California Life Insurance Exam Practice Tests

Section: California Insurance Exams • **Total Questions:** 10 • **Format:** Verified Q&A

1. An insured bought an annuity ten years ago and will retire in five years. To determine the value of the annuity, the number of accumulation units owned is multiplied by the value of the separate account. This type of annuity is known as a

(A) fixed annuity.
(B) variable annuity.
(C) flexible annuity.
(D) accumulation annuity.

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2. What happens if an insurer violates the Medical Loss Ratio rule and spends too much money on administrative costs?

(A) Insurers that do not meet the Medical Loss Ratio standard will be required to provide rebates to their customers and reduce spending on their administrative costs.
(B) Insurers that do not meet the Medical Loss Ratio standard will pay a tax penalty to the Federal government.
(C) Insurers that do not meet the Medical Loss Ratio standard will pay a tax penalty to the Health Benefits Exchange.
(D) Insurers that do not meet the Medical Loss Ratio standard will only be required to reduce their spending on administrative costs.

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3. Which life insurance feature allows an insured to exchange a term policy for a cash value policy?

(A) Convertibility
(B) Incontestability
(C) Reentry
(D) Renewability

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4. For Social Security purposes, a person with 40 quarters of coverage is considered.

(A) fully insured.
(B) partially insured.
(C) currently insured.
(D) conditionally insured.

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5. All of the following are true about term life insurance policies EXCEPT the

(A) insured can choose the premium payment mode.
(B) insured must answer medical questions on the application.
(C) face amount is paid if the insured dies during the policy period.
(D) face amount is paid if the insured survives to the end of the policy period.

6. Which of the following is NOT allowed in California long-term care insurance advertising?

(A) Guaranteed renewable language
(B) Testimonials without substantiation
(C) Inflation protection options
(D) Pre-existing condition exclusions

7. Which program is designed to provide medical assistance to people with low incomes?

(A) Medi-Cal.
(B) Medicare.
(C) Social Security.
(D) Workers' Compensation.

8. Which contract promises to pay the owner a guaranteed minimum income every year for as long as the individual lives?

(A) A life annuity.
(B) An annuity certain.
(C) A whole life policy.
(D) A survivorship policy.

9. Which product creates an immediate estate?

(A) An annuity.
(B) Life insurance.
(C) A savings program.
(D) Long-term care insurance.

10. If a person violates Section 770 of the CA Insurance Code regarding loans on security, what action would the Commissioner most likely take?

(A) Require ethics course completion
(B) Issue cease and desist order
(C) Charge felony with 6-month jail
(D) Fine of $205,000 per violation