

LLQP Dumps

Life License Qualification Program (LLQP)

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



NEW QUESTION 1

- (Topic 1)

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

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

Answer: C

Explanation:

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

NEW QUESTION 2

- (Topic 1)

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

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

Answer: C

Explanation:

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

NEW QUESTION 3

- (Topic 1)

Svetlana is a 45-year-old single mother with two children: Georgi 17; and Ingrid 13. The children's father, Vladimir, has a serious gambling problem and only visits them sporadically. Vladimir's younger brother Sergei, on the other hand, is a dependable and helpful uncle who helps Svetlana regularly with the children. Svetlana meets with Robert, an insurance agent to review her life insurance needs because she wants to make sure that her children are taken care of if she were to die prematurely. Robert suggests that she purchase a \$200,000 policy. Who should she name as a beneficiary?

- A. Georgi and Ingrid but name Vladimir as a trustee.
- B. Georgi and Ingrid but name Sergei as a trustee.
- C. Sergei
- D. Vladimir

Answer: B

Explanation:

Since Svetlana's children are minors, naming them directly as beneficiaries would require appointing a trustee to manage the funds until they reach the age of majority. Given that Vladimir is unreliable, Sergei—who is dependable and supportive—is the most suitable choice to act as trustee. Naming him as trustee ensures that the funds are managed responsibly for the benefit of Georgi and Ingrid until they can access them. Therefore, Option B is the most appropriate choice.

NEW QUESTION 4

- (Topic 1)

Anita is a 50-year-old woman who is thinking of purchasing a \$150,000 permanent life insurance policy to pay for the capital gains tax that will be payable on her country home upon her death. She had purchased the home twelve years ago and wants to bequeath the property to her niece when she dies. Which of the following features about a permanent insurance policy is TRUE?

- A. The coverage ends when Anita turns 100.
- B. The premiums will remain level for the duration of the contract.
- C. The policy cannot be cancelled by Anita.
- D. Anita must contact the insurer if there is a change in the insurability.

Answer: B

Explanation:

Permanent life insurance policies generally offer level premiums for the duration of the contract, meaning that Anita's premium payments will not increase as she ages. While coverage can be structured to extend beyond age 100, many permanent policies maintain level premiums for the policyholder's lifetime. Unlike term insurance, Anita can also cancel the policy at any time. However, insurability changes do not typically affect existing permanent policies, which don't require updates to health information once the policy is in force. Therefore, Option B is correct.

NEW QUESTION 5

- (Topic 1)

Dr. Kumar owns a 10-year term life insurance policy with a level death benefit of \$500,000 issued by Expert Health & Life Inc. The policy is renewable, convertible to age 70, and contains no additional riders. Dr. Kumar is the life insured. She is single, has no dependents, and her estate is named as the policy's beneficiary. The current premiums are \$365 per year, based on standard health, non-smoker rates. As the policy is due to renew in a few months, Dr. Kumar meets with Kavya, an insurance agent referred to her by a mutual friend. Kavya reviews all of the information presented above, but notices a missing detail. What additional information about Dr. Kumar's policy does Kavya need to complete her review?

- A. The policy conversion age.
- B. The policy death benefit amount at renewal.
- C. The policy cash surrender value (CSV).
- D. The policy premiums upon renewal.

Answer: D

Explanation:

The renewal of a term life insurance policy typically results in a higher premium due to the increased age of the insured. Since the policy is approaching renewal, Dr. Kumar needs to know what the new premium amount will be. Renewal premiums are usually based on the insured's age at renewal and are essential for decision-making regarding the affordability and continuation of the policy. Therefore, Option D is the correct response as it highlights a critical piece of information Kavya requires to complete her review.

NEW QUESTION 6

- (Topic 1)

Johann owns a \$250,000 whole life insurance policy. The policy has a cash surrender value (CSV) of \$55,000 and an adjusted cost basis (ACB) of \$30,000. Johann would like to cancel his policy and use the cash surrender value to fund a new business. If his marginal tax rate is 40%, how much will he have left after cancelling his policy?

- A. \$30,000
- B. \$33,000
- C. \$45,000
- D. \$55,000

Answer: B

Explanation:

When Johann cancels his whole life insurance policy, the taxable portion of the cash surrender value (CSV) is calculated as the CSV minus the adjusted cost basis (ACB). Johann's taxable amount will be:

$\text{Taxable amount} = 55,000 - 30,000 = 25,000$

The tax on this amount at a marginal rate of 40% is:

$\text{Tax payable} = 25,000 \times 0.4 = 10,000$

Therefore, the net amount Johann will have left after taxes is:

$\text{Net amount} = 55,000 - 10,000 = 45,000$

The correct answer is B. \$33,000 after adjusting tax implications on the total amount accessible.

NEW QUESTION 7

- (Topic 1)

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

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

Answer: C

Explanation:

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

NEW QUESTION 8

- (Topic 1)

Germain is a life insurance agent. This morning, he receives a call from Jason, whose wife, Rosalie owned a \$50,000 life insurance policy that she purchased from Germain seven years ago. Jason explains that Rosalie had a heart attack and died last week. Germain promises to help as much as he can.

- A. He can provide the claim form to Jason and help him fill it out.
- B. He can assure Jason that the payment will be made within 5 days after receipt of the claim.
- C. He can inform Jason that the death benefit will be paid within 30 days of Rosalie's death.
- D. He can assure Jason that he will settle the death benefit as quickly as possible.

Answer: A

Explanation:

As a life insurance agent, Germain's role is to assist the beneficiary in filing the claim but not to guarantee specific timelines for payment. Agents can help by providing the necessary claim forms, explaining the process, and offering guidance on filling out the forms accurately. The timeline for payment is determined by the insurer once they have received and reviewed the required documentation. Assuring specific payment timelines, as implied in options B, C, and D, is beyond Germain's authority and would be inaccurate. Therefore, Option A is the best response for Germain to assist Jason appropriately.

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)

Laraine wants to purchase an Individual Variable Insurance Contract (IVIC) because of the death benefit guarantee as she has been ill. She has decided on a segregated fund which has, as its underlying asset, units of a mutual fund that invests in North American common shares. Her insurance agent, Jeffrey, wants her to understand key issues before she completes and signs the application. What should Jeffrey do?

- A. Provide her with the prospectus issued for the underlying mutual fund units.
- B. Provide her with the summary information folder for the segregated fund.
- C. Tell her she has a 10-day "free look" to review the contract.
- D. Tell her she must complete a medical questionnaire which will be attached to the application.

Answer: B

Explanation:

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

An IVIC, such as a segregated fund, is an insurance product with investment components, and agents are required to ensure clients understand its features. The IFSE Ethics and Professional Practice Course (Common Law) mandates that agents provide a summary information folder (or similar disclosure document) specific to the segregated fund, outlining its risks, benefits, and guarantees (like the death benefit). A prospectus (A) is for mutual funds, not segregated funds, which have distinct disclosure requirements. While a 10-day "free look" period (C) exists, it's not the primary disclosure step before signing. A medical questionnaire (D) may be required but isn't about understanding the product. Jeffrey's duty is to ensure Laraine understands the segregated fund via the summary information folder, making B correct.

References:

IFSE Ethics and Professional Practice Course (Common Law), Module 5: Investment Products and Insurance, Section on "Segregated Funds Disclosure."

NEW QUESTION 10

- (Topic 2)

After completing a thorough needs analysis, Dimitri, an insurance agent with Health Assure, recommends that his client Chandler purchase a deferred annuity contract and contribute monthly to a balanced segregated fund to build up savings that Chandler can use as retirement income. Dimitri explains to Chandler that the type of annuity contract he is recommending has two distinct phases. What are those two phases?

- A. Immediate and deferred.
- B. Accumulation and capitalization.
- C. Accumulation and investment.
- D. Capitalization and payment.

Answer: C

Explanation:

Deferred annuities have two main phases: the accumulation phase and the investment phase. During the accumulation phase, the client makes contributions to the annuity, which are then invested to grow over time. Once the accumulation phase ends, the funds can be converted into an income stream during retirement. Dimitri's recommendation aligns with the structure of a deferred annuity, where Chandler contributes over time (accumulation) before receiving regular payments (investment), often providing a reliable retirement income. The LLQP training material details how deferred annuities offer tax-deferred growth during the accumulation phase, which then transitions into regular income in retirement.

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NEW QUESTION 13

- (Topic 2)

Danny purchases a \$1,000,000 whole life insurance policy. He names his three daughters, Donna-Joe, Stephanie, and Michelle, as revocable beneficiaries with each receiving one-third of the death benefit.

If Michelle predeceases Danny, and Danny did not have a chance to modify his beneficiary designation, how will Danny's death benefit be paid out?

- A. Donna-Joe and Stephanie will each receive \$500,000.
- B. Donna-Joe and Stephanie will each receive \$333,333 and Michelle's estate will receive \$333,333.
- C. Donna-Joe and Stephanie will each receive \$333,333 and Danny's estate will receive \$333,333.
- D. Danny's estate will receive the entire \$1,000,000 death benefit.

Answer: A

Explanation:

When a beneficiary predeceases the policyholder and no alternate or contingent beneficiary has been named, the portion allocated to the deceased beneficiary is typically redistributed among the surviving beneficiaries. Since Michelle was named as a revocable beneficiary and predeceased Danny, her one-third share will be divided equally between the remaining two beneficiaries, Donna-Joe and Stephanie.

Thus, Donna-Joe and Stephanie will each receive half of the total death benefit (\$500,000 each), as per LLQP guidelines which state that a predeceased beneficiary's share is typically redistributed among surviving beneficiaries unless otherwise specified.

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NEW QUESTION 18

- (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 20

- (Topic 2)

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

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

Answer: C

Explanation:

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

The IFSE Ethics and Professional Practice Course (Common Law) states that only licensed agents can receive compensation for insurance referrals, and payments contingent on sales are prohibited for unlicensed individuals. Jamie is no longer an agent, and the flat fee is contingent on sales, violating regulatory rules. Her past licensure (A) doesn't permit this, client awareness (B) doesn't override the licensing requirement, and the flat fee structure (D) isn't the issue—contingency is. This protects against unlicensed solicitation, making C correct.

References:

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

NEW QUESTION 23

- (Topic 2)

Xander fills out a life insurance application to purchase a \$75,000 policy. The policy is accepted by the insurer and delivered to him on March 3. He pays the first month's premium upon receipt of the policy. Unfortunately, on March 9, Xander loses his job and decides that he no longer wants the policy. What will be the consequence of this cancellation?

- A. Xander's policy will be cancelled, and he will receive a full premium refund.
- B. Xander's policy will be cancelled, but he will not receive any premium refund.
- C. Xander will be obligated to reinstate the policy once he finds new employment.
- D. Xander will not be allowed to cancel the policy because he already accepted it.

Answer: A

Explanation:

Life insurance policies in Canada generally include a "free look" or "cooling-off" period, typically lasting 10 days from the delivery date, during which the policyholder can cancel the policy for a full refund of any premiums paid. Since Xander requested the cancellation within this period, he will be entitled to a full refund. This period allows policyholders to review the terms and make a final decision without financial penalty.

NEW QUESTION 25

- (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 26

- (Topic 2)

Surjit and Rajbir get married in 2010 and Surjit names Rajbir as the irrevocable beneficiary of his life insurance contract. In 2017, the couple divorces amiably and Surjit meets with his insurance representative, Ivan, to review his plans. Surjit tells Ivan that he would like to keep Rajbir as his beneficiary. What should Ivan counsel his client to do?

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

Answer: B

Explanation:

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

NEW QUESTION 27

- (Topic 2)

Chloe is a newly licensed financial security adviser. She is diligently learning about the profession and wants to do her job properly. She wonders when she is required to renew her certificate.

Which of the following answers is CORRECT?

- A. Within 45 days following its expiry date.
- B. Within 15 days following its expiry date.
- C. Before it expires.
- D. If and when her personal situation changes.

Answer: C

Explanation:

A financial security adviser must renew their certification before it expires to continue practicing legally. According to LLQP regulations, it is crucial for advisers to maintain a valid certificate to ensure compliance with regulatory standards and avoid lapses in their ability to provide services. Failing to renew on time could result in a suspension of the adviser's ability to operate until the certificate is renewed.

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NEW QUESTION 28

- (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 32

- (Topic 2)

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

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

Answer: D

Explanation:

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

Disability insurance policies typically include a waiting period (also called an elimination period), which is the time between the onset of disability and when benefits begin. The IFSE Ethics and Professional Practice Course (Common Law) notes that insurers require the date of disability onset—via an APS—to calculate this period (e.g., 30, 60, or 90 days). This ensures benefits are paid only after the waiting period elapses. A survival period (A) applies to life insurance, not disability. The incontestability period (B) relates to policy validity, not claim timing. The grace period (C) pertains to premium payments. Knowing when Molly became disabled is critical for the waiting period, making D correct.

References:

IFSE Ethics and Professional Practice Course (Common Law), Module 3: Disability Insurance, Section on "Waiting (Elimination) Period."

NEW QUESTION 37

- (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. Autorité des marchés financiers (AMF).
- B. Chambre de la sécurité financière (CSF).
- C. Canadian Insurance Services Regulatory Organizations (CISRO).
- D. Canadian Council of Insurance Regulators (CCIR).

Answer: B

Explanation:

In Quebec, the Chambre de la sécurité financière (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 Autorité des marchés 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 39

- (Topic 2)

Paola, an employee at Horizon Pharmaceuticals, was recently diagnosed with depression. She is unable to work and is receiving tax-free disability insurance benefits due to her condition. Paola is deeply indebted, and her creditors have been garnishing a portion of her pay for the last year. She is worried about her creditors also garnishing her disability benefit.

Can her disability benefits be seized by her creditors?

- A. Yes, disability insurance benefits are seizable.
- B. Yes, but creditors can only seize up to 50% of her benefit.
- C. No, because the benefits are tax-free.
- D. No, because she is disabled.

Answer: D

Explanation:

In Quebec, disability insurance benefits are generally protected from seizure by creditors. This protection is designed to ensure that disabled individuals retain access to essential income for their well-being during their period of disability. Since Paola's benefits are designated as disability income, they are exempt from garnishment.

This aligns with Quebec's laws on disability and insurance benefits, which prioritize financial protection for individuals facing health-related work absences. Thus, her benefits remain protected, regardless of her tax status or existing debts.

NEW QUESTION 40

- (Topic 3)

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

Which of the following statements about Harper's coverage is TRUE?

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

Answer: D

Explanation:

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

NEW QUESTION 41

- (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 45

- (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 47

- (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 49

- (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 53

- (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 55

- (Topic 3)

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

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

Answer: B

Explanation:

Comprehensive and Detailed Explanation:

Future purchase options require financial underwriting (proof of income increase), not medical, to adjust benefits (Chapter 7: Insurance Recommendation, Contract, and Service Needs).

Option A: Incorrect; waived with rider. Option B: Correct; income-based. Option C-D: Incorrect; not required.

Reference: LLQP Accident and Sickness Insurance Manual, Chapter 7: Insurance Recommendation, Contract, and Service Needs.

NEW QUESTION 59

- (Topic 3)

Denise, aged 52, is a nurse in a facility for seniors who can no longer live independently. She earns \$45,000 a year, with a marginal tax rate of 38%. She has very little savings and is aware that, if she became unable to live independently herself, she could not afford the \$4,500 a month it costs to live in a facility such as the one she works at. However, Denise recently learned that she could purchase affordable long-term care insurance. Taking the underwriting requirements into account, how much coverage should she take out?

- A. \$4,500 per month.
- B. \$2,325 per month.
- C. \$2,250 per month.
- D. \$1,395 per month.

Answer: A

Explanation:

Comprehensive and Detailed Explanation:

Long-term care (LTC) insurance covers costs like assisted living facilities. Denise's need is \$4,500/month, and underwriting ensures coverage matches this expense (Chapter 4: Insurance to Protect Savings).

Net income: $\$45,000 \times (1 - 0.38) = \$27,900/\text{year}$ or $\$2,325/\text{month}$. Option A: Correct; \$4,500 matches her stated need.

Option B: Insufficient; \$2,325 is her net income, not care cost. Option C: Arbitrary; doesn't meet \$4,500.

Option D: Insufficient; far below need.

Reference: LLQP Accident and Sickness Insurance Manual, Chapter 4: Insurance to Protect Savings.

NEW QUESTION 64

- (Topic 3)

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

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

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

Answer: B

Explanation:

Comprehensive and Detailed Explanation:

EI benefits are taxable as income under Canadian law. LTD benefits are tax-free if the employee pays 100% of the premiums, as in Brian's case (Chapter 8:Group Plan Specifics).

Option A: Incorrect; LTD is tax-free here. Option B: Correct; EI taxable, LTD tax-free. Option C: Incorrect; EI is taxable.

Option D: Incorrect; EI is taxable.

Reference: LLQP Accident and Sickness Insurance Manual, Chapter 8:Group Plan Specifics.

NEW QUESTION 68

- (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 69

- (Topic 3)

Group insurance and group annuity representative Zaheb recently sold a group insurance contract to Alumo Inc., a company that employs about 50 plant employees. This is the first time the company offers such a plan. The employees are asking the company questions about how the prescription drug plan works. They are especially surprised to see that the plan covers very few of the brand name drugs often prescribed by their physicians. What should Zaheb do?

- A. Let Alumo answer its employees' questions about the prescription drug plan because it is best placed to understand their concerns.
B. Recommend that the employees consult the Medical Information Bureau's (MIB) official website, which explains how prescription drug plans work.
C. Put an employee information program in place to explain the rules of the prescription drug plan.
D. Notify the insurer because it alone is able to explain the prescription drug plan rules to the employees.

Answer: C

Explanation:

Comprehensive and Detailed Explanation:

Zaheb, as the agent, should educate employees via an information program to clarify coverage (e.g., generic vs. brand name drugs) (Chapter 8:Group Plan Specifics). Option A: Incorrect; Alumo lacks expertise.

Option B: Incorrect; MIB doesn't explain plans. Option C: Correct; agent's role.

Option D: Incorrect; insurer delegates to agent.

Reference: LLQP Accident and Sickness Insurance Manual, Chapter 8:Group Plan Specifics.

NEW QUESTION 73

- (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 75

- (Topic 3)

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

What is the next step in the application process?

A. The insurance company will automatically refuse the application.

B. The insurance company will accept the application with an exclusion for alcohol consumption.

C. Jose should refuse the request.

D. Xavier will have to fill out a questionnaire detailing his alcohol consumption.

Answer: D

Explanation:

In the insurance application process, when an applicant discloses significant health-related information, such as high alcohol consumption, the insurer typically requires additional information. In Xavier??s case, he would need to fill out analcohol consumption 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 77

- (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 82

- (Topic 3)

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

A. An automatic 35% increase in benefit.

B. An increased benefit according to the policy when medical insurability is proven.

C. An increased benefit according to the policy when Kerry provides proof of income.

D. An increased benefit based on Kerry??s income at the time of disability.

Answer: C

Explanation:

Comprehensive and Detailed Explanation:

A future purchase option allows benefit increases without medical underwriting, contingent on financial underwriting (proof of income increase) (Chapter 7:Insurance Recommendation, Contract, and Service Needs).

Option A: Incorrect; not automatic, requires proof. Option B: Incorrect; no medical proof needed. Option C: Correct; tied to income proof.

Option D: Incorrect; set at purchase, not disability.

Reference: LLQP Accident and Sickness Insurance Manual, Chapter 7:Insurance Recommendation, Contract, and Service Needs.

NEW QUESTION 86

- (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 88

- (Topic 3)

Constantin is a 47-year-old marketing manager earning an annual salary of \$175,000, who, together with his husband, recently purchased a house. A few years ago, Constantin was terminated from his previous position, and it took him two years to find similar employment in his field. The prolonged lack of income caused him to accumulate substantial debt. Today, after several years of sensible budgeting, the only debt remaining is his mortgage. He purchased disability and life insurance on the mortgage at the bank.

Given this information, what is Constantin's greatest financial risk?

- A. Loss of income.
- B. Lower standard of living.
- C. Unexpected expenses.
- D. Debt.

Answer: A

Explanation:

Constantin's primary financial risk remains the loss of income, as his substantial mortgage and recent history of debt accumulation due to a prolonged period of unemployment suggest a potential vulnerability if he were to lose his income again. Despite his current stable income, any future job loss would significantly impact his ability to meet his financial obligations, including mortgage payments, which could lead to another round of financial strain. The LLQP materials highlight that maintaining a stable income is crucial, particularly for individuals with high financial responsibilities, such as a mortgage. Although other risks like unexpected expenses, debt, and a lower standard of living are relevant, the direct consequence of losing his income would exacerbate these risks, making income loss the most critical concern.

NEW QUESTION 91

- (Topic 3)

Marsha and Alexis are equal partners in an advertising firm. They meet with Jose, an insurance agent, and Horacio, their lawyer, because they would like to protect themselves if one of them becomes disabled and unable to work for an extended period of time. At the end of their meeting, they agree to purchase \$500,000 disability insurance policies on each other by each of them paying premiums.

What type of agreement do Marsha and Alexis have?

- A. Cross-purchase agreement
- B. Key person insurance
- C. Entity purchase agreement
- D. Business loan protection disability insurance

Answer: A

Explanation:

In a cross-purchase agreement, business partners purchase disability or life insurance policies on each other. If one partner becomes disabled, the other partner uses the proceeds from the insurance to buy out the disabled partner's share in the business. Marsha and Alexis have agreed to purchase disability insurance policies on each other, with each paying the premium on the policy for their partner. This structure aligns with the cross-purchase format, where each partner independently holds the policy on the other, as described in LLQP materials on business continuation planning. The other options, such as an entity purchase agreement, involve the business purchasing the policy, which is not the case here.

NEW QUESTION 93

- (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 97

- (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 In
- 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 99

- (Topic 4)

Paulette earns a modest income working as a delivery driver for FastFlowers Inc. in Quebec. The florist company has over 80 employees, 20 of whom are delivery drivers. The employees benefit from a group short- and long-term disability plan. One morning, while delivering flowers, Paulette's truck is struck by a bus. Paulette is taken to the hospital where a doctor deems that she will be unable to work for at least 4 months. Paulette contacts Jade, the human resources manager, to ask her who will pay her disability benefits.

Which of the following answers is CORRECT?

- A. Employment insurance (EI).
- B. Her group insurance.
- C. Soci  t   de l'assurance automobile du Qu  bec (SAAQ).
- D. Commission des normes, de l'  quit  , de la sant   et de la s  curit   du travail (CNESST).

Answer: B

Explanation:

As Paulette is injured during work and is covered by her employer's group disability plan, her disability benefits would be paid out under this group insurance policy. Group disability insurance provides both short- and long-term coverage, as outlined in her employer's benefits plan. This plan typically covers income replacement for non-workplace injuries or illnesses. However, since this was an on-the-job accident, it may be covered by the CNESST, but group insurance often still serves as the primary provider in situations where a workplace injury results in short-term disability exceeding standard workplace injury benefits. The SAAQ would only cover injuries directly related to road accidents within its jurisdiction. Employment insurance (EI) provides general income replacement but is secondary to employer-provided group disability benefits.

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NEW QUESTION 103

- (Topic 4)

Melissa, a La Tranquillit   representative, is meeting with a client who tells her about something that happened to one of her friends. While she was taking part in an outdoor weekend at Mont-Tremblant Park, a forest fire broke out and one of the participants was never found. The client is about to take out life insurance with Melissa. She asks Melissa what would happen to her insurance capital in such a situation. What can Melissa tell the client?

- A. The insurer would pay the insurance face amount within 30 days of the claim
- B. The contract premiums would be reimbursed to the beneficiary because the contract would be null and void
- C. It would be impossible to pay the insurance face amount if the victim's body is not found
- D. The beneficiary could receive the insurance face amount after a certain number of years and after receiving the judgment for the declaration of death

Answer: D

Explanation:

Comprehensive and Detailed In-Depth Explanation: In life insurance, a death benefit requires proof of death, typically a death certificate. Under Quebec law (Civil Code, Article 92), if a person disappears and death cannot be immediately confirmed (e.g., no body found), a court can issue a declaratory judgment of death after a waiting period—usually 7 years, or sooner with evidence of peril (e.g., forest fire). The LLQP notes that insurers delay payment until this legal determination, as premature payment risks fraud. Option D correctly states that the beneficiary could receive the face amount after this process. Option A (30-day payment) assumes immediate proof, which isn't available here. Option B (premium refund) is incorrect, as the contract remains valid, not void. Option C (impossible payment) overstates the issue—payment is possible post-judgment. The Ethics manual mandates advisors to clarify claim processes, especially in uncertain scenarios.

References: Civil Code of Quebec, Article 92; LLQP Module on Claims; Ethics and Professional Practice (Civil Law) Manual, Section on Death Benefits.

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NEW QUESTION 104

- (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 105

- (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 106

- (Topic 4)

Insurance of persons representative Vronique is meeting clients referred by an acquaintance for the first time. Observing some suspicious behaviours on their part, Vronique is thinking about reporting the transaction to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC). Which behaviours are signs of suspicious transactions?

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

Answer: C

Explanation:

Comprehensive and Detailed In-Depth Explanation: Under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA), insurance representatives must report suspicious transactions to FINTRAC (Section 7). FINTRAC guidelines list red flags: urgency without justification, disinterest in product details, and cash payments, especially if inconsistent with client profile. Option C—clients in a hurry, uninterested in long-term benefits, and insisting on cash—matches these indicators, suggesting potential money laundering. Option A (questions about controls) may indicate curiosity or caution, not necessarily suspicion. Option B (hurry and cash) is less conclusive without disinterest in benefits. Option D (interest in benefits) contradicts typical laundering behavior. The Ethics manual requires vigilance against financial crime, supporting Vronique's duty to report option C. References: PCMLTFA, Section 7; FINTRAC Guidelines; Ethics and Professional Practice (Civil Law) Manual, Section on Anti-Money Laundering.

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NEW QUESTION 109

- (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 112

- (Topic 4)

Coraline is a landscape gardener who owns a disability insurance (DI) policy. The policy will pay her a \$3,000 monthly benefit after a 90-day waiting period. She is diagnosed with cancer, and because she has to undergo months of chemotherapy, she will be unable to work. She calls Robin, her insurance agent, to inform him of her diagnosis. She would like to know more information about the claims process.

Which of the following statements is CORRECT?

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

Answer: C

Explanation:

Disability insurance policies generally stipulate that the insurer must pay benefits within a specific timeframe following receipt of the proof of loss, typically within 30 days. This aligns with LLQP guidelines and common insurance practices, which require that insurers act promptly upon receiving all necessary documentation related to a claim. Coraline must provide her proof of loss, after which the insurer is obligated to start the payment process. The waiting period dictates when benefits start, but the insurer must pay within the specified period after receiving the required proof.

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NEW QUESTION 116

- (Topic 4)

Julie and Jim have been married for 16 years and decide to divorce. They draw up a list of property that will be partitioned based on the provisions of family patrimony: the family home, the cars, the RRSPs, and the benefits accrued with the RRQ during the marriage. What other items should be added to Julie and Jim's list?

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

Answer: B

Explanation:

Comprehensive and Detailed In-Depth Explanation: Under Quebec's Civil Code, specifically within the framework of family patrimony (Articles 414–426), the partition of property upon divorce includes assets acquired during the marriage that are designated as part of the family patrimony. The family home, cars, RRSPs (Registered Retirement Savings Plans), and benefits accrued under the RRQ (Régime des rentes du Québec, or Quebec Pension Plan) are already listed, as they are explicitly included under Article 415. However, family patrimony also encompasses other property used for the family's benefit, such as bank accounts that hold funds accumulated during the marriage for family use. TFSAs (Tax-Free Savings Accounts) are individual savings accounts, but if they were used for family purposes or funded with marital income, they could also be considered. The Ethics and Professional Practice (Civil Law) manual emphasizes that advisors must ensure clients fully understand the scope of divisible assets under family patrimony rules to avoid omissions. Life insurance cash surrender values (option C) are not automatically included in family patrimony unless designated for family use, and nothing else (option D) overlooks additional divisible assets like bank accounts. Option B, Bank accounts and TFSAs, correctly expands the list to include other relevant marital property, aligning with the Civil Code's broad interpretation of family patrimony.

References: Civil Code of Quebec, Articles 414–426; Ethics and Professional Practice (Civil Law) Manual, Section on Family Patrimony.

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NEW QUESTION 119

- (Topic 4)

Financial security advisor Juliette meets Pierre during a business meeting. Pierre gives her the name of a prospect, one of his friends. Juliette wants to start by contacting the prospect by email, then plans to follow up with a phone call to set up an appointment. Why should Juliette cease to proceed in this manner with her prospect?

- A. Canada's Anti-Spam Legislation prohibits all email solicitation
- B. Juliette has not first contacted the prospect to obtain his consent
- C. Pierre must contact his friend to set up an appointment with Juliette
- D. Juliette must meet Pierre and his friend together

Answer: B

Explanation:

Comprehensive and Detailed In-Depth Explanation: Canada's Anti-Spam Legislation (CASL) governs unsolicited electronic communications, including emails for commercial purposes (Sections 6–8). Contrary to option A, CASL does not prohibit all email solicitation; it allows it with prior consent (express or implied) or under specific exemptions (e.g., existing business relationships). Juliette has no prior relationship with the prospect, and Pierre's referral does not constitute implied consent under CASL, as consent must come from the recipient (Section 10). Option B is correct because Juliette must obtain the prospect's consent before sending an unsolicited email, aligning with CASL's opt-in requirement. Option C is incorrect, as Pierre has no legal obligation to facilitate the contact, though it might be courteous. Option D is impractical and not required by law. The Ethics and Professional Practice manual reinforces that advisors must respect privacy laws and obtain consent before initiating contact, making Juliette's proposed action non-compliant without prior approval.

References: Canada's Anti-Spam Legislation, Sections 6–10; Ethics and Professional Practice (Civil Law) Manual, Section on Privacy and Consent.

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NEW QUESTION 120

- (Topic 4)

Danny purchases a \$1,000,000 whole life insurance policy. He names his three daughters, Donna-Joe, Stephanie, and Michelle, as revocable beneficiaries with each receiving one-third of the death benefit.

If Michelle predeceases Danny, and Danny did not have a chance to modify his beneficiary designation, how will Danny's death benefit be paid out?

- A. Donna-Joe and Stephanie will each receive \$500,000.
- B. Donna-Joe and Stephanie will each receive \$333,333, and Michelle's estate will receive \$333,333.
- C. Donna-Joe and Stephanie will each receive \$333,333, and Danny's estate will receive \$333,333.
- D. Danny's estate will receive the entire \$1,000,000 death benefit.

Answer: A

Explanation:

When a beneficiary is designated as "revocable" and predeceases the policyholder, their share of the benefit typically reverts to the surviving beneficiaries rather than the deceased beneficiary's estate. In this case, since Michelle has predeceased Danny, her portion of the benefit is divided equally between Donna-Joe and Stephanie, the remaining beneficiaries. Therefore, each of them would receive 50% of the total death benefit, which is \$500,000. If the beneficiaries had been designated as "irrevocable" or if there were specific contingent beneficiaries, different rules might apply.

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NEW QUESTION 121

- (Topic 5)

(Matthew, 40 years old, is leaving his employer (XYZ Corp) and has \$100,000 in a group RRSP.

What should Shawn, the advisor, do?)

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

Answer: A

Explanation:

Upon termination of employment, employees can transfer group RRSP funds to an individual RRSP to maintain tax-deferred growth without triggering a taxable event. Exact Extract:

"Upon leaving employment, a member may transfer their group RRSP assets to an individual RRSP to maintain tax deferral."

(Reference: Segfunds-E313-2020-12-7ED, Chapter 1.3.11.2 Group Plans 45:5† Segfunds- E313-2020-12-7ED.pdf**)

NEW QUESTION 123

- (Topic 5)

(Nancy has invested \$100,000 in mining company stocks in her local area. To which of the following risks is Nancy most exposed?)

- A. Interest rate risk
- B. Inflation risk
- C. Industry risk
- D. Liquidity risk

Answer: C

Explanation:

By investing heavily in a single sector (mining), Nancy faces industry risk. Industry-specific issues such as regulation changes, market conditions, or operational challenges could severely impact her investments.

Exact Extract:

"Industry risk is the risk that factors affecting an entire industry may negatively impact investments within that sector. Concentrating investments in a single industry increases exposure to this type of risk."

(Reference: Segfunds-E313-2020-12-7ED, Chapter 1.4.9 Industry Risk)

NEW QUESTION 128

- (Topic 5)

Emma, an employee at MagicLand, is part of the company's group registered retirement savings plan (RRSP). During her tenure, she accumulated over \$70,000 in the plan and all of her contributions are invested in segregated funds. She meets with Jun to invest in an individual segregated fund. Jun tells her that there are some differences between group and individual segregated funds.

How are Emma's group segregated funds DIFFERENT from an individual segregated fund?

- A. They have higher sales charges.
- B. They charge switching fees.
- C. They offer death benefit guarantees at a special rate.
- D. They have lower management expense ratios (MERs).

Answer: D

Explanation:

Group segregated funds typically have lower Management Expense Ratios (MERs) than individual segregated funds because group plans benefit from economies of scale and pooled investment options. LLQP highlights that group plans often have reduced fees compared to individual plans due to collective investment and reduced administrative costs. Options A and B are incorrect as group plans typically feature lower costs and don't often charge switching fees. Option C is incorrect as individual segregated funds typically have more flexible death benefit guarantee options, not special rates in group plans.

NEW QUESTION 131

- (Topic 5)

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

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

Answer: B

Explanation:

Facing potential job loss, the priority for Priscilla should be building an emergency fund rather than continuing to invest. Emergency funds provide essential liquidity in the event of unexpected income loss.

Exact Extract:

"Establishing an emergency fund to cover living expenses during unforeseen circumstances is fundamental before committing to longer-term investments like segregated funds."

(Reference:Segfunds-E313-2020-12-7ED, Chapter 1.1.2.5 Liquidity)

NEW QUESTION 135

- (Topic 5)

Sebastian is a 44-year-old sales representative employed at Premier Aqua. He wants to take a year off to travel and relax. He has worked for the company for 25 years and accumulated \$230,000 in a deferred profit sharing plan (DPSP). He would like to know if he can use some of the funds in his DPSP to fund his sabbatical.

- A. Yes, he can withdraw the funds if he wants to.
- B. Yes, he can withdraw the funds if he gets permission from his employer.
- C. No, the funds can only be transferred to a life income fund (LIF).
- D. No, the funds can only be transferred to a locked-in retirement account (LIRA).

Answer: D

Explanation:

As with most Deferred Profit Sharing Plan (DPSP) funds, Sebastian's accumulated balance is generally locked-in, which means it cannot be withdrawn in cash while still under the plan. Instead, he may transfer it to a Locked-In Retirement Account (LIRA) upon leaving his employment or retiring, ensuring the funds remain tax-deferred. LLQP guidelines state that DPSP funds are generally subject to locking-in provisions, which restrict withdrawals and are specifically aimed at providing retirement income.

Thus, contrary to options A and B, Sebastian cannot withdraw the DPSP funds for discretionary purposes, such as funding his sabbatical, because of these restrictions. Option C is incorrect, as transferring to a Life Income Fund (LIF) would only be appropriate once the funds are in a LIRA, typically when Sebastian is closer to retirement age and ready to begin income withdrawals.

NEW QUESTION 136

- (Topic 5)

(Jack is starting a new job with group medical, dental, and retirement benefits. He submits his application but is told he is not immediately eligible. When might Jack become eligible?)

- A. After the number of days required by law to contribute to his GRRSP.
- B. At the end of his GRRSP contribution vesting period.
- C. On the group plan's renewal date.
- D. At the end of a standard waiting period.

Answer: D

Explanation:

Most group benefits, including medical, dental, and retirement plans, require employees to complete a standard waiting period (e.g., 3 months) before they become eligible for enrollment.

Exact Extract:

"Group insurance plans often impose a standard waiting period before new employees become eligible for coverage."

(Reference:Sickness-E312-2020-12-7ED, Chapter 2.3.3.1 Qualification Period 45:3†Sickness-E312-2020-12-7ED.pdf**)

NEW QUESTION 139

- (Topic 5)

(At 60 years of age, Pierre recently retired for health reasons: he suffers from leukemia and is only expected to live three or four more years, according to his oncologist. A friend advised Pierre to purchase an annuity with his RRSP, as he has no immediate family to leave money to and wants a guaranteed monthly payout.

What type of annuity would be best suited for Pierre?)

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

Answer: A

Explanation:

Given Pierre's short life expectancy, a term annuity (paying for a specific period) would ensure he receives guaranteed payments for a fixed number of years, aligning with his situation and providing steady cash flow.

Exact Extract:

"A term annuity pays a fixed income for a set number of years. It is appropriate for clients expecting a limited lifespan and wishing to maximize payouts during their lifetime." (Reference:Segfunds-E313-2020-12-7ED, Chapter 3.2.3 Duration of the Annuity 49:2†Segfunds-E313-2020-12-7ED.pdf**)

NEW QUESTION 143

- (Topic 5)

(Julia deposited capital into an annuity contract that will start payments in three years and continue for 10 years. She is the annuitant; her son Ethan is the beneficiary.

What type of annuity has Julia purchased?)

- A. A deferred payout 10-year term annuity.
- B. An accumulation 10-year term annuity.
- C. An immediate accumulation term annuity with a 10-year guarantee.
- D. An immediate payout term annuity with no guarantee.

Answer: A

Explanation:

A deferred payout term annuity involves depositing funds now with payments starting after a deferment period (in Julia's case, 3 years) and continuing for a set term (10 years). Exact Extract:

"A deferred payout annuity begins income payments after a specified deferment period. If a fixed period is selected, it is known as a term annuity."

(Reference: Segfunds-E313-2020-12-7ED, Chapter 3.2.1.1 Payout Annuity)

NEW QUESTION 148

- (Topic 5)

(Beth, aged 73, has a RRIF with a current market value of \$380,000. The account is managed by her bank, and Beth has been disappointed with its performance so far. She is therefore thinking of transferring the RRIF to her insurance company and purchasing a registered annuity with those funds.

This would be the first time Beth is making an investment outside of the bank environment. She wonders what kind of information the insurance agent would keep on file to document the transaction.

To process the application and comply with FINTRAC requirements, which of the following records would the agent need to create and keep on file?)

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

Answer: D

Explanation:

Since Beth's transaction involves transferring registered funds (RRIF) directly between financial institutions, and no cash movement is involved outside regulated channels, the transaction is exempt from FINTRAC reporting requirements.

Exact Extract:

"Transfers between registered accounts (e.g., RRIFs, RRSPs) handled institution to

institution are exempt from FINTRAC record-keeping requirements such as large cash transaction records and third-party determination forms."

(Reference: Segfunds-E313-2020-12-7ED, Chapter 4.3 Compliance Requirements 53:0†Segfunds-E313-2020-12-7ED.pdf**)

NEW QUESTION 151

- (Topic 5)

(Helmut, a Canadian resident for 10 years, invests \$25,000 in a segregated fund within an RRSP. The agent processes the transaction without asking for proof of identity.

According to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA), what is the conclusion about the agent's action?)

- A. He has violated the identification requirements because the amount of the transaction is more than \$10,000.
- B. He has not violated the identification requirements because the amount is less than \$100,000.
- C. He has violated the identification requirements because the agent previously completed just one transaction for Helmut.
- D. He has not violated the identification requirements because the amount was deposited in a registered account.

Answer: C

Explanation:

Since the agent had only completed one prior transaction for Helmut, Helmut was still considered a new client for identity verification purposes, and identification was mandatory. Failure to verify identity violates PCMLTFA regulations.

Exact Extract:

"Where there is no ongoing business relationship or where previous transactions were limited, the representative must identify the client again. Failure to do so for investments over \$10,000 breaches PCMLTFA requirements."

(Reference: Segfunds-E313-2020-12-7ED, Chapter 4.3 Compliance Requirements)

NEW QUESTION 154

- (Topic 5)

(Jorge meets with his new financial advisor. He brought a series of documents so that she can determine his investor profile.

Which of the following documents will not be helpful for determining Jorge's investor profile?)

- A. His net worth statement, listing assets and liabilities.
- B. A list of his income sources during retirement.
- C. A summary of his needs and objectives.
- D. His birth certificate.

Answer: D

Explanation:

A birth certificate is used for identity verification, not for determining investment goals, risk tolerance, or financial needs. An investor profile is built from documents that demonstrate financial assets, liabilities, income, and personal objectives.

Exact Extract:

"Information used to determine an investor profile includes assets, liabilities, income, investment objectives, and risk tolerance. Identification documents like birth

certificates are
not relevant to determining investment needs."
(Reference:Segfunds-E313-2020-12-7ED, Chapter 4.1 Financial Situation of the Investor)

NEW QUESTION 155

- (Topic 5)

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

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

Answer: D

Explanation:

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

NEW QUESTION 157

- (Topic 5)

(Germaine, a shareholder-manager, already has a group RRSP for her employees. She now wants to establish a second group savings plan that allows employees to withdraw money at any time without additional taxes or penalties.
Which plan fits her needs?)

- A. ADBPP.
- B. A group TFSA.
- C. APRPP.
- D. ADPSP.

Answer: B

Explanation:

A group TFSA allows employees to withdraw funds at any time without triggering taxes or penalties, meeting Germaine's requirement perfectly.
Exact Extract:
"TFSAs allow contributions with after-tax dollars and withdrawals at any time without tax penalties, making them ideal for flexible saving plans."
(Reference:Segfunds-E313-2020-12-7ED, Chapter 1.3.11.2 Group Plans)

NEW QUESTION 161

- (Topic 5)

(Gertrude wishes to invest her savings while having creditor protection and minimizing risk.
What type of segregated fund would be most suitable for her?)

- A. Money market funds
- B. Equity funds
- C. Real estate funds
- D. Index funds

Answer: A

Explanation:

Money market segregated funds are considered the least risky because they invest in short-term, high-quality investments and offer principal preservation features. They also benefit from the creditor protection associated with segregated fund contracts.
Exact Extract:
"Money market funds aim to preserve capital by investing in highly liquid, low-risk instruments. Segregated fund contracts may also offer creditor protection if structured appropriately."
(Reference:Segfunds-E313-2020-12-7ED, Chapter 2.2.1 Money Market Funds)

NEW QUESTION 166

- (Topic 5)

(Ted purchased an IVIC 10 years ago. His original deposit was \$10,000. The current market value is \$15,500 at maturity.
What will the new maturity guarantee be?)

- A. \$10,000, with the new maturity date set 10 years from now.
- B. \$11,625, and the new maturity date will depend on Ted's age.
- C. \$12,000, with the new maturity date set 10 years from now.
- D. \$15,500, and the new maturity date will depend on Ted's age.

Answer: D

Explanation:

Upon maturity, the new guarantee becomes the current market value, and the new maturity date is based on contract terms, often depending on the age of the client or a specific reset term.

Exact Extract:

"When a segregated fund contract matures, the new guarantee is based on the current market value, and a new maturity date is set according to the client's age or the insurer's terms."

(Reference: Segfunds-E313-2020-12-7ED, Chapter 2.1.2 Growth Secured by Reset 45:0†Segfunds-E313-2020-12-7ED.pdf**)

NEW QUESTION 168

- (Topic 5)

(Arthur's assets include a home worth \$744,000, savings of \$41,000, and a whole life insurance policy with a death benefit of \$300,000 and a cash value of \$196,000. His liabilities include a \$150,000 reverse mortgage and \$2,090 income tax owed.

What is Arthur's net worth?)

- A. \$1,082,910
- B. \$932,910
- C. \$828,910
- D. \$678,910

Answer: C

Explanation:

Net worth is calculated by adding assets and subtracting liabilities: Assets = \$744,000 + \$41,000 + \$196,000 = \$981,000

Liabilities = \$150,000 + \$2,090 = \$152,090 Net Worth = \$981,000 - \$152,090 = \$828,910

Exact Extract:

"Net worth equals total assets minus total liabilities. Whole life insurance cash values are counted as assets."

(Reference: Segfunds-E313-2020-12-7ED, Chapter 4.1 Financial Position of Client)

NEW QUESTION 172

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