has \$10,000 in a non-registered savings account. What should Rene's life insurance agent advise him?

- A. Rene is already sufficiently protected through his group disability insurance.
- B. Rene is already sufficiently protected through his group disability insurance and his RRSP.
- C. Rene should, in addition, buy \$1,000 per month of individual disability insurance, given his RRSP commitment.
- D. Rene should, in addition, buy individual disability insurance covering 40% of his salary for unexpected expenses.

Answer: D

Explanation:

Comprehensive and Detailed Explanation:

Rene's salary is \$70,000/year, and his group disability insurance provides 60% of this, or \$42,000/year (\$70,000 \times 0.60), equating to \$3,500/month (\$42,000 \div 12). His monthly expenses are \$3,500, so this just covers his needs if disabled. However, the LLQP stresses considering unexpected expenses (e.g., medical costs, inflation) beyond basic living expenses (Chapter 2:Insurance to Protect Income).

RRSP contribution: \$1,000/month, savings: \$45,000 (registered) + \$10,000 (non-registered).

40% of salary = \$70,000 \times 0.40 = \$28,000/year or \$2,333/month.

Option A: Incorrect; \$3,500/month matches expenses but leaves no buffer for unforeseen costs.

Option B: Incorrect; RRSPs are for retirement, not disability liquidity, and don't enhance immediate protection.

Option C: \$1,000/month additional coverage is arbitrary and insufficient for 40% of salary; it doesn't align with needs analysis.

Option D: Correct; 40% of salary (\$2,333/month) on top of \$3,500 provides \$5,833/month, offering a safety net for unexpected expenses, consistent with LLQP's holistic protection approach (Chapter 6:Client Profile).

Reference: LLQP Accident and Sickness Insurance Manual, Chapter 2:Insurance to Protect Income, Chapter 6:Client Profile.

NEW QUESTION 119

- (Topic 3)

Larry, an insurance agent, meets with Ethan, a freelance photographer, to review his insurance needs. Larry tells Ethan that he wants to collect all pertinent financial information to prepare a net worth statement for Ethan.

Why does Larry want to prepare Ethan's net worth statement?

- A. To have enough information to identify where Ethan spends his money.
- B. To determine Ethan's various sources of income.
- C. To determine how much Ethan can spend on accident and sickness insurance premiums.
- D. To determine if Ethan has enough resources to cover medical expenses if he had a medical emergency.

Answer: D

Explanation:

A net worth statement assesses an individual's total financial assets and liabilities, providing insight into their overall financial health. For Ethan, as a freelance photographer, understanding his net worth is essential to determine whether he has sufficient resources to manage unexpected expenses, such as medical costs from a potential emergency. This assessment helps Larry gauge Ethan's ability to withstand financial shocks, which is crucial when planning for accident and sickness insurance coverage. While cash flow statements provide details on income and expenses, net worth statements are specifically used to evaluate financial resources available for emergencies.

NEW QUESTION 123

- (Topic 3)

Vincent, aged 55, plans to retire 10 years from now after a 40-year career with the federal government. He will then receive a federal pension and will benefit from a retiree health plan. His wife Catherine is 15 years younger than him. Vincent also has an RRSP that he intends on using in part to fund his travel plans in retirement, and in part to leave a lump sum to Catherine for her living expenses after he dies. Vincent has planned his budget carefully and feels confident that he has thought of everything. What may Vincent's insurance agent suggest he consider to safeguard his retirement?

- A. Critical illness insurance to pay for unexpected medications.
- B. Long-term care insurance to prevent depleting his RRSP due to a serious illness.
- C. Extended health insurance to pay for an unexpected hospital stay.
- D. Disability insurance to replace his income for injuries lasting longer than 90 days.

Answer: B

Explanation:

Comprehensive and Detailed Explanation:

Vincent's pension and health plan cover income and basic health needs. LTC insurance protects his RRSP from depletion due to care costs, ensuring funds for travel and Catherine's inheritance (Chapter 4:Insurance to Protect Savings).

Option A: Unnecessary; retiree health likely covers medications. Option B: Correct; LTC preserves savings.

Option C: Redundant; retiree plan covers hospital stays. Option D: Irrelevant; he's retiring, not working.

Reference: LLQP Accident and Sickness Insurance Manual, Chapter 4:Insurance to Protect Savings.

NEW QUESTION 127

- (Topic 3)

Luc is married and the father of two teenagers. His annual salary is \$60,000. His wife Marie works part-time with an annual salary of \$24,000. The family's monthly expenses are \$3,500. Luc and Marie are not members of any group benefit plan. What is the minimum monthly amount of disability insurance coverage that Luc needs to cover his risk of disability?

- A. \$1,500
- B. \$3,500
- C. \$5,000

Answer: B

Explanation:

Comprehensive and Detailed Explanation:

Luc earns \$60,000/year (\$5,000/month), Marie earns \$24,000/year (\$2,000/month), totaling \$7,000/month. Expenses are \$3,500/month. If Luc is disabled, Marie's \$2,000 leaves a \$1,500 shortfall. However, Luc needs \$3,500/month to fully replace expenses, assuming Marie's income isn't relied upon (Chapter 2:Insurance to Protect Income).

Option A: Insufficient; \$1,500 + \$2,000 = \$3,500 but assumes Marie's income. Option B: Correct; \$3,500 ensures full coverage.

Option C: Excessive; over-insures.

Reference: LLQP Accident and Sickness Insurance Manual, Chapter 2:Insurance to Protect Income.

NEW QUESTION 131

- (Topic 3)

Arthur is a 79-year-old long-term care (LTC) policyholder whose daughter, Sheila, visits daily to help him get dressed and prepare meals. Sheila wants him to enter a nursing home because he is unable to dress himself. Though he cannot prepare his own meals, he can still feed himself, and once undressed, he can wash himself, seated in the bathtub.

Is Arthur eligible to receive LTC benefits?

- A. Yes, Arthur is eligible because he cannot dress himself or prepare his own meals.
- B. Yes, Arthur is eligible because he is unable to dress himself and he must sit in the bathtub to wash himself.
- C. No, Arthur is not eligible because even though he cannot prepare his own meals, he is able to feed himself.
- D. No, because except for dressing himself, Arthur can perform all the other activities of daily living.

Answer: D

Explanation:

Arthur's eligibility for Long-Term Care (LTC) benefits depends on his inability to perform a specified number of Activities of Daily Living (ADLs), which generally include bathing, dressing, feeding, toileting, transferring, and continence. In most LTC policies, to qualify for benefits, the policyholder typically needs to be unable to perform at least two of these ADLs. In Arthur's case, while he requires help with dressing and meal preparation, he can perform other ADLs such as feeding himself and bathing (with some assistance). This indicates that he can perform enough ADLs to make him ineligible under the typical LTC requirements. Therefore, option D is correct, as his inability to dress alone does not meet the usual threshold required for benefit eligibility under most LTC policies.

NEW QUESTION 134

- (Topic 3)

Eric is a group benefits specialist and he is meeting with Lionel to review his company's benefits plan after it has been in force for one year. The biggest issue to bring up with Lionel is that his premiums are going to increase. What is the reason as to why the premiums would increase after one year?

- A. Age of employees.
- B. Claims experience.
- C. Nature of the business.
- D. Commission to specialist.

Answer: B

Explanation:

Comprehensive and Detailed Explanation:

Group insurance premiums are adjusted annually based on claims experience—the ratio of claims paid to premiums collected (Chapter 8:Group Plan Specifics). High claims increase premiums.

Option A: Age affects initial rates, not annual adjustments unless specified. Option B: Correct; claims experience directly drives premium changes. Option C:

Business nature sets initial risk, not yearly changes.

Option D: Commissions are fixed, not tied to claims.

Reference: LLQP Accident and Sickness Insurance Manual, Chapter 8:Group Plan Specifics.

NEW QUESTION 138

- (Topic 3)

Alex, aged 35, has worked for many years as a salesman in a small used car dealership. He earns \$70,000 a year. He has no group insurance at work and no individual insurance. Single and without children, his priority is to save enough money to retire at age 60. He makes regular contributions to his RRSPs, in which he has accumulated \$400,000. He owns a condo valued at \$250,000 on which he has an uninsured mortgage of \$150,000. What financial risk is Alex most exposed to?

- A. Inflation.
- B. Loss of income.
- C. Longevity.
- D. Drop in standard of living.

Answer: B

Explanation:

Comprehensive and Detailed Explanation:

Alex's \$70,000 income supports his RRSP contributions and \$150,000 mortgage. With no disability insurance, a loss of income due to disability is his greatest risk (Chapter 2:Insurance to Protect Income).

Option A: Inflation affects savings value but isn't immediate.

Option B: Correct; no income protection threatens his mortgage and savings plan. Option C: Longevity is a retirement risk, not current.

Option D: Standard of living drops if income is lost, but loss of income is the root risk. Reference: LLQP Accident and Sickness Insurance Manual, Chapter 2: Insurance to Protect Income.

NEW QUESTION 140

- (Topic 3)

Diane is an insurance agent working for Gamma Insurance Inc. who is responsible for coaching a newly licensed agent, Wick. Wick has questions about his role, and he would like to know how he should service his clients.

What should Diane tell Wick about what is expected of him?

A. He must keep detailed notes about the services provided to clients.

B. He must deliver to clients, newly issued policies within 30 days of acceptance.

C. He must fill out the claim forms for his clients.

D. He must contact his clients on a quarterly basis.

Answer: A

Explanation:

As an insurance agent, keeping detailed notes on services provided to clients is essential for ensuring compliance, accountability, and providing excellent customer service. Documentation is crucial for record-keeping and allows agents to track interactions and recommendations given to clients. While delivering policies promptly is also part of an agent's duties, maintaining accurate records is fundamental to fulfilling regulatory and ethical obligations as outlined in LLQP guidelines.

NEW QUESTION 142

- (Topic 3)

The one-year anniversary of Sally's disability policy is quickly approaching. She recently received a letter in the mail from the insurer outlining the requirements to increase her monthly benefit via the future purchase option she added when she initially got the policy. What is required of Sally to increase her monthly benefit?

A. Medical underwriting.

B. Financial underwriting.

C. Paramedical exam.

D. Inspection report.

Answer: B

Explanation:

Comprehensive and Detailed Explanation:

Future purchase options require financial underwriting (proof of income increase), not medical, to adjust benefits (Chapter 7: Insurance Recommendation, Contract, and Service Needs).

Option A: Incorrect; waived with rider. Option B: Correct; income-based. Option C-D: Incorrect; not required.

Reference: LLQP Accident and Sickness Insurance Manual, Chapter 7: Insurance Recommendation, Contract, and Service Needs.

NEW QUESTION 146

- (Topic 3)

Patricia is a laboratory technician who normally earns \$4,000 a month. A few months ago, she injured her leg rollerblading and was unable to work for four months. Since she owns a disability insurance policy with a residual benefit option, she received \$2,400 a month from the insurer. Now that she is recovered, her doctor has cleared her to slowly return to work. Since she cannot work her regular full-time hours, her pay has decreased to \$3,000 a month.

How much will she receive from her residual benefit when she returns to work?

A. \$0

B. \$600

C. \$1,000

D. \$2,400

Answer: B

Explanation:

A residual benefit in a disability insurance policy provides partial benefits if the insured returns to work in a reduced capacity and suffers a loss of income.

Patricia's income has decreased from \$4,000 to \$3,000, representing a 25% reduction in income (\$1,000 loss out of \$4,000). Since her policy provides a residual benefit, she will receive 25% of her original monthly benefit, which is 25% of \$2,400, amounting to \$600. This is calculated to supplement her reduced earnings, aligning with the guidelines on residual benefits provided by LLQP.

NEW QUESTION 147

- (Topic 3)

Juniper, 69, suffered a stroke a few weeks ago which left her partially paralyzed and has severely reduced her mobility. Since the stroke, she is unable to leave her home. She benefits from regular visits from nurses, massage therapists, and housekeepers. Juniper wants to claim the services on her long-term care (LTC) insurance policy and would like to know how the claim will be processed and paid.

Which of the following answers is CORRECT?

A. The insurer will pay the nurse and the massage therapist directly and Juniper will have to pay the housekeeper out of pocket.

B. Juniper will have to pay for all of the services first and then submit the receipts for all qualifying expenses to her insurer for reimbursement under the home care clause of her LTC policy.

C. The insurer will pay for all of the services directly.

D. Juniper will have to pay for all the services, but she could only claim for reimbursement of the costs of the nursing care, under the home care clause of her LTC policy.

Answer: B

Explanation:

Long-term care (LTC) insurance policies with home care benefits typically require the insured to cover the costs upfront and then submit receipts for reimbursement. Juniper, having regular services from nurses, massage therapists, and housekeepers, would need to pay for these services initially and then file a claim for reimbursement of qualifying expenses, as per the terms of her LTC policy. Generally, such policies cover medically necessary services like nursing care, and possibly massage therapy, but may not include housekeeping as a reimbursable expense. This approach ensures that only eligible services as defined by the policy are reimbursed.

NEW QUESTION 149

- (Topic 3)

Denise, age 45, is a member of her employer's group insurance plan, which provides disability protection for 60% of her annual salary of \$60,000. Louis, her 42-year-old spouse, is self-employed, has an annual income of \$45,000, and no disability protection. As parents of three teenagers, Denise and Louis need \$6,000 a month to meet their financial obligations with respect to such expenses as housing, food, car, clothing, and entertainment. Which of the following best characterizes Denise and Louis' current protection?

- A. The likelihood of Denise and Louis becoming disabled at the same time is almost zero.
- B. So, there is no need for additional protection.
- C. In the event Denise is disabled, she will receive \$3,000/month.
- D. Along with Louis' monthly income of \$3,750, the couple will have no difficulty meeting their financial obligations, so there is no need for additional protection.
- E. Denise should increase her group insurance protection to cover 75% of her income.
- F. In the event Louis is disabled and has no monthly income, Denise's income will be insufficient to meet the couple's financial obligation.
- G. It is recommended that Louis take out insurance to protect up to 60% of his income.

Answer: D

Explanation:

Comprehensive and Detailed Explanation:

Denise's annual salary is \$60,000, and her group disability insurance covers 60% of this, equating to \$36,000/year or \$3,000/month ($\$60,000 \times 0.60 \div 12$).

Louis earns \$45,000/year, which translates to \$3,750/month ($\$45,000 \div 12$). Together, their current combined monthly income is \$6,750 ($\$3,000 + \$3,750$). Their monthly expenses are \$6,000, leaving a surplus of \$750/month under normal circumstances.

Option A: This assumes simultaneous disability is the only risk, which is incorrect. The LLQP emphasizes assessing individual disability risks based on income replacement needs, not just joint probability (Chapter 2: Insurance to Protect Income).

Option B: If Denise is disabled, she receives \$3,000/month from her group plan, and Louis earns \$3,750/month, totaling \$6,750/month. This meets the \$6,000 need, but it assumes Louis remains able to work, ignoring his risk of disability.

Option C: Increasing Denise's coverage to 75% (\$3,750/month) is unnecessary since \$6,750 already exceeds \$6,000 when Louis works. This doesn't address Louis' lack of protection.

Option D: If Louis is disabled, he earns \$0, and Denise's \$3,000/month (her full salary, assuming no disability) falls short of \$6,000 by \$3,000. Louis needs coverage for 60% of his income ($\$45,000 \times 0.60 = \$27,000/\text{year}$ or $\$2,250/\text{month}$), which, combined with Denise's \$3,000, totals \$5,250—close to their needs, with adjustments possible. This aligns with the LLQP's focus on ensuring both income earners are protected (Chapter 6: Client Profile).

Reference: LLQP Accident and Sickness Insurance Manual, Chapter 2: Insurance to Protect Income, Chapter 6: Client Profile.

NEW QUESTION 154

- (Topic 3)

Angus is involved in a motorcycle accident and due to his injuries has to spend a few nights in the hospital. He is released from the hospital with a doctor's note indicating that he is able to perform certain parts of his job, but that it would take months until he can be back to normal. He promptly calls his insurance agent Dawn to ask her if he would be entitled to his disability benefits. Dawn reads his policy and tells him that he will not receive any disability benefits.

Which disability definition is MOST LIKELY included in his policy?

- A. Own occupation
- B. Any occupation
- C. Regular occupation
- D. Total disability (according to the CPP)

Answer: B

Explanation:

The "any occupation" definition of disability is the most restrictive and generally requires that the insured be unable to perform any work for which they are reasonably qualified by education, training, or experience. If Angus's policy includes this definition, it would explain why he does not qualify for disability benefits despite being unable to perform parts of his job. Under this type of policy, unless he is unable to perform any occupation, he would not be eligible for benefits. This is different from other definitions like "own occupation," which is less restrictive and provides benefits if the insured cannot perform their specific job duties.

NEW QUESTION 158

- (Topic 3)

On June 5, Karl completed an application for critical illness coverage and paid an annual premium of \$1,250. On June 25, the underwriter approved the policy under standard conditions and sent it to the agent, who received it on July 7. The agent contacted the client on August 8 and the date for delivery was set at August 10. On August 12, Karl learns that he will lose his job at the end of the month. As such, he decides to cancel the policy, returning it to the insurer on August 15. What is the rule governing Karl's right to have his premium refunded?

- A. He is entitled to a refund, because the policy was returned within 10 days of delivery.
- B. He is not entitled to a refund, because the policy was approved more than 30 days ago.
- C. He is entitled to a refund, because the representative delivered the policy more than 10 days after its issuance.
- D. He is not entitled to a refund, because the application was signed more than 30 days ago.

Answer: A

Explanation:

Comprehensive and Detailed Explanation:

The 10-day "free look" period starts upon delivery (August 10); Karl returned it August 15 (within 5 days), entitling him to a refund (Chapter 7: Insurance Recommendation, Contract, and Service Needs).

Option A: Correct; within 10 days.

Option B-D: Incorrect; refund tied to delivery, not approval or application. Reference: LLQP Accident and Sickness Insurance Manual, Chapter 7: Insurance Recommendation, Contract, and Service Needs.

NEW QUESTION 159

- (Topic 3)

Brian is a machinist. For the past seven years, he??s worked for a company that offers a group benefits plan. Under that plan, the premiums for long-term disability coverage are entirely paid by the employees. Last year, an injury forced Brian to stop working for eight months. After a four-month waiting period, during which he collected Employment Insurance (EI) benefits, Brian received long-term disability (LTD) benefits from the group plan??s insurer. Brian is now preparing his income tax return and wonders about the tax implications of the different benefits he received while on disability. What statement accurately describes the tax treatment of Brian??s EI and LTD benefits?

- A. Both the EI benefits and LTD benefits are taxable income.
- B. The EI benefits are taxable income, the LTD benefits are tax-free.
- C. The EI benefits are tax-free, the LTD benefits are taxable income.
- D. Both the EI benefits and LTD benefits are tax-free.

Answer: B

Explanation:

Comprehensive and Detailed Explanation:

EI benefits are taxable as income under Canadian law. LTD benefits are tax-free if the employee pays 100% of the premiums, as in Brian??s case (Chapter 8:Group Plan Specifics).

Option A: Incorrect; LTD is tax-free here. Option B: Correct; EI taxable, LTD tax-free. Option C: Incorrect; EI is taxable.

Option D: Incorrect; EI is taxable.

Reference: LLQP Accident and Sickness Insurance Manual, Chapter 8:Group Plan Specifics.

NEW QUESTION 162

- (Topic 3)

Marc, age 35, is a self-employed electrician. His annual income is approximately \$60,000. His spouse Veronique works part-time and earns an annual income of \$15,000. Marc and Veronique are parents of two young children. Their monthly financial obligations with regard to rent, car, clothing, and food amount to \$3,000. What accident and sickness insurance protection do Marc and Veronique primarily need?

- A. Disability coverage of \$3,000 per month for Marc.
- B. Disability coverage of \$3,000 per month for Veronique.
- C. Disability coverage of \$4,000 per month for Marc.
- D. Long-term care insurance of \$3,000 per month for Marc.

Answer: A

Explanation:

Comprehensive and Detailed Explanation:

Marc earns \$60,000/year (\$5,000/month), and Veronique earns \$15,000/year (\$1,250/month), totaling \$6,250/month. Their expenses are \$3,000/month. As the primary earner, Marc??s disability poses the greatest risk (Chapter 6:Client Profile).

If Marc is disabled: Veronique??s \$1,250 + \$0 = \$1,250, short \$1,750 of \$3,000. If Veronique is disabled: Marc??s \$5,000 covers \$3,000.

\$3,000/month for Marc (60% of his income) plus Veronique??s \$1,250 totals \$4,250, exceeding \$3,000.

Option A: Correct; \$3,000/month for Marc ensures expenses are met.

Option B: Incorrect; Veronique??s income is supplementary, not primary. Option C: Excessive; \$4,000/month over-insures Marc.

Option D: Incorrect; LTC is for care costs, not income replacement.

Reference: LLQP Accident and Sickness Insurance Manual, Chapter 2:Insurance to Protect Income, Chapter 6:Client Profile.

NEW QUESTION 165

- (Topic 3)

Group insurance and group annuity representative Zaheb recently sold a group insurance contract to Alumo Inc., a company that employs about 50 plant employees. This is the first time the company offers such a plan. The employees are asking the company questions about how the prescription drug plan works. They are especially surprised to see that the plan covers very few of the brand name drugs often prescribed by their physicians. What should Zaheb do?

- A. Let Alumo answer its employees?? questions about the prescription drug plan because it is best placed to understand their concerns.
- B. Recommend that the employees consult the Medical Information Bureau??s (MIB) official website, which explains how prescription drug plans work.
- C. Put an employee information program in place to explain the rules of the prescription drug plan.
- D. Notify the insurer because it alone is able to explain the prescription drug plan rules to the employees.

Answer: C

Explanation:

Comprehensive and Detailed Explanation:

Zaheb, as the agent, should educate employees via an information program to clarify coverage (e.g., generic vs. brand name drugs) (Chapter 8:Group Plan Specifics). Option A: Incorrect; Alumo lacks expertise.

Option B: Incorrect; MIB doesn??t explain plans. Option C: Correct; agent??s role.

Option D: Incorrect; insurer delegates to agent.

Reference: LLQP Accident and Sickness Insurance Manual, Chapter 8:Group Plan Specifics.

NEW QUESTION 167

- (Topic 3)

Xavier meets and fills out an application form with Jose, an insurance representative, because he would like to purchase a critical illness insurance policy. When Jose asks Xavier about his alcohol consumption, Xavier admits he regularly drinks 10 beers a day. What is the next step in the application process?

- A. The insurance company will automatically refuse the application.
- B. The insurance company will accept the application with an exclusion for alcohol consumption.
- C. Jose should refuse the request.
- D. Xavier will have to fill out a questionnaire detailing his alcohol consumption.

Answer: D

Explanation:

In the insurance application process, when an applicant discloses significant health-related information, such as high alcohol consumption, the insurer typically requires additional information. In Xavier's case, he would need to fill out alcohol consumption questionnaire to provide more detail about his drinking habits. This step helps the insurer assess the risk and decide on policy terms, which may include higher premiums, exclusions, or even denial depending on the details provided. It aligns with the LLQP guidelines, which specify that full disclosure and accurate risk assessment are essential steps in underwriting.

NEW QUESTION 168

- (Topic 3)

Laekyn purchased an individual disability insurance policy 3 years ago from Awah, her insurance agent. Today, Awah receives a call from Laekyn, who says she is hospitalized following a suicide attempt. Laekyn says her doctor diagnosed her with bipolar disorder and expects she will be able to return to work in 3 months. Will Awah be able to help Laekyn receive disability benefits?

- A. Yes, because the event occurred more than 2 years after the policy was purchased.
- B. Yes, because Laekyn contacted her as soon as she received her diagnosis.
- C. No, because the minimum waiting period on an individual disability policy is 90 days.
- D. No, because she is disabled due to a suicide attempt.

Answer: A

Explanation:

Most individual disability insurance policies include a two-year incontestability clause, after which the insurer cannot deny claims due to misrepresentations on the application, unless they involve fraud. Since Laekyn's policy was purchased over three years ago, and assuming there was no fraudulent application, she should be eligible for benefits. The fact that her disability is related to a suicide attempt is not an automatic disqualification beyond this period unless specifically excluded by the policy. Therefore, the insurer should process her claim under the standard disability terms of the policy.

NEW QUESTION 172

- (Topic 3)

Bachir owns a successful video game business and has 10 employees. The time has come to plan business succession and the eventual sale of the business. Bachir's nephew Kharim, who shows a real interest in the business, is identified as his successor. Bachir would like to protect his sales price until such time as the business is sold to Kharim, who does not have the funds yet and will need a few years to amass the required amount. Bachir and Kharim consult insurance agent Bianca for advice. What should Bianca propose?

- A. Disability buyout coverage in the event of Kharim's disability.
- B. Business loan protection.
- C. Key person coverage.
- D. Disability buyout coverage in the event of Bachir's disability.

Answer: D

Explanation:

Comprehensive and Detailed Explanation:

Disability buyout insurance funds a buy-sell agreement if the owner (Bachir) becomes disabled, ensuring Kharim can purchase the business at the agreed price (Chapter 5: Insurance to Protect Businesses).

Option A: Incorrect; Kharim's disability doesn't affect Bachir's sale. Option B: Incorrect; no loan is mentioned.

Option C: Incorrect; key person protects business operations, not succession. Option D: Correct; protects Bachir's sale value if he's disabled.

Reference: LLQP Accident and Sickness Insurance Manual, Chapter 5: Insurance to Protect Businesses.

NEW QUESTION 173

- (Topic 3)

Dominic suffers a heart attack on October 1 and dies a little over a month later, on November 7. At the time of his death, he owned a \$150,000 critical illness (CI) insurance policy, purchased 10 years earlier. Dominic never failed to pay the \$100 monthly premium.

When he died, the insurer had not yet issued the benefit payment. How will the CI benefit be treated?

- A. It will not be paid.
- B. It will be paid to Dominic's next of kin.
- C. It will be payable to Dominic's estate.
- D. Dominic's estate will receive a return of premiums.

Answer: A

Explanation:

Critical illness (CI) insurance pays a lump-sum benefit upon diagnosis of a covered illness, but typically requires the insured to survive for a specified period (often 30 days) following the diagnosis. Although Dominic suffered a heart attack, he did not die immediately. However, he passed away within the 30-day survival period following the heart attack, which is a common requirement in CI policies for benefit payment. Since the survival requirement was not met, the benefit will not be paid. Generally, in such cases, the insurer may refund premiums if specified in the policy, but the CI benefit itself would not be payable.

NEW QUESTION 175

- (Topic 3)

Tyler, a group insurance agent, is meeting with Yolanda, the director of his new group insurance client, Compact Funds Inc., to set up the company's plan. Compact Funds employs over 30 employees, and Tyler recommends that they implement a contributory plan. Yolanda would like to understand what this means. Which of the following statements about contributory plans is CORRECT?

- A. The insurer will bill each employee who will then ask for Compact Funds to credit a portion of the premiums on the payroll.
- B. The insurer will bill Compact Funds, and they will deduct the requisite premium from each employee's paycheck.
- C. The insurer will bill Compact Funds and each employee individually.
- D. The insurer will bill each employee directly, and they will pay 100% of the premiums.

Answer: B

Explanation:

In a contributory group insurance plan, the cost of the premiums is shared between the employer and the employees. For Compact Funds Inc., which has over 30 employees, implementing a contributory plan means that both the employer and the employees contribute to the premium costs. According to LLQP guidelines on group insurance plans, the process usually involves the employer (Compact Funds in this case) receiving the bill for the total premium from the insurer. The employer then deducts the employees' share of the premium directly from their paychecks. This allows for efficient billing and ensures that premiums are paid in a consolidated manner by the employer, with the deduction process managed through payroll.

Option B is correct as it accurately describes the billing and payment arrangement in a contributory group insurance plan, where Compact Funds is billed directly by the insurer and then deducts the employee portion from payroll, streamlining the process and keeping it consistent with standard practices as outlined in the LLQP content on group insurance.

NEW QUESTION 178

- (Topic 3)

Kiril is the sole proprietor of a small gym with five employees. His sales manager, Antoine, is a former Olympic athlete, responsible for generating close to 50% of all revenues for the gym. Thanks to Antoine's popular social media presence, the gym is profitable and growing rapidly. However, Kiril has concerns about the future profitability of his gym should Antoine become ill or injured since the other employees are not local celebrities and would not be able to replace Antoine's contribution to the business.

Which of the following types of insurance policy would protect the gym if Antoine were unable to work?

- A. Business loan protection disability insurance on Antoine.
- B. Disability buyout insurance.
- C. Key person disability insurance on Antoine.
- D. Disability business overhead expense insurance on Antoine.

Answer: C

Explanation:

Key person disability insurance provides financial protection to a business against the loss of a crucial employee due to disability. Antoine is a critical figure for Kiril's gym, generating a significant portion of revenue and attracting clientele due to his public profile. This policy would compensate the gym for lost income and potentially cover additional costs incurred while attempting to replace Antoine's unique contributions. The LLQP materials discuss key person insurance as essential for protecting a business against the financial impact of losing a high-value employee, making this option the most suitable for Kiril's needs.

NEW QUESTION 180

- (Topic 3)

Monique meets with Tyra, an insurance agent, to review her insurance needs. Tyra explains the different types of policies and asks Monique for more information on her sources of income and expenses to properly evaluate her needs.

Which document should Tyra review to better understand Monique's sources of income?

- A. Cash flow statement.
- B. Net worth statement.
- C. Registered investment account statement.
- D. Non-registered investment account statement.

Answer: A

Explanation:

A cash flow statement provides a detailed view of an individual's sources of income and expenses over a certain period, making it the best document for Tyra to review in order to understand Monique's financial position. This statement outlines both inflows (such as wages, rental income, or dividends) and outflows (such as rent, mortgage payments, and living expenses), allowing Tyra to gauge Monique's ability to handle insurance costs and identify any potential gaps in coverage.

NEW QUESTION 181

- (Topic 3)

Constantin is a 47-year-old marketing manager earning an annual salary of \$175,000, who, together with his husband, recently purchased a house. A few years ago, Constantin was terminated from his previous position, and it took him two years to find similar employment in his field. The prolonged lack of income caused him to accumulate substantial debt. Today, after several years of sensible budgeting, the only debt remaining is his mortgage. He purchased disability and life insurance on the mortgage at the bank.

Given this information, what is Constantin's greatest financial risk?

- A. Loss of income.
- B. Lower standard of living.
- C. Unexpected expenses.
- D. Debt.

Answer: A

Explanation:

Constantin's primary financial risk remains the loss of income, as his substantial mortgage and recent history of debt accumulation due to a prolonged period of unemployment suggest a potential vulnerability if he were to lose his income again. Despite his current stable income, any future job loss would significantly impact his ability to meet his financial obligations, including mortgage payments, which could lead to another round of financial strain. The LLQP materials highlight that maintaining a stable income is crucial, particularly for individuals with high financial responsibilities, such as a mortgage. Although other risks like unexpected expenses, debt, and a lower standard of living are relevant, the direct consequence of losing his income would exacerbate these risks, making income loss the most critical concern.

NEW QUESTION 184

- (Topic 3)

Samira, a 42-year-old single mother of four, owns an individual disability insurance (DI) policy. Last week, she was hospitalized because of complications from diabetes. She hired an emergency nanny to care for her children until she was healthy enough to resume her normal activities. To her relief, Samira's DI policy contains a special rider that would cover up to \$250 per day for these types of expenses.

What is the name of the rider contained in Samira's policy?

- A. Residual disability benefits.
- B. Hospital indemnity rider.
- C. Cost-of-living adjustment.
- D. Childcare rider.

Answer: D

Explanation:

Samira's individual disability insurance (DI) policy includes a childcare rider, which provides a daily benefit to cover the costs of hiring help to care for her children while she is unable to perform her usual duties due to illness or injury. This rider is particularly useful for policyholders with dependents, as it addresses the financial burden of childcare in cases where the policyholder's disability prevents them from fulfilling their caregiving responsibilities. None of the other options, such as residual disability benefits or hospital indemnity, specifically cover childcare expenses; therefore, the correct answer is the childcare rider.

NEW QUESTION 186

- (Topic 4)

Marietta receives a summons from the syndic of the CSF regarding an investigation into her associate. The summons was delivered to her office on May 2 and she took notice of it on May 4. The summons requires her to receive the syndic representative at her office on May 19 at 8:30 a.m. Marietta has already planned for and reserved a week off for a vacation abroad from May 15 to 22. She immediately emails the syndic representative to inform him that she will be out of the country and cannot be present on the 19th. She proposes meeting on the 14th or the 23rd of the same month. Pursuant to the Code of Ethics of the Chambre de la sécurité financière, which duties or obligations has Marietta breached?

- A. She has not breached the Code of Ethics
- B. She has breached her obligations toward other representatives, firms, independent partnerships, insurers, and financial companies
- C. She has breached her duties toward the client
- D. She has breached her duties toward the profession

Answer: A

Explanation:

Comprehensive and Detailed In-Depth Explanation: The CSF Code of Ethics (Section 7) requires cooperation with the syndic during investigations, including attending scheduled meetings. However, Marietta's prior vacation and prompt communication proposing alternative dates demonstrate reasonable effort to comply, not defiance. Option A is correct—she has not breached the Code, as flexibility is allowed if justified and communicated. Option B (other professionals) is irrelevant, as no duty to them is implicated. Option C (client) doesn't apply, as no client is involved. Option D (profession) could arise if she ignored the summons, but her proactive response avoids this. The Ethics manual supports cooperation with regulators while acknowledging practical constraints. References: CSF Code of Ethics, Section 7; Ethics and Professional Practice (Civil Law) Manual, Section on Regulatory Cooperation.

=====

NEW QUESTION 189

- (Topic 4)

The company Xtra is growing. Mr. Trenet, chair of the executive committee, invites his financial security advisor, Noah, to meet with them to underwrite an annuity contract. The treasurer of Xtra offers to invest \$2,500,000 of the company's retained earnings. Before voting on a resolution to designate a policyholder, the treasurer asks Noah if Xtra can be designated as the policyholder instead of Mr. Trenet. What answer should Noah give?

- A. Only an individual can be a policyholder; therefore, Noah can recommend that Mr. Trenet be the policyholder
- B. Trenet be the policyholder
- C. For Xtra to become the subscriber of the contract, the investment amount must come from a registered plan, such as a retirement fund
- D. Because Xtra is a legal person, Xtra can be the policyholder; Mr. Trenet must be the subrogated annuitant to approve decisions on behalf of Xtra
- E. Trenet must be the subrogated annuitant to approve decisions on behalf of Xtra
- F. If the capital is not registered, Xtra can be the policyholder

Answer: D

Explanation:

Comprehensive and Detailed In-Depth Explanation: Under the Civil Code of Quebec (Article 2415), a policyholder (or subscriber) is the entity that owns and pays for an insurance or annuity contract, which can be an individual or a legal person like a corporation. Xtra, as a company, can use its retained earnings (unregistered capital) to fund an annuity contract and be designated as the policyholder, making option D correct. Option A is false, as legal persons can own contracts (e.g., group insurance). Option B's requirement of a registered plan is incorrect—annuities can be funded with non-registered funds. Option C introduces a subrogated annuitant, a misnomer here, as the annuitant is the person receiving payments, not a decision-maker, and no such requirement exists. The LLQP and Ethics manual confirm that corporations can be policyholders for business purposes, like key person coverage or investments. References: Civil Code of Quebec, Article 2415; LLQP Module on Annuities; Ethics and Professional Practice (Civil Law) Manual, Section on Contract Ownership.

=====

NEW QUESTION 192

- (Topic 4)

Alec is sure he sent his insurer his annual life insurance premium payment. The insurer did not receive it, however. The insurer then sent Alec a notice of non-payment of premiums, but Alec had moved in the meantime. Therefore, he never got the notice, even though he had emailed his financial security advisor, Olivier, to inform him of his change of address. Unfortunately, Olivier was on a leave of absence and no one else in the firm took over the file. As a result, the policy lapsed. Alec sent Olivier's firm several emails to complain, but no one responded. Which organization can Alec turn to?

- A. The Canadian Life and Health Insurance Association
- B. The Chambre de la sécurité financière
- C. The Autorité des marchés financiers
- D. Assuris

Answer: C

Explanation:

Comprehensive and Detailed In-Depth Explanation: Alec faces a lapsed policy due to communication failures involving his advisor and firm. The Autorit   des march  s financiers (AMF) regulates Quebec  s financial advisors and firms under the Distribution Act (Sections 103–115), handling complaints about advisor negligence or firm unresponsiveness. Option C is correct, as the AMF can investigate Olivier  s firm  s failure to update Alec  s address or respond. Option A (CLHIA) is an industry group without regulatory power. Option B (Chambre de la s  curit   financi  re) oversees advisor ethics but focuses on individual conduct, not firm-wide issues or insurer disputes. Option D (Assuris) protects policyholders if an insurer fails, not for lapses due to non-payment. The Ethics manual stresses advisors   duty to maintain client communication, supporting AMF jurisdiction here.

References: Distribution Act, Sections 103–115; Ethics and Professional Practice (Civil Law) Manual, Section on Advisor Responsibilities.

=====

NEW QUESTION 196

- (Topic 4)

Maryse, an insurance of persons representative, meets with Anita, an actress, to complete a life insurance proposal. Maryse asks her for proof of age and identity. Anita does not like giving out her personal information and asks Maryse if she really needs to ask for these documents. Under what legislation is Maryse able to ask for these documents?

- A. i) Charter of Rights and Freedoms and ii) Respecting the distribution of financial products and services (Distribution Act)
- B. ii) Respecting the distribution of financial products and services (Distribution Act) and iii) Act respecting the protection of personal information in the private sector (APPIPS)
- C. iii) Act respecting the protection of personal information in the private sector (APPIPS) and iv) Proceeds of Crime (Money Laundering) and Terrorist Financing Act
- D. iv) Proceeds of Crime (Money Laundering) and Terrorist Financing Act and v) The Insurers Act respecting insurance and the Regulation under the Act respecting insurance

Answer: D

Explanation:

Comprehensive and Detailed In-Depth Explanation: Maryse  s request for proof of age and identity is tied to legal obligations beyond standard insurance practice. The Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA, Section 9) mandates financial professionals, including insurance representatives, to verify client identity to prevent money laundering, requiring documents like a birth certificate or driver  s license. The Insurers Act (Section 93) and its Regulation complement this by requiring insurers (and their representatives) to confirm insurability and identity for underwriting accuracy, such as age affecting premiums. Option D correctly identifies these laws. Option A  s Charter (Sections 1–4) protects rights but doesn  t mandate ID collection. Option B  s Distribution Act (Section 16) and APPIPS (Section 10) govern advisor conduct and privacy but don  t specifically require ID for proposals. Option C  s APPIPS pairing with PCMLTFA is incomplete without insurer-specific rules. The Ethics manual supports compliance with anti- money laundering and insurer requirements. References: PCMLTFA, Section 9; Insurers Act, Section 93; Ethics and Professional Practice (Civil Law) Manual, Section on Client Identification.

=====

NEW QUESTION 201

- (Topic 4)

Patrick, an insurance of persons representative, gives a talk about his work to high school students. He tells them about his previous day  s activities. Which activity is considered ethical misconduct?

- A. Giving out a business card with his degrees on it
- B. Depositing \$3,000 from a client for the payment of premiums into his business account
- C. Being reimbursed for certain direct costs in relation to his participation in training given by an insurer
- D. Accepting a promotional pen of low value from a second insurer

Answer: B

Explanation:

Comprehensive and Detailed In-Depth Explanation: Ethical misconduct for insurance representatives is governed by the Distribution Act (Sections 16–18) and the Chambre de la s  curit   financi  re (CSF) Code of Ethics. Option B—depositing client funds into a personal business account—violates the requirement to use a separate trust account for client premiums (Distribution Act, Section 52), constituting misappropriation and breaching fiduciary duty. Option A (business card) is permissible marketing. Option C (reimbursement for training costs) is acceptable if disclosed and reasonable. Option D (low-value pen) aligns with CSF rules on minor gifts. The Ethics and Professional Practice manual prohibits commingling client funds with personal accounts, making B the clear misconduct.

References: Distribution Act, Section 52; CSF Code of Ethics; Ethics and Professional Practice (Civil Law) Manual, Section on Handling Client Funds.

NEW QUESTION 204

- (Topic 4)

Sabrina is an insurance representative with an insurance of persons certificate issued by the Autorit   des march  s financiers (AMF). Her client, Stephanie, is a Quebec resident who accepted a job with Service Canada, in Ottawa, and purchased a condo there. Stephanie calls Sabrina to explain that her new job requires her to work in Ottawa three days per week, but she is still a Quebec resident; she spends four days a week with her family in Granby, Quebec. Stephanie asks Sabrina if she can buy mortgage insurance from her to help cover the mortgage on her new condo. What should Sabrina answer her?

- A. Yes, they can complete and sign the application in Ottawa because Stephanie is a Quebec resident.
- B. Yes, but they would have to complete and sign the application in the province of Quebec.
- C. No, because Stephanie is a federal government employee.
- D. No, because Stephanie's condo is outside of the province of Quebec.

Answer: B

Explanation:

In Quebec, insurance regulations require that insurance contracts for residents must be completed within Quebec to be considered valid under Quebec law, regardless of the location of the insured property. Since Stephanie is a Quebec resident, the insurance contract, including the application, must be completed and signed in Quebec. The fact that Stephanie  s condo is located in Ontario does not affect the validity of obtaining mortgage insurance from a Quebec-licensed representative as long as the process adheres to Quebec's legal requirements. This maintains compliance with provincial licensing and residency rules under the AMF.

=====

NEW QUESTION 207

- (Topic 4)

Concilus has had a whole life (permanent) insurance policy for the past eight years. He decides he no longer wants this policy and stops paying the premiums. The cash value keeps the policy in effect for 28 months, after which it lapses. However, 46 months later, Concilus regrets his decision and applies to reinstate his policy. He is prepared to prove that he still meets the insurability conditions and to pay the overdue premiums plus interest, the cash value used, and the interest. Under what conditions will Concilus's policy be reinstated?

- A. With the addition of a new premium based on his current age
- B. With the same initial conditions
- C. With an increase in the price of the premium
- D. With a reduction in the insured amount

Answer: B**Explanation:**

Comprehensive and Detailed In-Depth Explanation: Reinstatement of a lapsed whole life insurance policy is governed by the Civil Code of Quebec (Article 2428) and insurer policies outlined in the LLQP. If a policy lapses due to non-payment but has a cash value, it may remain in force temporarily via an automatic premium loan or reduced paid-up option. For reinstatement, the insured typically must provide evidence of insurability and repay overdue premiums, interest, and any cash value used, as Concilus offers. The LLQP specifies that reinstatement, if within the insurer's allowable period (often 2–5 years), restores the policy to its original terms—same premium and coverage—unless otherwise stipulated. Option B, "with the same initial conditions," aligns with this standard practice. Option A (new premium based on age) applies to new policies, not reinstatement. Option C (premium increase) or D (reduced amount) might occur if insurability declines, but Concilus meets the conditions, so no adjustment is required. The Ethics manual stresses transparency in explaining reinstatement terms.

References: Civil Code of Quebec, Article 2428; LLQP Module on Life Insurance Products; Ethics and Professional Practice (Civil Law) Manual, Section on Policy Administration.

=====

NEW QUESTION 209

- (Topic 4)

Justin decides to lease the personal vehicle of his friend Simon, who owns a window installation company. They agree on Justin having exclusive use of the vehicle in exchange for some renovations on Simon's house. What type of contract is this?

- A. A contract of adhesion, synallagmatic, gratuitous, and of successive performance
- B. A contract by mutual agreement, synallagmatic, onerous, and commutative
- C. A contract by mutual agreement, unilateral, onerous, and a consumer contract
- D. A synallagmatic, commutative, onerous, and instantaneous performance contract

Answer: B**Explanation:**

Comprehensive and Detailed In-Depth Explanation: This scenario involves a barter arrangement where Justin leases Simon's vehicle in exchange for renovations, requiring classification under Quebec's Civil Code contract principles (Articles 1378–1424). A "contract by mutual agreement" (or consensual contract) is formed through the mutual consent of both parties, as Justin and Simon negotiate terms directly (Article 1385). It is "synallagmatic" because both parties have reciprocal obligations—Justin provides renovations, and Simon provides the vehicle (Article 1381). It is "onerous" since each party incurs a cost and receives a benefit, distinguishing it from a gratuitous contract (Article 1380). Finally, it is "commutative" because the value of the renovations and vehicle use is presumed equivalent at the outset, with no uncertainty as in aleatory contracts (Article 1382). Option A is incorrect because a "contract of adhesion" involves pre-set terms with no negotiation, and this is not gratuitous. Option C fails as it is not unilateral (only one party obligated) or a consumer contract (a commercial or standard-form transaction). Option D's "instantaneous performance" is incorrect, as the lease and renovations suggest ongoing obligations. The Ethics and Professional Practice manual underscores advisors' duty to accurately interpret contract types for clients.

References: Civil Code of Quebec, Articles 1378–1424; Ethics and Professional Practice (Civil Law) Manual, Section on Contract Law Principles.

=====

NEW QUESTION 211

- (Topic 4)

Claudie's mother has been the policyholder and beneficiary of an insurance policy on the life of Claudie since she was five years of age. Claudie is now the mother of a three-month-old boy. Claudie would like for Marc-Andr  , her de facto spouse, to be the beneficiary of the policy. What steps need to be taken in order for this to happen?

- A. As the policyholder, Claudie's mother must make a written request for a change of beneficiary and designate Marc-Andr  
- B. As the beneficiary, Claudie's mother must make a written request for a change of beneficiary and designate Marc-Andr  
- C. As the insured, Claudie must make a written request for a change of beneficiary and designate Marc-Andr  
- D. As the insured, Claudie must make a written request for a change of policyholder and designate Marc-Andr  

Answer: A**Explanation:**

Comprehensive and Detailed In-Depth Explanation: In life insurance, the policyholder owns the contract and has the authority to change the beneficiary, per the Civil Code of Quebec (Article 2425). Claudie's mother, as the policyholder, must submit a written request to the insurer to designate Marc-Andr   as the new beneficiary, making option A correct. Option B is incorrect because the beneficiary (Claudie's mother) has no control over changing the designation—only the policyholder does. Option C is wrong, as the insured (Claudie) has no inherent right to alter the beneficiary unless she is also the policyholder, which she is not. Option D misstates the goal—Claudie wants a beneficiary change, not a policyholder change. The Ethics and Professional Practice manual stresses that advisors must ensure clients understand policy ownership rights and procedures for beneficiary changes.

References: Civil Code of Quebec, Article 2425; Ethics and Professional Practice (Civil Law) Manual, Section on Policy Ownership and Beneficiary Designations.

NEW QUESTION 215

- (Topic 4)

Surjit and Rajbir got married in 2010, and Surjit named Rajbir as the irrevocable beneficiary of his life insurance contract. In 2017, the couple divorced amicably,

and Surjit met with his insurance representative, Ivan, to review his plans. Surjit tells Ivan that he would like to keep Rajbir as his beneficiary. What should Ivan counsel his client to do?

- A. Surjit does not need to do anything as Rajbir is already the named beneficiary.
- B. Surjit cannot make any changes to the policy without Rajbir's consent, as she is the irrevocable beneficiary of his policy.
- C. Surjit should name a different beneficiary now that he is divorced.
- D. Surjit should once again designate Rajbir as the beneficiary.

Answer: A

Explanation:

In Quebec, an irrevocable beneficiary designation remains in effect even after a divorce, unless the policyholder takes steps to change it. Because Rajbir is designated as the irrevocable beneficiary, Surjit would require Rajbir's consent to alter the beneficiary designation. Since Surjit intends to keep Rajbir as the beneficiary, he does not need to take any additional action, as the irrevocable beneficiary status remains in force. Surjit cannot change or remove Rajbir as the beneficiary without her consent, so his current designation remains unaffected by the divorce under LLQP guidelines and Quebec civil code rules on irrevocable beneficiaries.

=====

NEW QUESTION 218

- (Topic 4)

Kirill purchases a \$250,000 permanent life insurance policy on the life of his grandson, Dmitry. Kirill asks his wife Katya to pay the policy premiums and names his daughter, Natalya, as the subrogated policyholder. He does not name a beneficiary. Subsequently, Kirill dies without a will.

Who will become the new policyholder?

- A. The executor of Kirill's estate.
- B. Katya.
- C. Natalya.
- D. Dmitry.

Answer: C

Explanation:

In the case of life insurance where a subrogated policyholder is designated, that individual (in this case, Natalya) would assume ownership rights of the policy upon the original policyholder's death. Since Kirill named Natalya as the subrogated policyholder, she would become the new policyholder upon his death, regardless of the fact that Kirill did not have a will. This designation bypasses the estate, meaning the executor or other family members (like Katya) do not assume ownership. This outcome aligns with LLQP guidelines on succession planning and the assignment of life insurance ownership.

=====

NEW QUESTION 220

- (Topic 4)

Insurance of persons representative Flavie meets with Julius to analyze his needs. At the end of the meeting, Flavie makes another appointment to present the results of the analysis and the proposed strategies. She hands Julius her business card, which says: "One of the company's 10 best salespersons at your service!" Flavie even adds that she is the office's top salesperson and earns more than \$250,000 a year in commissions and bonuses. What changes should Flavie make for her representation practices to comply with the obligations of an insurance of persons representative?

- A. Give her business card at the beginning of the meeting
- B. Remove the slogan from her business card
- C. Give her business card only at the second meeting
- D. Avoid disclosing the fact that she is paid by commission

Answer: B

Explanation:

Comprehensive and Detailed In-Depth Explanation: The Chambre de la sécurité financière (CSF) Code of Ethics (Section 11) and Distribution Act (Section 18) prohibit representatives from using misleading or self-aggrandizing statements that could unduly influence clients. Flavie's business card slogan, "One of the company's 10 best salespersons," and her verbal boast about earnings suggest superiority without substantiation, potentially pressuring Julius. Option B, removing the slogan, aligns with ethical standards to ensure representations focus on client needs, not personal accolades. Option A (timing of card) is irrelevant to compliance. Option C (second meeting) doesn't address the content issue. Option D (commission disclosure) is unnecessary, as disclosing compensation structure is

permissible if relevant. The Ethics manual emphasizes professionalism and prohibits exaggerated claims.

References: CSF Code of Ethics, Section 11; Distribution Act, Section 18; Ethics and Professional Practice (Civil Law) Manual, Section on Professional Conduct.

=====

NEW QUESTION 222

- (Topic 5)

Aadi is retiring from Scotia Grand, his employer of 25 years. While employed, Aadi benefitted from the company's deferred profit sharing plan (DPSP) and over the years, he accumulated \$75,000.

Where should Aadi transfer these funds on a tax-deferral basis, now that he is retired?

- A. A group tax-free savings account (TFSA).
- B. A group registered retirement income fund (RRIF).
- C. A group life income fund (LIF).
- D. A locked-in retirement account (LIRA).

Answer: D

Explanation:

Upon retirement, funds from a Deferred Profit Sharing Plan (DPSP) can be transferred on a tax-deferred basis to certain registered accounts, such as a Locked-In Retirement Account (LIRA). This option allows Aadi to defer taxes while preserving the

funds for future retirement income. LLQP guidelines indicate that DPSP funds can be transferred to a LIRA or similar locked-in accounts under the tax-deferred status until they are eventually converted into income-paying vehicles, like a Life Income Fund (LIF) or a Registered Retirement Income Fund (RRIF). Options such as a TFSA or group RRIF are incorrect in this context because TFSAs do not permit direct DPSP transfers and RRIFs are typically used as income-producing accounts rather than transfer vehicles. A LIRA is specifically designed to hold locked-in funds from employer pension plans, allowing Aadi to keep the funds tax-sheltered until he needs to draw income from them during retirement.

NEW QUESTION 224

.....

THANKS FOR TRYING THE DEMO OF OUR PRODUCT

Visit Our Site to Purchase the Full Set of Actual LLQP Exam Questions With Answers.

We Also Provide Practice Exam Software That Simulates Real Exam Environment And Has Many Self-Assessment Features. Order the LLQP Product From:

<https://www.2passeasy.com/dumps/LLQP/>

Money Back Guarantee

LLQP Practice Exam Features:

- * LLQP Questions and Answers Updated Frequently
- * LLQP Practice Questions Verified by Expert Senior Certified Staff
- * LLQP Most Realistic Questions that Guarantee you a Pass on Your FirstTry
- * LLQP Practice Test Questions in Multiple Choice Formats and Updatesfor 1 Year