

ABDSM Comprehensive Exam Study
Guide/ Questions with 100% Correct
Answers | Verified | Latest Update 2024

A grandparent purchases a life insurance policy on a granddaughter and wants to retain control of the policy. Which provision of the policy allows the grandparents to control the policy regardless of the age of the grandchild?

Choose one answer.

- a. Conversion Option Incorrect
- b. Incontestability Provision Incorrect
- c. Ownership Provision Correct
- d. Reinstatement Provision Incorrect - ✓✓ANSW✓✓b

Ownership provides privileges, namely complete control of the policy, regardless of the age of the insured. An

insurable interest must exist only at the time of application.

The General Regulation of Life Insurers sets forth the requirements for the _____ of life insurance policies and annuity contracts unless specifically exempted.

Choose one answer.

- a. Replacement Correct
- b. Original issuance Incorrect
- c. Cancellation Incorrect
- d. Termination - ✓✓ANSW✓✓a

The General Regulation of Life Insurers sets forth the requirements for the replacement of life insurance policies and annuity contracts. Charging different rates for individuals of the same class and hazard is unfair discrimination.

The name of a general report of the applicant's finances, character, work and hobbies would be called a/an?

Choose one answer.

- a. Agent's Report Incorrect
- b. Nonmedical Application Incorrect
- c. Inspection Report Correct
- d. Research Report - ✓✓ANSW✓✓c

An Inspection Report is a general report of the applicant's finances, character, morals, work, hobbies and other habits. It is sometimes called a Consumer Investigative Report.

The purpose of the Unfair Trade Practices Act is to:

Choose one answer.

- a. Regulate practices in business by defining what practices are fair and descriptive. Incorrect
- b. Eliminate business by defining what practices are unfair and deceptive. Incorrect
- c. Regulate practices in the business of insurance by defining what practices are unfair and deceptive. Correct
- d. All of the above. - ✓✓ANSW✓✓c

Unfair trade practices define the unfair methods of competition and unfair or deceptive acts or business practices in the business of insurance.

The rates charged by Independent Practice Association, HMO physicians are negotiated in advance and are on a _____ basis.

Choose one answer.

- a. Reimbursement Incorrect
- b. Fee for service Correct
- c. Indemnity Incorrect
- d. Out-of-pocket Incorrect - ✓✓ANSW✓✓b

IPAs pay providers based upon a predetermined fee arrangement (fee for service). Reimbursement, indemnity and out-of-pocket are all terms associated with insured plans.

The rights of ownership in a policy allow the owner to name the beneficiary, choose a dividend option or settlement option, or borrow against the contract, just to