

## LLQP Dumps

### Life License Qualification Program (LLQP)

<https://www.certleader.com/LLQP-dumps.html>



**NEW QUESTION 1**

- (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 \$250,000 face 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 D is correct.

**NEW QUESTION 2**

- (Topic 1)

On February 5, Ayla started working at Larson Group Inc. as an administrative assistant. Larson Group offers all employees a group health, dental and life insurance plan that commences after a 3-month waiting period. On April 7, Ayla felt ill and drove herself to the hospital. The doctor diagnosed two clogged arteries and performed an emergency surgery. Ayla was unable to work for 2 months, then died of complications on June 9. Will the group insurance plan pay the death benefit?

- A. Yes, because she died of natural causes.
- B. Yes, because her group life coverage started on May 5.
- C. No, because Ayla was not actively at work when the coverage started.
- D. No, because Ayla did not provide the insurer with any proof of insurability.

**Answer:** C

**Explanation:**

Group life insurance coverage often requires the employee to be "actively at work" on the day the coverage takes effect. Although Ayla's coverage would have started on May 5, she was not actively at work on that date due to her medical condition. Most group insurance policies have this requirement, and without meeting it, coverage typically does not commence. Therefore, Option C accurately reflects why the death benefit would not be paid.

**NEW QUESTION 3**

- (Topic 1)

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

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

**Answer:** C

**Explanation:**

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

**NEW QUESTION 4**

- (Topic 1)

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 or death 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 benefit due to the circumstances surrounding the injury.

**NEW QUESTION 5**

- (Topic 1)

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

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

**Answer:** A

**Explanation:**

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

**NEW QUESTION 6**

- (Topic 1)

Maeve is an Ontario resident. Fifteen years ago, she purchased a \$250,000 whole life insurance policy and named her husband Guillaume as the primary beneficiary and her 4-year-old son Edwin as the contingent beneficiary. Last week, Tasha, Maeve's insurance agent called her to ask if she has had any life changes that would warrant a meeting to review her insurance coverage. Maeve informs her that over the last year she divorced Guillaume and that she is now living with her new boyfriend Eduardo. Tasha asks to meet Maeve to review her beneficiary designation. Who will receive Maeve's death benefit if she dies today?

- A. Guillaume
- B. Edwin
- C. Eduardo
- D. Maeve's estate

**Answer:** A

**Explanation:**

In Ontario, unless a beneficiary designation is changed formally through the policyholder or as part of a court order, the originally designated beneficiary remains entitled to the death benefit. Since Maeve has not updated her beneficiary designation following her divorce, Guillaume remains the primary beneficiary. Divorce does not automatically revoke a beneficiary designation in life insurance policies. Therefore, if Maeve dies today, Guillaume would receive the death benefit. Edwin, the contingent beneficiary, would only receive the benefit if Guillaume were unable to (e.g., predeceased).

**NEW QUESTION 7**

- (Topic 1)

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

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

**Answer:** D

**Explanation:**

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

**NEW QUESTION 8**

- (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 Alana dies 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's shares at the agreed value. Since each share is valued at \$5,000, Alana's 100 shares would be worth:

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

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

**NEW QUESTION 9**

- (Topic 2)

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

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

**Answer: B**

**Explanation:**

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

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

References:

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

**NEW QUESTION 10**

- (Topic 2)

Bernadette, a 27-year-old single woman, earns \$78,000 annually as a production assistant. She meets with Howard, her insurance agent, to purchase an accidental death and dismemberment insurance contract. Bernadette fills out the application form, the application is accepted, and the effective date is the date of acceptance of the application. Why is the effective date of Bernadette's policy the same as the date of acceptance?

- A. She has a low-risk profession.
- B. She is a woman.
- C. She is in her twenties.
- D. There is no medical underwriting.

**Answer: D**

**Explanation:**

Accidental death and dismemberment (AD&D) insurance policies generally do not require medical underwriting, as they provide coverage specifically for accidents rather than health-related conditions. This lack of medical underwriting means that coverage often begins immediately upon acceptance of the application, which is why Bernadette's policy effective date is the same as the date of acceptance. The absence of a health assessment or related underwriting requirements facilitates the quick initiation of coverage in AD&D policies.

**NEW QUESTION 10**

- (Topic 2)

Last month, Suzanne purchased a life insurance policy from a local agent. The agent told her that the policy would accrue a cash value that she could draw from in her retirement years and that the premium would never increase. After recently meeting with a close friend, who is a retired insurance advisor, she was dismayed to learn that what was sold to her is in fact a term policy with no cash value. If Suzanne wishes to make a formal complaint against the agent, which authority can assist her in doing so?

- A. Assuris.
- B. OmbudService for Life and Health Insurance.
- C. Canadian Council of Insurance Regulators.
- D. Office of the Privacy Commissioner of Canada.

**Answer: B**

**Explanation:**

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

The agent's misrepresentation violates ethical standards. The IFSE Ethics and Professional Practice Course (Common Law) identifies the OmbudService for Life and Health Insurance (OLHI) as an independent body that assists consumers with complaints against insurance agents or companies when internal resolution fails. Assuris (A) protects policyholders if an insurer fails, not for agent misconduct. The Canadian Council of Insurance Regulators (C) coordinates policy, not complaints. The Office of the Privacy Commissioner (D) handles privacy issues, not misrepresentation. OLHI is the correct avenue for Suzanne, making B correct.

References:

IFSE Ethics and Professional Practice Course (Common Law), Module 4: Regulatory Environment, Section on "OmbudService for Life and Health Insurance."

**NEW QUESTION 11**

- (Topic 2)

Cassie applies for a \$100,000 renewable 10-year term insurance policy through Mason, her insurance of persons representative. A month later, when Mason meets with Cassie again to deliver her contract, Cassie says she had to have a biopsy the previous week for a persistent cough. Mason tells her not to worry because the policy is already accepted. He completes the policy delivery. Six months later, Mason receives a call from Cassie's boyfriend informing him that Cassie died of stage 4 throat cancer.

How will the insurance company handle the claim?

- A. No death benefit will be paid because Cassie died within 2 years of obtaining the policy.
- B. No death benefit will be paid because Mason did not inform the insurance company of the change in Cassie's insurability.
- C. The death benefit will be paid because Cassie visited the doctor after filling out the application form.
- D. The death benefit will be paid although Mason was negligent for delivering the policy and he would be liable towards the insurer.

**Answer: B**



**Explanation:**

In this scenario, the policy was accepted and delivered to Cassie by Mason before her biopsy, indicating that she was considered insurable at the time of application. However, the insurance policy is subject to a two-year contestability period, during which the insurer can investigate the claim if they believe relevant information regarding the insured's health was omitted or misrepresented.

According to LLQP guidelines, insurance contracts are built on the principle of utmost good faith, requiring that both the client and the representative disclose all material facts that may affect the insurance risk. If the insured's health status changes significantly between the application and delivery of the policy, it is the representative's duty to inform the insurer to reassess the risk.

In this case, Mason, as the insurance representative, failed to disclose Cassie's new health condition, which is considered a material change to her insurability. Under LLQP ethics and practice standards, non-disclosure of this change can result in the insurer denying the claim, as it affected the underwriting decision. Therefore, due to the lack of disclosure by Mason, the insurance company would have grounds to deny the claim based on this material change in insurability, aligning with LLQP provisions and insurance contract law.

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**NEW QUESTION 12**

- (Topic 2)

Trisha is new to the insurance industry and wants to understand the primary responsibility of the Canadian Insurance Services Regulatory Organizations (CISRO). Which of the following statements about CISRO is CORRECT?

- A. To administer the regulatory system, applicable to insurance intermediaries.
- B. To administer the enforcement of the federal Personal Information Protection and Electronic Documents Act (PIPEDA).
- C. To help protect the integrity of the Canadian financial system.
- D. To provide clients with assistance to their enquiries and complaints pertaining to Canadian life and health insurance products and services.

**Answer:** A

**Explanation:**

The primary responsibility of the Canadian Insurance Services Regulatory Organizations (CISRO) is to establish and maintain a cohesive regulatory framework for insurance intermediaries, ensuring consistent standards across provincial and territorial jurisdictions in Canada. CISRO does not directly interact with consumers or administer PIPEDA; rather, it collaborates with regional regulators to promote regulatory harmony for insurance professionals.

This responsibility helps uphold public trust and ensures that intermediaries comply with legal and professional standards.

**NEW QUESTION 17**

- (Topic 2)

Barry, a life insurance agent, is meeting his client Diane who came to Canada 26 years ago. Diane is turning 60 years old and is considering purchasing a non-registered life annuity to supplement her retirement income. Barry presented the quote to her and it was quickly accepted. During the application process, he recorded Diane's contact information, used her Social Insurance card to ascertain her identity, and collected a cheque of \$120,000 from a joint account. The names written on the cheque were Diane and Geoffrey. Diane explained that this was a joint account with her brother. What should Barry do to comply with FINTRAC's guidelines regarding ascertaining identity?

- A. Complete a third-party form because it involves her brother as well.
- B. Report this transaction to FINTRAC because it exceeds \$10,000.
- C. Use another ID to ascertain her identity, because the Social Insurance card is prohibited.
- D. Nothing, because there is no suspicious activity involved.

**Answer:** A

**Explanation:**

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

The IFSE Ethics and Professional Practice Course (Common Law) references FINTRAC (Financial Transactions and Reports Analysis Centre of Canada) guidelines, requiring agents to identify third parties when funds come from a joint account not solely owned by the client. Diane's \$120,000 cheque from a joint account with Geoffrey triggers the third-party determination rule, necessitating a third-party form (A). Reporting to FINTRAC (B) applies to cash transactions over \$10,000, not cheques here. The Social Insurance card is acceptable ID, so C is incorrect. Doing nothing (D) violates FINTRAC compliance. A is correct.

References:

IFSE Ethics and Professional Practice Course (Common Law), Module 4: Regulatory Environment, Section on "FINTRAC Guidelines – Third-Party Determination."

**NEW QUESTION 18**

- (Topic 2)

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

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

**Answer:** C

**Explanation:**

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

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

References:

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

**NEW QUESTION 19**

- (Topic 2)

Arianna has been an insurance agent with Ideal Life for over 15 years, always working hard to grow her client base and keep her existing clients happy. Last week, she prepared an elaborate insurance plan for Raphael, a potential new client. But when they meet, Raphael tells her he wants a second opinion. Arianna tells him that she cannot allow him to show or discuss details of her work with a potential competitor. She explains it's wrong for another agent to benefit from her work and knowledge.

Which of the following standards of conduct did Arianna contravene?

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

**Answer: C**

**Explanation:**

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

**NEW QUESTION 24**

- (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 29**

- (Topic 2)

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

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

**Answer: B**

**Explanation:**

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

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

References:

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

**NEW QUESTION 31**

- (Topic 2)

Nine months ago, Osvaldo was instructed by his insurance agent, Jane, to write a cheque to renew his life insurance. Jane put the cheque in her wallet. She lost her wallet the very same day and completely forgot about Osvaldo's payment. Some time later, Osvaldo died in a tragic car accident. His family made a claim for the death benefit, but was denied because the policy had lapsed. Who will have to compensate Osvaldo's family for the loss of death benefit?

- A. Jane, using personal assets.
- B. Jane's errors and omissions coverage.
- C. OmbudService for Life & Health Insurance.
- D. The Canadian Council of Insurance Regulators.

**Answer:** B

**Explanation:**

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

The IFSE Ethics and Professional Practice Course (Common Law) explains that agents must carry Errors and Omissions (E&O) insurance to cover financial losses due to negligence or mistakes. Jane's failure to process Osvaldo's payment, leading to a lapsed policy, is negligence. E&O coverage compensates the family for the lost benefit, not Jane's personal assets (A), as it's designed for such errors. The OmbudService (C) mediates disputes but doesn't pay claims, and the Canadian Council of Insurance Regulators (D) coordinates policy, not compensation. Thus, B is correct.

References:

IFSE Ethics and Professional Practice Course (Common Law), Module 1: Ethics and Professionalism, Section on "Errors and Omissions Insurance."

**NEW QUESTION 35**

- (Topic 2)

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

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

**Answer:** A

**Explanation:**

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

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

**NEW QUESTION 37**

- (Topic 2)

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

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

**Answer:** B

**Explanation:**

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

A joint life insurance policy can be either "first-to-die" or "last-to-die." The IFSE Ethics and Professional Practice Course (Common Law) explains that a first-to-die policy pays the death benefit upon the death of the first insured, typically to the surviving insured, while a last-to-die policy pays upon the death of the second insured, often to a contingent beneficiary. Here, the policy's purpose (to benefit the survivor for mortgage and expenses) suggests a first-to-die structure.

However, Mark and Jesse died simultaneously in the crash. In such cases, the policy pays the full benefit to the contingent beneficiary (Louis) as if one death triggered the payout. The coverage is \$450,000, not split (A), multiplied (C), or doubled (D). Thus, Louis receives \$450,000, making B correct.

References:

IFSE Ethics and Professional Practice Course (Common Law), Module 2: Insurance Contracts, Section on "Joint Life Policies and Simultaneous Death."

**NEW QUESTION 40**

- (Topic 2)

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

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

**Answer:** D

**Explanation:**

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

**NEW QUESTION 45**

- (Topic 2)

Levi is a newly licensed financial security advisor in Quebec City, meeting with Mason, the compliance officer at Yes Insurance Inc. Mason stresses the importance of being professional and complying with the code of ethics. Levi asks who enacted the code of ethics.

Which of the following is Mason's CORRECT response?



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

**Answer:** B

**Explanation:**

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

**NEW QUESTION 47**

- (Topic 2)

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

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

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

**Answer:** D

**Explanation:**

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

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

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**NEW QUESTION 48**

- (Topic 2)

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

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

**Answer:** B

**Explanation:**

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

**NEW QUESTION 53**

- (Topic 2)

Andre, an insurance agent, meets with his client Jasper to discuss his \$150,000 whole life insurance policy. Jasper is deeply indebted and needs at least \$40,000 to cover his debt. Andre tells him about a company he knows that will be willing to give him \$75,000 if he assigns his policy to them. Did Andre act appropriately?

- A. No, because Jasper is not allowed to assign his policy to an arms-length entity.
- B. No, because trafficking in insurance is discouraged by the insurance industry.
- C. Yes, because he is helping his client pay off his debt.
- D. Yes, as long as this practice is not illegal in his province of residence.

**Answer:** B

**Explanation:**

The practice of trafficking in insurance involves selling or assigning a life insurance policy to a third party, often at a discounted rate, which is typically discouraged within the insurance industry due to ethical concerns and potential misuse. The LLQP materials warn against such practices as they can be perceived as exploiting insurance contracts for profit, rather than for their intended purpose of providing financial security. Therefore, Andre acted inappropriately by suggesting this arrangement without considering the ethical implications.

**NEW QUESTION 56**

- (Topic 2)

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

Which of the following statements about his professional liability insurance is CORRECT?

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



D. Professional liability insurance covers fraud or misappropriation.

**Answer:** B

**Explanation:**

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

Regarding the other answer choices:

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

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

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

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**NEW QUESTION 60**

- (Topic 2)

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

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

**Answer:** D

**Explanation:**

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

**NEW QUESTION 62**

- (Topic 2)

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

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

**Answer:** B

**Explanation:**

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

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

References:

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

**NEW QUESTION 63**

- (Topic 2)

After meeting with his advisor Monica, Tom agrees to apply for a \$50,000 whole life insurance policy. Monica tells him that the monthly premium will be \$40 per month. Monica is advised by underwriting that Tom qualifies for an additional \$10,000 critical illness rider, and that the new premium would be \$50 per month.

Monica advises underwriting that Tom accepts the additional coverage without speaking with him first, because it is such a good deal and great coverage, he won't mind. When Tom finds out what she has accepted on his behalf, without his knowledge, he is upset and wants to lodge a complaint to someone other than the insurance company and Monica; he wants to speak with an independent third party. He finds the contact information for the local regulatory authority. What are some of the responsibilities the regulatory authority has in protecting clients like Tom?

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

**Answer:** A

**Explanation:**

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

The IFSE Ethics and Professional Practice Course (Common Law) outlines that provincial/territorial regulatory authorities oversee insurance agents and protect

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

References:

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

#### NEW QUESTION 67

- (Topic 3)

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

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

**Answer:** A

#### Explanation:

Comprehensive and Detailed Explanation:

Business overhead expense (BOE) insurance covers fixed business costs (e.g., rent, salaries) during the owner's disability, keeping the bakery operational (Chapter 5: Insurance to Protect Businesses).

Option A: Correct; BOE fits her concern for short-term business continuity. Option B: Incorrect; buyout insurance is for partnership dissolution.

Option C: Incorrect; personal disability covers income, not business expenses. Option D: Risky; self-funding depletes savings.

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

#### NEW QUESTION 72

- (Topic 3)

Jonas recently graduated with his engineering degree and is joining the Alberta Engineering Association. He is informed that the association offers a group plan to all members. Jonas wants to join the plan but wishes to know who will pay the premiums for the coverage.

Which of the following answers is CORRECT?

- A. The members must pay 100% of the premiums.
- B. The Association will pay 100% of the premiums.
- C. The premiums are split between the members and the association.
- D. Initially, the members must pay 100% of the premiums but after 3 years in the plan, the premiums are split with the association.

**Answer:** A

#### Explanation:

Typically, when associations like the Alberta Engineering Association offer group insurance plans, these plans are voluntary, and members are generally responsible for paying the full premium. This arrangement is common in association group plans, where membership is optional, and individuals must choose to opt in and pay their share. The LLQP materials outline that association-sponsored group plans often work this way unless otherwise specified, as there is no indication that the association shares in the premium costs.

#### NEW QUESTION 77

- (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 was issued 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 79

- (Topic 3)

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

- A. Key person disability insurance.
- B. Business overhead expense disability insurance.

- C. Disability buyout insurance.
- D. Business loan protection disability insurance.

**Answer:** D

**Explanation:**

Comprehensive and Detailed Explanation:

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

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

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

**NEW QUESTION 81**

- (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 illness benefit 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 85**

- (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 the provincial dental schedule fee, 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 89**

- (Topic 3)

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

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

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

**Answer:** D

**Explanation:**

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

**NEW QUESTION 94**

- (Topic 3)

Amani owns Amani's Passions, an eco-friendly cosmetics company she started in her garage three years ago. The business is booming—so much so that Amani's Passions recently hired over 20 employees to keep up with demand. Now Amani wants to set up a group insurance plan for her staff.

Whose role is it to solicit quotes from insurers and put the right plan in place?

- A. Amani's Passions' human resources department.
- B. The group insurance provider selected by Amani.
- C. The group plan sponsor.
- D. The group broker.

**Answer:** D

**Explanation:**

The group broker is responsible for soliciting quotes from various insurers and assisting in the selection and setup of the most suitable group insurance plan. This individual works with Amani to evaluate the company's needs, compare offerings, and finalize the group plan that meets her requirements. According to LLQP materials, brokers play a pivotal role in guiding plan sponsors (in this case, Amani) through the setup and implementation process of group insurance plans.

**NEW QUESTION 99**

- (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 100**

- (Topic 3)

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

Is Arthur eligible to receive LTC benefits?

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

**Answer:** D

**Explanation:**

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

**NEW QUESTION 101**

- (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 103**



- (Topic 3)

Emery is a healthy wife and mother of two who spends her days caring for her children and volunteering at the local food bank. Emery would like to purchase disability insurance coverage because she is worried about how she would be able to take care of her family if she becomes disabled.

What type of disability policy, if any, is likely to be issued to her?

- A. Guaranteed renewable policy.
- B. Cancellable policy.
- C. Non-traditional disability insurance.
- D. Non
- E. Emery is uninsurable.

**Answer: C**

**Explanation:**

Emery is a non-income earning individual, as she is a stay-at-home mother and volunteer. Traditional disability insurance policies, like Guaranteed Renewable or Cancellable policies, typically require proof of income and are generally issued to individuals who can demonstrate earned income. However, Non-traditional disability insurance policies are often designed for individuals without a conventional source of earned income, such as homemakers, who may still wish to secure coverage against the potential loss of the ability to perform daily tasks due to disability. Non-traditional policies may offer benefits that help cover the costs associated with hiring help or obtaining services that Emery could no longer provide if disabled. These types of policies acknowledge that a disability could impact Emery's ability to care for her family, even though she does not earn a regular income. Therefore, option C is the best answer, as it aligns with the LLQP guidelines that recognize the suitability of non-traditional disability policies for individuals like Emery who have significant responsibilities but no formal income.

**NEW QUESTION 104**

- (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 the refund accounting method 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 109**

- (Topic 3)

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

Which disability definition is MOST LIKELY included in his policy?

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

**Answer: B**

**Explanation:**

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

**NEW QUESTION 112**

- (Topic 3)

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

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

**Answer: A**

**Explanation:**

Comprehensive and Detailed Explanation:

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

Recommendation, Contract, and Service Needs).

Option A: Correct; within 10 days.

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

### NEW QUESTION 113

- (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 114

- (Topic 3)

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

A. Disability coverage of \$3,000 per month for Marc.

B. Disability coverage of \$3,000 per month for Veronique.

C. Disability coverage of \$4,000 per month for Marc.

D. Long-term care insurance of \$3,000 per month for Marc.

**Answer: A**

#### Explanation:

Comprehensive and Detailed Explanation:

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

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

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

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

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

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

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

### NEW QUESTION 119

- (Topic 3)

Jordan, a group insurance agent, meets with Nancy, a commercial berry grower in Saskatoon, to renew her company's group insurance plan. When the plan was established four years ago, Nancy had 20 employees. She now has over 50 employees, many of whom are unhappy with the plan. Jordan wants to rectify this situation to everyone's satisfaction but is not sure how to begin.

Which of the following options indicates the first step that Jordan should take?

A. Ensure that the plan is a non-contributory plan.

B. Switch the plan to another insurer.

C. Identify satisfaction levels with support and turnaround time with claims.

D. Cancel the company's group insurance plan.

**Answer: C**

#### Explanation:

When Jordan discovers that many of Nancy's employees are dissatisfied with the current group insurance plan, his first step should be to assess the employees' specific concerns. This includes understanding issues such as satisfaction with customer support and the claims turnaround time. Gathering feedback on these aspects will help Jordan identify the main areas of dissatisfaction and explore targeted solutions to improve the plan. The LLQP materials emphasize the importance of aligning group insurance plans with the needs and satisfaction of the participants, making this an essential step before considering any major changes such as switching insurers or altering the plan's structure.

### NEW QUESTION 122

- (Topic 3)

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

A. This type of coverage is adequate because it is more flexible.

B. Pierre-Marc will be entitled to disability benefits even if he can work in another profession and chooses to do so.

C. This type of coverage is adequate.

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

**Answer: D**

**Explanation:**

Comprehensive and Detailed Explanation:

Any occupation disability insurance pays benefits only if the insured cannot work in any job for which they are reasonably suited by education, training, or experience. For a dentist like Pierre-Marc, whose substantial income relies on specialized skills, this is restrictive. Own occupation coverage pays if he cannot perform his specific job (dentistry), even if he can work elsewhere (Chapter 2: Insurance to Protect Income).

Option A: Incorrect; any occupation is less flexible, not more, and doesn't pay if he can work elsewhere, regardless of choice.

Option B: Incorrect; benefits stop if he can work elsewhere, whether he chooses to or not. Option C: Incorrect; an AD&D rider addresses specific losses, not income replacement adequacy.

Option D: Correct; own occupation suits his high-income, specialized profession, ensuring benefits if he can't practice dentistry, even if he takes another job.

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

**NEW QUESTION 126**

- (Topic 3)

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

What is the next step in the application process?

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

**Answer: D**

**Explanation:**

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

**NEW QUESTION 129**

- (Topic 3)

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

Will Awah be able to help Laekyn receive disability benefits?

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

**Answer: A**

**Explanation:**

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

**NEW QUESTION 132**

- (Topic 3)

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

- A. That the critical illness coverage under her group plan is the least expensive and that the insurer will have to give her the option of converting it into individual insurance when she retires.
- B. That the critical illness coverage under her group plan will end when she retires and that she should consider purchasing individual coverage.
- C. That her critical illness coverage will end when she retires and that she should consider purchasing individual critical illness and long-term care insurance.
- D. That when she retires, she should purchase individual disability insurance, which would give her the 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 135**

- (Topic 3)

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

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

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

**Answer: C**

**Explanation:**

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

**NEW QUESTION 140**

- (Topic 3)

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

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

**Answer: A**

**Explanation:**

Comprehensive and Detailed Explanation:

Extending the waiting period (e.g., to 120 days) aligns with his 119-day STD coverage, reducing premiums while maintaining \$3,000/month to age 65 (Chapter 7:Insurance Recommendation, Contract, and Service Needs).

Option A: Correct; cost-effective. Option B: Incorrect; weakens coverage. Option C: Incorrect; reduces protection. Option D: Incorrect; delays coverage.

Reference: LLQP Accident and Sickness Insurance Manual, Chapter 7:Insurance

Recommendation, Contract, and Service Needs.

**NEW QUESTION 141**

- (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 142**

- (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 146**

- (Topic 3)

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

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

A. Residual disability benefits.

B. Hospital indemnity rider.

C. Cost-of-living adjustment.

D. Childcare rider.

**Answer:** D

**Explanation:**

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

**NEW QUESTION 151**

- (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 the side 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 individuals from working in any capacity. Therefore, option D is the correct answer, as Workers' Compensation is specifically designed for cases like Rowan's.

**NEW QUESTION 155**

- (Topic 4)

Alexandre, a financial security advisor, recently left FinCode Inc. because of an unresolved dispute with the company. He is continuing his career as an independent advisor. This week, he has an appointment with a client who tells him that he met with another FinCode Inc. employee. However, that employee has a disciplinary record at the CSF for fraudulently copying a signature on a form. Since the client does not work in insurance and the information is public knowledge, Alexandre provides him with some clarification regarding the other advisor's case. How can Alexandre encourage the client to do business with him without denigrating his competitor?

A. By telling the client to always check an advisor's record with the CSF

B. By informing the client of his recent departure from FinCode Inc

C. owing to an unresolved dispute

D. By emphasizing his unique approach that sets him apart from his competitors

E. By talking about his experience with the other advisor when they worked for the same firm

**Answer:** C

**Explanation:**

Comprehensive and Detailed In-Depth Explanation: The CSF Code of Ethics (Section 11) prohibits advisors from denigrating competitors, requiring professionalism in client interactions. Alexandre can't disparage the FinCode advisor despite the public disciplinary record. Option C—emphasizing his unique approach—focuses on his strengths, encouraging business ethically without criticism. Option A (check CSF records) indirectly highlights the competitor's fault, risking denigration. Option B (departure dispute) introduces irrelevant negativity. Option D (past experience) could lead to prohibited criticism. The Ethics manual promotes positive differentiation over competitor critique, making C the compliant choice.

References: CSF Code of Ethics, Section 11; Ethics and Professional Practice (Civil Law)

Manual, Section on Professional Conduct.

**NEW QUESTION 156**

- (Topic 4)

Ming-Na is a McGill University graduate interested in pursuing a career as an insurance of persons representative. She wants to know which piece of legislation sets out the definition and role of insurance of persons representatives.

Which of the options below is CORRECT?

- A. The Insurers Act.
- B. The Distribution Act.
- C. The Act respecting insurance.
- D. The Act respecting prescription drug insurance.

**Answer:** B

**Explanation:**

The Act that governs the definition and role of insurance of persons representatives in Quebec is the Distribution Act. This legislation outlines the roles, qualifications, and responsibilities of professionals licensed to offer life and health insurance products. It is crucial for anyone aspiring to become an insurance representative in Quebec to familiarize themselves with this Act, as it sets out the requirements and framework for licensure, conduct, and the scope of practice in this field.

**NEW QUESTION 159**

- (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 a registered 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 164**

- (Topic 4)

Vasu, an insurance agent, meets with Francine, his new client. Francine wants to purchase a disability insurance policy. Vasu helps her complete the application form. In the process, he collects all the required medical and lifestyle information on his client and wonders what he must do with the information he collected.

Which of the following options is CORRECT?

- A. Vasu must send a copy of the medical and lifestyle-related information to the insurer, his supervisor, and his client, and must keep a copy in his file.
- B. Vasu must send a copy of the medical and lifestyle-related information to the insurer, his supervisor, and keep a copy in his file.
- C. Vasu must send a copy of the medical and lifestyle-related information to the insurer and keep a copy in his file.
- D. Vasu must send a copy of the medical and lifestyle-related information to the insurer only, and he cannot keep a copy in his file.

**Answer:** C

**Explanation:**

As per LLQP guidelines and privacy regulations in Canada, an insurance agent like Vasu is required to submit all medical and lifestyle-related information to the insurer as part of the application process. Additionally, the agent is permitted to retain a copy of this information in his client file for record-keeping and future reference purposes. It is essential for compliance and potential follow-ups related to policy servicing or claims. Privacy laws do not permit Vasu to share this information with unauthorized parties, such as his supervisor or the client, beyond what is required for processing the application, unless consent has been explicitly provided.

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**NEW QUESTION 166**

- (Topic 4)

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

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

**Answer:** D

**Explanation:**

Comprehensive and Detailed In-Depth Explanation: Maryse's request for proof of age and identity is tied to legal obligations beyond standard insurance practice. The Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA, Section 9) mandates financial professionals, including insurance representatives, to verify client identity to prevent money laundering, requiring documents like a birth certificate or driver's license. The Insurers Act (Section 93) and its Regulation complement this by requiring insurers (and their representatives) to confirm insurability and identity for underwriting accuracy, such as age affecting premiums. Option D correctly identifies these laws. Option A's Charter (Sections 1–4) protects rights but doesn't mandate ID collection. Option B's Distribution Act (Section 16) and APPIPS (Section 10) govern advisor conduct and privacy but don't specifically require ID for proposals. Option C's APPIPS pairing with PCMLTFA is incomplete without insurer-specific rules. The Ethics manual supports compliance with anti-money laundering and insurer requirements. References: PCMLTFA, Section 9; Insurers Act, Section 93; Ethics and Professional Practice (Civil Law) Manual, Section on Client Identification.

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**NEW QUESTION 168**

- (Topic 4)

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

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

**Answer:** B

**Explanation:**

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

**NEW QUESTION 173**

- (Topic 4)

Sabrina is an insurance representative with an insurance of persons certificate issued by the Autorité des marchés 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 175**

- (Topic 4)

Concilium 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, Concilium 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 Concilium's policy be reinstated?

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

**Answer:** B

**Explanation:**

Comprehensive and Detailed In-Depth Explanation: Reinstatement of a lapsed whole life insurance policy is governed by the Civil Code of Quebec (Article 2428) and insurer policies outlined in the LLQP. If a policy lapses due to non-payment but has a cash value, it may remain in force temporarily via an automatic premium loan or reduced paid-up option. For reinstatement, the insured typically must provide evidence of insurability and repay overdue premiums, interest, and any cash value used, as Concilium 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 Concilium 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 180

- (Topic 4)

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

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

**Answer:** C

#### Explanation:

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

References: Criminal Code, Section 380; Distribution Act, Section 458; Ethics and Professional Practice (Civil Law) Manual, Section on Fraud and Misconduct.

#### NEW QUESTION 185

- (Topic 4)

Gino, an insurance of persons representative, is cleaning his office and going through old files. He comes across a file from a former client, Nathan, who owned a 20-year term insurance policy that was cancelled 3 years ago. Nathan now has a different representative and Gino no longer has any contact with him. Gino would like to know if he can destroy Nathan's file.

Which of the following options is CORRECT?

- A. Yes, because Nathan transferred his affairs to another representative.
- B. Yes, because Nathan cancelled his policy 3 years ago.
- C. No, because he must wait until the file has been closed for at least 5 years.
- D. No, because he must wait until the file has been closed for at least 7 years.

**Answer:** C

#### Explanation:

Insurance records must generally be retained for a minimum period to comply with provincial regulatory requirements, which is often five years from the date of termination. This helps ensure compliance with record-keeping mandates and allows for any legal, financial, or administrative review if needed. Gino is obligated to retain Nathan's file until it has been closed for at least five years, despite the change in representation or policy status.

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#### NEW QUESTION 186

- (Topic 4)

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

Who will become the new policyholder?

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

**Answer:** C

#### Explanation:

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

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#### NEW QUESTION 188

- (Topic 4)

A group of high school students visits Jacques, a financial security advisor, as part of Career Day. A student wants to know what an insurance contract is. What will Jacques answer?

- A. It is a contract of the utmost good faith, in general concluded by mutual agreement, onerous, and aleatory
- B. It is a contract in which an inaccurate statement by the client is inconsequential; it is in general a contract of adhesion, synallagmatic, and consensual
- C. It is a contract of the utmost good faith, in general a contract of adhesion, synallagmatic, and aleatory
- D. It is a contract in which an inaccurate statement by the client is inconsequential; it is a synallagmatic, consensual, and gratuitous contract

**Answer:** C

#### Explanation:

Comprehensive and Detailed In-Depth Explanation: An insurance contract under Quebec's Civil Code (Articles 2389–2414) has distinct characteristics. It is a



??contract of the utmost good faith??(uberrimae fidei), requiring full disclosure from both parties, especially the insured, about material facts (Article 2408). It is typically a ??contract of adhesion,?? as insurers offer standard terms with little negotiation (Article 1379), unlike mutual agreement contracts. It is ??synallagmatic,?? imposing reciprocal obligations—premium payment by the policyholder and coverage by the insurer (Article 1381). It is also ??aleatory,?? as the outcome depends on an uncertain event, like death or loss (Article 2390). Option C accurately reflects these traits. Option A??s ??mutual agreement?? suggests negotiation, which is rare in insurance. Option B and D incorrectly state that inaccurate statements are inconsequential—misrepresentations can void a policy (Article 2410)—and B??s ??consensual?? and D??s ??gratuitous?? misalign with insurance??s onerous nature (payment for coverage). The Ethics and Professional Practice manual emphasizes advisors?? duty to explain these legal characteristics clearly.

References: Civil Code of Quebec, Articles 2389–2414; Ethics and Professional Practice (Civil Law) Manual, Section on Insurance Contracts.

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#### NEW QUESTION 192

- (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 197

- (Topic 4)

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

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

**Answer: B**

#### Explanation:

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

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

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

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#### NEW QUESTION 200

- (Topic 5)

(Dominique invested \$25,000 in fixed-rate GICs and \$25,000 in bond segregated funds.

What type of risk do these investments involve?)

- A. Market risk
- B. Liquidity risk
- C. Inflation risk
- D. Industry risk

**Answer: C**

#### Explanation:

Both GICs and bonds are subject to inflation risk, meaning that if inflation rises faster than the returns generated by these fixed-income investments, the real value (purchasing power) of the investments decreases over time.

Exact Extract:

"Inflation risk refers to the possibility that the return on an investment will not keep up with the rate of inflation, eroding the real value of investment returns. Fixed-income investments like GICs and bonds are particularly susceptible to this risk."

(Reference: Segfunds-E313-2020-12-7ED, Chapter 1.4.3 Inflation Risk)

**NEW QUESTION 202**

- (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 D is correct regarding extending tax benefits but does not directly highlight the immediate benefit of income splitting for the couple.

**NEW QUESTION 207**

- (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:**

Assuris protects 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 212**

- (Topic 5)

Hussein wants to purchase a segregated fund. He has been following the news and believes the pharmaceutical sector will take off soon, and he wants to purchase a fund that will capitalize on his market view. He understands market fluctuations and is comfortable with the level of risk involved because he would only need to access these funds in 20 years.

Which of the following would be the most appropriate fund for Hussein?

- A. Bond fund
- B. Specialty fund
- C. Balanced fund
- D. Target date fund

**Answer:** B

**Explanation:**

A specialty fund would be the most suitable option for Hussein, given his specific interest in the pharmaceutical sector. Specialty funds focus on specific sectors or industries, allowing investors to capitalize on particular market views and trends. Hussein's belief in the potential growth of the pharmaceutical sector and his comfort with market fluctuations over a long investment horizon aligns well with a specialty fund. According to LLQP, specialty funds are suited for investors seeking exposure to specific industries and who are willing to accept the higher risk associated with concentrated investments.

Option A (Bond fund) does not align with Hussein's interest in the equity market, particularly in the pharmaceutical sector. Options C and D (Balanced and Target date funds) are not focused on a specific sector and instead offer broader diversification across asset classes.

**NEW QUESTION 216**

- (Topic 5)

Arianna, a healthy 61-year-old university professor, is retiring this year and wants to transfer the funds she accumulated in her registered retirement savings plan (RRSP) into an annuity. She is looking at different options and would like to know which of the following annuities will pay the highest monthly benefit.

- A. A life annuity
- B. A life annuity with a 10-year guarantee
- C. An indexed annuity
- D. A joint life annuity

**Answer:** A

**Explanation:**

A life annuity typically provides the highest monthly benefit compared to other annuity types because it does not include additional guarantees or features that reduce the payout, such as a guarantee period or indexing. Since Arianna is healthy and seeking the highest monthly income, a standard life annuity, which pays a

fixed income for life without any additional features, will maximize her monthly benefit. LLQP resources confirm that adding options like guarantees or indexing typically lowers the monthly payout due to the insurer's increased liability. Option B would provide a lower benefit than a standard life annuity because of the 10-year guarantee. Option C (Indexed annuity) would have lower initial payments due to the cost of inflation protection, and Option D (Joint life annuity) would provide less income as it is designed to continue payments to a surviving spouse.

**NEW QUESTION 220**

- (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:**

An accumulation annuity allows Garry to save and grow his investments over the next 10 years with deferred payments starting 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 222**

- (Topic 5)

Planet Source decides to implement a defined contribution pension plan (DCPP) for its 75 employees. The company's president appoints Josie, the human resources director, as the plan administrator.

Which of the following BEST describes Josie's responsibility as a plan administrator?

- A. To manage the pension plan
- B. To amend the pension plan
- C. To address funding shortfalls
- D. To set the benefit structure

**Answer:** A

**Explanation:**

As a plan administrator for a defined contribution pension plan (DCPP), Josie's primary responsibility is to manage the pension plan, which includes overseeing day-to-day operations, ensuring regulatory compliance, and handling communications with plan members. According to LLQP, plan administrators are tasked with ensuring the effective management and administration of the plan, rather than setting benefit structures or addressing funding issues, which are typically responsibilities of the employer.

Options B, C, and D describe responsibilities typically held by the employer or plan sponsor, not the administrator.

**NEW QUESTION 223**

- (Topic 5)

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

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

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

**Answer:** D

**Explanation:**

Upon retirement, funds from a Deferred Profit Sharing Plan (DPSP) can be transferred on a tax-deferred basis to certain registered accounts, such as a Locked-In Retirement Account (LIRA). This option allows Aadi to defer taxes while preserving the funds for future retirement income. LLQP guidelines indicate that DPSP funds can be transferred to a LIRA or similar locked-in accounts under the tax-deferred status until they are eventually converted into income-paying vehicles, like a Life Income Fund (LIF) or a Registered Retirement Income Fund (RRIF).

Options such as a TFSA or group RRIF are incorrect in this context because TFSAs do not permit direct DPSP transfers and RRIFs are typically used as income-producing accounts rather than transfer vehicles. A LIRA is specifically designed to hold locked-in funds from employer pension plans, allowing Aadi to keep the funds tax-sheltered until he needs to draw income from them during retirement.

**NEW QUESTION 224**

- (Topic 5)

Enzo meets with his insurance agent Theo to discuss his investment needs. When Theo asks Enzo about his liabilities, Enzo tells him that he purchased a house for \$750,000 four years ago and his current mortgage balance is \$600,000. He has a fixed interest rate on the mortgage of 3.5% for 5 years.

Which of the following statements about his mortgage is TRUE?

- A. A mortgage is considered a bad debt.
- B. An increase in interest rates will increase the mortgage cost when the mortgage is renewed.
- C. The mortgage will contribute positively to Enzo's net worth.
- D. The mortgage balance should not be included in the review of liabilities.

**Answer:** B

**Explanation:**

Enzo's fixed-rate mortgage protects him from rate fluctuations during the current term. However, upon renewal, if interest rates have risen, his mortgage payments could increase due to a higher rate being applied to his remaining balance. LLQP resources emphasize that fixed-rate mortgages are impacted by prevailing interest rates at the time of renewal, which can influence future costs.

Option A is incorrect as mortgages are generally considered good debt due to their potential for equity growth. Option C is misleading as the mortgage itself is a liability, although the property value could contribute positively to net worth. Option D is incorrect because liabilities like mortgages are essential components of a financial review.

**NEW QUESTION 226**

- (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 228**

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