IFSE-Institute

Exam Questions LLQP

Life License Qualification Program (LLQP)

NEW QUESTION 1
- (Topic 1)
Maverick meets with Alyssa, an insurance agent, to review his life insurance needs. After completing the needs analysis, Alyssa suggests that Maverick purchase a $100,000 whole life insurance policy and add a critical illness (CI) benefit rider. Which of the following options is an advantage of adding the CI coverage as a rider instead of purchasing an individual CI policy?

A. It covers more illnesses than an individual policy.
B. Benefits are paid out as soon as the individual is diagnosed with a covered condition.
C. It is less expensive than an individual policy.
D. If he is diagnosed with a debilitating illness that does not endanger his life, he may still receive coverage.

Answer: C

Explanation:
Adding a Critical Illness (CI) rider to a whole life insurance policy is generally less expensive than purchasing a separate individual CI policy because the rider is attached to an existing policy, reducing administrative costs and sometimes providing limited coverage options. While a CI rider may offer a less comprehensive range of covered conditions than a standalone policy, it serves as a cost-effective solution for adding coverage to a primary life insurance policy. Additionally, CI riders often provide a more affordable premium than individual policies, aligning with budget-conscious clients like Maverick.

NEW QUESTION 2
- (Topic 1)
Francis owns a $250,000 insurance policy with an accidental death and dismemberment (AD&D) rider. Francis calls his insurance agent Andrew to inform him that he permanently lost the use of his right hand. He explains to Andrew that his brother shot him when he broke into his brother??s house to recover a gold watch that was rightfully his. Francis wants to know how much he will receive from his AD&D rider.

A. Francis will receive a benefit of $165,000.
B. Francis will receive a benefit of $187,500.
C. Francis will receive a benefit of $250,000.
D. Francis will not receive any benefit.

Answer: D

Explanation:
Accidental Death and Dismemberment (AD&D) riders typically exclude coverage if the injury ordeath occurs while engaging in criminal activities or illegal acts. Since Francis was injured while breaking into his brother??s house, his actions are considered illegal, and this would void any claim under the AD&D rider. As a result,Francis will not receive any benefitdue to the circumstances surrounding the injury.

NEW QUESTION 3
- (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 isA. $0as no automatic provision ensures Karl receives benefits unless Harold had chosen and paid for survivor benefits.

NEW QUESTION 4
- (Topic 1)
Larissa is a 65-year-old retired marketing executive. She is single and has no dependents. Larissa accepted a generous retirement package from her employer five years ago and used her early retirement cash bonus to consolidate her financial affairs. She paid off mortgages on both her principal residence (a condo) and her vacation cottage. The fair market value (FMV) of the real estate increased significantly over the years. She named her sister Natalya as the sole beneficiary of her estate. In addition to the two properties, Larissa's estate includes a registered retirementsavings plan (RRSP) and shares of Apple Inc. that she purchased in her tax-free savings account (TFSA) 10 years ago. If Larissa were to pass away today, which of her assets would be fully taxable on her final income tax return?

A. The condo.
B. The cottage.
C. The TFSA.
D. The RRSP.

Answer: D

Explanation:
When Larissa passes away, her RRSP will be fully taxable on her final income tax return, as it is considered income in the year of death unless rolled over to a qualified beneficiary, such as a spouse. Her TFSA, on the other hand, is not taxable upon death as it passes tax- free to the beneficiary or estate. The principal residence (condo) and cottage may incur capital gains tax, but they are not fully taxable as income.Therefore,Option D, the RRSP, is correct.

NEW QUESTION 5
- (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 basesalary, 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 Cis the appropriate choice.

NEW QUESTION 6
- (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 Bis correct.

NEW QUESTION 7
- (Topic 1)
Edna is a 62-year-old widow living in Quebec. She meets with Yolanda, her insurance agent. Ednaworked part-time her whole life as a seamstress and has no savings. Her husband Donald had been working as a greeter at the local box store until his death 2 months ago at the age of 67. Since his passing, Edna has been struggling financially. She would like to know which of the following organizations will immediately pay her a benefit?

A. Workers' Compensation.
B. Old Age Security (OAS) allowance for surviving spouse.
C. Canada Pension Plan (CPP) survivor benefits.
D. She will not receive any benefit.

Answer: C

Explanation:
Since Edna was married to Donald, she is eligible to receiveCanada Pension Plan (CPP) survivor benefits, which provide a monthly benefit to surviving spouses. Old Age Security (OAS) survivor allowance may not apply directly here as it is conditional and may not provide immediate benefits like the CPP does in this situation. Workers' Compensation does not apply as it pertains to workplace injuries, and since Donald was not injured on the job, it does not cover Edna??s situation.Therefore,Option Cis correct.

NEW QUESTION 8
- (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 trusteefor 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 9
- (Topic 1)
Three years ago, Douglas purchased a whole life insurance policy with numerous supplementary benefits and riders. Today, he meets with his doctor who informs

him that he has late-stage colon cancer and has only a few months to live. Even with surgery, his chances of survival are low. Douglas calls his insurance agent, Penny, to ask her what he should do to obtain a benefit immediately.

A. Dread disease benefit.
B. Terminal illness benefit.
C. Policy loan.
D. Policy withdrawal.

Answer: B

Explanation:
TheTerminal Illness Benefit(also known as an accelerated death benefit) allows a policyholder diagnosed with a terminal illness to receive a portion of the policy??s death benefit while still alive. This benefit is designed specifically for situations like Douglas's, where he has a limited life expectancy and needs immediate funds. While the Dread Disease Benefit (Option A) coversspecific critical illnesses, it is generally not as expansive as the terminal illness benefit, which directly applies to Douglas's prognosis. Options C and D involve accessing cash values or loans, which are not immediate death benefit payouts.

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 shares??5,000=500,000100 \text{ shares} \times 5,000 = 500,000100 shares??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 13
- (Topic 1)
Jasper is the sole breadwinner in his family. His wife Stephanie has chosen to dedicate all of her time to raising their 3 young children. Luckily, Jasper earns a monthly after-tax income of $25,000 working as a family doctor in the local clinic. Jasper meets with his insurance agent Odda to purchase a life insurance policy that will ensure his family will be able to continue toenjoy their current lifestyle in the event of his death. If his average tax rate is 40% and the investment return is 4%, how much life insurance should Jasper purchase based on the income replacement approach?

A. $625,000
B. $1,041,666
C. $7,500,000
D. $12,500,000

Answer: D

Explanation:
The income replacement approach calculates the amount of life insurance needed to replace Jasper'safter-tax income for his dependents over a given period, accounting for an investment return. To maintain the family??s current lifestyle, we need to determine the capital required to generate a monthly after-tax income of $25,000.
Calculate the Annual Income Needed:Monthly income required: $25,000Annual income required: $25,000 ?? 12 = $300,000
Adjust for Tax:Since Jasper??s income needs to be replaced at a pre-tax level with a tax rate of 40%, his gross income requirement is calculated as follows:

$$\text{Gross annual income} = \frac{300,000}{1-0.4} = 500,000$$

3. **Calculate Capital Required for Income Replacement:**

Using the formula for the capital needed to replace income:

$$\text{Capital required} = \frac{\text{Gross annual income}}{\text{investment return rate}} = \frac{500,000}{0.04} = 12,500,000$$

Thus, Jasper needs a life insurance policy worth$12,500,000to replace his income, allowing his family to maintain their lifestyle with a 4% investment return. This calculation aligns with LLQP principles, ensuring that the income replacement fully addresses both current lifestyle needs and tax implications.

NEW QUESTION 14
- (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. TheIFSE 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, asan individual, is not thesponsor; 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 16
- (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. TheIFSE 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 20
- (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.
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NEW QUESTION 22
- (Topic 2)
Cecilia, a licensed life insurance agent, delivers a life insurance policy to her client Tony, a newly landed immigrant. Tony would like to pay the policy using the pre-authorized monthly payment method. However, he does not have a bank account in Canada yet and doubts he could find the time to open one in the next few days. Cecilia offers to open a savings account for him, but Tony is unsure whether she is licensed to do that. What should Cecilia tell Tony to reassure him that she can open a savings account on his behalf?

A. That licensed life insurance agents are authorized to sell bank products.
B. That no license is required to act as a deposit broker.
C. That she can open a savings account for him with no additional license because she delivered the life insurance policy to him beforehand.
D. That she can open a savings account for him with no additional license so long as the initial deposit is less than $100,000.

Answer: B

Explanation:
Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:
TheIFSE Ethics and Professional Practice Course (Common Law)clarifies that acting as a deposit broker—facilitating the opening of a bank account—does not require a specific license beyond whatCecilia already holds as an insurance agent, provided it??s incidental to her insurance duties. She??s not selling bank products (A), and prior delivery (C) or deposit size (D) aren??t conditions for this. Assisting Tony with a savings account for premium payments is permissible without additional licensing, making B correct.
References:
IFSE Ethics and Professional Practice Course (Common Law), Module 4: Regulatory Environment, Section on "Scope of Agent Activities."

NEW QUESTION 23
- (Topic 2)
Josh is meeting with William, his financial advisor, to notify him of the death of his spouse, Linda, for whom he is the beneficiary. Josh is asking William what requirements are necessary for proof of claim on their life insurance policy. Which of the following documents/information are required by Josh to ensure that a proper claim is approved by the insurance company?

A. (iv) only: Death Certificate.
B. (i) and (ii): Proof of Age and Place of Death.
C. (i), (iii), and (v): Proof of Age, Claim Form, and Coroner??s Report.
D. (i), (iii), and (iv): Proof of Age, Claim Form, and Death Certificate.

Answer: D

Explanation:
Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:
TheIFSE Ethics and Professional Practice Course (Common Law)outlines that to process a life insurance claim, insurers typically require: (1) a completed claim form, (2) proof of death (usually a death certificate), and (3) proof of the insured??s age (e.g., birth certificate) to verify policy terms. Here, Josh needs: (i) Proof of Age to confirm Linda??s identity and policy details; (iii) Claim Form as the formal submission; and (iv) Death Certificate as proof of death. Place of Death (ii) is not a standard requirement unless specified, and a Coroner??s Report (v) is only needed in cases of unusual circumstances (not indicated here). Thus, D—(i), (iii), and (iv)—is correct.
References:
IFSE Ethics and Professional Practice Course (Common Law), Module 2: Insurance Contracts, Section on "Claims Process."

NEW QUESTION 25
- (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 andpredeceased 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.
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NEW QUESTION 26
- (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. TheIFSE 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 30
- (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:
TheIFSE 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 35
- (Topic 2)
Arianna has been an insurance agent with Ideal Life for over 15 years, always working hard to grow her client base and keep her existing clients happy. Last week, she prepared an elaborate insurance plan for Raphael, a potential new client. But when they meet, Raphael tells her he wants a second opinion. Arianna tells him that she cannot allow him to show or discuss details of her work with a potential competitor. She explains it's wrong for another agent to benefit from her work and knowledge.
Which of the following standards of conduct did Arianna contravene?

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: C

Explanation:
Arianna contravened the standard of conduct concerning her obligations towards other representatives. LLQP guidelines emphasize professional courtesy and fair competition, which means agents should not prevent clients from seeking second opinions or attempting to restrict their ability to consult with other representatives. Arianna??s actions could be seen as obstructing fair competition and potentially limiting the client??s freedom to explore other advice, which falls under duties and obligations toward other industry participants. Representatives are expected to uphold integrity and fairness, ensuring that they do not obstruct a client??s right to seek advice from other sources.

NEW QUESTION 39
- (Topic 2)
After working nine years as an insurance agent, Jamie decides to make a change in her life and go back to school. A colleague she used to work with on personal health insurance congratulatesher and tells her that he will pay her a flat fee for every health insurance referral she makes to him, as long as the referral results in a sale. What could be said about this referral arrangement?

A. It is allowed, because Jamie used to be a licensed agent herself.
B. It is allowed, provided the persons being referred are aware of the arrangement.
C. It is not allowed, because Jamie??s earnings are contingent upon the agent??s sales.
D. It is not allowed, because Jamie earns a flat fee for each prospect referred.

Answer: C

Explanation:
Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents andGuides:
TheIFSE Ethics and Professional Practice Course (Common Law)states that only licensed agents can receive compensation for insurance referrals, and payments contingent on sales are prohibited for unlicensed individuals. Jamie is no longer an agent, and the flat fee is contingent on sales, violating regulatory rules. Her past licensure (A) doesn??t permit this, client awareness (B) doesn??t override the licensing requirement, and the flat fee structure (D) isn??t the issue—contingency is. This protects against unlicensed solicitation, making C correct.
References:
IFSE Ethics and Professional Practice Course (Common Law), Module 4: Regulatory Environment, Section on "Compensation and Referrals."

NEW QUESTION 43
- (Topic 2)
Edward and Shirley initiated a whole life insurance application for their daughter Christine when she was 15 years of age. As Christine was a student with limited income at the time, the agent set Edward and Shirley jointly as owning and paying the premiums of this policy. Edward was designated beneficiary. Who is the policyholder?

A. Christine, as she is the life insured.
B. Edward, as he is the designated beneficiary.
C. Edward and Shirley, as they are paying the premiums.
D. Edward and Shirley, as they are designated owners of the policy.

Answer: D

Explanation:
Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:
In insurance terminology, the policyholder (or policy owner) is the person or entity that owns the insurance contract and has the legal rights to make decisions about it, such as changing beneficiaries or cancelling the policy. TheIFSE Ethics and Professional Practice Course (Common Law)clearly distinguishes between the life insured (the person whose life is covered), the beneficiary (who receives the death benefit), and the policy owner. In this case, Edward and Shirley are explicitly designated as the joint owners of the policy, not merely premium payers. Christine, as the insured, has no ownership rights unless specified, and Edward??s status as beneficiary does not confer ownership. Paying premiums does not automatically make someone the policyholder unless they are also the designated owner. Therefore, option D is correct.
References:
IFSE Ethics and Professional Practice Course (Common Law), Module 2: Insurance Contracts, Section on "Policy Ownership and Roles."

NEW QUESTION 46
- (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 becomeseffective 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 51
- (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 52
- (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:
TheIFSE 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 56
- (Topic 2)
Callum is an agent with Neverland Insurance. It was recently discovered that he had been using a tied selling technique to double his sales with each client. Which one of the following organizations will take action against Callum??s conduct?

A. The Canadian Insurance Services Regulatory Organizations.
B. The provincial/territorial regulatory authority of the jurisdiction where Callum operates.
C. The Canadian Council of Insurance Regulators.
D. The Office of the Superintendent of Financial Institutions.

Answer: B

Explanation:
Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:
Tied selling—requiring clients to buy one product to get another—is unethical and prohibited under insurance regulations. TheIFSE Ethics and Professional Practice Course (Common Law)states that provincial/territorial regulatory authorities (e.g., Financial Services Commission of Ontario) oversee agent conduct and enforce compliance within their jurisdiction. Callum??s actions fall under their purview. The Canadian Insurance Services Regulatory Organizations (A) is not a specific body, the Canadian Council of Insurance Regulators (C) coordinates but doesn??t enforce, and the Office of the Superintendent of Financial Institutions (D) regulates federal financial institutions, not individual agents. Thus, B is correct.
References:
IFSE Ethics and Professional Practice Course (Common Law), Module 4: Regulatory Environment, Section on "Provincial/Territorial Regulators."

NEW QUESTION 57
- (Topic 2)
Mark and Jesse had a joint life insurance policy which they purchased on the advice of their insurance agent, recognizing that if one of them died, the other would need an insurance benefit to pay off their mortgage and for final expenses. Coverage is $450,000. Last week their car went off the road in a snowstorm. Both were declared dead at the scene. The two had named their adult nephew, Louis, as contingent beneficiary. What is the amount of the benefit the insurer will pay Louis?

A. $225,000.
B. $450,000.
C. $675,000.
D. $900,000.

Answer: B

Explanation:
Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:
A joint life insurance policy can be either "first-to-die" or "last-to-die." TheIFSE Ethics and Professional Practice Course (Common Law)explains that a first-to-die policy pays the death benefit upon the death of the first insured, typically to the surviving insured, while a last-to-die policy pays upon the death of the second insured, often to a contingent beneficiary. Here, the policy??s purpose (to benefit the survivor for mortgage and expenses) suggests a first-to-die structure. However, Mark and Jesse died simultaneously in the crash. In such cases, the policy pays the full benefit to the contingent beneficiary (Louis) as if one death triggered the payout. The coverage is $450,000, not split (A), multiplied (C), or doubled (D). Thus, Louis receives $450,000, making B correct.
References:
IFSE Ethics and Professional Practice Course (Common Law), Module 2: Insurance Contracts, Section on "Joint Life Policies and Simultaneous Death."

NEW QUESTION 60
- (Topic 2)
David, a respected career life insurance agent in his city, has a lot of older clients because he has been selling insurance for 35 years. One such senior, Craig Wilson, is 79 years old with a $150,000 universal life policy that he purchased in his 40s. Craig has several medical issues and may not live too much longer. Craig wants to create a bucket list in his final days but he has no savings to do the things he wants. So he contacts David to see if there is someone who can give him $50,000 now in exchange for the $150,000 insurance payout at his death. David knows a wealthy businessman who would purchase this policy as Craig wishes. What practice is David engaging in?

A. This is referred to as "churning."
B. This is referred to as "anti-selection."
C. This is referred to as "trafficking."
D. This is referred to as "tied selling."

Answer: C

Explanation:
Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:
TheIFSE Ethics and Professional Practice Course (Common Law)defines "trafficking" (or "policy trafficking") as the unethical practice of arranging the sale or transfer of an insurance policy to a third party, typically for less than its face value, often involving vulnerable clients like seniors. Here, David is facilitating Craig selling his $150,000 policy for $50,000 to abusinessman, which fits this definition. Churning (A) involves replacing policies to earn commissions, anti-selection (B) refers to adverse risk selection by clients, and tied selling (D) links product purchases. Trafficking violates ethical standards and insurable interest principles, making C correct.
References:
IFSE Ethics and Professional Practice Course (Common Law), Module 1: Ethics and
Professionalism, Section on "Unethical Practices – Trafficking."

NEW QUESTION 64
- (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. TheIFSE 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 65
- (Topic 2)
Molly took out a disability insurance policy. A few years after the purchase, she severely injured her back and was unable to work. She immediately filed a claim with her insurer to start receiving benefits. The insurer asked for an attending physician's statement (APS) describing her condition and stating when that condition started. Why is it important for the insurer to know on what date Molly became disabled?

A. To determine when the 30-day survival period began.
B. To determine when the incontestability period began.
C. To determine when the 30-day grace period began.
D. To determine when the waiting period began.

Answer: D

Explanation:
Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:
Disability insurance policies typically include a waiting period (also called an elimination period), which is the time between the onset of disability and when benefits begin. TheIFSE Ethics and Professional Practice Course (Common Law)notes that insurers require the date of disability onset—via an APS—to calculate this period (e.g., 30, 60, or 90 days). This ensures benefits are paid only after the waiting period elapses. A survival period (A) applies to life insurance, not disability. The incontestability period (B) relates to policy validity, not claimtiming. The grace period (C) pertains to premium payments. Knowing when Molly became disabled is critical for the waiting period, making D correct.
References:
IFSE Ethics and Professional Practice Course (Common Law), Module 3: Disability Insurance, Section on "Waiting (Elimination) Period."

NEW QUESTION 68
- (Topic 2)
Levi is a newly licensed financial security advisor in Quebec City, meeting with Mason, the compliance officer at Yes Insurance Inc. Mason stresses the importance of being professional and complying with the code of ethics. Levi asks who enacted the code of ethics.
Which of the following is Mason's CORRECT response?

A. Autorit?? des march??s financiers (AMF).
B. Chambre de la s??curit?? financi??re (CSF).
C. Canadian Insurance Services Regulatory Organizations (CISRO).
D. Canadian Council of Insurance Regulators (CCIR).

Answer: B

Explanation:
In Quebec, theChambre de la s??curit?? financi??re(CSF) is responsible for enacting and enforcing the Code of Ethics for financial security advisors. The CSF ensures that professionals, like financial security advisors, adhere to ethical standards and provide clients with competent and honest services.
The Autorit?? des march??s financiers (AMF) oversees the financial market in Quebec, but the CSF specifically regulates the ethical conduct of financial advisors, including those selling life insurance and financial security products.

NEW QUESTION 71
- (Topic 2)
Josh is an established advisor who specializes in group benefits. He recently hired Bryan as a marketing manager. Bryan will be responsible for advertising and creating a social media platform for Josh's company. Among other things, Bryan is developing a monthly electronic newsletter, which he plans to email to potential and existing clients. However, because this is a brand new initiative, none of the would-be recipients has subscribed to the newsletter or asked to receive any such communication from Josh's company. What law should Josh and Bryan be mindful of before sending their newsletter?

A. The Personal Information Protection and Electronic Documents Act.
B. The Canadian Anti-Spam Legislation.
C. The Privacy Act.
D. The rules governing the National Do Not Call List.

Answer: B

Explanation:
Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:
TheCanadian Anti-Spam Legislation (CASL)governs the sending of commercial electronic messages (CEMs), such as emails or newsletters, to recipients in Canada. According to CASL, businesses must obtain consent—either express or implied—before sending CEMs to individuals. Since Bryan??s newsletter is a new initiative and none of the recipients have subscribed or requested it, Josh and Bryan lack consent, making CASL the primary law they must comply with. TheIFSE Ethics and Professional Practice Course (Common Law)highlights CASL under ethical businesspractices, noting that non-compliance can result in significant penalties. The Personal Information Protection and Electronic Documents Act (PIPEDA) deals with the collection and use of personal information, not unsolicited messages specifically. The Privacy Act applies to federal government institutions, and the National Do Not Call List pertains to telemarketing calls, not emails. Thus, option B is correct.
References:
IFSE Ethics and Professional Practice Course (Common Law), Module 4: Regulatory Environment, Section on "Canadian Anti-Spam Legislation (CASL)."

NEW QUESTION 75
- (Topic 2)
Brian gives his lawyer Dave $200,000 that will be used as a down payment to purchase a condo. Brian received these funds from his mother??s life insurance death benefit. The money is deposited into Dave??s trust account. Unbeknownst to Brian, Dave is going through financialhardship. If Dave files for bankruptcy while Brian's funds are still in his trust account, can the bankruptcy trustee seize the funds?

A. Yes, because the account is in Dave??s name.
B. Yes, because life insurance benefits, once paid out, are seizable.
C. No, because the money does not belong to Dave.
D. No, because trust accounts are protected from seizure by creditors.

Answer: C

Explanation:
Funds placed in a lawyer??s trust account are legally considered to be held in trust for the client, meaning they remain the property of the client, not the lawyer. In the case of Dave??s bankruptcy, his creditors cannot claim Brian's money, as it is not an asset of Dave's estate but is held specifically for Brian??s use. LLQP guidelines recognize the principle that assets held in trust are protected from the trustee??s personal creditors.
Hence, Brian??s funds in Dave??s trust account would not be seizable by Dave??s bankruptcy trustee.

NEW QUESTION 79
- (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 andconditions. 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 80
- (Topic 2)
Omar and Martha are common-law spouses employed by a company that has a group life and disability insurance plan. Omar has named Martha his beneficiary while Martha has named Omar as her beneficiary. Omar and Martha got drunk one Saturday night, stole a car, and decided to rob a convenience store. As they drove away from the store, Omar hit a light post. He becamepermanently disabled while Martha died at the scene. What will happen when Omar submits claim forms for disability and death benefits?

A. The insurer will pay the death benefit to Omar but will not pay him a disability benefit.
B. The insurer will not pay the death benefit to Omar and will not pay him a disability benefit.
C. The insurer will pay the death benefit to Omar and will pay him a disability benefit.
D. The insurer will not pay the death benefit to Omar but will pay him a disability benefit.

Answer: B

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

Under Canadian common law and insurance principles, claims can be denied if the insured??s death or disability results from illegal activities. TheIFSE Ethics and Professional Practice Course (Common Law)notes that exclusions in group insurance policies often include losses due to criminal acts. Here, Omar and Martha were engaged in theft and robbery—illegal activities—when the accident occurred. Martha??s death and Omar??s disability directly resulted from this criminal behavior. As a result, the insurer can deny both the death benefit (payable to Omar as Martha??s beneficiary) and Omar??s disability benefit under the policy??s exclusions. Paying either benefit (A, C, D) contradicts the principle that insurance does not cover losses from illegal acts. Thus, B is correct.
References:
IFSE Ethics and Professional Practice Course (Common Law), Module 3: Group Insurance, Section on "Exclusions and Limitations."

NEW QUESTION 82
- (Topic 3)
Becky opened a small bakery five years ago. Although she struggled at first, her business hasbecome increasingly successful. Until recently, she only had two full-time employees, but now she hired two more and relocated the store to a busier street. The rent is higher, and so are the profits. As the bakery expands, however, Becky is becoming increasingly concerned about what would happen to it if she became unable to work—even for just a few months—due to an illness or an injury. Which one of the following options would most suitably protect Becky??s business against such a risk?

A. Business overhead expense insurance.
B. Disability buyout insurance.
C. Personal disability insurance.
D. Self-funding arrangement.

Answer: A

Explanation:
Comprehensive and Detailed Explanation:
Business overhead expense (BOE) insurance covers fixed business costs (e.g., rent, salaries) during the owner??s disability, keeping the bakery operational (Chapter 5:Insurance to Protect Businesses).
Option A: Correct; BOE fits her concern for short-term business continuity. Option B: Incorrect; buyout insurance is for partnership dissolution.
Option C: Incorrect; personal disability covers income, not business expenses. Option D: Risky; self-funding depletes savings.
Reference: LLQP Accident and Sickness Insurance Manual, Chapter 5:Insurance to Protect Businesses.

NEW QUESTION 86
- (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 tointegrationoroffset 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 90
- (Topic 3)
Paul is a self-employed props person in the film industry. A year ago, he purchased disability insurance with an accidental death and dismemberment (AD&D) rider. During a film shoot, the wood floor of the film set catches fire due to his negligence and he loses sight in one eye. Hisdoctor prescribes complete rest for five months. How will the insurer compensate Paul under the circumstances?

A. Paul will receive a lump-sum benefit because of the loss of sight in one eye and monthly benefits for the duration of his disability.
B. Paul will receive monthly benefits due to the loss of sight in one eye because he is automatically considered disabled under his policy.
C. Paul will only receive a lump-sum benefit for the loss of his eye; he is not disabled as he only needs rest.
D. Paul will receive no benefits because the accident was caused by his negligence and an exclusion applies.

Answer: A

Explanation:
Comprehensive and Detailed Explanation:
AD&D pays a lump sum for loss of sight in one eye (a scheduled loss), and disability insurance pays monthly benefits if Paul can??t work (five months?? rest) (Chapter 2:Insurance to Protect Income). Negligence isn??t a standard exclusion unless specified.
Option A: Correct; both benefits apply.
Option B: Incorrect; monthly benefits aren??t automatic. Option C: Incorrect; rest qualifies as disability.
Option D: Incorrect; negligence isn??t an exclusion.
Reference: LLQP Accident and Sickness Insurance Manual, Chapter 2:Insurance to Protect Income.

NEW QUESTION 91
- (Topic 3)
Pat, a 30-year-old youth worker, meets with his life insurance agent to discuss disability insurancecoverage. After a thorough analysis of Pat??s needs, the agent recommends a policy with a $1,500 a month benefit (50% of Pat??s current salary) payable to age 65 after a 31-day waiting period. Pat has put enough money away to cover 6 months?? worth of expenses, if necessary, but he would prefer not to dip into his savings. He applies for the policy, with the expectation that the premium will be $75 a month. He already thinks this is pricey and would not want to pay any more than that. Some time later, underwriting informs the agent that the policy has been approved, but with a 125% premium rating due to Pat being overweight. Which one of the following options would make the most sense to

reduce the premium to a level Pat would accept without compromising too much on his coverage?

A. Extend the waiting period.
B. Reduce the monthly benefit.
C. Extend the benefit period.
D. Have Pat reapply for coverage after losing the excess weight.

Answer: A

Explanation:
Comprehensive and Detailed Explanation:
A 125% rating increases the $75 premium to $93.75. Extending the waiting period (e.g., to 90 days) lowers premiums while leveraging Pat??s 6-month savings, maintaining $1,500/month to age 65 (Chapter 7:Insurance Recommendation, Contract, and Service Needs).
Option A: Correct; cost-effective adjustment. Option B: Incorrect; reduces coverage. Option C: Incorrect; increases premiums. Option D: Impractical; delays coverage.
Reference: LLQP Accident and Sickness Insurance Manual, Chapter 7:Insurance
Recommendation, Contract, and Service Needs.

NEW QUESTION 92
- (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 95
- (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 98
- (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 ?? 0.60), equating to $3,500/month ($42,000 ?? 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 ?? 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 enhanceimmediate 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 102
- (Topic 3)
Abraham lives in Alberta. He meets with a life insurance agent to discuss the purchase of an individual extended health insurance plan. Abraham is interested in a plan that would cover him, his wife, and their two young children. Here are some of the features of the plan that most closely meets Abraham??s needs: prescription drug coverage with a $50 annual deductible and 80% co-insurance, and dental coverage with a $100 deductible and 70% co-insurance on preventative services. However, Abraham asks the agent to present a plan with a cheaper premium. What changes would the agent have to consider in order to present a plan with a lower premium than the one described above?

A. Lower deductible on prescription drug coverage, higher deductible on preventative dental services.
B. Higher deductible and lower co-insurance on prescription drugs, lower deductible and lower co-insurance on preventative dental services.
C. Higher deductible and lower co-insurance on prescription drugs, higher deductible and lower co-insurance on preventative dental services.
D. Lower deductible and higher co-insurance on prescription drugs, lower deductible and higher co-insurance on preventative dental services.

Answer: C

Explanation:
Comprehensive and Detailed Explanation:
Lower premiums result from higher deductibles (more out-of-pocket cost) and lower co- insurance (less insurer payout) (Chapter 7:Insurance Recommendation, Contract, and Service Needs).
Current: Drugs ($50 deductible, 80% co-insurance), Dental ($100 deductible, 70% co- insurance).
Option A: Lower drug deductible increases premiums; only half-correct. Option B: Lower deductibles and co-insurance increase premiums; incorrect.
Option C: Correct; higher deductibles and lower co-insurance reduce premiums. Option D: Lower deductibles raise premiums; incorrect.
Reference: LLQP Accident and Sickness Insurance Manual, Chapter 7:Insurance Recommendation, Contract, and Service Needs.

NEW QUESTION 103
- (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 105
- (Topic 3)
Kyra is the owner and president of Borealis Fit, a martial arts studio with 15 employees. The centre opened five years ago and has done well. Kyra was never able to offer her employees any benefits until now. Kyra meets with Monica, an insurance agent, to implement a group insurance plan for the employees.
Which method of calculating rates will the insurer use to quote the group premiums?

A. Manual rating.
B. Blended rating.
C. Credibility rating.
D. Experience rating.

Answer: A

Explanation:
Since Borealis Fit is a relatively new business with no prior experience data for group insurance, the insurer is likely to use manual rating. This method involves determining premiums based on standard rates for similar groups rather than the specific experience of the group itself. Manual rating is commonly applied when there is no claims history or insufficient data to support a credibility or experience rating. This aligns with LLQP guidelines, which outline manual rating as a default approach for groups without established claims experience.

NEW QUESTION 107
- (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 onclaims experience—the ratio of claimspaid 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 108
- (Topic 3)
France is a daycare owner who has an employer group benefits plan in place for her employees. During her annual renewal meeting with her insurance agent, she is told that the plan??s rates are increasing by a surprisingly large percentage. Her agent explains that although most of her staff are young females in their 20s, the claims experience is higher than the industry norm. What amendment to the group plan could France??s agent suggest to help control the cost?

A. Only offer benefits to employees—not their dependants.
B. Only cover a class of employees who submit infrequent claims.
C. Add deductibles and co-insurance factors to the plan.
D. Reduce the benefit offering to make submitting a claim less appealing.

Answer: C

Explanation:
Comprehensive and Detailed Explanation:
Adding deductibles and co-insurance shifts costs to employees, reducing claims and premiums (Chapter 8:Group Plan Specifics).
Option A: Limits coverage scope, not claims. Option B: Discriminatory; impractical.
Option C: Correct; effective cost control. Option D: Reduces value, not optimal.
Reference: LLQP Accident and Sickness Insurance Manual, Chapter 8:Group Plan Specifics.

NEW QUESTION 111
- (Topic 3)
Wesley is a self-employed plumber. He meets with a licensed life insurance agent to explore his options regarding disability insurance. Wesley??s earnings have been stable over the past few years.His business generates gross income of $120,000 annually and write-off expenses of $30,000. Wesley??s average income tax rate is 30%. What income amount should be used to calculate the maximum disability benefits Wesley is entitled to?

A. $120,000
B. $90,000
C. $84,000
D. $63,000

Answer: D

Explanation:
Comprehensive and Detailed Explanation:
Disability insurance benefits are calculated based onnet incomeafter business expenses and taxes, as per the LLQP guidelines, to reflect the income actually available for living expenses (Chapter 2:Insurance to Protect Income).
Gross income: $120,000 Business expenses: $30,000
Net income before tax: $120,000 - $30,000 = $90,000 Tax rate: 30%
Tax payable: $90,000 ?? 0.30 = $27,000
Net income after tax: $90,000 - $27,000 = $63,000
The maximum disability benefit is typically based on this after-tax net income, often insurable up to 60-75% depending on the policy. $63,000 is the correct base amount for calculation, aligning with standard underwriting practices.
Option A ($120,000): Incorrect; uses gross income, not net.
Option B ($90,000): Incorrect; uses pre-tax net income, ignoring tax impact. Option C ($84,000): Incorrect; no clear basis for this figure.
Option D ($63,000): Correct; reflects net income after expenses and taxes. Reference: LLQP Accident and Sickness Insurance Manual, Chapter 2:Insurance to Protect Income.

NEW QUESTION 113
- (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 zer
B. So, there is no need for additional protection.
C. In the event Denise is disabled, she will receive $3,000/mont
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 ?? 0.60 ?? 12). Louis earns $45,000/year, which translates to $3,750/month ($45,000 ?? 12). Together, their current combined monthlyincome 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 ?? 0.60 = $27,000/year or $2,250/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 117
- (Topic 3)
Juliette owns a medium-sized business with approximately 100 employees. Three years ago, she set up a small group benefits plan. Her employees, however, are unhappy with the coverages offered under the plan. Moreover, for tax purposes, the group plan shares the cost of disability premiums with the employees—an expense they do not welcome. What should Juliette??s agent tell her?

A. She should instead opt for an EHT, which affords more flexibility with no tax implications for her employees.
B. She should instead opt for a PHSP, which provides more flexible and tax-free disability benefits.
C. Her existing group plan is the best solution, because a group of that size would not be able to take advantage of other ??grouped?? alternatives.
D. The existing group plan is the most cost-effective and tax-free way to provide these benefits.

Answer: B

Explanation:
Comprehensive and Detailed Explanation:
A Private Health Services Plan (PHSP) offers flexible, tax-free benefits (employer-paid premiums are deductible, benefits non-taxable), addressing employee dissatisfaction and tax concerns (Chapter 8:Group Plan Specifics).
Option A: Incorrect; EHT (Employer Health Tax) isn??t insurance. Option B: Correct; PHSP fits needs.
Option C-D: Incorrect; group plan isn??t optimal or tax-free for employees. Reference: LLQP Accident and Sickness Insurance Manual, Chapter 8:Group Plan Specifics.

NEW QUESTION 120
- (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 122
- (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 123
- (Topic 3)
Marvyn meets with his client, Edlyn, a 67-year-old retired widow who wants to purchase long-term care insurance. Edlyn receives monthly benefits from the Canada Pension Plan (CPP), Old Age Security (OAS), and a registered life annuity. She lives in a mortgage-free condo that she would like to bequeath to her son upon her death.
Given this information, which of the following is Edlyn looking to protect by purchasing long- term care insurance?

A. Protection of loss of income.
B. Protection of assets.
C. Protection of savings.
D. Protection of retirement income.

Answer: B

Explanation:
Edlyn??s primary concern is to preserve her condo asset, which she intends to leave to her son. Long-term care (LTC) insurance can help protect her financial assets by covering the costs associated with long-term care, thus reducing the risk of needing to liquidate assets like her condo to pay for care. The LLQP materials note that LTC insurance is often used to protect assets against the high costs of extended care, particularly for individuals who want to ensure their assets can be transferred to heirs. Therefore, the correct answer is B, as Edlyn is seeking to safeguard her assets from potential erosion due to LTC expenses.

NEW QUESTION 126
- (Topic 3)
Pierre-Marc, aged 32, is a dentist with a rich clientele. His income is substantial. Five years ago, he purchased an ??any occupation?? disability insurance policy. Today he meets with Joseph, his life insurance agent, to determine whether this type of coverage is still adequate. What should Joseph tell him?

A. This type of coverage is adequate because it is more flexibl
B. Pierre-Marc will be entitled to disability benefits even if he can work in another profession and chooses to do so.
C. This type of coverage is adequat
D. Pierre-Marc will be entitled to disability benefits even if he can work in another profession, provided he chooses not to do so.
E. This type of coverage is no longer adequat
F. Pierre-Marc should purchase an accidental death and dismemberment rider, which would allow him to collect a lump-sum benefit if he injures his hands.
G. This type of coverage is no longer adequat
H. Pierre-Marc should purchase ??own occupation?? coverage, which would allow him to collect benefits even if he can work in another profession and chooses to do so.

Answer: D

Explanation:
Comprehensive and Detailed Explanation:
??Any occupation?? disability insurance pays benefits only if the insured cannot work inanyjob for which they are reasonably suited by education, training, or experience. For a dentist like Pierre-Marc, whose substantial income relies on specialized skills, this is restrictive. ??Own occupation?? coverage pays if he cannot perform his specific job (dentistry), even if he can work elsewhere (Chapter 2:Insurance to Protect Income).
Option A: Incorrect; ??any occupation?? is less flexible, not more, and doesn??t pay if he can work elsewhere, regardless of choice.
Option B: Incorrect; benefits stop if he can work elsewhere, whether he chooses to or not. Option C: Incorrect; an AD&D rider addresses specific losses, not income replacement adequacy.
Option D: Correct; ??own occupation?? suits his high-income, specialized profession, ensuring benefits if he can??t practice dentistry, even if he takes another job.
Reference: LLQP Accident and Sickness Insurance Manual, Chapter 2:Insurance to Protect Income.

NEW QUESTION 131
- (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 analcohol consumption questionnairetoprovide 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 132
- (Topic 3)
Eloise has critical illness coverage through her group insurance plan at work. She is 54 years old, in excellent health, and is planning to retire soon. She meets with Sonia, her insurance agent, to plan her retirement and to make sure she will still be covered in the event of critical illness. To make sure she is not a burden on her family, Eloise would also like to receive monthly benefits in the event she is placed in an assisted living facility. What should Sonia tell her?

A. That the critical illness coverage under her group plan is the least expensive and that the insurer will have to give her the option of converting it into individual insurance when she retires.
B. That the critical illness coverage under her group plan will end when she retires and that she should consider purchasing individual coverage.

C. That her critical illness coverage will end when she retires and that she should consider purchasing individual critical illness and long-term care insurance.
D. That when she retires, she should purchase individual disability insurance, which would give herthe coverage required in the event of critical illness.

Answer: C

Explanation:
Comprehensive and Detailed Explanation:
Group critical illness (CI) coverage typically ends upon retirement unless a conversion option is explicitly offered, which is rare (Chapter 8:Group Plan Specifics). Eloise needs CI for lump-sum protection and long-term care (LTC) insurance for monthly benefits in an assisted living facility (Chapter 4:Insurance to Protect Savings).
Option A: Incorrect; group CI rarely converts to individual CI, and it doesn??t address LTC needs.
Option B: Partially correct but incomplete; it misses LTC for assisted living.
Option C: Correct; CI ends at retirement, requiring individual CI, and LTC insurance meets her assisted living goal.
Option D: Incorrect; disability insurance replaces income, not CI or LTC benefits. Reference: LLQP Accident and Sickness Insurance Manual, Chapter 4:Insurance to Protect Savings, Chapter 8:Group Plan Specifics.

NEW QUESTION 133
- (Topic 3)
Ziad, aged 34, was an elementary school teacher for several years. However, staffing cutbacks and his love of food have prompted him to go into business. He just purchased a pizza franchise (taking a $150,000 personal loan to finance the venture) and entered into a five-year lease for his business. Ziad owns a 20-year term life insurance policy with a face amount of $250,000. He is also covered for some benefits under his wife??s group insurance plan, but knows he needs additional coverage. What type of accident and sickness coverage should Ziad purchase first?

A. Critical illness insurance.
B. Extended health insurance.
C. Creditor disability insurance.
D. Disability income protection insurance.

Answer: C

Explanation:
Comprehensive and Detailed Explanation:
Creditor disability insurance ensures Ziad??s $150,000 loan payments if he??s disabled, protecting his primary financial obligation (Chapter 3:Insurance to Protect Assets). Option A: Secondary; lump-sum for illness.
Option B: Supplementary; not priority. Option C: Correct; loan protection first.
Option D: Important but secondary to loan.
Reference: LLQP Accident and Sickness Insurance Manual, Chapter 3:Insurance to Protect Assets.

NEW QUESTION 135
- (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 139
- (Topic 3)
Kerry is 52 years old and he is purchasing additional coverage on his individual disability income insurance policy using a future purchase option. His income has increased about 35% since he took out the policy four years ago. What is Kerry guaranteed to receive as a result of the rider?

A. An automatic 35% increase in benefit.
B. An increased benefit according to the policy when medical insurability is proven.
C. An increased benefit according to the policy when Kerry provides proof of income.
D. An increased benefit based on Kerry??s income at the time of disability.

Answer: C

Explanation:
Comprehensive and Detailed Explanation:
A future purchase option allows benefit increases without medical underwriting, contingent on financial underwriting (proof of income increase) (Chapter 7:Insurance Recommendation, Contract, and Service Needs).
Option A: Incorrect; not automatic, requires proof. Option B: Incorrect; no medical proof needed. Option C: Correct; tied to income proof.
Option D: Incorrect; set at purchase, not disability.
Reference: LLQP Accident and Sickness Insurance Manual, Chapter 7:Insurance Recommendation, Contract, and Service Needs.

NEW QUESTION 142
- (Topic 3)
Cory is a recent college graduate who has just been hired by a marketing firm in an entry- level position. His employer group benefits only cover a short-term disability to a maximum of 119 days. He meets with an insurance agent to talk about disability coverage. To fully cover his salary, he would require a $3,000 monthly benefit. In reviewing options, he thinks that his ideal coverage of a 30-day waiting period and a ??to age 65?? benefit period comes at a cost that exceeds his budget. What recommendation should the insurance agent make to Cory regarding coverage?

A. Extend the waiting period to reduce the monthly premium.
B. Shorten the benefit period to reduce the monthly premium.
C. Reduce the monthly benefit to reduce the monthly premium.
D. Wait until his income has increased and he can afford the premium.

Answer: A

Explanation:
Comprehensive and Detailed Explanation:
Extending the waiting period (e.g., to 120 days) aligns with his 119-day STD coverage, reducing premiums while maintaining $3,000/month to age 65 (Chapter 7:Insurance Recommendation, Contract, and Service Needs).
Option A: Correct; cost-effective. Option B: Incorrect; weakens coverage. Option C: Incorrect; reduces protection. Option D: Incorrect; delays coverage.
Reference: LLQP Accident and Sickness Insurance Manual, Chapter 7:Insurance
Recommendation, Contract, and Service Needs.

NEW QUESTION 147
- (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:
Acash flow statementprovides 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 148
- (Topic 3)
Melanie is a psychologist. She has her own practice and two employees. In her free time, she loves to dance but also enjoys skydiving, which she does three or four times a year. She meets with Sophie, an insurance agent, because she would like to purchase disability insurance. What should Sophie tell her?

A. That she cannot be insured because skydiving makes her an uninsurable risk.
B. That she will receive a reduced benefit if she becomes disabled as a result of skydiving.
C. That she can be insured but that her contract will probably contain a modification (such as rating the premium or imposing an exclusion) because skydiving makes her a non- standard insurable risk.
D. That she can be insured without any other formality or modification because she doesn??t skydive often enough to affect her level of risk.

Answer: C

Explanation:
Comprehensive and Detailed Explanation:
Skydiving is a high-risk activity, making Melanie a non-standard risk. Insurers typically apply a premium rating or exclusion for such activities, not denial (Chapter 7:Insurance Recommendation, Contract, and Service Needs).
Option A: Incorrect; not uninsurable, just modified.
Option B: Incorrect; benefit isn??t reduced, coverage is adjusted.
Option C: Correct; modification likely.
Option D: Incorrect; frequency still warrants adjustment.
Reference: LLQP Accident and Sickness Insurance Manual, Chapter 7:Insurance Recommendation, Contract, and Service Needs.

NEW QUESTION 152
- (Topic 3)
Kevin owns a construction business and wants to take out accident and sickness insurance to protect his income in the event of disability. On his application form, he indicated that he had competed in motocross races over the past five years. What requirements does Kevin need to comply with before the insurer can issue the policy?

A. Kevin only needs to answer the medical questions.
B. Kevin only needs to specify how often he engages in the sporting activity.
C. Kevin needs to complete a special questionnaire, as well as specify how often he engages or intends to engage in the sporting activity in the future.
D. Kevin needs to complete a special questionnaire as well as specify how often he engages or intends to engage in the sporting activity in the future; thus, an exclusion rider may be required by the insurer.

Answer: D

Explanation:
Comprehensive and Detailed Explanation:

Motocross is high-risk, requiring a detailed questionnaire and frequency disclosure. Insurers may impose an exclusion rider (Chapter 7:Insurance Recommendation, Contract, and Service Needs).
Option A: Incorrect; misses activity risk. Option B: Incomplete; lacks detail.
Option C: Incomplete; misses exclusion possibility. Option D: Correct; full process with potential rider.
Reference: LLQP Accident and Sickness Insurance Manual, Chapter 7:Insurance
Recommendation, Contract, and Service Needs.

NEW QUESTION 155
- (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 achildcare 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 157
- (Topic 4)
Ontario residents, Juan and Maria, are a married couple approaching retirement. They have asked their representative, Carlow, to review the details of Maria??s defined benefit plan (DBPP).
Which of the following statements about Maria's pension is CORRECT?

A. Maria would be entitled to an increased benefit if Juan waived his survivor benefit.
B. Juan would be entitled to receive at least 50% of Maria??s pension upon Maria's death.
C. With Juan's consent, Maria can choose to reduce the survivor benefit to 25% of her normal pension amount.
D. Juan will be entitled to the survivor benefit even if they are separated at the time of Maria's death.

Answer: B

Explanation:
In Ontario, the pension legislation stipulates that a spouse is entitled to receive a minimum of 50% of the member??s pension benefits as a survivor benefit if the member dies. This applies to defined benefit pension plans (DBPP), which provide a predetermined benefit upon retirement.Therefore, as the spouse of Maria, Juan would be entitled to receive at least half of Maria??s pension upon her death, as specified by Ontario pension regulations. This survivor benefit is a guaranteed right and requires consent from both spouses for any reduction or waiver. Options C and D are incorrect as Ontario law mandates a minimum 50% survivor benefit without provision for reduction to 25%, and Juan's entitlement is tied to their marital status and statutory rights, which may not apply if they are separated or divorced at the time of Maria's death. Option A is incorrect because Ontario legislation does not provide for an increased benefit by waiving the survivor benefit.

NEW QUESTION 160
- (Topic 4)
Benjamin is a financial security advisor working for the Larson Group. He is following a mandatory compliance training session given by Andrew, the compliance manager. Andrew explains the importance of following the Chambre de la s??curit?? financi??re code of ethics, and Benjamin would like to know to whom the code of ethics applies.
What is Andrew's CORRECT response?

A. Financial planners and financial security advisors.
B. Financial security advisors and their administrative assistants.
C. Claims adjusters and group insurance plan advisors.
D. Damage insurance agents and accident and sickness insurance representatives.

Answer: A

Explanation:
The Chambre de la s??curit?? financi??re code of ethics applies specifically to financial security advisors and financial planners in Quebec. This code outlines the professional conduct required of those working within the financial services industry who advise clients on security products. Administrative assistants, claims adjusters, and damage insurance agents do not fall under the purview of the CSF code of ethics as they are regulated under different professional codes or by different oversight organizations.
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NEW QUESTION 163
- (Topic 4)
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??s conduct at the dinner party and afterward constitutes a breach of his duties and obligations towards the public. Insurance professionals are expected to maintain high standards of professionalism and respect the privacy and comfort of individuals they interact with. By persistently following Andrew and subsequently pressuring him with daily calls and unsolicited gifts, Dario failed to demonstrate respect for personal boundaries. This behavior could be seen as unprofessional and could harm the public??s trust in the industry. According to LLQP guidelines and ethical standards, agents must avoid aggressive solicitation and respect the autonomy and privacy of the public.
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NEW QUESTION 167
- (Topic 4)
President and sole shareholder of the Velos Tourisque company, Paul employs 50 people.
Maryse, his financial security advisor, advises him to have his company take out life insurance on him. Who will be the parties to the contract?

A. Paul will be the policyholder, Velos Tourisque will be the insured and the beneficiary
B. Velos Tourisque will be the policyholder and the insured; Paul, as the shareholder, can designate the beneficiary
C. Paul will be the policyholder and insured; Velos Tourisque will be the beneficiary
D. Velos Tourisque will be the policyholder and beneficiary; Paul will be the insured

Answer: D

Explanation:
Comprehensive and Detailed In-Depth Explanation: In a corporate-owned life insurance policy, the roles of policyholder, insured, and beneficiary must align with legal and insurable interest principles under the Civil Code of Quebec (Articles 2415–2419). The policyholder is the entity that owns and pays for the policy, the insured is the person whose life is covered, and the beneficiary receives the death benefit. Here, Velos Tourisque, the company, is taking out the policy on Paul, its key person, suggesting it will own the policy (policyholder) and benefit from the proceeds (beneficiary) to protect its financial interests—common in key person insurance. Paul, as the individual whose life is insured, is the insured. Option D correctly identifies Velos Tourisque as policyholder and beneficiary, with Paul as the insured. Option A misassigns Velos Tourisque as the insured (a company cannot be insured, only a person can). Option B incorrectlylists Velos Tourisque as the insured. Option C reverses the roles, making Paul the policyholder, which contradicts the company owning the policy. The Ethics and Professional Practice manual highlights advisors?? duty to clarify these roles for clients.
References: Civil Code of Quebec, Articles 2415–2419; Ethics and Professional Practice
(Civil Law) Manual, Section on Insurance Contract Parties.

NEW QUESTION 169
- (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 hisfinancial 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 s??curit?? financi??re
C. The Autorit?? des march??s 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.
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NEW QUESTION 173
- (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. OptionC??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.
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NEW QUESTION 175
- (Topic 4)
Insurance of persons representative V??ronique is meeting clients referred by an acquaintance for the first time. Observing some suspicious behaviours on their part, V??ronique is thinking about reporting the transaction to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC). Which behaviours are signs of suspicious transactions?

A. The clients ask a lot of questions about internal controls and the amounts involved seem very high given their apparent financial situation
B. The clients are in a hurry, the planned transaction is fairly simple, and they want to pay the amount due in cash
C. The clients are in a hurry, do not seem interested in knowing the long-term benefits of the transaction, and want to pay the amount due in cash
D. The clients seem interested in knowing the long-term benefits of the transaction, which is simple, and the amounts involved seem very high given their apparent financial situation

Answer: C

Explanation:
Comprehensive and Detailed In-Depth Explanation: Under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA), insurance representatives must report suspicious transactions to FINTRAC (Section 7). FINTRAC guidelines list red flags: urgency without justification, disinterest in product details, and cash payments, especially if inconsistent with client profile. Option C—clients in a hurry, uninterested in long-term benefits, and insisting on cash—matches these indicators, suggesting potential money laundering. Option A (questions about controls) may indicate curiosity or caution, not necessarily suspicion. Option B (hurry and cash) is less conclusive without disinterest in benefits. Option D (interest in benefits) contradicts typical laundering behavior. The Ethics manual requires vigilance against financial crime, supporting V??ronique??s duty to report option C.
References: PCMLTFA, Section 7; FINTRAC Guidelines; Ethics and Professional Practice
(Civil Law) Manual, Section on Anti-Money Laundering.
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NEW QUESTION 178
- (Topic 4)
Valerie, age 42, recently left her job after 15 years of service. She participated in a defined contribution pension plan and had accumulated benefits amounting to $88,000, eligible for transfer into a registered contract. What must Valerie do with this money?

A. Transfer this sum into an RRSP and convert the accumulated value into a life annuity or RRIF no later than December 31 of the year she turns 71
B. Transfer this sum into a LIRA and convert the accumulated value into a life annuity or RRIF no later than December 31 of the year she turns 71
C. Transfer this sum into a RRIF and start withdrawing annuity payments no later than the end of the following calendar year
D. Transfer this sum into a LIRA and convert the accumulated value into a life annuity or LIF no later than December 31 of the year she turns 71

Answer: D

Explanation:
Comprehensive and Detailed In-Depth Explanation: Pension funds from a defined contribution plan, upon leaving employment, must follow Quebec??s Supplemental Pension Plans Act (SPPA) and federal tax rules. The $88,000 is ??locked-in,?? meaning it cannot be cashed out and must be transferred to a Locked-In Retirement Account (LIRA) to preserve its pension status (SPPA,Section 98). A LIRA restricts access until retirement, when it must be converted into a life annuity or Life Income Fund (LIF) by December 31 of the year the holder turns 71 (Income Tax Act, Section 146). Option D correctly identifies the LIRA and LIF/annuity options. Option A (RRSP) applies to non-locked-in funds, not pension benefits. Option B??s ??RRIF?? is incorrect, as locked-in funds use a LIF in Quebec. Option C (immediate RRIF withdrawal) violates locking-in rules and age requirements. The Ethics manual requires advisors to clarify locked-in fund rules for clients.
References: Supplemental Pension Plans Act, Section 98; Income Tax Act, Section 146; Ethics and Professional Practice (Civil Law) Manual, Section on Retirement Planning.
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NEW QUESTION 180
- (Topic 4)
Concilius 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, Concilius 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 Concilius?? 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 Concilius 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

Concilius 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.
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NEW QUESTION 183
- (Topic 4)
Samya and Gary, who are both insurance representatives, are having lunch together. Gary has been very successful for several years and proposes a scheme to Samya to get insurance proposals signed for a fictional company they would create together. He believes that this system would make them millionaires in about ten years. Gary advises Samya to keep their conversation a secret. If Samya agrees to Gary??s proposal, what sanctions could she face?

A. A sanction from the CSF??s discipline committee that could be a fine, suspension, or both
B. Pursuant to the Distribution Act, penal proceedings with the Court of Quebec could result in a fine of up to $1,000,000
C. Pursuant to the Criminal Code, sanctions could go as far as imprisonment
D. Since liability insurance protects the consumer, the clients?? losses will be covered and thesanctions will be reduced based on real harm

Answer: C

Explanation:
Comprehensive and Detailed In-Depth Explanation: Gary??s scheme involves creating a fictional company to fraudulently sell insurance, constituting fraud under the Criminal Code of Canada (Section 380), punishable by up to 14 years imprisonment if Samya participates. Option C reflects this severe legal consequence. Option A (CSF sanctions) applies to ethical breaches within professional conduct, like fines or suspension, but fraud exceeds this scope. Option B (Distribution Act penalties) includes fines up to $175,000 (Section 458), not $1,000,000, and is less severe than criminal charges. Option D (liability insurance) is irrelevant, as it doesn??t mitigate criminal liability. The Ethics manual and LLQP prohibit fraudulent acts, emphasizing criminal repercussions for such schemes.
References: Criminal Code, Section 380; Distribution Act, Section 458; Ethics and Professional Practice (Civil Law) Manual, Section on Fraud and Misconduct.

NEW QUESTION 185
- (Topic 4)
Gold, a financial security advisor, recently met with a wealthy client who needed tax advice. The client also wanted to draft a will and a mandate in case of incapacity. Eager to meet his client??s needs and make recommendations, he did not think it necessary to propose a meeting with the firm??s tax expert and notary. Towards whom has Gold breached his duties and obligations?

A. The public
B. The client
C. Other representatives, firms, independent partnerships, insurers, and financial institutions
D. The profession

Answer: B

Explanation:
Comprehensive and Detailed In-Depth Explanation: Gold??s role as a financial security advisor, per the Distribution Act (Section 16), requires him to act competently and in the client??s best interest. Tax advice, wills, and mandates in case of incapacity (Civil Code, Articles 2166–2174) often exceed an advisor??s expertise, necessitating referral to specialists like tax experts and notaries. By not proposing such collaboration, Gold risks providing incomplete or inaccurate advice, breaching his duty of care to the client (option B). Option A (the public) is too broad, as no public harm is evident. Option C (other professionals) is unaffected, as no direct duty to them is breached. Option D (the profession) could apply indirectly via reputational harm, but theprimary breach is to the client. The Ethics and Professional Practice manual mandates advisors to recognize their limits and refer clients appropriately.
References: Distribution Act, Section 16; Civil Code of Quebec, Articles 2166–2174; Ethics
and Professional Practice (Civil Law) Manual, Section on Scope of Practice.
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NEW QUESTION 186
- (Topic 4)
Coraline is a landscape gardener who owns a disability insurance (DI) policy. The policy will pay her a $3,000 monthly benefit after a 90-day waiting period. She is diagnosed with cancer, and because she has to undergo months of chemotherapy, she will be unable to work. She calls Robin, her insurance agent, to inform him of her diagnosis. She would like to know more information about the claims process.
Which of the following statements is CORRECT?

A. Coraline must contact her agent by phone within 30 days of learning about her diagnosis.
B. Coraline has 30 days to provide the insurer with all of the information required to process the claim.
C. The insurer must pay Coraline the benefit amount within 30 days after receipt of the proof of loss.
D. The payment of the initial benefit to Coraline must occur within 30 days after the end of the waiting period.

Answer: C

Explanation:
Disability insurance policies generally stipulate that the insurer must pay benefits within a specific timeframe following receipt of the proof of loss, typically within 30 days. This aligns with LLQP guidelines and common insurance practices, which require that insurers act promptly upon receiving all necessary documentation related to a claim. Coraline must provide her proof of loss, after which the insurer is obligated to start the payment process. The waiting period dictates when benefits start, but the insurer must pay within the specified period after receiving the required proof.
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NEW QUESTION 191
- (Topic 4)
Pierre is an insurance of persons representative. His new client, Carole, wishes to buy life insurance but wants to know everything about life insurance products before making a choice. What are Pierre??s responsibilities in this case?

A. Pierre must describe the products he offers to Carole and explain the coverage offere
B. He must clearly indicate and explain the coverage exclusions
C. Pierre can simply give Carole the insurer??s explanatory brochures providing details on the product

D. He must avoid giving explanations so as not to influence Carole
E. Pierre must have a conference call with the insurer and Carole so that she can ask the insurer any questions she may have
F. Pierre must ask Carole to put all her questions in writing and send them to the insurer

Answer: A

Explanation:
Comprehensive and Detailed In-Depth Explanation: Under the Distribution Act (Sections 16–18), insurance representatives like Pierre have a duty to act in the client??s best interest by providing clear, accurate information about products, including coverage and exclusions. This aligns with the LLQP??s emphasis on needs-based advising and the Civil Code??s requirement of good faith (Article 1375). Option A correctly outlines Pierre??s responsibility to explain products and exclusions, ensuring Carole makes an informed decision. Option B (handing over brochures without explanation) fails to meet the proactive advisory role mandated by the Ethics and Professional Practice manual, risking misunderstanding. Option C (conference call) is impractical and shifts Pierre??s duty to the insurer. Option D (written questions to the insurer) similarly avoids Pierre??s obligation to directly assist Carole. The manual stresses full disclosure and client education, making A the ethical and legal standard.
References: Distribution Act, Sections 16–18; Civil Code of Quebec, Article 1375; Ethics and Professional Practice (Civil Law) Manual, Section on Client Disclosure.
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NEW QUESTION 194
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