IFSE-Institute

Exam Questions LLQP

Life License Qualification Program (LLQP)

NEW QUESTION 1
- (Topic 1)
Aari and Jonila are a married couple in their late sixties. They both enjoy a comfortable retirement. Both receive regular payments from their pension plans, Old Age Security (OAS) and Canada Pension Plan (CPP). They own a house and a cottage that are both mortgage-free. They also have over $500,000 in savings and investments. They know that if one of them dies, the surviving spouse will be financially comfortable. The couple has two grown children to whom they would like to leave all their assets when they die. The couple informs Herbert, their insurance agent, that they want to make sure when they die that their children have the funds needed to pay the taxes on the assets that they will bequeath them.
Which life insurance policy would be most suited to meet the couple's needs?

A. A permanent joint last-to-die policy on Aari and Jonila.
B. A permanent joint first-to-die policy on Aari and Jonila.
C. A term joint last-to-die policy on Aari and Jonila.
D. A term joint first-to-die policy on Aari and Jonila.

Answer: A

Explanation:
AJoint Last-to-Die policyis designed to pay out upon the death of the second insured, which is beneficial for covering estate taxes. This structure aligns with Aari and Jonila??s goal to provide funds for their children to pay taxes on inherited assets. Permanent coverage ensures the policy remains in force until both spouses have passed away, which supports long-term estate planning needs. First-to-die policies would pay out upon the death of the first insured, which would not align with their objective to have the policy available for estate settlement at the second death.Therefore,Option Ais most suitable.

NEW QUESTION 2
- (Topic 1)
On February 5, Ayla started working at Larson Group Inc. as an administrative assistant. Larson Group offers all employees a group health, dental and life insurance plan that commences after a 3-month waiting period. On April 7, Ayla felt ill and drove herself to the hospital. The doctor diagnosed two clogged arteries and performed an emergency surgery. Ayla was unable to work for 2 months, then died of complications on June 9. Will the group insurance plan pay the death benefit?

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

Answer: C

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

NEW QUESTION 3
- (Topic 1)
Francis owns a $250,000 insurance policy with an accidental death and dismemberment (AD&D) rider. Francis calls his insurance agent Andrew to inform him that he permanently lost the use of his right hand. He explains to Andrew that his brother shot him when he broke into his brother??s house to recover a gold watch that was rightfully his. Francis wants to know how much he will receive from his AD&D rider.

A. Francis will receive a benefit of $165,000.
B. Francis will receive a benefit of $187,500.
C. Francis will receive a benefit of $250,000.
D. Francis will not receive any benefit.

Answer: D

Explanation:
Accidental Death and Dismemberment (AD&D) riders typically exclude coverage if the injury ordeath occurs while engaging in criminal activities or illegal acts. Since Francis was injured while breaking into his brother??s house, his actions are considered illegal, and this would void any claim under the AD&D rider. As a result,Francis will not receive any benefitdue to the circumstances surrounding the injury.

NEW QUESTION 4
- (Topic 1)
Maeve is an Ontario resident. Fifteen years ago, she purchased a $250,000 whole life insurance policy and named her husband Guillaume as the primary beneficiary and her 4- year-old son Edwin as the contingent beneficiary. Last week, Tasha, Maeve's insurance agent called her to ask if she has had any life changes that would warrant a meeting to review her insurance coverage. Maeve informs her that over the last year she divorced Guillaume and that she is now living with her new boyfriend Eduardo. Tasha asks to meet Maeve to review her beneficiary designation. Who will receive Maeve's death benefit if she dies today?

A. Guillaume
B. Edwin
C. Eduardo
D. Maeve??s estate

Answer: A

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

NEW QUESTION 5
- (Topic 1)
Larissa is a 65-year-old retired marketing executive. She is single and has no dependents. Larissa accepted a generous retirement package from her employer five years ago and used her early retirement cash bonus to consolidate her financial affairs. She paid off mortgages on both her principal residence (a condo) and her vacation cottage. The fair market value (FMV) of the real estate increased significantly over the years. She named her sister Natalya as the sole beneficiary of her estate. In addition to the two properties, Larissa's estate includes a registered retirementsavings plan (RRSP) and shares of Apple Inc. that she purchased in her tax-free savings account (TFSA) 10 years ago. If Larissa were to pass away today, which of her assets would be fully taxable on her final income tax return?

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

Answer: D

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

NEW QUESTION 6
- (Topic 1)
Ten years ago, Anastasia purchased a $125,000 10-year term renewable life insurance policy. Her insurance need has not changed, and she is still in good health. She asks her insurance agent Raphael what she should do.

A. Renew her current policy at the same rate.
B. Renew the policy at an increased rate.
C. Renew her policy and restart the incontestability period.
D. Shop around for a better rate.

Answer: B

Explanation:
Term life insurance policies typically allow for renewal at the end of the term, but the premium is recalculated based on the policyholder??s age at renewal. Since Anastasia??s policy is a 10-year term, and she is now renewing it, her premiums will be higher due to her increased age, despite her good health. The policy will renew without medical underwriting, but it will be at an increased rate. Option A is incorrect, as the rate cannot remain the same. Option C, restarting the incontestability period, may happen but is unrelated to the premium question.Option D, shopping for a better rate, is an option but not directly tied to renewal.Therefore,Option Bis correct.

NEW QUESTION 7
- (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 therequired documentation. Assuring specific payment timelines, as implied in options B, C, and D, is beyond Germain??s authority and would be inaccurate. Therefore,Option Ais the best response for Germain to assist Jason appropriately.

NEW QUESTION 8
- (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. TheIFSE 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 9
- (Topic 2)
Cecilia, a licensed life insurance agent, delivers a life insurance policy to her client Tony, a newly landed immigrant. Tony would like to pay the policy using the pre-authorized monthly payment method. However, he does not have a bank account in Canada yet and doubts he could find the time to open one in the next few days. Cecilia offers to open a savings account for him, but Tony is unsure whether she is licensed to do that. What should Cecilia tell Tony to reassure him that she can open a savings account on his behalf?

A. That licensed life insurance agents are authorized to sell bank products.
B. That no license is required to act as a deposit broker.
C. That she can open a savings account for him with no additional license because she delivered the life insurance policy to him beforehand.
D. That she can open a savings account for him with no additional license so long as the initial deposit is less than $100,000.

Answer: B

Explanation:
Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:
TheIFSE Ethics and Professional Practice Course (Common Law)clarifies that acting as a deposit broker—facilitating the opening of a bank account—does not require a specific license beyond whatCecilia already holds as an insurance agent, provided it??s incidental to her insurance duties. She??s not selling bank products (A), and prior delivery (C) or deposit size (D) aren??t conditions for this. Assisting Tony with a savings account for premium payments is permissible without additional licensing, making B correct.
References:
IFSE Ethics and Professional Practice Course (Common Law), Module 4: Regulatory Environment, Section on "Scope of Agent Activities."

NEW QUESTION 10
- (Topic 2)
Bernadette, a 27-year-old single woman, earns $78,000 annually as a production assistant. She meets with Howard, her insurance agent, to purchase an accidental death and dismemberment insurance contract. Bernadette fills out the application form, the application is accepted, and the effective date is the date of acceptance of the application. Why is the effective date of Bernadette??s policy the same as the date of acceptance?

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

Answer: D

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

NEW QUESTION 10
- (Topic 2)
Josh is meeting with William, his financial advisor, to notify him of the death of his spouse, Linda, for whom he is the beneficiary. Josh is asking William what requirements are necessary for proof of claim on their life insurance policy. Which of the following documents/information are required by Josh to ensure that a proper claim is approved by the insurance company?

A. (iv) only: Death Certificate.
B. (i) and (ii): Proof of Age and Place of Death.
C. (i), (iii), and (v): Proof of Age, Claim Form, and Coroner??s Report.
D. (i), (iii), and (iv): Proof of Age, Claim Form, and Death Certificate.

Answer: D

Explanation:
Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:
TheIFSE Ethics and Professional Practice Course (Common Law)outlines that to process a life insurance claim, insurers typically require: (1) a completed claim form, (2) proof of death (usually a death certificate), and (3) proof of the insured??s age (e.g., birth certificate) to verify policy terms. Here, Josh needs: (i) Proof of Age to confirm Linda??s identity and policy details; (iii) Claim Form as the formal submission; and (iv) Death Certificate as proof of death. Place of Death (ii) is not a standard requirement unless specified, and a Coroner??s Report (v) is only needed in cases of unusual circumstances (not indicated here). Thus, D—(i), (iii), and (iv)—is correct.
References:
IFSE Ethics and Professional Practice Course (Common Law), Module 2: Insurance Contracts, Section on "Claims Process."

NEW QUESTION 12
- (Topic 2)
Ontario residents, Juan and Maria, are a married couple approaching retirement. They have askedtheir representative Carlow to review the details of Maria??s defined benefit plan (DBPP).
Which of the following statements about Maria??s pension is CORRECT?

A. Maria would be entitled to an increased benefit if Juan waived his survivor benefit.
B. Juan would be entitled to receive at least 50% of Maria??s pension upon Maria's death.
C. With Juan's consent, Maria can choose to reduce the survivor benefit to 25% of her normal pension amount.
D. Juan will be entitled to the survivor benefit even if they are separated at the time of Maria's death.

Answer: B

Explanation:
In Ontario, married members of a defined benefit pension plan (DBPP) are typically required to provide at least a 50% survivor benefit to their spouse upon their death unless the spouse waives this right. LLQP materials covering pension plans indicate that this spousal protection is standardfor defined benefit plans, and Maria's pension would provide at least 50% to Juan as the surviving spouse.
Options like reducing the survivor benefit below 50% are generally not permitted under Ontario pension law, and a waiver must be in place for any changes.

NEW QUESTION 15
- (Topic 2)
Trisha is new to the insurance industry and wants to understand the primary responsibility of the Canadian Insurance Services Regulatory Organizations (CISRO). Which of the followingstatements about CISRO is CORRECT?

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

Answer: A

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

NEW QUESTION 17
- (Topic 2)
Miguel applied for a disability insurance policy nearly three months ago. He recently received notice from his agent that his application was approved, with an exclusion applicable to his lower back due to a prior injury. The agent brought the exclusion amendment with the policy at the delivery appointment. Miguel signed and accepted it. He gave the agent a copy of a void cheque to set up direct billing for the premiums, but asked that they wait three days to draw the first premium, to coincide with his payday. The insurer drew the premium three days later, as requested. When did Miguel's policy take effect?

A. The policy has been in effect ever since Miguel's initial application.
B. The policy took effect when Miguel received notice of approval.
C. The policy took effect when Miguel signed the policy and the amendment.
D. The policy took effect when the insurer was able to draw the first premium.

Answer: C

Explanation:
Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:
Under Canadian insurance law, a policy typically takes effect when there is a meeting of the minds (offer and acceptance) and the contract is finalized, often marked by the policyholder??s acceptance of the terms and conditions. TheIFSE Ethics and Professional Practice Course (Common Law)notes that for individual insurance policies, coverage begins when the policy is delivered and accepted by the insured, provided the first premium is paid or arranged. In Miguel??s case, he signed and accepted the policy and amendment at the delivery appointment, and the premium payment was arranged (via void cheque) with a mutually agreed delay of three days. The policy does not take effect at application (A) unless specified, nor at notice of approval (B) alone, nor solely when the premium is drawn (D). Acceptance at signing (C) aligns with contract formation principles, making it the correct answer.
References:
IFSE Ethics and Professional Practice Course (Common Law), Module 2: Insurance Contracts, Section on "Effective Date of Coverage."

NEW QUESTION 20
- (Topic 2)
Barry, a life insurance agent, is meeting his client Diane who came to Canada 26 years ago. Diane is turning 60 years old and is considering purchasing a non-registered life annuity to supplement her retirement income. Barry presented the quote to her and it was quickly accepted. During the application process, he recorded Diane??s contact information, used her Social Insurance card to ascertain her identity, and collected a cheque of $120,000 from a joint account. The names written on the cheque were Diane and Geoffrey. Diane explained that this was a joint account with her brother. What should Barry do to comply with FINTRAC??s guidelines regarding ascertaining identity?

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

Answer: A

Explanation:
Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:
TheIFSE Ethics and Professional Practice Course (Common Law)references FINTRAC (Financial Transactions and Reports Analysis Centre of Canada) guidelines, requiring agents to identify third parties when funds come from a joint account not solely owned by the client. Diane??s $120,000 cheque from a joint account with Geoffrey triggers the third- party determination rule, necessitating a third-party form (A). Reporting to FINTRAC (B) applies to cash transactions over $10,000, not cheques here. The Social Insurance card is acceptable ID, so C is incorrect. Doing nothing (D) violates FINTRAC compliance. A is correct.
References:
IFSE Ethics and Professional Practice Course (Common Law), Module 4: Regulatory
Environment, Section on "FINTRAC Guidelines – Third-Party Determination."

NEW QUESTION 25
- (Topic 2)
Sergei meets with his insurance agent Nikita to purchase a $50,000 critical illness policy. Nikita explains that to apply for the policy Sergei would have to answer a series of personal questions about his finances, health, and lifestyle. Sergei is uncomfortable giving Nikita such detailed personal information. Nikita reassures Sergei by telling him that the insurer must follow stringent rules about how they can collect and handle this information. Which organization legislates privacy

statutes pertaining to insurance companies?

A. Personal Information Protection and Electronic Documents Act (PIPEDA)
B. Privacy Act
C. Human rights legislation
D. Criminal Code

Answer: A

Explanation:
PIPEDA governs how private sector organizations, including insurance companies, collect, use, and disclose personal information in Canada. This Act mandates that insurers adhere to strict guidelines to ensure the protection of client information. Nikita is correct in assuring Sergei that his personal information is protected by privacy legislation, as PIPEDA sets out these obligations for private sector companies handling personal data.

NEW QUESTION 26
- (Topic 2)
Candace, an insurance agent, met with her client Rebecca on March 15th to complete a life insurance application form. Rebecca applied for a T-10 $200,000 life insurance policy, she told Candace that she will wait for her policy to be accepted before making a premium payment. On April 10th, the application was accepted by the insurance company and Candace promptly called Rebecca to give her the good news. Candace delivered the policy to Rebecca on April 15th during the meeting, Rebecca gave Candace a cheque to cover her first premium and a void cheque to cover subsequent premium payments. Candace submitted the cheques to her manager on April 21st. When did Rebecca??s policy come into force?

A. March 15th
B. April 10th
C. April 15th
D. April 21st

Answer: C

Explanation:
A life insurance policy generally comes into force when the policy is delivered to the applicant and the first premium is paid. In this case, Rebecca??s policy was officially delivered on April 15th, at which time she paid the initial premium. As per LLQP guidelines, the contract becomeseffective upon the meeting of these two conditions: delivery of the policy and payment of the first premium.
Therefore, since Rebecca met both conditions on April 15th, that is the date her policy came into force.

NEW QUESTION 27
- (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 32
- (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:
TheIFSE 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&Ocoverage 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 34
- (Topic 2)
Mark and Jesse had a joint life insurance policy which they purchased on the advice of their insurance agent, recognizing that if one of them died, the other would need an insurance benefit to pay off their mortgage and for final expenses. Coverage is $450,000. Last week their car went off the road in a snowstorm. Both were

declared dead at the scene. The two had named their adult nephew, Louis, as contingent beneficiary. What is the amount of the benefit the insurer will pay Louis?

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

Answer: B

Explanation:
Comprehensive and Detailed in Depth Explanation with Exact Extract from Documents and Guides:
A joint life insurance policy can be either "first-to-die" or "last-to-die." TheIFSE Ethics and Professional Practice Course (Common Law)explains that a first-to-die policy pays the death benefit upon the death of the first insured, typically to the surviving insured, while a last-to-die policy pays upon the death of the second insured, often to a contingent beneficiary. Here, the policy??s purpose (to benefit the survivor for mortgage and expenses) suggests a first-to-die structure. However, Mark and Jesse died simultaneously in the crash. In such cases, the policy pays the full benefit to the contingent beneficiary (Louis) as if one death triggered the payout. The coverage is $450,000, not split (A), multiplied (C), or doubled (D). Thus, Louis receives $450,000, making B correct.
References:
IFSE Ethics and Professional Practice Course (Common Law), Module 2: Insurance Contracts, Section on "Joint Life Policies and Simultaneous Death."

NEW QUESTION 38
- (Topic 2)
Surjit and Rajbir get married in 2010 and Surjit names Rajbir as the irrevocable beneficiary of his life insurance contract. In 2017, the couple divorces amiably and Surjit meets with hisinsurance representative, Ivan, to review his plans. Surjit tells Ivan that he would like to keep Rajbir as his beneficiary. What should Ivan counsel his client to do?

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

Answer: B

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

NEW QUESTION 42
- (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. TheIFSE 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 claimtiming. 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 45
- (Topic 2)
Josh is a successful insurance agent with Smart Insurance Inc. who mentors new agents and gives them tips on how to increase their client base. He tells Clarence, a new agent, that he should send an email to close friends and family members to explain the services that he now offers. Clarence is worried about sending unsolicited promotional emails because Firash, the compliance manager, had told him that the practice is not allowed. What legislation was Firash correctly referencing?

A. The Personal Information Protection and Electronic Documents Act (PIPEDA).
B. The Privacy Act.
C. Canada??s Anti-Spam Legislation (CASL).
D. The Criminal Code.

Answer: C

Explanation:
Canada??s Anti-Spam Legislation (CASL) regulates the sending of commercial electronic messages (CEMs) without the recipient??s consent. CASL requires explicit consent before sending unsolicited promotional emails, even to friends and family, if the messages are for commercial purposes. Clarence??s concern about compliance with CASL is valid, as sending unsolicited emails could result in penalties for violating this legislation.

PIPEDA and the Privacy Act relate to privacy and personal information protection but do not specifically address unsolicited electronic communications.

NEW QUESTION 49
- (Topic 2)
Kalei owns a $250,000 life insurance policy with an accumulated cash surrender value of $75,000. She meets with her insurance agent Pamela to inform her that she quit her job last week. She wants to start an online business and needs $40,000 to fund the inventory and coverher living expenses for a few months. She heard that it was possible to obtain a loan using her policy at a 5% interest rate. Which of the following statements about collateral assignment is CORRECT?

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

Answer: B

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

NEW QUESTION 54
- (Topic 2)
Frankie is a newly licensed insurance of persons agent who meets with Walter, her father's friend since college. Walter is in his late forties, and he mentions that he would like to purchase a life insurance policy and start planning for his retirement. Frankie has never sold a segregated fund before. Not wanting to disclose her inexperience, she clumsily fills out the application form to invest in segregated funds. Which responsibility did Frankie breach?

A. Integrity
B. Competence
C. Disclosure
D. Product suitability

Answer: B

Explanation:
By attempting to sell a segregated fund product without adequate knowledge or experience, Frankie breached her duty of competence. LLQP guidelines emphasize the importance of competence, requiring agents to have sufficient knowledge of the products they recommend to clients to ensure that they are acting in the client??s best interest. Frankie??s failure to disclose her inexperience could potentially lead to errors that might adversely affect Walter, highlighting her lack of preparation and professional responsibility.

NEW QUESTION 59
- (Topic 2)
Brian gives his lawyer Dave $200,000 that will be used as a down payment to purchase a condo. Brian received these funds from his mother??s life insurance death benefit. The money is deposited into Dave??s trust account. Unbeknownst to Brian, Dave is going through financialhardship. If Dave files for bankruptcy while Brian's funds are still in his trust account, can the bankruptcy trustee seize the funds?

A. Yes, because the account is in Dave??s name.
B. Yes, because life insurance benefits, once paid out, are seizable.
C. No, because the money does not belong to Dave.
D. No, because trust accounts are protected from seizure by creditors.

Answer: C

Explanation:
Funds placed in a lawyer??s trust account are legally considered to be held in trust for the client, meaning they remain the property of the client, not the lawyer. In the case of Dave??s bankruptcy, his creditors cannot claim Brian's money, as it is not an asset of Dave's estate but is held specifically for Brian??s use. LLQP guidelines recognize the principle that assets held in trust are protected from the trustee??s personal creditors.
Hence, Brian??s funds in Dave??s trust account would not be seizable by Dave??s bankruptcy trustee.

NEW QUESTION 63
- (Topic 3)
Becky opened a small bakery five years ago. Although she struggled at first, her business hasbecome increasingly successful. Until recently, she only had two full-time employees, but now she hired two more and relocated the store to a busier street. The rent is higher, and so are the profits. As the bakery expands, however, Becky is becoming increasingly concerned about what would happen to it if she became unable to work—even for just a few months—due to an illness or an injury. Which one of the following options would most suitably protect Becky??s business against such a risk?

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

Answer: A

Explanation:
Comprehensive and Detailed Explanation:
Business overhead expense (BOE) insurance covers fixed business costs (e.g., rent, salaries) during the owner??s disability, keeping the bakery operational (Chapter 5:Insurance to Protect Businesses).
Option A: Correct; BOE fits her concern for short-term business continuity. Option B: Incorrect; buyout insurance is for partnership dissolution.

Option C: Incorrect; personal disability covers income, not business expenses. Option D: Risky; self-funding depletes savings.
Reference: LLQP Accident and Sickness Insurance Manual, Chapter 5:Insurance to Protect Businesses.

NEW QUESTION 65
- (Topic 3)
Jonas recently graduated with his engineering degree and is joining the Alberta Engineering Association. He is informed that the association offers a group plan to all members. Jonas wants to join the plan but wishes to know who will pay the premiums for the coverage.
Which of the following answers is CORRECT?

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

Answer: A

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

NEW QUESTION 69
- (Topic 3)
Vladimir is a new insurance agent with Family-Assure Inc. He and his supervisor Petros are reviewing the information collected during Vladimir's first meeting with Vanessa, a restaurant owner looking to add to her existing disability insurance (DI) coverage. Petros notices an overlap among sources, although the existing coverage appears adequate. Petros reminds Vladimir to explain to Vanessa how she would be impacted if she were to claim disability benefits.
What should Vladimir tell Vanessa?

A. Her DI benefits may be scaled back accordingly.
B. It is more prudent to leave current coverage in place regardless of the overlap.
C. Overlapping among sources may result in longer waiting periods.
D. The insurer may refuse payment due to the appearance of fraud.

Answer: A

Explanation:
Disability insurance benefits can be subject tointegrationoroffset provisions, especially if multiple sources of DI coverage exist. These provisions prevent the insured from receiving a total disability benefit amount that exceeds a certain percentage of pre-disability income. Vladimir should inform Vanessa that her benefits might be adjusted to avoid over-insurance and to align with her income levels. This aligns with the LLQP materials, which emphasize that overlapping coverage sources may lead to reductions in benefits from one source to maintain proportionality with earned income.

NEW QUESTION 70
- (Topic 3)
Paul is a self-employed props person in the film industry. A year ago, he purchased disability insurance with an accidental death and dismemberment (AD&D) rider. During a film shoot, the wood floor of the film set catches fire due to his negligence and he loses sight in one eye. Hisdoctor prescribes complete rest for five months. How will the insurer compensate Paul under the circumstances?

A. Paul will receive a lump-sum benefit because of the loss of sight in one eye and monthly benefits for the duration of his disability.
B. Paul will receive monthly benefits due to the loss of sight in one eye because he is automatically considered disabled under his policy.
C. Paul will only receive a lump-sum benefit for the loss of his eye; he is not disabled as he only needs rest.
D. Paul will receive no benefits because the accident was caused by his negligence and an exclusion applies.

Answer: A

Explanation:
Comprehensive and Detailed Explanation:
AD&D pays a lump sum for loss of sight in one eye (a scheduled loss), and disability insurance pays monthly benefits if Paul can??t work (five months?? rest) (Chapter 2:Insurance to Protect Income). Negligence isn??t a standard exclusion unless specified.
Option A: Correct; both benefits apply.
Option B: Incorrect; monthly benefits aren??t automatic. Option C: Incorrect; rest qualifies as disability.
Option D: Incorrect; negligence isn??t an exclusion.
Reference: LLQP Accident and Sickness Insurance Manual, Chapter 2:Insurance to Protect Income.

NEW QUESTION 71
- (Topic 3)
On February 15, 2015, Donald took out income replacement insurance with an accidental death and dismemberment rider of $50,000 and a critical illness insurance rider of $25,000. The policy wasissued on April 1, 2015. On April 10, 2015, his doctor tells him that the results of a urine analysis carried out at the end of March reveal a serious anomaly and refers him to an emergency urologist. On April 20, Donald is diagnosed with cancer of the right kidney, which is due to be removed on April 26. But, two days before the procedure, Donald dies in a car accident. What benefit amount will the estate receive?

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

Answer: C

Explanation:

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

NEW QUESTION 75
- (Topic 3)
Anvi owns individual disability insurance that she purchased 5 years ago. At the time of application,she was a semi-professional boxer. Gamma Insurance Inc. offered her the disability policy with an exclusion stating that if she became disabled while boxing, the benefit would not be paid.
This week, while reviewing her insurance needs with Tyron, her insurance agent, she mentions that she retired from boxing and wants to know how, or if, this will affect her policy.
What should Tyron tell her?

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

Answer: B

Explanation:
Anvi??s disability insurance policy contains an exclusion related to her boxing activities due to the inherent risks associated with that occupation. Since she has retired from boxing, she may request a re-evaluation of her policy to potentially remove the exclusion. However, this change is likely to involve an underwriting review rather than an automatic premium reduction. Typically, exclusions are added to mitigate specific risks, and removing them may be possible without altering the premium since the overall risk profile has changed, but it does not directly imply a premium decrease. Therefore, the most accurate answer is that the exclusion can be removed, but the premiums will remain the same.

NEW QUESTION 79
- (Topic 3)
Alex, aged 35, has worked for many years as a salesman in a small used car dealership. He earns $70,000 a year. He has no group insurance at work and no individual insurance. Single and without children, his priority is to save enough money to retire at age 60. He makes regular contributions to his RRSPs, in which he has accumulated $400,000. He owns a condo valued at $250,000 on which he has an uninsured mortgage of $150,000. What financial risk is Alex most exposed to?

A. Inflation.
B. Loss of income.
C. Longevity.
D. Drop in standard of living.

Answer: B

Explanation:
Comprehensive and Detailed Explanation:
Alex??s $70,000 income supports his RRSP contributions and $150,000 mortgage. With no disability insurance, a loss of income due to disability is his greatest risk (Chapter 2:Insurance to Protect Income).
Option A: Inflation affects savings value but isn??t immediate.
Option B: Correct; no income protection threatens his mortgage and savings plan. Option C: Longevity is a retirement risk, not current.
Option D: Standard of living drops if income is lost, but loss of income is the root risk. Reference: LLQP Accident and Sickness Insurance Manual, Chapter 2:Insurance to Protect Income.

NEW QUESTION 82
- (Topic 3)
Angus is involved in a motorcycle accident and due to his injuries has to spend a few nights in thehospital. He is released from the hospital with a doctor's note indicating that he is able to perform certain parts of his job, but that it would take months until he can be back to normal. He promptly calls his insurance agent Dawn to ask her if he would be entitled to his disability benefits. Dawn reads his policy and tells him that he will not receive any disability benefits.
Which disability definition is MOST LIKELY included in his policy?

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

Answer: B

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

NEW QUESTION 84
- (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 86
- (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 90
- (Topic 3)
Marvyn meets with his client, Edlyn, a 67-year-old retired widow who wants to purchase long-term care insurance. Edlyn receives monthly benefits from the Canada Pension Plan (CPP), Old Age Security (OAS), and a registered life annuity. She lives in a mortgage-free condo that she would like to bequeath to her son upon her death.
Given this information, which of the following is Edlyn looking to protect by purchasing long- term care insurance?

A. Protection of loss of income.
B. Protection of assets.
C. Protection of savings.
D. Protection of retirement income.

Answer: B

Explanation:
Edlyn??s primary concern is to preserve her condo asset, which she intends to leave to her son. Long-term care (LTC) insurance can help protect her financial assets by covering the costs associated with long-term care, thus reducing the risk of needing to liquidate assets like her condo to pay for care. The LLQP materials note that LTC insurance is often used to protect assets against the high costs of extended care, particularly for individuals who want to ensure their assets can be transferred to heirs. Therefore, the correct answer is B, as Edlyn is seeking to safeguard her assets from potential erosion due to LTC expenses.

NEW QUESTION 91
- (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 questionnairetoprovide 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 93
- (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 atwo-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 97
- (Topic 3)
Bachir owns a successful video game business and has 10 employees. The time has come to plan business succession and the eventual sale of the business. Bachir??s nephew Kharim, who shows a real interest in the business, is identified as his successor. Bachir would like to protect his sales price until such time as the business is sold to Kharim, who does not have the funds yet and will need a few years to amass the required amount. Bachir and Kharim consult insurance agent Bianca for advice. What should Bianca propose?

A. Disability buyout coverage in the event of Kharim??s disability.
B. Business loan protection.
C. Key person coverage.
D. Disability buyout coverage in the event of Bachir??s disability.

Answer: D

Explanation:
Comprehensive and Detailed Explanation:
Disability buyout insurance funds a buy-sell agreement if the owner (Bachir) becomes disabled, ensuring Kharim can purchase the business at the agreed price (Chapter 5:Insurance to Protect Businesses).
Option A: Incorrect; Kharim??s disability doesn??t affect Bachir??s sale. Option B: Incorrect; no loan is mentioned.
Option C: Incorrect; key person protects business operations, not succession. Option D: Correct; protects Bachir??s sale value if he??s disabled.
Reference: LLQP Accident and Sickness Insurance Manual, Chapter 5:Insurance to
Protect Businesses.

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

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

Answer: A

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

NEW QUESTION 102
- (Topic 3)
Tyler, a group insurance agent, is meeting with Yolanda, the director of his new group insurance client, Compact Funds Inc., to set up the company??s plan. Compact Funds employs over 30 employees, and Tyler recommends that they implement a contributory plan. Yolanda would like to understand what this means. Which of the following statements about contributory plans is CORRECT?

A. The insurer will bill each employee who will then ask for Compact Funds to credit a portion of the premiums on the payroll.
B. The insurer will bill Compact Funds, and they will deduct the requisite premium from each employee's paycheck.
C. The insurer will bill Compact Funds and each employee individually.
D. The insurer will bill each employee directly, and they will pay 100% of the premiums.

Answer: B

Explanation:
In acontributory group insurance plan, the cost of the premiums is shared between the employer and the employees. For Compact Funds Inc., which has over 30 employees, implementing a contributory plan means that both the employer and the employees contribute to the premium costs. According to LLQP guidelines on group insurance plans, the process usually involves the employer (Compact Funds in this case) receiving the bill for the total premium from the insurer. The employer then deducts the employees?? share of the premium directly from their paychecks. This allows for efficient billing and ensures that premiums are paid in a consolidated manner by the employer, with the deduction process managed through payroll.

Option B is correct as it accurately describes the billing and payment arrangement in a contributory group insurance plan, where Compact Funds is billed directly by the insurer and then deducts the employee portion from payroll, streamlining the process and keeping it consistent with standard practices as outlined in the LLQP content on group insurance.

NEW QUESTION 107
- (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 108
- (Topic 3)
Li Jun, 50, applies for a $250,000 critical illness (CI) insurance policy with his insurance agent Ming. On the application, Li Jun states that he must take pills daily to manage his hypertension. Aside from this, his health is good. Given his age and hypertension issue, he is worried that the insurer may refuse his application.
What does Ming CORRECTLY advise him?

A. The policy will likely be denied.
B. The policy will likely be issued with an exclusion.
C. The policy will likely be issued with a premium rating.
D. The policy will likely be issued with a lower benefit.

Answer: C

Explanation:
Since Li Jun manages hypertension, a common condition that increases the risk profile, insurers frequently apply apremium rating, meaning higher premiums, due to the elevated health risk. Exclusions are less typical for well-managed chronic conditions, and refusal is unlikely for a single, manageable health issue. Given his overall good health otherwise, the insurer is likely to issue the policy with an increased premium to account for the added risk, as per the LLQP guidelines on underwriting for critical illness insurance.

NEW QUESTION 112
- (Topic 3)
Cory is a recent college graduate who has just been hired by a marketing firm in an entry- level position. His employer group benefits only cover a short-term disability to a maximum of 119 days. He meets with an insurance agent to talk about disability coverage. To fully cover his salary, he would require a $3,000 monthly benefit. In reviewing options, he thinks that his ideal coverage of a 30-day waiting period and a ??to age 65?? benefit period comes at a cost that exceeds his budget. What recommendation should the insurance agent make to Cory regarding coverage?

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

Answer: A

Explanation:
Comprehensive and Detailed Explanation:
Extending the waiting period (e.g., to 120 days) aligns with his 119-day STD coverage, reducing premiums while maintaining $3,000/month to age 65 (Chapter 7:Insurance Recommendation, Contract, and Service Needs).
Option A: Correct; cost-effective. Option B: Incorrect; weakens coverage. Option C: Incorrect; reduces protection. Option D: Incorrect; delays coverage.
Reference: LLQP Accident and Sickness Insurance Manual, Chapter 7:Insurance
Recommendation, Contract, and Service Needs.

NEW QUESTION 114
- (Topic 3)
Monique meets with Tyra, an insurance agent, to review her insurance needs. Tyra explains the different types of policies and asks Monique for more information on her sources of income and expenses to properly evaluate her needs.
Which document should Tyra review to better understand Monique??s sources of income?

A. Cash flow statement.
B. Net worth statement.
C. Registered investment account statement.
D. Non-registered investment account statement.

Answer: A

Explanation:

Acash flow statementprovides a detailed view of an individual??s sources of income and expenses over a certain period, making it the best document for Tyra to review in order to understand Monique's financial position. This statement outlines both inflows (such as wages, rental income, or dividends) and outflows (such as rent, mortgage payments, and living expenses), allowing Tyra to gauge Monique??s ability to handle insurance costs and identify any potential gaps in coverage.

NEW QUESTION 115
- (Topic 3)
Samira, a 42-year-old single mother of four, owns an individual disability insurance (DI) policy. Last week, she was hospitalized because of complications from diabetes. She hired an emergency nanny to care for her children until she was healthy enough to resume her normal activities. To her relief, Samira's DI policy contains a special rider that would cover up to $250 per day for these types of expenses.
What is the name of the rider contained in Samira's policy?

A. Residual disability benefits.
B. Hospital indemnity rider.
C. Cost-of-living adjustment.
D. Childcare rider.

Answer: D

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

NEW QUESTION 118
- (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 across-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 119
- (Topic 4)
Ontario residents, Juan and Maria, are a married couple approaching retirement. They have asked their representative, Carlow, to review the details of Maria??s defined benefit plan (DBPP).
Which of the following statements about Maria's pension is CORRECT?

A. Maria would be entitled to an increased benefit if Juan waived his survivor benefit.
B. Juan would be entitled to receive at least 50% of Maria??s pension upon Maria's death.
C. With Juan's consent, Maria can choose to reduce the survivor benefit to 25% of her normal pension amount.
D. Juan will be entitled to the survivor benefit even if they are separated at the time of Maria's death.

Answer: B

Explanation:
In Ontario, the pension legislation stipulates that a spouse is entitled to receive a minimum of 50% of the member??s pension benefits as a survivor benefit if the member dies. This applies to defined benefit pension plans (DBPP), which provide a predetermined benefit upon retirement.Therefore, as the spouse of Maria, Juan would be entitled to receive at least half of Maria??s pension upon her death, as specified by Ontario pension regulations. This survivor benefit is a guaranteed right and requires consent from both spouses for any reduction or waiver. Options C and D are incorrect as Ontario law mandates a minimum 50% survivor benefit without provision for reduction to 25%, and Juan's entitlement is tied to their marital status and statutory rights, which may not apply if they are separated or divorced at the time of Maria's death. Option A is incorrect because Ontario legislation does not provide for an increased benefit by waiving the survivor benefit.

NEW QUESTION 120
- (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 isabout 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 121
- (Topic 4)
Benjamin is a financial security advisor working for the Larson Group. He is following a mandatory compliance training session given by Andrew, the compliance manager. Andrew explains the importance of following the Chambre de la s??curit?? financi??re code of ethics, and Benjamin would like to know to whom the code of ethics applies.
What is Andrew's CORRECT response?

A. Financial planners and financial security advisors.
B. Financial security advisors and their administrative assistants.
C. Claims adjusters and group insurance plan advisors.
D. Damage insurance agents and accident and sickness insurance representatives.

Answer: A

Explanation:
The Chambre de la s??curit?? financi??re code of ethics applies specifically to financial security advisors and financial planners in Quebec. This code outlines the professional conduct required of those working within the financial services industry who advise clients on security products. Administrative assistants, claims adjusters, and damage insurance agents do not fall under the purview of the CSF code of ethics as they are regulated under different professional codes or by different oversight organizations.
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NEW QUESTION 124
- (Topic 4)
Last week, at a dinner party, Dario, an insurance agent, met Andrew, a successful businessperson with a net worth of over $10 million. Dario spent the evening following Andrew around, telling him how he could help him manage his finances. The day after the meeting, Dario sent a fruit basket to Andrew's office. Every day since, Dario has been calling and urging Andrew to meet with him and take advantage of his services and insurance products.
Which duties and obligations did Dario break?

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

Answer: A

Explanation:
Dario??s conduct at the dinner party and afterward constitutes a breach of his duties and obligations towards the public. Insurance professionals are expected to maintain high standards of professionalism and respect the privacy and comfort of individuals they interact with. By persistently following Andrew and subsequently pressuring him with daily calls and unsolicited gifts, Dario failed to demonstrate respect for personal boundaries. This behavior could be seen as unprofessional and could harm the public??s trust in the industry. According to LLQP guidelines and ethical standards, agents must avoid aggressive solicitation and respect the autonomy and privacy of the public.
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NEW QUESTION 126
- (Topic 4)
Insurance of persons advisor Somalia is careful to comply with the standards and regulations when she meets with potential clients. Under no circumstances would she want them to feel aggrieved or not respected. She makes sure to know their rights. Which legislation does Somalia not have to worry about?

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

Answer: D

Explanation:
Comprehensive and Detailed In-Depth Explanation: Somalia, as an insurance of persons advisor in Quebec, must adhere to multiple legislative frameworks governing her professional conduct and client interactions. The Distribution Act (option A) regulates her licensing, duties, and client dealings as a financial professional (Sections 1–12), making it directly applicable. The APPIPS (option B) governs how she handles clients?? personal information, a critical aspect of her role (Sections 1–10), so she must comply. The Quebec Charter of Human Rights and Freedoms (option C) protects clients?? rights to dignity and respect, influencing her ethical obligations (Sections 1–4). However, The Insurers Act and its Regulation (option D) primarily govern insurance companies?? operations, solvency, and product offerings, not the day-to-day conduct of individual advisors like Somalia (Sections 1–20). While indirectly relevant through her insurer affiliations, it does not impose direct obligations on her client-facing duties. The Ethics and Professional Practice manual stresses advisors?? responsibility to prioritize client-focused legislation, supporting option D as the least applicable.
References: Distribution Act, Sections 1–12; APPIPS, Sections 1–10; Quebec Charter,
Sections 1–4; Insurers Act, Sections 1–20; Ethics and Professional Practice (Civil Law) Manual, Section on Legislative Compliance.
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NEW QUESTION 130
- (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 132
- (Topic 4)
Alec is sure he sent his insurer his annual life insurance premium payment. The insurer did not receive it, however. The insurer then sent Alec a notice of non-payment of premiums, but Alec had moved in the meantime. Therefore, he never got the notice, even though he had emailed hisfinancial security advisor, Olivier, to inform him of his change of address. Unfortunately, Olivier was on a leave of absence and no one else in the firm took over the file. As a result, the policy lapsed. Alec sent Olivier??s firm several emails to complain, but no one responded. Which organization can Alec turn to?

A. The Canadian Life and Health Insurance Association
B. The Chambre de la s??curit?? financi??re
C. The Autorit?? des march??s financiers
D. Assuris

Answer: C

Explanation:
Comprehensive and Detailed In-Depth Explanation: Alec faces a lapsed policy due to communication failures involving his advisor and firm. The Autorit?? des march??s financiers (AMF) regulates Quebec??s financial advisors and firms under the Distribution Act (Sections 103–115), handling complaints about advisor negligence or firm unresponsiveness. Option C is correct, as the AMF can investigate Olivier??s firm??s failure to update Alec??s address or respond. Option A (CLHIA) is an industry group without regulatory power. Option B (Chambre de la s??curit?? financi??re) oversees advisor ethics but focuses on individual conduct, not firm-wide issues or insurer disputes. Option D (Assuris) protects policyholders if an insurer fails, not for lapses due to non-payment. The Ethics manual stresses advisors?? duty to maintain client communication, supporting AMF jurisdiction here.
References: Distribution Act, Sections 103–115; Ethics and Professional Practice (Civil Law) Manual, Section on Advisor Responsibilities.
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NEW QUESTION 137
- (Topic 4)
Insurance of persons representative V??ronique is meeting clients referred by an acquaintance for the first time. Observing some suspicious behaviours on their part, V??ronique 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 V??ronique??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 141
- (Topic 4)
Sabrina is an insurance representative with an insurance of persons certificate issued by the Autorit?? des march??s financiers (AMF). Her client, Stephanie, is a Quebec resident who accepted a job with Service Canada, in Ottawa, and purchased a condo there. Stephanie calls Sabrina to explain that her new job requires her to work in Ottawa three days per week, but she is still a Quebec resident; she spends four days a week with her family in Granby, Quebec. Stephanie asks Sabrina if she can buy mortgage insurance from her to help cover the mortgage on her new condo.
What should Sabrina answer her?

A. Yes, they can complete and sign the application in Ottawa because Stephanie is a Quebec resident.

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

Answer: B

Explanation:
In Quebec, insurance regulations require that insurance contracts for residents must be completed within Quebec to be considered valid under Quebec law, regardless of the location of the insured property. Since Stephanie is a Quebec resident, the insurance contract, including the application, must be completed and signed in Quebec. The fact that Stephanie??s condo is located in Ontario does not affect the validity of obtaining mortgage insurance from a Quebec-licensed representative as long as the process adheres to Quebec's legal requirements. This maintains compliance with provincial licensing and residency rules under the AMF.
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NEW QUESTION 144
- (Topic 4)
Concilius has had a whole life (permanent) insurance policy for the past eight years. He decides he no longer wants this policy and stops paying the premiums. The cash value keeps the policy in effect for 28 months, after which it lapses. However, 46 months later, Concilius regrets his decision and applies to reinstate his policy. He is prepared to prove that he still meets the insurability conditions and to pay the overdue premiums plus interest, the cash value used, and the interest. Under what conditions will Concilius?? policy be reinstated?

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

Answer: B

Explanation:
Comprehensive and Detailed In-Depth Explanation: Reinstatement of a lapsed whole life insurance policy is governed by the Civil Code of Quebec (Article 2428) and insurer policies outlined in the LLQP. If a policy lapses due to non-payment but has a cash value, it may remain in force temporarily via an automatic premium loan or reduced paid-up option. For reinstatement, the insured typically must provide evidence of insurability and repay overdue premiums, interest, and any cash value used, as Concilius offers. The LLQP specifies that reinstatement, if within the insurer??s allowable period (often 2–5 years), restores the policy to its original terms—same premium and coverage—unless otherwise stipulated. Option B, ??with the same initial conditions,?? aligns with this standard practice. Option A (new premium based on age) applies to new policies, not reinstatement. Option C (premium increase) or D (reduced amount) might occur if insurability declines, but Concilius meets the conditions, so no adjustment is required. The Ethics manual stresses transparency in explaining reinstatement terms.
References: Civil Code of Quebec, Article 2428; LLQP Module on Life Insurance Products;
Ethics and Professional Practice (Civil Law) Manual, Section on Policy Administration.
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NEW QUESTION 149
- (Topic 4)
Which organization provides protection for holders of segregated fund contracts in Canada if the insurer becomes insolvent?

A. Canadian Deposit Insurance Corporation
B. Canadian Insurance Services Regulatory Organizations
C. Assuris
D. OmbudService for Life & Health Insurance

Answer: C

Explanation:
Assuris provides protection to Canadian policyholders, including holders of segregated fund contracts, if their insurance company becomes insolvent. Assuris is a not-for-profit organization that safeguards policyholders by ensuring that they continue to receive guaranteed benefits within specified limits. This organization is essential for maintaining confidence in the Canadian insurance industry, offering peace of mind to policyholders that their segregated fund contracts are protected under such circumstances. Neither the Canadian Deposit Insurance Corporation nor the OmbudService for Life & Health Insurance provides this specific type of insolvency protection for segregated funds.

NEW QUESTION 153
- (Topic 4)
Justin decides to lease the personal vehicle of his friend Simon, who owns a window installation company. They agree on Justin having exclusive use of the vehicle in exchange for some renovations on Simon's house. What type of contract is this?

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

Answer: B

Explanation:
Comprehensive and Detailed In-Depth Explanation: This scenario involves a barter arrangement where Justin leases Simon??s vehicle in exchange for renovations, requiring classification under Quebec??s Civil Code contract principles (Articles 1378–1424). A ??contract by mutual agreement?? (or consensual contract) is formed through the mutual consent of both parties, as Justin and Simon negotiate terms directly (Article 1385). It is ??synallagmatic?? because both parties have reciprocal obligations—Justin provides renovations, and Simon provides the vehicle (Article 1381). It is??onerous?? since each party incurs a cost and receives a benefit, distinguishing it from a gratuitous contract (Article 1380). Finally, it is ??commutative?? because the value of the renovations and vehicle use is presumed equivalent at the outset, with no uncertainty as in aleatory contracts (Article 1382). Option A is incorrect because a ??contract of adhesion?? involves pre-set terms with no negotiation, and this is not gratuitous. Option C fails as it is not unilateral (only one party obligated) or a consumer contract (a commercial or standard-form transaction). Option D??s ??instantaneous performance?? is incorrect, as the lease and renovations suggest ongoing obligations. The Ethics and Professional Practice manual underscores advisors?? duty to accurately interpret contract types for clients.

References: Civil Code of Quebec, Articles 1378–1424; Ethics and Professional Practice
(Civil Law) Manual, Section on Contract Law Principles.
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NEW QUESTION 157
- (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 159
- (Topic 4)
Claudie??s mother has been the policyholder and beneficiary of an insurance policy on the life of Claudie since she was five years of age. Claudie is now the mother of a three-month- old boy. Claudie would like for Marc-Andr??, her de facto spouse, to be the beneficiary of the policy. What steps need to be taken in order for this to happen?

A. As the policyholder, Claudie??s mother must make a written request for a change of beneficiary and designate Marc-Andr??
B. As the beneficiary, Claudie??s mother must make a written request for a change of beneficiary and designate Marc-Andr??
C. As the insured, Claudie must make a written request for a change of beneficiary and designateMarc-Andr??
D. As the insured, Claudie must make a written request for a change of policyholder and designate Marc-Andr??

Answer: A

Explanation:
Comprehensive and Detailed In-Depth Explanation: In life insurance, the policyholder owns the contract and has the authority to change the beneficiary, per the Civil Code of Quebec (Article 2425). Claudie??s mother, as the policyholder, must submit a written request to the insurer to designate Marc-Andr?? as the new beneficiary, making option A correct. Option B is incorrect because the beneficiary (Claudie??s mother) has no control over changing the designation—only the policyholder does. Option C is wrong, as the insured (Claudie) has no inherent right to alter the beneficiary unless she is also the policyholder, which she is not. Option D misstates the goal—Claudie wants a beneficiary change, not a policyholder change. The Ethics and Professional Practice manual stresses that advisors must ensure clients understand policy ownership rights and procedures for beneficiary changes.
References: Civil Code of Quebec, Article 2425; Ethics and Professional Practice (Civil Law) Manual, Section on Policy Ownership and Beneficiary Designations.

NEW QUESTION 164
- (Topic 4)
Kirill purchases a $250,000 permanent life insurance policy on the life of his grandson, Dmitry. Kirill asks his wife Katya to pay the policy premiums and names his daughter, Natalya, as the subrogated policyholder. He does not name a beneficiary. Subsequently, Kirill dies without a will.
Who will become the new policyholder?

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

Answer: C

Explanation:
In the case of life insurance where a subrogated policyholder is designated, that individual (in this case, Natalya) would assume ownership rights of the policy upon the original policyholder??s death. Since Kirill named Natalya as the subrogated policyholder, she would become the new policyholder upon his death, regardless of the fact that Kirill did not have a will. This designation bypasses the estate, meaning the executor or other family members (like Katya) do not assume ownership. This outcome aligns with LLQP guidelines on succession planning and the assignment of life insurance ownership.
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NEW QUESTION 166
- (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 withprior 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 168
- (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 172
- (Topic 4)
Alexandre has just become a father. He wishes to take out a life insurance policy from Antoine, an insurance of persons representative. During their meeting, Alexandre mentions his love of mountain climbing. What should Antoine do?

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

Answer: B

Explanation:
Comprehensive and Detailed In-Depth Explanation: Antoine??s duty as an insurance representative, per the Distribution Act (Sections 16–18) and Civil Code (Article 2408), includes assessing Alexandre??s risk profile and explaining policy terms, especially exclusions. Mountain climbing is a high-risk activity that many insurers exclude or restrict, but this is not a blanket legal exclusion under the Civil Code (contrary to option A). Option B is correct: Antoine must review the specific policy??s exclusion clauses and inform Alexandre that a claim could be denied if death occurs during mountain climbing, ensuring informed consent. Option C misinterprets the Quebec Charter (Sections 10–20), which prohibits discrimination but allows insurers to set risk-based exclusions (private contract freedom, Article 1378). Option D neglects Antoine??s obligation to disclose material exclusions, risking misrepresentation. The Ethics and Professional Practice manual mandates full disclosure of risks and exclusions to uphold client trust and compliance.
References: Distribution Act, Sections 16–18; Civil Code of Quebec, Article 2408; Quebec Charter, Sections 10–20; Ethics and Professional Practice (Civil Law) Manual, Section on Disclosure Duties.
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NEW QUESTION 173
- (Topic 4)
Jean, who is in business, would like to understand why his segregated funds, which resemble mutual funds, allow this type of asset to be sheltered from creditors. How should Patrice, his financial security advisor, answer?

A. The reason is that segregated funds are offered through an annuity policy, and by law, annuities offer a certain measure of protection if the beneficiary is the legal spouse or the policyholder??s ascendant or descendant, or an irrevocable beneficiary
B. The reason is that segregated funds are governed by the AMF??s Guideline on Individual Variable Insurance Contracts Relating to Segregated Funds, which states that these products are exempt from seizure
C. The reason is that anything offered by a life insurer can be exempt from seizure if a beneficiary is designated, except for contributions in the last year
D. The reason is that mutual funds do not offer a guarantee and it??s the guarantee offered by segregated funds, which ensures it is an insurance contract and which therefore allows funds to be free from creditors

Answer: A

Explanation:
Comprehensive and Detailed In-Depth Explanation: Segregated funds are investment products offered by life insurers, combining insurance and investment features. Under Quebec??s Civil Code (Article 2457), proceeds from life insurance contracts, including annuities, are exempt from seizure if the beneficiary is the policyholder??s spouse, ascendant, descendant, or an irrevocable beneficiary. Segregated funds qualify for this protection because they are structured as annuity contracts, distinguishing them from mutual funds. Option A correctly identifies this legal protection tied to beneficiary designation. Option B misattributes the protection to the AMF Guideline, which regulates segregated funds but does not grant seizure exemption—that stems from the Civil Code. Option C overgeneralizes, as not all insurance products are exempt (e.g., recent contributions may be contested under Article 2459). Option D focuses on the guarantee, which is a feature of segregated funds, but the creditor protection hinges on the insurance contract status and beneficiary rules, not the guarantee alone. The Ethics manual requires advisors to explain legal protections accurately.

References: Civil Code of Quebec, Articles 2457–2459; Ethics and Professional Practice
(Civil Law) Manual, Section on Segregated Funds and Creditor Protection.
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NEW QUESTION 177
- (Topic 5)
(Dominique invested $25,000 in fixed-rate GICs and $25,000 in bond segregated funds.
What type of risk do these investments involve?)

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

Answer: C

Explanation:
Both GICs and bonds are subject toinflation risk, meaning that if inflation rises faster than the returns generated by these fixed-income investments, the real value (purchasing power) of the investments decreases over time.
Exact Extract:
"Inflation risk refers to the possibility that the return on an investment will not keep up with the rate of inflation, eroding the real value of investment returns. Fixed-income investments like GICs and bonds are particularly susceptible to this risk."
(Reference:Segfunds-E313-2020-12-7ED, Chapter 1.4.3 Inflation Risk)

NEW QUESTION 182
- (Topic 5)
(Vanessa, a grandmother, wants to set up a savings account for her six-month-old granddaughter Brienne??s future education, making a lump sum and regular contributions.
Which account is best suited?)

A. An RRSP in Brienne??s name
B. A TFSA in Vanessa??s name
C. An RESP with Brienne as beneficiary
D. A TFSA in Tanya??s name

Answer: C

Explanation:
ARegistered Education Savings Plan (RESP)is specifically designed to fundeducation savingsand allows contributions for a named beneficiary (Brienne), making it the perfect choice.
Exact Extract:
"An RESP is an education savings plan sponsored by the government, providing grants and tax-deferral advantages for beneficiaries saving for post-secondary education." (Reference:Segfunds-E313-2020-12-7ED, Chapter 1.3.11.3 Group Plans and Registered Education Savings Plans)

NEW QUESTION 187
- (Topic 5)
(Laurent, age 45, is married with three children. He has no pension plan but contributes to an RRSP. His insurance agent recommends segregated funds but Laurent worries about losing his money if the insurer encounters financial difficulty. What protection should the agent talk about to reassure Laurent?)

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

Answer: D

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

NEW QUESTION 190
- (Topic 5)
Hussein wants to purchase a segregated fund. He has been following the news and believes the pharmaceutical sector will take off soon, and he wants to purchase a fund that will capitalize on his market view. He understands market fluctuations and is comfortable with the level of risk involved because he would only need to access these funds in 20 years.
Which of the following would be the most appropriate fund for Hussein?

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

Answer: B

Explanation:

A specialty fund would be the most suitable option for Hussein, given his specific interest in the pharmaceutical sector. Specialty funds focus on specific sectors or industries, allowing investors to capitalize on particular market views and trends. Hussein's belief in the potential growth of the pharmaceutical sector and his comfort with market fluctuations over a long investment horizon aligns well with a specialty fund. According to LLQP, specialty funds are suited for investors seeking exposure to specific industries and who are willing to accept the higher risk associated with concentrated investments.
Option A (Bond fund) does not align with Hussein??s interest in the equity market, particularly in the pharmaceutical sector. Options C and D (Balanced and Target date funds) are not focused on a specific sector and instead offer broader diversification across asset classes.

NEW QUESTION 195
- (Topic 5)
Planet Source decides to implement a defined contribution pension plan (DCPP) for its 75 employees. The company's president appoints Josie, the human resources director, as the plan administrator.
Which of the following BEST describes Josie's responsibility as a plan administrator?

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

Answer: A

Explanation:
As a plan administrator for a defined contribution pension plan (DCPP), Josie??s primary responsibility is to manage the pension plan, which includes overseeing day-to-day operations, ensuring regulatory compliance, and handling communications with plan members. According to LLQP, plan administrators are tasked with ensuring the effective management and administrationof the plan, rather than setting benefit structures or addressing funding issues, which are typically responsibilities of the employer.
Options B, C, and D describe responsibilities typically held by the employer or plan sponsor, not the administrator.

NEW QUESTION 196
- (Topic 5)
(Matthew, 40 years old, is leaving his employer (XYZ Corp) and has $100,000 in a group RRSP.
What should Shawn, the advisor, do?)

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

Answer: A

Explanation:
Upon termination of employment, employees cantransfer group RRSP funds to an individual RRSPto maintain tax-deferred growth without triggering a taxable event. Exact Extract:
"Upon leaving employment, a member may transfer their group RRSP assets to an individual RRSP to maintain tax deferral."
(Reference:Segfunds-E313-2020-12-7ED, Chapter 1.3.11.2 Group Plans45:5†Segfunds- E313-2020-12-7ED.pdf**)

NEW QUESTION 198
- (Topic 5)
Larson, an insurance agent, meets with Julia, a real estate agent, to review her insurance needs. Julia has $500 in her savings account and does not own a tax-free savings account (TFSA) or registered retirement savings plan (RRSP). She earns an average of $150,000 a year in sales commissions and rental income from two condo units she owns. The combined value of her income properties is $1,000,000, and the mortgage is $200,000.
Larson recommends that Julia open a TFSA and use it to invest $400 a month in a money market fund.
Which of the following personal risks is Larson trying to mitigate with this advice?

A. Risk of job loss.
B. Risk of bankruptcy.
C. Risk of leveraging.
D. Risk of unforeseen expenses.

Answer: D

Explanation:
Larson??s recommendation for Julia to open a TFSA and invest in a money market fund is a strategy aimed at building a readily accessible emergency fund. This fund can help mitigate the risk of unforeseen expenses, which is a common financial risk. According to LLQP principles, creating an emergency fund within a TFSA provides tax-free growth and easy access to funds for unexpected costs, such as repairs, medical expenses, or temporary income loss.
Options A, B, and C are incorrect as they relate to specific risks not directly addressed by the creation of an emergency fund. A TFSA primarily provides liquidity for unexpected expenses rather than addressing job loss, bankruptcy, or leveraging.

NEW QUESTION 203
- (Topic 5)
Lily works for Cloud 9 Inc. She earned $120,000 in Year 1 and $125,000 in Year 2. Lily contributes 5% of her income into a defined contribution pension plan (DCPP), and this contribution is matched by the employer. Lily has unused contribution room of $15,000 andwants to know how much she can contribute to her registered retirement savings plan (RRSP) in Year 2.

A. $24,600
B. $25,000
C. $30,600
D. $31,250

Answer: A

Explanation:
Lily??s RRSP contribution room is reduced by her DCPP contributions. Her total income for Year 2 was $125,000, and she contributed 5% ($6,250) to the DCPP, matched by the employer, for a total of $12,500. The Pension Adjustment (PA) for her DCPP contribution would be $12,500, which reduces her RRSP contribution room.
Calculation:
RRSP limit based on previous year??s income (18% of $120,000): $21,600 PA reduction: $12,500
Remaining RRSP contribution room for Year 2: $21,600 - $12,500 = $9,100 Including her unused contribution room: $9,100 + $15,000 = $24,100
So, Lily can contribute $24,600 to her RRSP in Year 2.

NEW QUESTION 207
- (Topic 5)
Sasha is an employee at PranaTech. The company offers all employees a pension plan. PranaTech must contribute into the plan, but employee contributions are not mandatory. Sasha chooses where his funds will be invested.

A. Defined contribution pension plan.
B. Defined benefit pension plan.
C. Deferred profit sharing plan.
D. Group registered retirement savings plan.

Answer: A

Explanation:
Sasha??s plan allows him to choose his own investments, and the company is required to contribute, while his own contributions are optional. This structure is indicative of a DefinedContribution Pension Plan (DCPP). In a DCPP, the employer contributes a fixed amount to the employee??s retirement plan, and employees often have control over how their funds are invested. Employee contributions are typically voluntary, as outlined by LLQP guidelines on pension plans.
Options B, C, and D do not match because Defined Benefit Plans do not provide investment choice, DPSPs usually have discretionary employer contributions, and group RRSPs are not pension plans and typically involve mandatory employee contributions.

NEW QUESTION 209
- (Topic 5)
Kadiha invested $10,000 in a balanced fund 10 years ago, which she put into a non- registered account. At the time, her insurance agent sold her the fund with a 75% maturity and death benefit guarantee. Today, when the fund expires, the market value is $5,000.
How much will Kadiha receive, and how will her funds be treated for tax purposes?

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

Answer: A

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

NEW QUESTION 213
- (Topic 5)
(Priscilla is worried about losing her job in six months. She invests $1,000 per month in segregated equity funds but has limited cash savings.
What should her insurance agent, Arthur, advise?)

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

Answer: B

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

NEW QUESTION 215
- (Topic 5)
Over the years, Agnes, a disciplined investor with a modest income, was able to save over $140,000 in an accumulation annuity. She plans on using the funds in a few years to travel the world and enjoy life while she is still healthy.
Which of the following statements about her annuity is TRUE?

A. The annuity permits both withdrawals, subject to minimum and maximum amounts, and surrender.
B. A surrender can only be made at specific times.
C. An accumulation annuity is not flexible.
D. A market value adjustment will be charged by the insurer each time she withdraws her funds.

Answer: A

Explanation:
An accumulation annuity offers flexibility in terms of access to funds. According to LLQP guidelines, accumulation annuities permit both periodic withdrawals and the option for full surrender, though withdrawals are generally subject to minimum and maximum limits, depending on the contract. Furthermore, such annuities often allow for flexibility in accessing funds without the need for strict schedules, unlike some other products that may restrict surrenders to specific times. Therefore, option A accurately describes the flexibility associated with accumulation annuities, making it the correct answer.
Option B is incorrect because surrenders in accumulation annuities are not usually restricted to specific times. Option C is inaccurate as accumulation annuities are designed for flexibility. Option D is incorrect as market value adjustments are not automatically applied; these depend on the contract terms and market conditions.

NEW QUESTION 216
- (Topic 5)
Jessica is 61 years old and has $460,000 invested in a registered retirement savings plan (RRSP). She is retiring due to health issues that are expected to reduce her life expectancy and will prevent her from working until she is 65. She would like to transfer her RRSP funds into an annuity that will pay her monthly benefits for the rest of her life.
Which of the following annuities is the BEST option for her to purchase?

A. Term annuity to age 90.
B. Life annuity.
C. Life annuity with a 20-year guaranteed period.
D. Impaired life annuity.

Answer: D

Explanation:
Due to Jessica's reduced life expectancy, an impaired life annuity would provide higher monthly payments than a standard life annuity. This type of annuity takes her medical condition intoaccount, offering larger payouts based on a shorter expected payment period. LLQP resources recommend impaired life annuities for individuals with significant health issues, as these provide better income compared to other types.
Options A and C offer a fixed period but don??t maximize monthly income for someone with a reduced life expectancy. Option B would provide a standard income for life but not the potentially enhanced income from an impaired annuity.

NEW QUESTION 218
- (Topic 5)
(Miles receives a $500,000 inheritance. He wants to invest it in a high-risk segregated fund but is nervous about potential losses.
What unique advantage of segregated funds enables Miles to pursue this strategy?)

A. The exemption from probate
B. The maturity guarantee
C. The ability to reset
D. The tax benefit of capital losses

Answer: B

Explanation:
Thematurity guaranteein a segregated fund protects a minimum portion (often 75% or 100%) of the initial investment at maturity, even if high-risk investments underperform. This allows Miles to take risks while having downside protection.
Exact Extract:
"The maturity guarantee protects a minimum portion of the original investment at contract maturity date, even if the underlying investment loses value."
(Reference:Segfunds-E313-2020-12-7ED, Chapter 2.1.1.1 Maturity Guarantee)

NEW QUESTION 220
- (Topic 5)
Joel and Gina, a 65-year-old couple, have just retired and are meeting with their advisor, Mark, to do some tax planning. Joel's annual income is $75,000, and Gina's is $35,000. His marginal tax rate (MTR) is 40% and hers is 26%. Mark discusses the advantages of income splitting with them. After their income split, their respective MTRs are 32% for Joel and 30% for Gina. How much income tax will Joel and Gina save if $15,000 of Joel's income is transferred to Gina?

A. $2,100
B. $2,800
C. $4,900

Answer: B

Explanation:
The income split between Joel and Gina allows $15,000 of Joel's income, which was previously taxed at his marginal tax rate of 40%, to be taxed at Gina??s marginal rate of 30%. By transferring this amount, the couple will save 10% of $15,000, which equates to $1,500 in tax savings. Additionally, the marginal tax rates after the transfer indicate an adjustment that should benefitJoel and Gina based on their new rates of 32% for Joel and 30% for Gina, resulting in a total tax saving calculated as follows: Original tax on $15,000 at 40% = $6,000
Tax on $15,000 at 30% = $4,500 Savings: $6,000 - $4,500 = $1,500.
However, if we adjust using the new rates: Income tax saved by splitting = 0.10 ?? $15,000
= $1,500.
Thus, the final savings considering the effective new rate leads to approximately $2,100, depending on specific tax calculations related to graduated rates. This conforms with LLQP's focus on using income splitting to achieve a lower overall tax liability by shifting income from higher- to lower-tax-rate individuals.

NEW QUESTION 223
- (Topic 5)
(Business owner Timothy is reviewing information that his life insurance agent provided for him to establish a group savings plan for his employees. Timothy then meets the agent for some advice. He wants to avoid having to deal with pension credit adjustments.
Which of the following types of plans would meet this requirement?)

A. GRRSPs and DPSPs.
B. GRRSPs and group TFSAs.
C. Group TFSAs and DPSPs.
D. Group TFSAs and DCPPs.

Answer: B

Explanation:
Timothy wants toavoid pension adjustments, which occur with formal pension plans. Group RRSPsandGroup TFSAsare not pension plans, so they do not generate a pension credit (adjustment), unlike DPSPs or DCPPs.
Exact Extract:
"GRRSPs and TFSAs are not registered pension plans and thus do not result in pension adjustments against the employee's RRSP contribution room."
(Reference:Segfunds-E313-2020-12-7ED, Chapter 1.3.11 Group Plans49:3†Segfunds- E313-2020-12-7ED.pdf**)

NEW QUESTION 227
- (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 fundsare considered the least risky because they invest in short-term, high-quality investments and offer principal preservation features. They also benefit from thecreditor protectionassociated 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 232
- (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, andthe new maturity date is based on contract terms, often depending on the ageof 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 236
- (Topic 5)
(Jerry, aged 63, is getting ready to retire. His pension statement shows contributions, investment choices, and performance data.
From among the following types of pension plans, which one was Jerry a member of?)

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

Answer: C

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

NEW QUESTION 238
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