

Canada Harmonized Life Licence Qualification Program (HLLQP) Ethics 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

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- 1. When should the agent not give the client the policy and have it updated?**
 - A. When there have been significant changes in the client's insurability since the application was signed**
 - B. When the policy premium increases**
 - C. When the client requests changes**
 - D. When the policy is due for renewal**

- 2. Which product may require a province-specific licence issued by regulators that vary from province to province?**
 - A. Mortgage Brokering**
 - B. Auto Insurance**
 - C. Life Insurance**
 - D. Travel Insurance**

- 3. What is the role of the OmbudService for Life and Health Insurance?**
 - A. A regulatory body that licenses agents**
 - B. A national private insurer's complaint escalation service**
 - C. A national independent complaint resolution organization providing clients with assistance with inquiries and complaints**
 - D. A trade association for life and health insurers**

- 4. Which statement about collateral assignment is true?**
 - A. Ownership is transferred to lender**
 - B. Ownership remains with policyowner**
 - C. The policy is surrendered**
 - D. It ends the policy**

- 5. Which of the following is not an unfair practice under good-faith guidelines?**
 - A. Tied selling**
 - B. Churning**
 - C. Premium rebating**
 - D. Helping clients with applications**

- 6. Which term describes the formal relationship of delegated authority between two parties, where one acts on behalf of the other?**
- A. Delegation**
 - B. Director-ship**
 - C. Agency**
 - D. Partnership**
- 7. An omission example that could be corrected by amendment is:**
- A. Missing beneficiary designation**
 - B. Incorrect premium amount**
 - C. New rider added**
 - D. Extending coverage beyond term**
- 8. What is the national independent complaint resolution organization that assists clients with inquiries and complaints about Canadian life and health insurance products and services?**
- A. OmbudService for Life and Health Insurance**
 - B. Canadian Life Insurance Ombudsman**
 - C. Insurance Complaint Center**
 - D. Regulatory Ombudsman**
- 9. Under FINTRAC guidelines, which action must an agent report within 30 days?**
- A. Suspicious transaction**
 - B. Terrorist activities**
 - C. Protection of personal information under its control**
 - D. None of the above**
- 10. Which statement is true about the start date of the 10-day free look?**
- A. Date of policy issue**
 - B. Date of contract delivery**
 - C. Date the application is signed**
 - D. Date underwriting approval**

Answers

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

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Explanations

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1. When should the agent not give the client the policy and have it updated?

A. When there have been significant changes in the client's insurability since the application was signed

B. When the policy premium increases

C. When the client requests changes

D. When the policy is due for renewal

The key idea here is that any material change in a client's insurability after the application has been signed requires reassessment before the policy is delivered. If there have been significant shifts in health, risk factors, or other insurability aspects, the insurer may re-underwrite and adjust the policy terms or premium accordingly. Because the original underwriting decisions no longer reflect the client's current risk, the policy should not be handed over or finalized until a fresh evaluation is completed and the policy is updated to match the current insurability. This ensures the contract accurately represents the client's risk and avoids misrepresentation or unfair terms. Other scenarios don't automatically require withholding: a premium increase can be a result of underwriting changes but is addressed through the updated policy once re-underwriting is done; client-initiated changes are implemented through endorsements or riders; renewal simply updates terms at the next cycle.

2. Which product may require a province-specific licence issued by regulators that vary from province to province?

A. Mortgage Brokering

B. Auto Insurance

C. Life Insurance

D. Travel Insurance

In Canada, licensure for financial services often rests with provincial regulators, and the rules can vary widely from one province to another. Mortgage brokering is a clear example of this: each province has its own Mortgage Brokers Act, regulators, and licensing process. A person must be licensed by the specific provincial regulator in the jurisdiction where they operate, and the prerequisites, examinations, continuing education, and even the license terms can differ from province to province. Because there isn't a single national mortgage broker license, someone moving between provinces or wanting to operate in multiple provinces must obtain the appropriate licenses in each place. While insurance products like auto, life, and travel insurance are also overseen by provincial regulators, the standout point here is the degree of variation and the need for province-specific licensing for mortgage brokering. This makes mortgage brokering a profession most visibly tied to the particular province in which licensing is held. If you're pursuing a career in mortgage brokering, expect to navigate provincial licensing pathways wherever you plan to work.

3. What is the role of the OmbudService for Life and Health Insurance?

- A. A regulatory body that licenses agents**
- B. A national private insurer's complaint escalation service**
- C. A national independent complaint resolution organization providing clients with assistance with inquiries and complaints**
- D. A trade association for life and health insurers**

The key idea is that this service acts as an independent, national complaint resolution resource for life and health insurance issues. It is a free, third-party reviewer that helps clients with inquiries and complaints about coverage, claims, or policy matters, delivering impartial assistance and recommendations to insurers. It's not a regulator that licenses agents, not the private insurer's internal escalation system, and not a trade association. Because it operates independently of insurers and regulators, it provides an objective avenue to seek resolution, often after you've tried the insurer's own process.

4. Which statement about collateral assignment is true?

- A. Ownership is transferred to lender**
- B. Ownership remains with policyowner**
- C. The policy is surrendered**
- D. It ends the policy**

Collateral assignment keeps the policyowner in charge of the policy while the lender simply gains a secured interest to back a loan. The lender does not take ownership; rather, the owner retains ownership and day-to-day control, with the loan secured by a lien on the policy's cash value and death benefit to the extent needed to secure repayment. The policy itself remains in force as long as premiums are paid, and the arrangement ends only when the loan is repaid or the lien is released. If the insured dies before the loan is repaid, the death benefit is used to satisfy the loan first, with any remaining proceeds going to the beneficiaries. So the correct statement is that ownership remains with the policyowner. This isn't about transferring ownership, surrendering the policy, or ending it.

5. Which of the following is not an unfair practice under good-faith guidelines?

- A. Tied selling**
- B. Churning**
- C. Premium rebating**
- D. Helping clients with applications**

In this context, the focus is on fair dealing and avoiding practices that manipulate or pressure clients. Helping clients with applications is not an unfair practice because it involves assisting, clarifying options, and ensuring forms are completed accurately—activities that support informed decisions and proper service. The other practices are considered unfair under good-faith guidelines: tied selling pressures a client to buy an additional product as a condition of the sale; churning involves excessive trading to generate commissions rather than client benefit; premium rebating attempts to give back part of the premium to influence the client's purchase. These undermine client autonomy and trust.

6. Which term describes the formal relationship of delegated authority between two parties, where one acts on behalf of the other?

- A. Delegation**
- B. Director-ship**
- C. Agency**
- D. Partnership**

Agency describes the formal relationship where one party (the principal) authorizes another (the agent) to act on the principal's behalf. Within the defined scope of authority, the agent can bind the principal in contracts and decisions, and owes duties of loyalty and care to the principal. This makes it the best term for a delegated authority relationship where actions are taken on behalf of the other. Delegation is about assigning tasks and control, but not necessarily the formal representation that creates binding authority. A director role relates to governance, not acting on behalf of another in dealings with third parties, and a partnership is a shared business arrangement, not a representation relationship.

7. An omission example that could be corrected by amendment is:

- A. Missing beneficiary designation**
- B. Incorrect premium amount**
- C. New rider added**
- D. Extending coverage beyond term**

The main idea here is how amendments fix things that were left out of a contract. If a life insurance policy lacks a key detail, like who should receive the death benefit, that omission can be corrected by amending the policy to include a beneficiary designation. Adding the beneficiary completes the contract and ensures the proceeds go to the intended person without starting over with a new policy. The other options describe issues that aren't omissions. An incorrect premium amount isn't simply missing information; it's a misstatement that needs correction, typically through an endorsement or a revised policy. A new rider added introduces additional coverage rather than fixing something left out. Extending coverage beyond the term changes the policy's scope and duration, which would also require a rider or a new policy rather than just amending an omission.

8. What is the national independent complaint resolution organization that assists clients with inquiries and complaints about Canadian life and health insurance products and services?

A. OmbudService for Life and Health Insurance

B. Canadian Life Insurance Ombudsman

C. Insurance Complaint Center

D. Regulatory Ombudsman

The question tests knowledge of the national independent complaint resolution resource for life and health insurance in Canada. The service you're looking for is the OmbudService for Life and Health Insurance. This organization provides free, confidential, and independent help to Canadians who have questions or disputes about life and health insurance products and services. It can review issues such as how a claim was handled, how a policy term is interpreted, or how premiums and benefits are managed, and it steps in when internal insurer processes haven't resolved the matter. It's nationwide and specifically focused on life and health insurance, making it the appropriate channel for consumer concerns across Canada. Other names imply different bodies or scopes (provincial offices, generic complaint centers, or regulator-focused roles), which aren't the national independent ombudsman for life and health insurance.

9. Under FINTRAC guidelines, which action must an agent report within 30 days?

A. Suspicious transaction

B. Terrorist activities

C. Protection of personal information under its control

D. None of the above

Under FINTRAC rules, you must file a Suspicious Transaction Report whenever you have reasonable grounds to suspect that a transaction is related to money laundering or the financing of terrorism. The key detail here is the 30-day window: the report must be submitted within 30 days of detecting the suspicion or of the transaction in question. This requirement is what makes reporting a suspicious transaction the correct action in the given scenario. Protecting personal information is a privacy obligation under other laws, not a FINTRAC reporting duty, and while terrorism-related reporting can involve FINTRAC, the 30-day rule specifically applies to suspicious transactions. Therefore, the right action is to report a suspicious transaction within 30 days.

10. Which statement is true about the start date of the 10-day free look?

- A. Date of policy issue**
- B. Date of contract delivery**
- C. Date the application is signed**
- D. Date underwriting approval**

The start date for the 10-day free look is the date the contract is delivered to the client. Once the policy documents are actually delivered, the client can review the terms, coverage, and premium and decide whether to keep the policy. The issue date, application signing date, or underwriting approval occur earlier in the process and don't give the insured access to the policy itself, so they don't start the free-look period. Delivery marks the point at which the buyer can assess what they are purchasing and consider cancellation within the 10-day window if needed.

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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.

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

<https://canadahllqpethics.examzify.com>

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

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