

# BC Canada HLLQP Life Insurance Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

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# Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

**Remember:** successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

# How to Use This Guide

**This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:**

## **1. Start with a Diagnostic Review**

**Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.**

## **2. Study in Short, Focused Sessions**

**Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.**

## **3. Learn from the Explanations**

**After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.**

## **4. Track Your Progress**

**Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.**

## **5. Simulate the Real Exam**

**Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.**

## **6. Repeat and Review**

**Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.**

**There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!**

## Questions

- 1. Which protection does the insurance ombudsman offer clients?**
  - A. Disregard for claims with no documentation**
  - B. Steps to pursue before legal action**
  - C. Mandatory arbitration for all disputes**
  - D. Assurance of maximum claim payouts**
- 2. What is the typical duration of the probationary period for group insurance eligibility?**
  - A. 1 to 3 months**
  - B. 1 to 6 months**
  - C. 6 months to 1 year**
  - D. None of the above**
- 3. Under what circumstance can premiums be refunded in the case of a suicide exclusion?**
  - A. If the insured has made more than one missed payment**
  - B. If the insured dies within the exclusion period**
  - C. If the insured is terminally ill**
  - D. If the insured contacts the insurance company**
- 4. What does Assuris provide for clients with policies from insolvent companies?**
  - A. Free insurance audits**
  - B. Transfer of policies to solvent companies**
  - C. Guaranteed investment returns**
  - D. Direct payout for all claims**
- 5. How does a term addition work in a life insurance policy?**
  - A. It buys a permanent addition to the policy.**
  - B. It allows dividends to accumulate for future use.**
  - C. It buys a one-year non-renewable term addition.**
  - D. It increases the cash value of the policy permanently.**

- 6. What is a key characteristic of a Registered Retirement Savings Plan (RRSP)?**
- A. Withdrawals are restricted until age 65**
  - B. Contributions are not tax deductible**
  - C. Recontribution to an RRSP is not permitted**
  - D. It grows tax-free indefinitely**
- 7. How does Level Cost of Insurance (LCOI) differ in cost as compared to other insurance products?**
- A. It is cheaper in the early years, more expensive later**
  - B. It remains level throughout the policy**
  - C. It is the most expensive policy overall**
  - D. It varies significantly with the market**
- 8. What benefit does a living benefit provide to policyholders?**
- A. Full payment of the death benefit upon signing**
  - B. An advance payment if diagnosed with a terminal illness**
  - C. A waiver of premium payments**
  - D. A tax exemption on benefits**
- 9. Which type of group plan involves no investment decisions being made by the employee?**
- A. DPSP**
  - B. DBPP**
  - C. DCPD**
  - D. GRRSP**
- 10. What is a benefit of having a neutral third-party like OLHI?**
- A. They can dictate insurance policy changes**
  - B. They help resolve disputes impartially**
  - C. They provide legal representation for insurers**
  - D. They manage insurance company claims directly**



## **Answers**

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1. B
2. B
3. B
4. B
5. C
6. C
7. B
8. B
9. B
10. B

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## **Explanations**

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**1. Which protection does the insurance ombudsman offer clients?**

- A. Disregard for claims with no documentation**
- B. Steps to pursue before legal action**
- C. Mandatory arbitration for all disputes**
- D. Assurance of maximum claim payouts**

The insurance ombudsman provides valuable assistance to clients in navigating their disputes with insurance companies. Specifically, the role of the ombudsman includes guiding clients through the necessary steps they should take before considering legal action. This process is essential because it encourages resolution through mediation and communication, potentially saving time and resources for all parties involved. By offering a structured approach to addressing complaints, the ombudsman helps clients understand their rights and the processes available to them without immediately resorting to litigation. This can include helping clients gather relevant documentation, communicate more effectively with their insurers, or facilitate discussions that might lead to a satisfactory resolution. Overall, the support provided by the ombudsman is crucial in promoting fair treatment and understanding within the insurance system.

**2. What is the typical duration of the probationary period for group insurance eligibility?**

- A. 1 to 3 months**
- B. 1 to 6 months**
- C. 6 months to 1 year**
- D. None of the above**

The typical duration of the probationary period for group insurance eligibility is usually 1 to 6 months. This period allows the employer to assess the performance and fit of newly hired employees before granting them access to group benefits. During this time, employees are not covered by the insurance plan, which helps mitigate risk for the insurer by ensuring that only those who are committed to their roles and contributing to the company regularly gain benefits. Probationary periods can vary depending on the employer and specific policies, but the range of 1 to 6 months is common in many group insurance plans. This aligns with managing costs and ensuring employees understand the benefits and responsibilities associated with group insurance before they become fully eligible. While other options suggest longer or shorter duration periods, they do not reflect the standard practices seen in most group insurance arrangements, making the 1 to 6-month range the most accurate answer.

**3. Under what circumstance can premiums be refunded in the case of a suicide exclusion?**

- A. If the insured has made more than one missed payment**
- B. If the insured dies within the exclusion period**
- C. If the insured is terminally ill**
- D. If the insured contacts the insurance company**

When it comes to life insurance policies, a suicide exclusion typically stipulates that if the insured individual commits suicide within a specified period after the policy becomes effective, the death benefit will not be payable. However, insurance companies often include a provision that in cases where the insured dies due to suicide within this exclusion period, the premiums paid may be refunded to the beneficiaries instead of providing the death benefit. This refund serves to acknowledge the investment made by the policyholder without honoring the claim due to the suicide clause. This logic underscores the rationale behind option B. If the insured dies within the exclusion period, while the insurance company does not have to pay the death benefit, the premiums are returned because they were collected during a time when coverage was limited under specific conditions. The other options don't align with the standard practices surrounding the suicide exclusion and premium refunds. Having more than one missed payment does not activate a refund; terminal illness may affect the policy terms, but it does not relate to the suicide clause; and simply contacting the insurance company does not trigger any entitlement to a premium refund related to the conditions of the exclusion.

**4. What does Assuris provide for clients with policies from insolvent companies?**

- A. Free insurance audits**
- B. Transfer of policies to solvent companies**
- C. Guaranteed investment returns**
- D. Direct payout for all claims**

Assuris is an organization in Canada that protects policyholders by providing a safety net in the event that an insurance company becomes insolvent. When an insurance company fails, Assuris facilitates the transfer of policies to solvent companies. This process ensures that policyholders do not lose their benefits and coverage, as their policies are moved to a stable financial institution that can meet its obligations. This mechanism helps to maintain continuity for policyholders while minimizing disruption in their insurance coverage. By transferring policies, Assuris supports clients in maintaining their original policy benefits and ensures that they continue to receive the coverage they need even after the insolvency of their initial provider. Other options, such as providing free audits, guaranteed investment returns, or making direct payouts for all claims, do not accurately describe the role of Assuris in protecting policyholders. The focus of Assuris is on the transfer of policies as a means of safeguarding client interests during times of financial instability in the insurance market.

**5. How does a term addition work in a life insurance policy?**

- A. It buys a permanent addition to the policy.**
- B. It allows dividends to accumulate for future use.**
- C. It buys a one-year non-renewable term addition.**
- D. It increases the cash value of the policy permanently.**

A term addition in a life insurance policy functions by providing additional temporary coverage, typically for a specific duration, often one year. This type of feature allows policyholders to increase their coverage without committing to a permanent addition. When you choose a term addition, you essentially purchase a one-year non-renewable term rider, which offers the benefits of increased coverage during that year without affecting the underlying permanent policy's structure. As the term addition only lasts for the designated period and is not renewable, it addresses immediate insurance needs or provides extra coverage for significant life events, such as the birth of a child or a mortgage obligation. This means the extra coverage is not intended to contribute to the cash value of the policy and is separate from the guaranteed or permanent coverage. The other options do not accurately capture the essence of a term addition, as a permanent addition implies a long-term increase in coverage and possibly cash value, while allowing dividends to accumulate does not relate to a term addition at all. Similarly, a term addition does not increase the cash value of the policy permanently, as cash value growth is typically associated with permanent life insurance products.

**6. What is a key characteristic of a Registered Retirement Savings Plan (RRSP)?**

- A. Withdrawals are restricted until age 65**
- B. Contributions are not tax deductible**
- C. Recontribution to an RRSP is not permitted**
- D. It grows tax-free indefinitely**

A key characteristic of a Registered Retirement Savings Plan (RRSP) is that it allows for tax-deferred growth, meaning the funds within the plan can grow without being taxed until they are withdrawn. This characteristic is in line with the option that states it "grows tax-free indefinitely," which accurately captures one of the fundamental benefits of an RRSP. With regard to the nature of withdrawals, while there are indeed restrictions around the withdrawal of funds before retirement age, particularly concerning tax implications, once withdrawn, you would typically have the ability to recontribute those amounts within your contribution limits. The other options incorrectly portray aspects of an RRSP, such as suggesting that contributions are not tax-deductible or that withdrawals are completely restricted until age 65. Therefore, the description of tax-free growth is crucial to understanding how RRSPs function and underscores their purpose as a retirement savings tool.

**7. How does Level Cost of Insurance (LCOI) differ in cost as compared to other insurance products?**

- A. It is cheaper in the early years, more expensive later**
- B. It remains level throughout the policy**
- C. It is the most expensive policy overall**
- D. It varies significantly with the market**

Level Cost of Insurance (LCOI) is characterized by its consistent premiums that do not change over the life of the policy. This means that policyholders pay the same amount for coverage regardless of changes in their health or age, which provides significant predictability in budgeting for insurance costs. This feature distinguishes LCOI from other insurance products that may involve varying costs over time. For instance, some products may start with lower premiums that increase as the insured ages, or they may fluctuate based on market performance. In contrast, with LCOI, the cost remains stable and predictable, making it easier for individuals to plan their financial obligations. The appeal of level premiums lies in their longevity and the avoidance of the potential financial strain that can come with rising costs in the future. Such arrangements are especially beneficial for those who seek long-term stability and prefer not to deal with uncertainty regarding how their premiums may change over time.

**8. What benefit does a living benefit provide to policyholders?**

- A. Full payment of the death benefit upon signing**
- B. An advance payment if diagnosed with a terminal illness**
- C. A waiver of premium payments**
- D. A tax exemption on benefits**

A living benefit offers significant support to policyholders by providing an advance payment if they are diagnosed with a terminal illness. This feature is designed to alleviate the financial burden that can arise when faced with serious health issues. It allows individuals to access part of their life insurance benefits while they are still alive, which can be used for medical expenses, personal care, or other costs associated with their illness. This advance can be especially important during difficult times, ensuring that policyholders have the resources they need to focus on their health and personal affairs without the added stress of financial concerns. By having access to these funds, policyholders can make important decisions about their care and lifestyle in their remaining time. The other options are associated with life insurance but do not specifically convey the primary function of living benefits. For instance, full payment of the death benefit is only applicable upon the policyholder's passing, while waivers of premium payments and tax exemptions are related to different aspects of life insurance policies. They do not address the immediate financial needs that may arise from a terminal diagnosis, which is where living benefits play a crucial role.

**9. Which type of group plan involves no investment decisions being made by the employee?**

- A. DPSP**
- B. DBPP**
- C. DCPD**
- D. GRRSP**

The type of group plan that involves no investment decisions being made by the employee is the Defined Benefit Pension Plan (DBPP). In a DBPP, the employer is responsible for determining the investment strategy and managing the investment portfolio. The employees do not have a say in how the funds are invested; instead, they receive a predetermined benefit upon retirement that is calculated based on factors such as their salary and years of service. This contrasts with other types of plans, where employees may have the opportunity to make choices related to their investments, which requires them to engage in decision-making regarding their retirement savings. This structure of the DBPP alleviates employees from the complexities and uncertainties of investment management, providing them with a more straightforward benefit which simplifies their retirement planning and financial security.

**10. What is a benefit of having a neutral third-party like OLHI?**

- A. They can dictate insurance policy changes**
- B. They help resolve disputes impartially**
- C. They provide legal representation for insurers**
- D. They manage insurance company claims directly**

Having a neutral third-party like the OmbudService for Life & Health Insurance (OLHI) is beneficial primarily because they assist in resolving disputes impartially. Their role is to provide a fair assessment of complaints or conflicts between consumers and insurance companies. As an independent body, OLHI ensures that both parties have an equal opportunity to present their case, fostering a process that encourages fairness and transparency. This impartiality is crucial in the insurance sector, where disputes can often arise due to misunderstandings or disagreements over policy terms, benefits, or claims. By serving as a mediator without any vested interest in the outcome, OLHI can help both consumers and insurers find a satisfactory resolution through dialogue and negotiation. This leads to a more trustworthy relationship between policyholders and insurance providers, ultimately benefiting the industry as a whole. In contrast to other options, none of which capture the essence of OLHI's purpose, the benefit of impartial dispute resolution directly addresses consumer concerns about fairness in the insurance process.



## Next Steps

**Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.**

**As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.**

**If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at [hello@examzify.com](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://bscanadahllqplife.examzify.com>**

**We wish you the very best on your exam journey. You've got this!**