

Nevada Insurance Licensing Life-Producer

Maryland Life Producer Exam (Series 20-27)

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Version: 6.2

Question: 1

The life insurance buyer's guide includes information about all of the following EXCEPT how to:

- A. Calculate
- B. Take civil action against an insurer
- C. Decide how much life insurance to buy
- D. Compare life insurance policy requirements

Answer: B

Explanation:

The life insurance buyer's guide is designed to help potential policyholders make informed decisions about life insurance by:

Explaining how to decide how much life insurance to buy (C), ensuring individuals purchase adequate coverage for their needs.

Providing details to compare life insurance policy requirements (D) to evaluate and choose the best policy.

Showing how to compare rates (A) for different policies to find cost-effective options.

However, it does not include instructions for taking civil action against an insurer (B). Such legal matters fall outside the scope of the guide and are addressed in regulatory and legal channels.

Reference: Maryland Insurance Buyer's Guide Guidelines and State Insurance Regulations.

Question: 2

Which of the following statements about cash values in whole life insurance policies is true?

- A. They result from the level premium concept.
- B. They cannot be guaranteed.

- C. They equal the policy face value at age 65.
- D. They typically increase until age 65 and remain level thereafter.

Answer: A

Explanation:

Cash values in whole life insurance are a key feature, and they:

Accumulate as a result of the level premium concept (A), where excess premiums in the early years of the policy build the cash value.

Are guaranteed in whole life policies, contrary to option B.

Do not equal the face value at age 65 (C) unless specifically structured for that purpose.

Continue to grow beyond age 65 as long as the policy remains active, invalidating option D.

Reference: Maryland Insurance Guidelines on Whole Life Policies, Cash Value, and Premium Structures.

Question: 3

The life insurance buyer's guide includes information about all of the following EXCEPT how to:

- A. Take civil action against an insurer
- B. Decide how much life insurance to buy
- C. Compare life insurance policy rates
- D. Compare life insurance policy requirements

Answer: A

Explanation:

The buyer's guide helps policyholders understand life insurance by offering:

Advice on deciding coverage needs (B) to ensure adequate protection.

Rate comparison tools (C) to evaluate costs effectively.

Guidance on policy requirements (D) to make informed choices.

The guide does not address legal actions such as taking civil action against an insurer (A), as such matters require legal consultation or regulatory support.

Reference: Maryland Life Insurance Buyer's Guide Provisions.

Question: 4

Which amount may be deposited into a rollover individual retirement account (IRA) for the purpose of deferring income taxes?

- A. The proceeds of a life insurance policy paid to a beneficiary under age 70-1/2
- B. The refund received by the beneficiary under a refund life annuity
- C. The amount paid to the spouse of a deceased annuitant under a tax-sheltered annuity
- D. The value of an IRA established by the beneficiary's deceased parent

Answer: C

Explanation:

A rollover IRA is used to defer taxes on qualifying distributions.

Proceeds from a life insurance policy (A) are generally not eligible for tax-deferred treatment.

Refunds from a refund life annuity (B) are considered taxable income and not eligible for rollover.

Amounts paid to a spouse under a tax-sheltered annuity (C) qualify for rollover treatment because they meet IRS rollover rules for deferred taxation.

IRAs inherited from parents (D) follow different tax rules and cannot be directly rolled over into a new IRA.

Reference: IRS Publication 590-B and Maryland Retirement Account Regulations.

Question: 5

The income benefits distributed during the liquidation phase of an annuity contract are normally payable to:

- A. The owner
- B. The beneficiary
- C. The nominator
- D. The annuitant

Answer: D

Explanation:

During the liquidation (or payout) phase of an annuity, the annuitant receives periodic payments:

The annuitant (D) is the individual designated to receive the payments, as they are the insured party in the contract.

The owner (A) is often the annuitant but may differ; the owner controls the contract but does not necessarily receive payments.

The beneficiary (B) receives the death benefit if the annuitant passes away, not the periodic payments.

"Nominator" (C) is not relevant terminology in annuities.

Reference: Maryland Insurance Guidelines on Annuities, Payment Distribution, and Liquidation.

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