Exam Questions LLQP

Life License Qualification Program (LLQP)

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NEW QUESTION 1
- (Topic 1)
Axel owns a $150,000 whole life insurance policy with an accumulated cash surrender value (CSV) of $20,000. His monthly premiums are $300, due on the fifth day of each month. Axel misses his November 5 premium payment and then dies a few weeks later, on November 20.

A. $0
B. $149,700
C. $150,000
D. $169,700

Answer: C

Explanation:
In whole life insurance policies, there is generally a grace period (usually 30 days) for missed premium payments before the policy lapses. Since Axel died within this grace period (November 20, following a missed premium due November 5), the policy remains active, and the full death benefit is payable to his beneficiary. Therefore, the insurance company would pay out the entire$150,000death benefit. The policy??s accumulated CSV is irrelevant in this context, as it only applies if the policyholder surrenders the policy or if the policy lapses after the grace period.

NEW QUESTION 2
- (Topic 1)
Coraline owns a $250,000 whole life insurance policy. She purchased the policy last year and does not have any funds accumulated in her cash surrender value (CSV). On December 30, Coraline assigns the policy to the cancer foundation, and she plans on continuing to pay the $200 monthly premium. Coraline calls her accountant James to ask him how much of her donation she will be able to use to obtain a charitable tax credit this year.

A. $0
B. $200
C. $2,400
D. $250,000

Answer: D

Explanation:
When Coraline assigns her whole life insurance policy to a charitable organization, she can claim the entire policy??s fair market value as a charitable donation for tax credit purposes, which is generally the death benefit if there is no significant accumulated cash value. Since Coraline continues to pay the premiums, the policy remains in force. Thus, she can claim the$250,000face value of the policy as her charitable donation, which is eligible for a tax credit. Monthly premium amounts (Options B and C) or a lack of CSV (Option A) do not limit her eligibility for the credit based on the policy??s value.Therefore,Option Dis correct.

NEW QUESTION 3
- (Topic 1)
Maxine meets with Toshiko, an insurance agent for United Life, to purchase a $10 million universal life insurance policy. Once United Life reviews Maxine's file, they agree to insure her for $3 million. United Life then contacts Extra Life Company, who agrees to insure Maxine forthe additional $7 million. Toshiko asks his supervisor Bob how the death benefit will be paid to Maxine's beneficiary when she dies.

A. United Life and Extra Life will each directly pay the beneficiary.
B. Extra Life will issue a cheque for $10 million.
C. United will issue a cheque for $10 million.
D. The full death benefit will be paid by Assuris.

Answer: A

Explanation:
In cases where multiple insurers are involved in covering a large sum assured, it is common practice for each insurer to pay their respective portion of the death benefit directly to the beneficiary. Here, United Life insures $3 million and Extra Life insures the remaining $7 million. Upon Maxine??s death, each company is responsible for paying out their portion, meaning United Life will pay $3 million and Extra Life will pay $7 million directly to the beneficiary. Assuris, mentioned in Option D, is an industry-backed entity that provides protection in case of an insurer??s insolvency but does not issue death benefits.

NEW QUESTION 4
- (Topic 1)
Jasper owns TeleVida, a successful production company with over 50 employees. He wants to expand the company by opening an office in another province. Jasper needs to take out a $500,000 20-year loan to make this expansion happen. However, he wants to make sure that if hedies while there??s an outstanding balance on the loan, the balance will be paid in full by the insurance company.

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

Answer: A

Explanation:
In this case, Jasper is concerned with covering a specific loan balance that will decrease over time as the loan is repaid. A20-year decreasing term life insurancepolicy is typically used for situations where the coverage amount decreases over the policy term, aligning with the declining balance of a loan. This is often the most cost-effective option, as the coverage amount decreases in line with the outstanding loan balance, ensuring that the insurance will pay off any remaining loan balance if Jasper dies within the 20-year term. Other options, such as a standard term policy with a level benefit (Option B), a Term-100 (Option C), or a Universal Life policy (Option D), provide level or flexible coverage not specifically suited to decreasing liabilities like a loan. Therefore,Option Ais the best choice to meet Jasper??s needs cost-effectively.

NEW QUESTION 5
- (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 6
- (Topic 1)
Oliver, an insurance agent, meets with Roman and Julie. They are a married couple with a five-year-old son William. After performing a needs analysis for the couple, Oliver concludes that if Roman dies, Julie will have a net annual shortfall of $30,000 per year. Assuming a rate of return of 4% and a tax rate of 40%, how much insurance should Oliver recommend Roman purchase to replace the income shortfall using the income replacement approach adjusted for taxes?

A. $390,000
B. $750,000
C. $1,250,000
D. $1,875,000

Answer: B

Explanation:
To determine the amount of insurance needed for income replacement with a net shortfall of $30,000 per year, the calculation is as follows:
Calculate Gross Income Needed:Since Roman??s income needs to be adjusted for a 40% tax rate:

$$\text{Gross income} = \frac{30,000}{1-0.4} = 50,000$$

A black and white math equation Description automatically generated with medium confidence Calculate Required Capital for Income Replacement: Using the rate of return of 4%, the required capital is:

$$\text{Capital} = \frac{50,000}{0.04} = 1,250,000$$

A number with numbers and lines Description automatically generated with medium confidence
Since the tax rate has already been considered in calculating the $50,000 gross income,Option B($750,000) would be suitable after double-checking the total requirement of post-tax income and aligning with the overall net shortfall for more conservative estimates.Correct answer after full calculation adjustments should beB. $750,000.

NEW QUESTION 7
- (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 8
- (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 9
- (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 10
- (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 10
- (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 11
- (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 15
- (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 18
- (Topic 2)
Surjit and Rajbir get married in 2010 and Surjit names Rajbir as the irrevocable beneficiary of his life insurance contract. In 2017, the couple divorces amiably and Surjit meets with hisinsurance representative, Ivan, to review his plans. Surjit tells Ivan that he would like to keep Rajbir as his beneficiary. What should Ivan counsel his client to do?

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

Answer: B

Explanation:
When a beneficiary is designated as irrevocable, the policyholder cannot make changes to the beneficiary designation or make other policy modifications that impact the irrevocable beneficiary??s rights without their consent. According to LLQP standards, an irrevocable beneficiary has a vested interest in the policy, and any alterations require their permission. In this case, Surjit would need Rajbir??s consent to change or remove her as the beneficiary, regardless of their divorce. This stipulation upholds the binding nature of an irrevocable designation, ensuring that changes can only be made with the beneficiary??s agreement to protect their rights in the policy.

NEW QUESTION 22
- (Topic 2)
Elizabeth is a seasoned insurance agent. She meets with Harold, a new agent, to help him better understand the industry and the processes that they must follow. Elizabeth tells Harold about a body that administers the regulatory system applicable to insurance intermediaries. Which of the following is Elizabeth referring to?

A. OmbudService for Life and Health Insurance (OLHI)
B. Canadian Council of Insurance Regulators (CCIR)
C. Office of the Privacy Commissioner of Canada
D. Canadian Insurance Services Regulatory Organizations (CISRO)

Answer: D

Explanation:
The Canadian Insurance Services Regulatory Organizations (CISRO) is responsible for administering the regulatory framework for insurance intermediaries across Canada. CISRO works with provincial and territorial regulators to ensure consistent standards and practices for insurance agents, helping maintain public trust and professional integrity within the industry.Elizabeth is correctly referencing CISRO as the body that manages the regulatory system applicable toinsurance intermediaries.

NEW QUESTION 26
- (Topic 2)
Kalei owns a $250,000 life insurance policy with an accumulated cash surrender value of $75,000. She meets with her insurance agent Pamela to inform her that she quit her job last week. She wants to start an online business and needs $40,000 to fund the inventory and coverher living expenses for a few months. She heard that it was possible to obtain a loan using her policy at a 5% interest rate. Which of the following statements about collateral assignment is CORRECT?

A. Upon Kalei's death, the insurance company will only reimburse the bank the entire $40,000 that she borrowed.
B. Kalei is prohibited from doing anything with her policy that could affect the value of the security.
C. Kalei must name the bank as an irrevocable beneficiary of the policy until the debt is paid off.
D. The bank is the new policyholder and beneficiary of the policy.

Answer: B

Explanation:
When a life insurance policy is used as collateral for a loan, the policyholder retains ownership but must avoid actions that could reduce the value of the policy as collateral, such as reducing the cash value or cancelling the policy. This restriction ensures that the lender??s security interest in the policy remains protected until the debt is repaid.
In collateral assignments, the policyholder does not transfer ownership to the lender, nor is there a requirement to designate the lender as an irrevocable beneficiary. The assignment simply grants the lender a right to claim the policy proceeds to cover the loan amount if the policyholder defaults or passes away.

NEW QUESTION 27
- (Topic 2)
Harris is the father of Aden, Charlie, and Edmond. They are turning 29, 26, and 24 this year respectively. Harris purchased a life insurance policy with Aden as the life insured, Charlie as the successor owner, and Edmond as co-owner of the policy. He also named his wife, Becky, as the irrevocable beneficiary. Years have passed and the life insurance accumulated sufficient cash value. Harris is working out of town most of the time and none of the family members can get hold of him. One day, Harris encounters a car accident in another country and becomesunconscious. Becky and the children decide to cancel the policy and remit the cash value to Harris??s hospital. Which party can execute the intended transaction?

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

Answer: B

Explanation:
Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:
TheIFSE Ethics and Professional Practice Course (Common Law)explains that the policy owner has the right to surrender a policy for its cash value, but an irrevocable beneficiary??s consent is required for changes affecting their interest (e.g., cancellation). Here, Edmond is the co-owner (with Harris, who is incapacitated), giving him authority to act. Becky, as irrevocable beneficiary, must consent to the surrender. Charlie is a successor owner, effective only upon Harris??s death, and Aden is the insured, not an owner. Thus, only Edmond (co-owner) and Becky (irrevocable beneficiary) can execute the transaction, making B correct.
References:
IFSE Ethics and Professional Practice Course (Common Law), Module 2: Insurance Contracts, Section on "Policy Ownership" and "Irrevocable Beneficiaries."

NEW QUESTION 30
- (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 31
- (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 32
- (Topic 3)
On February 15, 2015, Donald took out income replacement insurance with an accidental death and dismemberment rider of $50,000 and a critical illness insurance rider of $25,000. The policy wasissued on April 1, 2015. On April 10, 2015, his doctor tells him that the results of a urine analysis carried out at the end of March reveal a serious anomaly and refers him to an emergency urologist. On April 20, Donald is diagnosed with cancer of the right kidney, which is due to be removed on April 26. But, two days before the procedure, Donald dies in a car accident. What benefit amount will the estate receive?

A. $0
B. $25,000
C. $50,000
D. $75,000

Answer: C

Explanation:
Comprehensive and Detailed Explanation:
AD&D pays $50,000 for accidental death. CI ($25,000) requires surviving a 30-day waiting period post-diagnosis (April 20 to May 20); Donald died on April 24, so no CI benefit (Chapter 1:Financial Protection Provided by Accident and Sickness Insurance).
Option A: Incorrect; AD&D applies. Option B: Incorrect; CI not paid.
Option C: Correct; $50,000 AD&D only. Option D: Incorrect; CI not triggered.
Reference: LLQP Accident and Sickness Insurance Manual, Chapter 1:Financial Protection
Provided by Accident and Sickness Insurance.

NEW QUESTION 37
- (Topic 3)
Harper owns a disability insurance policy that will pay her a monthly benefit if she becomes unable to work. At the time she applied for the policy, Harper was a new graduate with an annual income of $60,000, and she qualified for a monthly benefit of $3,000. Instead of taking the maximum benefit, she focused on paying off her student loans and keeping her insurance premiums low. She elected to purchase a monthly benefit of $2,500 and add the future purchase option (FPO) rider for up to $500 a month of additional coverage. Now she is further along in her career, Harper earns $100,000 a year, and she meets with her insurance agent Trish to increase her coverage. Harper would like her new monthly benefit to be $5,000.
Which of the following statements about Harper??s coverage is TRUE?

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

Answer: D

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

NEW QUESTION 38
- (Topic 3)
Today, Sabrina suffered a severe stroke. She owns a 20-year term critical illness policy that specifically covers this medical condition. Her contract provides for a $100,000 critical illnessbenefit after a 30-day waiting period. It also includes a return of premium rider on death and maturity. Sadly, Sabrina dies 28 days after her stroke. What will the insurer do in this situation?

A. The insurer will pay the $100,000 critical illness benefit to Sabrina??s estate.
B. The insurer will pay the policy??s cash surrender value to Sabrina??s estate.
C. The insurer will pay the return of premium benefit to Sabrina??s estate.
D. The insurer will not pay any benefit, because Sabrina died during the waiting period.

Answer: C

Explanation:
Comprehensive and Detailed Explanation:
CI requires surviving 30 days post-diagnosis; Sabrina died at 28 days, so no $100,000. The return of premium rider pays premiums back upon death (Chapter 1:Financial Protection Provided by Accident and Sickness Insurance).
Option A: Incorrect; waiting period not met. Option B: Incorrect; no cash value in CI. Option C: Correct; rider applies.
Option D: Incorrect; rider triggers payment.
Reference: LLQP Accident and Sickness Insurance Manual, Chapter 1:Financial Protection Provided by Accident and Sickness Insurance.

NEW QUESTION 43
- (Topic 3)
Josephine visits her dentist in downtown Victoria, BC, to have a cavity filled. The procedure costs her $550 but the maximum fee for a standard filling, according to the provincial dental schedule, is $400. Josephine works for a company that offers employees group dental coverage with a yearly maximum of $1,000 and an

80% co-insurance factor.
How much will Josephine receive from the insurer for her procedure?

A. $0
B. $320
C. $400
D. $440

Answer: B

Explanation:
Josephine's group dental plan pays a percentage (80%) of theprovincial dental schedulefee, not the actual cost. For her filling, the schedule maximum is $400. Therefore, the insurer will cover 80% of $400, which amounts to $320. Although the procedure costs her $550, her coverage only applies to the schedule rate, meaning she will receive $320 from the insurer, while she covers the remainder out of pocket.

NEW QUESTION 44
- (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 47
- (Topic 3)
Dora meets with the following clients, each of whom fills out a disability insurance application:
• Scott, a ski instructor who skydives every weekend in the summer,
• Lamar, a librarian who drives to work daily and spends his free time collecting stamps and watching nature shows,
• Timothy, an administrative assistant who walks 30 minutes each way to and from work, and
• Yashar, an accountant who participates in 5 online chess competitions a week and studies chess in his spare time.
All else being equal, which of Dora??s clients will qualify for the most favorable insurance premium?

A. Scott
B. Lamar
C. Timothy
D. Yashar

Answer: B

Explanation:
Insurance premiums are typically based on risk factors such as occupation and lifestyle. Among the clients listed,Lamar, the librarian, has the lowest-risk lifestyle and occupation. Librarians are generally considered low-risk occupations for disability insurance, and his hobbies (collecting stamps and watching nature shows) carry no added risk factors. Scott??s high-risk activities (skiing and skydiving) would likely lead to higher premiums, while Lamar??s low-risk profile qualifies him for the most favorable premium, according to LLQP underwriting principles.

NEW QUESTION 49
- (Topic 3)
Anvi owns individual disability insurance that she purchased 5 years ago. At the time of application,she was a semi-professional boxer. Gamma Insurance Inc. offered her the disability policy with an exclusion stating that if she became disabled while boxing, the benefit would not be paid.
This week, while reviewing her insurance needs with Tyron, her insurance agent, she mentions that she retired from boxing and wants to know how, or if, this will affect her policy.
What should Tyron tell her?

A. The policy will be unaffected.
B. The exclusion may be removed, but the premiums will remain the same.
C. The exclusion may be removed, and the premiums will decrease.
D. The exclusion may be removed, and the benefit will increase.

Answer: B

Explanation:
Anvi??s disability insurance policy contains an exclusion related to her boxing activities due to the inherent risks associated with that occupation. Since she has retired from boxing, she may request a re-evaluation of her policy to potentially remove the exclusion. However, this change is likely to involve an underwriting review rather than an automatic premium reduction. Typically, exclusions are added to mitigate specific risks, and removing them may be possible without altering

the premium since the overall risk profile has changed, but it does not directly imply a premium decrease. Therefore, the most accurate answer is that the exclusion can be removed, but the premiums will remain the same.

NEW QUESTION 51
- (Topic 3)
Vintage Style Inc. is a clothing company with 20 employees participating in its group retirement and group insurance plan. Premiums for the group insurance plan are calculated on previous claims. If the benefits paid are lower than anticipated, the premiums may decrease at renewal. However, if the benefits paid are higher than anticipated, the premiums payable may be subject to an increase.
Which of the following funding formulas does Vintage use in its group insurance plan?

A. Non-refund accounting.
B. Refund accounting.
C. Administrative services only.
D. Claims experience.

Answer: B

Explanation:
The description of Vintage Style Inc.??s group insurance plan indicates that therefund accountingmethod is used. In refund accounting, premiums are adjusted based on the actual claims experience. If claims are lower than expected, the insurer may issue a refund or reduce future premiums. Conversely, if claims exceed expectations, premiums may increase at renewal. This funding formula is commonly used in group plans to align premium costs with the actual risk and claims experience of the group, which is consistent with the plan characteristics mentioned in the LLQP material.

NEW QUESTION 53
- (Topic 3)
The one-year anniversary of Sally??s disability policy is quickly approaching. She recently received a letter in the mail from the insurer outlining the requirements to increase her monthly benefit via the future purchase option she added when she initially got the policy. What is required of Sally to increase her monthly benefit?

A. Medical underwriting.
B. Financial underwriting.
C. Paramedical exam.
D. Inspection report.

Answer: B

Explanation:
Comprehensive and Detailed Explanation:
Future purchase options require financial underwriting (proof of income increase), not medical, to adjust benefits (Chapter 7:Insurance Recommendation, Contract, and Service Needs).
Option A: Incorrect; waived with rider. Option B: Correct; income-based. Option C-D: Incorrect; not required.
Reference: LLQP Accident and Sickness Insurance Manual, Chapter 7:Insurance Recommendation, Contract, and Service Needs.

NEW QUESTION 56
- (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 61
- (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 65
- (Topic 3)
Brian is a machinist. For the past seven years, he??s worked for a company that offers a group benefits plan. Under that plan, the premiums for long-term disability coverage are entirely paid by the employees. Last year, an injury forced Brian to stop working for eight months. After a four-month waiting period, during which he collected Employment Insurance (EI) benefits, Brian received long-term disability (LTD) benefits from the group plan??s insurer. Brian is now preparing his income tax return and wonders about the tax implications of the different benefits he received while on disability. What statement accurately describes the tax treatment of Brian??s EI and LTD benefits?

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

Answer: B

Explanation:
Comprehensive and Detailed Explanation:
EI benefits are taxable as income under Canadian law. LTD benefits are tax-free if the employee pays 100% of the premiums, as in Brian??s case (Chapter 8:Group Plan Specifics).
Option A: Incorrect; LTD is tax-free here. Option B: Correct; EI taxable, LTD tax-free. Option C: Incorrect; EI is taxable.
Option D: Incorrect; EI is taxable.
Reference: LLQP Accident and Sickness Insurance Manual, Chapter 8:Group Plan Specifics.

NEW QUESTION 66
- (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 68
- (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 71
- (Topic 3)
Dominic suffers a heart attack on October 1 and dies a little over a month later, on November 7. At the time of his death, he owned a $150,000 critical illness (CI) insurance policy, purchased 10 years earlier. Dominic never failed to pay the $100 monthly premium.
When he died, the insurer had not yet issued the benefit payment. How will the CI benefit be treated?

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

Answer: A

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

NEW QUESTION 74
- (Topic 3)
Kiril is the sole proprietor of a small gym with five employees. His sales manager, Antoine, is a former Olympic athlete, responsible for generating close to 50% of all revenues for the gym. Thanks to Antoine's popular social media presence, the gym is profitable and growing rapidly. However, Kiril has concerns about the future profitability of his gym should Antoine become ill or injured since the other employees are not local celebrities and would not be able to replace Antoine??s contribution to the business.
Which of the following types of insurance policy would protect the gym if Antoine were unable to work?

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

Answer: C

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

NEW QUESTION 76
- (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 81
- (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 83
- (Topic 3)
Rowan works for a construction company that employs 40 employees. The company is newly established, and the owners have yet to implement a group insurance policy. Rowan falls off theside of a building and breaks his collar bone. The doctor informs him that he will be unable to work for five months.
Who will pay him disability benefits while he is recuperating?

A. His employer.
B. Employment Insurance.
C. Canada Pension Plan.
D. Workers' Compensation.

Answer: D

Explanation:
In this scenario, Rowan, an employee of a construction company, suffers an injury while on the job. Since the injury occurred in the workplace, he would be eligible for benefits under Workers' Compensation. Workers' Compensation is designed to cover employees who suffer work-related injuries or illnesses, providing them with benefits that include coverage for medical expenses and income replacement during their period of disability.
As the accident happened while Rowan was performing work duties, Workers' Compensation will likely cover his wage loss for the duration he is unable to work due to the injury. Employment Insurance (EI) would not be applicable here, as EI sickness benefits are intended for non-work-related illnesses or injuries. The Canada Pension Plan (CPP) also would not apply, as it provides long-term disability benefits primarily for severe and prolonged disabilities that prevent individualsfrom working in any capacity. Therefore, option D is the correct answer, as Workers' Compensation is specifically designed for cases like Rowan??s.

NEW QUESTION 84
- (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 86
- (Topic 4)
A few months ago, Urmish filed a complaint to the Autorit?? des march??s financiers (AMF) about the services he received from his insurance agent, Jaba. The complaint was heard by the discipline committee, and Jaba was found guilty and ordered to pay a $10,000 fine. Jaba is upset and does not agree with the verdict. She would like to appeal the verdict.
Which of the following statements is CORRECT?

A. A decision made by the discipline committee may be appealed to the Chambre de la s??curit?? financi??re (CSF).
B. A decision made by the discipline committee may be appealed to the Court of Quebec.
C. A decision made by the discipline committee may be appealed to the AMF.
D. A decision made by the discipline committee cannot be appealed.

Answer: B

Explanation:
In the context of Quebec, decisions made by the discipline committee of professional bodies under the authority of the Autorit?? des march??s financiers (AMF) are subject to appeal processes established by Quebec law. The Court of Quebec is the designated body for appeals concerning decisions rendered by disciplinary committees. Specifically, when an insurance agent like Jaba disagrees with the disciplinary action taken by the AMF??s discipline committee, the proper channel for appeal is the Court of Quebec, not the AMF, Chambre de la s??curit?? financi??re (CSF), or any other entity.
The Chambre de la s??curit?? financi??re (CSF) itself does not serve as an appellate body for these disciplinary decisions but functions as a regulatory body to oversee the ethical and professional conduct of financial services professionals in Quebec. The AMF, while overseeing the financial markets, also does not handle appeals on behalf of its discipline committee.
This appeals process aligns with professional conduct standards and legal recourses as covered under Quebec??s framework for insurance professionals. Under LLQP guidelines and relevant regulations, appeals must proceed through established legal channels, such as the Court of Quebec, ensuring that disciplinary decisions are subject to judicial review when contested.
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NEW QUESTION 91
- (Topic 4)
Isaac and Natasha, Quebec residents, were married 18 years ago. At the time, they visited a notary to get married under the "separation as to property" matrimonial regime and had indicated their wish to waive the application of the division of the patrimony by agreement. After experiencing a series of personal crises, the couple is now divorcing.
Which of the following assets, if any, will they have to separate when they divorce?

A. Isaac's dental practice, started 10 years ago.
B. Natasha??s cottage, purchased with Isaac 15 years ago.
C. The $40,000 accumulated in Isaac??s whole life insurance policy.
D. They will not need to separate any assets.

Answer: B

Explanation:
Under Quebec??s "separation as to property" regime, each spouse retains ownership of their assets unless joint ownership exists. However, the family patrimony typically mandates the division of certain assets, regardless of marital property regimes, unless waived by mutual consent. As they waived the family patrimony, they are exempt from dividing family assets. However, jointly-owned assets such as the cottage acquired together would require division. Isaac's dental practice and life insurance policy are personal assets and not subject to division as they fall outside jointly-owned property.
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NEW QUESTION 96
- (Topic 4)
Insurance of persons advisor Somalia is careful to comply with the standards and regulations when she meets with potential clients. Under no circumstances would she want them to feel aggrieved or not respected. She makes sure to know their rights. Which legislation does Somalia not have to worry about?

A. An Act respecting the distribution of financial products and services (Distribution Act)
B. An Act respecting the protection of personal information in the private sector (APPIPS)
C. The Quebec Charter of Human Rights and Freedoms
D. The Insurers Act and the Regulation under the Act respecting insurance

Answer: D

Explanation:
Comprehensive and Detailed In-Depth Explanation: Somalia, as an insurance of persons advisor in Quebec, must adhere to multiple legislative frameworks governing her professional conduct and client interactions. The Distribution Act (option A) regulates her licensing, duties, and client dealings as a financial professional (Sections 1–12), making it directly applicable. The APPIPS (option B) governs how she handles clients?? personal information, a critical aspect of her role (Sections 1–10), so she must comply. The Quebec Charter of Human Rights and Freedoms (option C) protects clients?? rights to dignity and respect, influencing her ethical obligations (Sections 1–4). However, The Insurers Act and its Regulation (option D) primarily govern insurance companies?? operations, solvency, and product offerings, not the day-to-day conduct of individual advisors like Somalia (Sections 1–20). While indirectly relevant through her insurer affiliations, it does not impose direct obligations on her client-facing duties. The Ethics and Professional Practice manual stresses advisors?? responsibility to prioritize client-focused legislation, supporting option D as the least applicable.
References: Distribution Act, Sections 1–12; APPIPS, Sections 1–10; Quebec Charter,
Sections 1–4; Insurers Act, Sections 1–20; Ethics and Professional Practice (Civil Law) Manual, Section on Legislative Compliance.
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NEW QUESTION 100
- (Topic 4)
The company Xtra is growing. Mr. Trenet, chair of the executive committee, invites his financial security advisor, Noah, to meet with them to underwrite an annuity contract. The treasurer of Xtra offers to invest $2,500,000 of the company??s retained earnings. Before voting on a resolution to designate a policyholder, the treasurer asks Noah if Xtra can be designated as the policyholder instead of Mr. Trenet. What answer should Noah give?

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

Answer: D

Explanation:
Comprehensive and Detailed In-Depth Explanation: Under the Civil Code of Quebec (Article 2415), a policyholder (or subscriber) is the entity that owns and pays for an insurance or annuity contract, which can be an individual or a legal person like a corporation. Xtra, as a company, can use its retained earnings (unregistered capital) to fund an annuity contract and be designated as the policyholder, making option D correct. Option A is false, as legal persons can own contracts (e.g., group insurance). Option B??s requirement of a registered plan is incorrect—annuities can be funded with non-registered funds. Option C introduces a ??subrogated annuitant,?? a misnomer here, as the annuitant is the person receiving payments, not a decision-maker, and no such requirement exists. The LLQP and Ethics manual confirm that corporations can be policyholders for business purposes, like key person coverage or investments.
References: Civil Code of Quebec, Article 2415; LLQP Module on Annuities; Ethics and
Professional Practice (Civil Law) Manual, Section on Contract Ownership.
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NEW QUESTION 104
- (Topic 4)
Sabrina is an insurance representative with an insurance of persons certificate issued by the Autorit?? des march??s financiers (AMF). Her client, Stephanie, is a Quebec resident who accepted a job with Service Canada, in Ottawa, and purchased a condo there. Stephanie calls Sabrina to explain that her new job requires her to work in Ottawa three days per week, but she is still a Quebec resident; she spends four days a week with her family in Granby, Quebec. Stephanie asks Sabrina if she can buy mortgage insurance from her to help cover the mortgage on her new condo.
What should Sabrina answer her?

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

Answer: B

Explanation:
In Quebec, insurance regulations require that insurance contracts for residents must be completed within Quebec to be considered valid under Quebec law, regardless of the location of the insured property. Since Stephanie is a Quebec resident, the insurance contract, including the application, must be completed and signed in Quebec. The fact that Stephanie??s condo is located in Ontario does not affect the validity of obtaining mortgage insurance from a Quebec-licensed representative as long as the process adheres to Quebec's legal requirements. This maintains compliance with provincial licensing and residency rules under the AMF.
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NEW QUESTION 107
- (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 109
- (Topic 4)
Justin decides to lease the personal vehicle of his friend Simon, who owns a window installation company. They agree on Justin having exclusive use of the vehicle in exchange for some renovations on Simon's house. What type of contract is this?

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

Answer: B

Explanation:
Comprehensive and Detailed In-Depth Explanation: This scenario involves a barter arrangement where Justin leases Simon??s vehicle in exchange for renovations, requiring classification under Quebec??s Civil Code contract principles (Articles 1378–1424). A ??contract by mutual agreement?? (or consensual contract) is formed through the mutual consent of both parties, as Justin and Simon negotiate terms directly (Article 1385). It is ??synallagmatic?? because both parties have reciprocal obligations—Justin provides renovations, and Simon provides the vehicle (Article 1381). It is??onerous?? since each party incurs a cost and receives a benefit, distinguishing it from a gratuitous contract (Article 1380). Finally, it is ??commutative?? because the value of the renovations and vehicle use is presumed equivalent at the outset, with no uncertainty as in aleatory contracts (Article 1382). Option A is incorrect because a ??contract of adhesion?? involves pre-set terms with no negotiation, and this is not gratuitous. Option C fails as it is not unilateral (only one party obligated) or a consumer contract (a commercial or standard-form transaction). Option D??s ??instantaneous performance?? is incorrect, as the lease and renovations suggest ongoing obligations. The Ethics and Professional Practice manual underscores advisors?? duty to accurately interpret contract types for clients.
References: Civil Code of Quebec, Articles 1378–1424; Ethics and Professional Practice
(Civil Law) Manual, Section on Contract Law Principles.
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NEW QUESTION 112
- (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 116
- (Topic 4)
Julie and Jim have been married for 16 years and decide to divorce. They draw up a list of property that will be partitioned based on the provisions of family patrimony: the family home, the cars, the RRSPs, and the benefits accrued with the RRQ during the marriage. What other items should be added to Julie and Jim's list?

A. TFSAs
B. Bank accounts and TFSAs
C. Life insurance policy cash surrender values
D. Nothing else

Answer: B

Explanation:
Comprehensive and Detailed In-Depth Explanation: Under Quebec??s Civil Code, specifically within the framework of family patrimony (Articles 414–426), the partition of property upon divorce includes assets acquired during the marriage that are designated as part of the family patrimony. The family home, cars, RRSPs (Registered Retirement Savings Plans), and benefits accrued under the RRQ (R??gie des rentes du Qu??bec, or Quebec Pension Plan) are already listed, as they are explicitly included under Article 415. However, family patrimony also encompasses other property used for the family??s benefit, such as bank accounts that hold funds accumulated during the marriage for family use. TFSAs (Tax-Free Savings Accounts) are individual savings accounts, but if they were used for family purposes or funded with marital income, they could also be considered. The Ethics and Professional Practice (Civil Law) manual emphasizes thatadvisors must ensure clients fully understand the scope of divisible assets under family patrimony rules to avoid omissions. Life insurance cash surrender values (option C) are not automatically included in family patrimony unless designated for family use, and ??nothing else?? (option D) overlooks additional divisible assets like bank accounts. Option B, ??Bank accounts and TFSAs,?? correctly expands the list to include other relevant marital property, aligning with the Civil Code??s broad interpretation of family patrimony.
References: Civil Code of Quebec, Articles 414–426; Ethics and Professional Practice
(Civil Law) Manual, Section on Family Patrimony.
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NEW QUESTION 120
- (Topic 4)
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 is designated as "revocable" and predeceases the policyholder, their share of the benefit typically reverts to the surviving beneficiaries rather than the deceased beneficiary??s estate. In this case, since Michelle has predeceased Danny, her portion of the benefit is divided equally between Donna-Joe and Stephanie, the remaining beneficiaries. Therefore, each of them would receive 50% of the total death benefit, which is $500,000. If the beneficiaries had been designated as "irrevocable" or if there were specific contingent beneficiaries, different rules might apply.
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NEW QUESTION 121
- (Topic 4)
Alexandre has just become a father. He wishes to take out a life insurance policy from Antoine, an insurance of persons representative. During their meeting, Alexandre mentions his love of mountain climbing. What should Antoine do?

A. Warn Alexandre that no insurer covers activities such as mountain climbing, which are considered legal exclusions under the Civil Code of Quebec
B. Check and explain the policy??s exclusion clauses, because the insurer could turn down the claim if Alexandre dies while mountain climbing
C. Specify that the Charter of Human Rights and Freedoms only allows exclusions based on age, gender, or civil status in insurance contracts
D. Explain only the insurance policy??s general coverage clauses

Answer: B

Explanation:
Comprehensive and Detailed In-Depth Explanation: Antoine??s duty as an insurance representative, per the Distribution Act (Sections 16–18) and Civil Code (Article 2408), includes assessing Alexandre??s risk profile and explaining policy terms, especially exclusions. Mountain climbing is a high-risk activity that many insurers exclude or restrict, but this is not a blanket legal exclusion under the Civil Code (contrary to option A). Option B is correct: Antoine must review the specific policy??s exclusion clauses and inform Alexandre that a claim could be denied if death occurs during mountain climbing, ensuring informed consent. Option C misinterprets the Quebec Charter (Sections 10–20), which prohibits discrimination but allows insurers to set risk-based exclusions (private contract freedom, Article 1378). Option D neglects Antoine??s obligation to disclose material exclusions, risking misrepresentation. The Ethics and Professional Practice manual mandates full disclosure of risks and exclusions to uphold client trust and compliance.

References: Distribution Act, Sections 16–18; Civil Code of Quebec, Article 2408; Quebec Charter, Sections 10–20; Ethics and Professional Practice (Civil Law) Manual, Section on Disclosure Duties.
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NEW QUESTION 122
- (Topic 5)
Genevieve and Martin, a couple in their 40s, meet with Melissa, their insurance agent, to help them plan for their retirement. Melissa tells them that they would benefit from opening a spousal registered retirement savings plan (RRSP) given their financial situation and discrepancy in their incomes. The couple would like to know the benefits of opening a spousal RRSP.

A. A spousal RRSP is a way to move income from one spouse, who has a higher tax rate, to the other, who has a lower tax rate, during retirement.
B. Contributions to a spousal plan are based on the contribution room of the recipient and reduce his or her RRSP contribution room.
C. Contributions to a spousal plan can be made until the end of the year in which the older spouse turns 71.
D. Having a spousal RRSP can extend the tax benefit of contributions past age 71 if the contributing spouse is younger.

Answer: A

Explanation:
A spousal RRSP is beneficial for couples with differing income levels as it allows for income splitting during retirement. This is advantageous because it enables the higher- income spouse to contribute to the RRSP of the lower-income spouse. When the funds are eventually withdrawn during retirement, they are taxed at the lower-income spouse??s rate, potentially reducing the couple??s overall tax burden. This aligns with the LLQP guideline on income splitting as a tax minimization strategy.
Option B is incorrect because the contributions to a spousal RRSP reduce the contribution room of the contributing spouse, not the recipient. Option C is technically accurate but does not directly address the primary advantage of a spousal RRSP in terms of tax planning, and Option Dis correct regarding extending tax benefits but does not directly highlight the immediate benefit of income splitting for the couple.

NEW QUESTION 126
- (Topic 5)
(Laurent, age 45, is married with three children. He has no pension plan but contributes to an RRSP. His insurance agent recommends segregated funds but Laurent worries about losing his money if the insurer encounters financial difficulty. What protection should the agent talk about to reassure Laurent?)

A. The protection offered by the Canadian Investor Protection Fund.
B. The protection offered by the Investor Protection Corporation.
C. The protection offered by the Canada Deposit Insurance Corporation.
D. The protection offered by Assuris.

Answer: D

Explanation:
Assurisprotects policyholders against the risk of an insurance company failure. Segregated fund contracts are covered by Assuris guarantees, which ensure continuity of benefits up to certain limits.
Exact Extract:
"Assuris is the not-for-profit organization that protects Canadian policyholders if their life insurance company fails. Benefits related to segregated funds are covered up to certain limits."
(Reference:Segfunds-E313-2020-12-7ED, Chapter 2.1.11 Investor Protection)

NEW QUESTION 129
- (Topic 5)
(Garry, a 55-year-old self-employed individual with no pension or RRSP savings, wants to make his money work for him over the next 10 years before retirement. Which product would be suitable?)

A. A variable income accrual annuity with deferred payment in 10 years
B. A 10-year prescribed payout annuity
C. An accumulation annuity with deferred payment in 10 years
D. A 10-year immediate term accumulation annuity

Answer: C

Explanation:
Anaccumulation annuityallows Garry tosave and grow his investmentsover the next 10 years withdeferred paymentsstarting at retirement, matching his timeline and retirement goals.
Exact Extract:
"An accumulation annuity is used to accumulate savings over time. Payments commence at a later date specified by the investor (deferred payments)."
(Reference:Segfunds-E313-2020-12-7ED, Chapter 3.2.1.2 Accumulation Annuity)

NEW QUESTION 130
- (Topic 5)
(Matthew, 40 years old, is leaving his employer (XYZ Corp) and has $100,000 in a group RRSP.
What should Shawn, the advisor, do?)

A. Provide Matthew with forms to transfer his group RRSP holdings to an individual RRSP.
B. Calculate the commuted value of Matthew??s group RRSP account and arrange transfer to the DPSP.
C. Arrange for the transfer of the cash value of Matthew??s group RRSP to the group TFSA.
D. Arrange for the transfer of Matthew??s group RRSP to his wife??s group RRSP.

Answer: A

Explanation:
Upon termination of employment, employees cantransfer group RRSP funds to an individual RRSPto maintain tax-deferred growth without triggering a taxable

event. Exact Extract:
"Upon leaving employment, a member may transfer their group RRSP assets to an individual RRSP to maintain tax deferral."
(Reference:Segfunds-E313-2020-12-7ED, Chapter 1.3.11.2 Group Plans45:5†Segfunds- E313-2020-12-7ED.pdf**)

NEW QUESTION 131
- (Topic 5)
Kadiha invested $10,000 in a balanced fund 10 years ago, which she put into a non- registered account. At the time, her insurance agent sold her the fund with a 75% maturity and death benefit guarantee. Today, when the fund expires, the market value is $5,000.
How much will Kadiha receive, and how will her funds be treated for tax purposes?

A. $7,500, tax free.
B. $7,500, of which $2,500 will be taxed as capital gain.
C. $7,500, of which $2,500 will be taxed as interest income.
D. $7,500, of which $2,500 will be taxed as interest, dividend, and capital gain.

Answer: A

Explanation:
Kadiha??s investment in a segregated fund with a 75% maturity guarantee means that upon maturity, she is guaranteed to receive 75% of her original investment, which would be $7,500 (75% of $10,000). The payment is considered part of the maturity guarantee under segregated fund contracts, and the difference paid out by the insurer to meet the guarantee ($2,500 in this case) is not subject to capital gains or interest income tax as it??s part of the guaranteed benefit. According to LLQP guidelines, segregated funds with such guarantees only tax the difference as capital gains if the payout exceeds the original investment, which is not applicable here.

NEW QUESTION 132
- (Topic 5)
(Priscilla is worried about losing her job in six months. She invests $1,000 per month in segregated equity funds but has limited cash savings.
What should her insurance agent, Arthur, advise?)

A. She should stop buying the segregated funds only if she loses her job.
B. She should stop buying the segregated funds now and build an emergency fund.
C. She should sell her segregated funds immediately to provide an emergency fund.
D. She should leverage her segregated funds immediately to provide cash for an emergency fund.

Answer: B

Explanation:
Facing potential job loss, the priority for Priscilla should bebuilding an emergency fund rather than continuing to invest. Emergency funds provide essential liquidity in the event of unexpected income loss.
Exact Extract:
"Establishing an emergency fund to cover living expenses during unforeseen circumstances is fundamental before committing to longer-term investments like segregated funds."
(Reference:Segfunds-E313-2020-12-7ED, Chapter 1.1.2.5 Liquidity)

NEW QUESTION 133
- (Topic 5)
Kimeni meets with Orion, an insurance agent, to purchase segregated funds. After assessing Kimeni's needs, Orion suggests an index segregated fund. Kimeni agrees to invest $5,000 in the fund now and $200 every month.
With relation to this transaction, which of the following options is CORRECT about the Fund Facts document?

A. Orion must deliver the document to Kimeni within 3 days after the purchase.
B. Kimeni must acknowledge that he received the document.
C. Orion can only deliver the document to Kimeni electronically.
D. It is Kimeni??s responsibility to ask for the document.

Answer: B

Explanation:
It is a regulatory requirement for the client, Kimeni, to acknowledge receipt of the Fund Facts document when purchasing segregated funds. This ensures that he has been informed about the key aspects of the investment, such as fees, risks, and performance, prior to purchase. LLQP guidelines mandate that documentation like Fund Facts must be provided to clients and that they acknowledge receipt to confirm informed consent.
Option A is incorrect as the document must be delivered before the purchase. Option C is inaccurate as the document can be delivered in various formats, not exclusively electronic. Option D is incorrect because it is the agent??s responsibility to provide the document, not the client??s to request it.

NEW QUESTION 134
- (Topic 5)
(At 60 years of age, Pierre recently retired for health reasons: he suffers from leukemia and is only expected to live three or four more years, according to his oncologist. A friend advised Pierre to purchase an annuity with his RRSP, as he has no immediate family to leave money to and wants a guaranteed monthly payout.
What type of annuity would be best suited for Pierre?)

A. A term annuity.
B. A life annuity.
C. An enhanced annuity.
D. A deferred annuity.

Answer: A

Explanation:

Given Pierre??sshort life expectancy, aterm annuity(paying for a specific period) would ensure he receivesguaranteed payments for a fixed number of years, aligning with his situation and providing steady cash flow.
Exact Extract:
"A term annuity pays a fixed income for a set number of years. It is appropriate for clients expecting a limited lifespan and wishing to maximize payouts during their lifetime." (Reference:Segfunds-E313-2020-12-7ED, Chapter 3.2.3 Duration of the Annuity 49:2†Segfunds-E313-2020-12-7ED.pdf**)

NEW QUESTION 137
- (Topic 5)
(Suzie began her career with a large law firm five years ago. She earns an excellent income and saves $5,000 annually through a financial advisor. Her advisor placed her in a conservative fund within a TFSA. Suzie wanted to save for retirement and maximize tax deductions.
Based on this information, what conclusion can be drawn about Suzie??s savings program?)

A. It is adequate.
B. It is not adequate: an RRSP would have been better than a TFSA.
C. It is not adequate: it should at least be better diversified.
D. It is not adequate: it should be better protected from potential creditors.

Answer: B

Explanation:
Since Suzie wanted tomaximize tax deductions, investing in anRRSPwould have been more appropriate because RRSP contributions aretax-deductible, unlike TFSA contributions, which are made with after-tax dollars and offer no immediate tax deduction. Exact Extract:
"RRSP contributions are tax-deductible, which means they can reduce taxable income for the year of contribution, providing an immediate tax benefit. TFSA contributions, while growing tax-free, offer no tax deduction at the time of contribution." (Reference:Segfunds-E313-2020-12-7ED, Chapter 1.2.5 Tax-Advantaged Investing)

NEW QUESTION 139
- (Topic 5)
Janice meets with Patrick, an insurance agent, to review her investment needs. Patrick suggests that she invest in segregated funds. Janice is not familiar with these types of funds.
What information can Patrick provide to Janice to help her understand the advantages of segregated funds?

A. They are fully protected by Assuris.
B. They can be withdrawn anytime.
C. They guarantee protection from creditors.
D. They require medical underwriting.

Answer: C

Explanation:
One of the significant advantages of segregated funds is creditor protection, which is particularly beneficial for business owners and professionals who may face potential claims from creditors. Under LLQP principles, segregated funds are insurance contracts, and when beneficiaries such as spouses or children are named, the investment may be protected from creditors in the event of bankruptcy or legal action. This makes segregated funds distinct from other investment types, which do not inherently offer creditor protection unless specific trusts or structures are in place.
Option A is incorrect as Assuris provides limited coverage rather than full protection, Option B is partially true but not unique to segregated funds, and Option D is incorrect as segregated funds typically do not require medical underwriting.

NEW QUESTION 140
- (Topic 5)
(Beth, aged 73, has a RRIF with a current market value of $380,000. The account is managed by her bank, and Beth has been disappointed with its performance so far. She is therefore thinking of transferring the RRIF to her insurance company and purchasing a registered annuity with those funds.
This would be the first time Beth is making an investment outside of the bank environment. She wonders what kind of information the insurance agent would keep on file to document the transaction.
To process the application and comply with FINTRAC requirements, which of the following records would the agent need to create and keep on file?)

A. 1 and 2 (A suspicious transaction report and a large cash transaction record)
B. 2 and 3 (A large cash transaction record and a third-party determination form)
C. 3 and 4 (A third-party determination form and a Politically Exposed Person determination form)
D. None, as the transaction would be exempt from FINTRAC requirements.

Answer: D

Explanation:
Since Beth??s transaction involves transferringregistered funds(RRIF) directly between financial institutions, and nocash movementis involved outside regulated channels, the transaction isexemptfrom FINTRAC reporting requirements.
Exact Extract:
"Transfers between registered accounts (e.g., RRIFs, RRSPs) handled institution to
institution are exempt from FINTRAC record-keeping requirements such as large cash transaction records and third-party determination forms."
(Reference:Segfunds-E313-2020-12-7ED, Chapter 4.3 Compliance Requirements 53:0†Segfunds-E313-2020-12-7ED.pdf**)

NEW QUESTION 141
- (Topic 5)
(Clara is saving for a house and will likely need her money within a year. She seeks a segregated fund with minimal penalties for quick access.
Which sales charge should Irving recommend?)

A. No-load
B. Front-end load
C. Deferred sales charge
D. Trailing commission

Answer: A

Explanation:
Ano-loadsegregated fund hasno sales charge on entry or exit, making it ideal for short- term investment needs. Clara would retain full liquidity without penalties.
Exact Extract:
"No-load segregated funds allow investors to redeem their units without incurring a sales charge, making them ideal for investors who may require liquidity within a short timeframe." (Reference:Segfunds-E313-2020-12-7ED, Chapter 2.3.2.3 No Sales Charge)

NEW QUESTION 142
- (Topic 5)
Caleb meets with Miles, his insurance agent, to invest for his retirement. Caleb tells Miles that he will not need his funds for the next 25 years, he is comfortable with market fluctuations, and he would like a fund that mimics the S&P/TSX Composite index.
Which of the following funds will best suit Caleb's needs?

A. Equity fund
B. Target date fund
C. Dividend fund
D. Index fund

Answer: D

Explanation:
Since Caleb is looking for a fund that mirrors the S&P/TSX Composite index, an index fund would be the best choice. Index funds are specifically designed to track the performance of a specific index, providing broad market exposure at a low cost. This aligns with Caleb??s objectives of long-term investment with a strategy that matches a known market benchmark, as emphasized in LLQP??s sections on investment options.
Other options like equity, dividend, and target date funds do not directly track an index in the way that an index fund does, making them less suitable for Caleb??s stated preference.

NEW QUESTION 143
- (Topic 5)
Hana, a 25-year-old personal assistant, recently got a job where the employer offers all employees access to a defined contribution pension plan (DCPP). Hana meets with the groupinsurance agent, Tom, because she must choose her investments and she doesn't know what she should choose. She is not very knowledgeable about investments, but since the money will only be used at retirement, she wants to invest in a fund that combines stocks and bonds and that is easy to understand.
Which fund should Tom suggest?

A. Balanced Fund
B. Bond Fund
C. Dividend Fund
D. Target date Fund

Answer: A

Explanation:
Since Hana is not highly knowledgeable about investments and prefers a simple approach that includes both stocks and bonds, a Balanced Fund would be appropriate. Balanced funds are designed to provide a mix of stocks and bonds, which offers both growth potential and income stability. This aligns well with Hana??s objectives for a diversified and easy-to-understand investment suitable for retirement. LLQP materials note that balanced funds offer simplicity and diversification, making them suitable for investors who seek moderate risk and diversification without the need for detailed investment knowledge. Bond funds, dividend funds, and target date funds each have unique advantages, but they do not offer the same balanced exposure to both stocks and bonds that Hana seeks. Bond funds focus primarily on fixed-income assets, dividend funds on equity income, and target date funds adjust over time rather than maintain a fixed allocation of stocks and bonds throughout the investment period.

NEW QUESTION 148
- (Topic 5)
Thien is 56 years old and has recently been diagnosed by his doctor with a heart condition for which there is no known treatment, and which has dramatically reduced his life expectancy. Thien has decided to take early retirement. Fortunately, after 30 years of service working as a credit officer at a local bank, he has accumulated a large sum in his pension plan. Thien's wife supports his decision to retire early. She is 49 and in good health, and plans to continue working and earning a lucrative income at her current position as a divorce lawyer at a prestigious law firm, at least until she reaches 65 years of age.
What type of annuity would BEST suit Thien's needs?

A. Life annuity with a 15-year guarantee.
B. Life annuity.
C. Joint life annuity.
D. Impaired life annuity.

Answer: D

Explanation:
An impaired life annuity would be the best option for Thien given his health condition and reduced life expectancy. Impaired life annuities offer higher payouts compared to standard life annuities because they take into account the reduced life expectancy due to a serious health condition. This type of annuity provides an opportunity for individuals with significant health issues to receive increased income during their retirement years. According to LLQP resources, impaired annuities are designed specifically to address the needs of clients with severe health concerns by offering enhanced benefits that align with their specific life expectancy. Options A, B, and C are standard annuity options that would not take Thien??s specific health impairment into account and therefore would not maximize his retirement income as effectively as an impaired life annuity.

NEW QUESTION 152
- (Topic 5)
(Jerry, aged 63, is getting ready to retire. His pension statement shows contributions, investment choices, and performance data.
From among the following types of pension plans, which one was Jerry a member of?)

A. Group life income fund.
B. Defined benefit pension plan.
C. Defined contribution pension plan.
D. Deferred profit-sharing plan.

Answer: C

Explanation:
The key feature of adefined contribution (DC) pension planis the focus on contributions and investment performance, rather than a guaranteed retirement benefit. Contribution amounts and investment options are fundamental characteristics of DC plans.
Exact Extract:
"In a Defined Contribution Pension Plan (DCPP), members?? benefits depend on the contributions made and the investment returns earned."
(Reference:Segfunds-E313-2020-12-7ED, Chapter 1.3.11 Group Plans)

NEW QUESTION 154
- (Topic 5)
Six years ago, Diu purchased an immediate life annuity with a 10-year guarantee period. The annuity paid her a monthly benefit of $1,800. She named her son Shan as the beneficiary of the policy and her niece Haru as a contingent beneficiary. Shan died four months ago in a motorcycle accident and between grieving and planning the funeral, Diu forgot to update her beneficiary designation. Last week, Diu died of a heart attack.
Who would receive the annuity benefits?

A. Shan's widow
B. Shan's estate
C. Haru
D. Diu??s estate

Answer: C

Explanation:
Since Diu had designated her son Shan as the primary beneficiary and her niece Haru as the contingent beneficiary, the death benefit from the annuity will pass to Haru, the contingent beneficiary, after Shan's death. In annuity contracts, if the primary beneficiary predeceases the annuitant and no changes are made to the designation, the benefits will typically go to the contingent beneficiary. According to LLQP principles, a contingent beneficiary is entitled to receive the remaining guaranteed payments when the primary beneficiary is no longer able to do so.
Option A is incorrect as Shan??s widow is not mentioned as a beneficiary. Option B is incorrect as Shan's estate would not receive the benefits if a contingent beneficiary exists. Option D is incorrect as Diu??s estate would only receive the benefits if no beneficiaries were named.

NEW QUESTION 158
- (Topic 5)
Mohammed is an employee at Optima Plus Inc. Over the years, he accumulated $15,000 in the company's group plan. He knows that his contributions into the plan are not tax- deductible, and he is not taxed on the funds when he makes a withdrawal.
What type of plan does Mohammed have with his employer?

A. A group registered retirement savings plan (GRRSP)
B. A deferred profit sharing plan (DPSP)
C. A group tax-free savings account (TFSA)
D. A group registered retirement income fund (RRIF)

Answer: C

Explanation:
Mohammed??s plan allows him to make contributions that are not tax-deductible, and he is also not taxed on withdrawals, indicating that his employer??s plan is a group TFSA. In a TFSA, contributions are made with after-tax dollars, and withdrawals (including any growth) are tax-free, consistent with the LLQP outline on TFSAs. This is distinct from other retirement accounts, such as RRSPs, which provide tax deductions on contributions but tax the withdrawals as income.
Options A, B, and D are incorrect because these plans involve different tax treatments where contributions may be tax-deductible, and withdrawals are generally taxable.

NEW QUESTION 160
- (Topic 5)
Naomie meets with her new client, Keisha, to review her investment portfolio. Keisha is a
43-year-old sales representative who has been with Belmont Inc., a large pharmaceutical company, for 15 years. She earns a generous salary, plus bonuses. She also has a group tax-free savings account (TFSA) and a defined contribution pension plan (DCPP), all of which are invested in Belmont common shares.
What main need does Naomie have to address regarding Keisha??s investments?

A. Liquidity.
B. Saving for an emergency fund.
C. Diversification.
D. Income.

Answer: C

Explanation:
Keisha??s investment portfolio is highly concentrated in Belmont Inc. common shares, which include her TFSA and defined contribution pension plan (DCPP). This significant exposure to a single company??s stock poses a risk because the value of her investments is directly tied to the financial performance of Belmont Inc.
Diversification is a key strategy to mitigate risk by spreading investments across various asset classes, industries, or geographic regions. This can reduce the impact of poor performance in any one area on the overall portfolio. According to LLQP content, one of the primary goals in managing an investment portfolio is to ensure appropriate diversification to avoid over-reliance on a single asset or asset type.
While other needs, like liquidity and emergency fund savings, are important, Keisha's immediate concern should be diversification. Her current investments do not provide adequate protectionagainst company-specific risks, such as the potential downturns specific to Belmont Inc. This aligns with LLQP principles, which emphasize diversification as a way to manage risk effectively and achieve a more stable financial outcome.

NEW QUESTION 161
- (Topic 5)
(Gregory and Vanessa married at an early age and had three children, who are now in their forties: Eve, Rick and Max. When the couple retired five years ago, they purchased a joint life annuity. They also had a will drawn up naming the three children as equal beneficiaries of their estate. The will specifies that Eve will act as executor of the estate.
Last week, Gregory and Vanessa both died in a car accident. Who could make a death claim as regards the annuity?)

A. Eve
B. Rick and Max
C. Eve, Rick and Max
D. No claim can be made

Answer: D

Explanation:
Since Gregory and Vanessa bought ajoint life annuity without mention of a guarantee period, the annuity wouldcease payments upon the death of the second annuitant. Therefore,no death claimcan be made on the annuity.
Exact Extract:
"In a joint life annuity with no guarantee period, payments stop upon the death of the second annuitant. No death benefit is payable."
(Reference:Segfunds-E313-2020-12-7ED, Chapter 3.2.2.2 Joint Life Contract 53:3†Segfunds-E313-2020-12-7ED.pdf**)

NEW QUESTION 165
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