University of Alabama Study Guides L & H Insurance Exam

Section: Institutition-based Insurace Exams • **Total Questions:** 10 • **Format:** Verified Q&A

1. What type of Ocean Marine insurance covers shipping costs while goods are in transit over water?

(A) Cargo
(B) Freight
(C) Hull
(D) Protection and Indemnity

2. Once a dependent child is no longer eligible under the parents' health insurance policy, most policies contain what provision?

(A) The right for a child to remain on the policy for increased premium charge.
(B) The right for a child to remain on the policy for increased premium charge, if they are in reasonably good health.
(C) The option to convert to his/her own policy if they can pass a rigorous physical.
(D) The privilege to convert without establishing insurability.

3. An applicant's consideration in an insurance contract refers to the

(A) Proceeds of the policy.
(B) Cash or equivalent income payable to the beneficiary.
(C) Premium to be paid.
(D) Face value of the policy.

4. Credit disability insurance can be sold

(A) on either a group or an individual basis.
(B) on an individual basis only.
(C) on a group basis only.
(D) only to people age 64 and younger.

5. The problems created by the death of a partner and dealing with the disposition of that partner's portion of the business can be resolved by a properly drawn

(A) buy-sell agreement.
(B) stock purchase plan.
(C) entity redemption plan.
(D) deferred compensation plan.

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6. Which of the following is CORRECT concerning advertising about dividends?

(A) No advertisement may state or imply that the payment or amount of dividends is guaranteed.
(B) No advertisement may state that dividends are dependent upon the earnings of the insurer.
(C) Advertisements may state that payment of dividends will be sufficient to pay all future premiums.
(D) Advertisements may imply that an insurance policy will be paid up" by applying future dividends to pay the premiums."

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7. If Automatic Premium Loans are not repaid when the insured dies, what is the effect on the death benefit?

(A) The death benefit is reduced by 50%.
(B) The death benefit is not affected.
(C) The death benefit will be reduced by the loan amount and interest.
(D) The death benefit is reduced by 25%.

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8. The primary components in premium calculations include which of the following:

(A) Mortality or morbidity risk.
(B) Operating expenses.
(C) Interest rates.
(D) All of the above.

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9. In the Commercial Crime forms, an insured can obtain coverage for the theft of money and securities while the property is

(A) inside the premises
(B) outside the premises
(C) Both A and B
(D) Neither A nor B

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10. A liability policy has one policy limit that applies to both bodily injury and property damage losses. This is an example of a

(A) single limit policy

(B) split limit policy

(C) combo limit policy

(D) contributory limit policy