

# LLQP Accident and Sickness Insurance Practice Exam (Sample)

## Study Guide



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

**This is a sample study guide. To access the full version with hundreds of questions,**

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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. Don't worry about getting everything right, 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, and take breaks to retain information better.**

## **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.**

## **7. Use Other Tools**

**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!**

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## **Questions**

- 1. What is the main difference between 'accidental death' and 'dismemberment' benefits?**
  - A. Dismemberment benefits are for those with chronic diseases**
  - B. Accidental death benefits provide a payout upon death from an accident**
  - C. Dismemberment benefits only apply after a waiting period**
  - D. Accidental death benefits cover suicides**
- 2. How long does a typical partial disability claim last?**
  - A. 1 year**
  - B. 2-3 years**
  - C. 5 years**
  - D. Indefinitely**
- 3. What are 'benefit limits' in the context of Accident and Sickness Insurance?**
  - A. The total amount an individual can claim in their lifetime**
  - B. Maximum amounts that insurers will pay for specific claims**
  - C. The number of claims allowed per year**
  - D. The limits set on policy premiums**
- 4. Are benefits received from BOE insurance tax free?**
  - A. Yes**
  - B. No**
  - C. Only in specific cases**
  - D. Depends on state regulations**
- 5. What defines guaranteed standard risk in insurance?**
  - A. Coverage with restrictions and higher premiums**
  - B. Guaranteed coverage at standard rates without restrictions**
  - C. Individual risk assessment for each employee**
  - D. Higher premiums for all employees**



- 6. In the Regular Occupation classification, what happens if the insured returns to work?**
- A. Benefits are permanently denied**
  - B. Benefits can be reduced or terminated**
  - C. No impact on benefits**
  - D. Benefits continue unaffected**
- 7. What does 'moral hazard' refer to in the insurance industry?**
- A. The risk of insuring high-risk individuals**
  - B. The potential for insured individuals to engage in riskier behavior**
  - C. The assessment of true health status during underwriting**
  - D. The possibility of fraud within insurance claims**
- 8. In what context are 'underwriting guidelines' most relevant?**
- A. For determining claim payouts**
  - B. For assessing risks and determining premiums**
  - C. For setting policy renewal terms**
  - D. For marketing insurance products**
- 9. Are workers compensation benefits tax free?**
- A. Yes**
  - B. No**
  - C. Partially**
  - D. Depends on the province**
- 10. Are buy-out benefits typically taxable?**
- A. Yes, all insurance benefits are taxable**
  - B. No, they are generally tax free**
  - C. Yes, but only if the payout exceeds a certain limit**
  - D. No, they are tax deductible for the business**

## **Answers**

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- 1. B**
- 2. B**
- 3. B**
- 4. B**
- 5. B**
- 6. B**
- 7. B**
- 8. B**
- 9. A**
- 10. B**

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## **Explanations**

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**1. What is the main difference between 'accidental death' and 'dismemberment' benefits?**

- A. Dismemberment benefits are for those with chronic diseases**
- B. Accidental death benefits provide a payout upon death from an accident**
- C. Dismemberment benefits only apply after a waiting period**
- D. Accidental death benefits cover suicides**

The distinction between 'accidental death' and 'dismemberment' benefits primarily lies in the nature of the coverage they provide. Accidental death benefits specifically deliver a payout to the beneficiary in the event that the policyholder dies as a result of an accident. This benefit is designed to offer financial support to the deceased's family or dependents, emphasizing the sudden and unexpected nature of an accidental death. In contrast, dismemberment benefits focus on coverage related to specific injuries sustained during an accident, such as the loss of limbs or other body parts, rather than death itself. This type of coverage is structured to compensate an individual who has survived an accident but has suffered significant, permanent injuries. Understanding this distinction is vital when considering accident and sickness insurance policies, as it directly affects the scope of protection offered to the insured and their beneficiaries.

**2. How long does a typical partial disability claim last?**

- A. 1 year**
- B. 2-3 years**
- C. 5 years**
- D. Indefinitely**

A typical partial disability claim lasts for a duration of 2 to 3 years. This timeframe is informed by the understanding that partial disability benefits are designed to assist individuals who are unable to perform their full job functions due to an injury or illness but are still capable of working in some capacity. The 2 to 3 year period reflects the insurance industry's recognition of the time it often takes for individuals to recover sufficiently and either regain their full capabilities or adapt to a new normal. Additionally, partial disability claims are structured to encourage rehabilitation and support the individual's return to work, rather than providing indefinite assistance. This encourages a focus on recovery and reintegration into the workforce, which is beneficial for both the individual and the insurance provider.

### 3. What are 'benefit limits' in the context of Accident and Sickness Insurance?

- A. The total amount an individual can claim in their lifetime
- B. Maximum amounts that insurers will pay for specific claims**
- C. The number of claims allowed per year
- D. The limits set on policy premiums

In the context of Accident and Sickness Insurance, 'benefit limits' refer to the maximum amounts that insurers will pay for specific claims. This concept is essential because it outlines the financial boundaries within which the insurer will compensate policyholders for covered injuries or illnesses. Each type of coverage may have its own benefit limits, which dictate how much can be claimed for hospital stays, outpatient treatments, or other medical expenses related to a covered event. This ensures that both the insurer and the insured have a clear understanding of the maximum financial liability of the insurer for particular situations. Setting these limits helps insurers manage their risk and maintain sustainability in covering claims. Understanding benefit limits is crucial for policyholders, as they need to know how much assistance they can expect in the event of a claim, allowing them to plan their healthcare needs accordingly.

### 4. Are benefits received from BOE insurance tax free?

- A. Yes
- B. No**
- C. Only in specific cases
- D. Depends on state regulations

Benefits received from Business Overhead Expense (BOE) insurance are generally not tax-free because the premiums paid for this type of policy are usually tax-deductible as a business expense. Since the premiums were deducted, the benefits received, which are intended to cover ongoing business expenses during a policyholder's disability, are typically considered taxable income. The tax treatment of these benefits aligns with the principle that if an expense is deducted when paid, the income related to that expense becomes taxable when received. Hence, the BOE insurance benefits fall under this taxation rule, making them taxable to the receiver in most cases. Specific exceptions might exist, depending on jurisdictions or unique situations, but the standard approach is that these benefits are subject to taxation.

**5. What defines guaranteed standard risk in insurance?**

- A. Coverage with restrictions and higher premiums**
- B. Guaranteed coverage at standard rates without restrictions**
- C. Individual risk assessment for each employee**
- D. Higher premiums for all employees**

Guaranteed standard risk in insurance is defined as providing coverage at standard rates without any restrictions. This concept is crucial for insurers as it establishes a baseline for coverage that is accessible to individuals or groups who meet certain health criteria and do not pose a significant risk to the insurer. When a policy is classified under guaranteed standard risk, it typically means that the individual has been assessed and is considered an average risk in terms of health and lifestyle, allowing them to receive coverage without additional costs or limitations. This classification benefits both the insured and the insurer, facilitating easier access to insurance for people who qualify. In contrast, options such as coverage with restrictions and higher premiums indicate variations of risk classifications that involve additional costs or limitations, which do not align with the principle of guaranteed standard risk. Similarly, individual risk assessments and higher premiums for all employees would imply that differentiation is being made based on health status or other risk factors, which contradicts the essence of guaranteed standard risk.

**6. In the Regular Occupation classification, what happens if the insured returns to work?**

- A. Benefits are permanently denied**
- B. Benefits can be reduced or terminated**
- C. No impact on benefits**
- D. Benefits continue unaffected**

In the Regular Occupation classification, if the insured returns to work, benefits can indeed be reduced or terminated. This classification typically means that the insured is unable to perform their regular job functions due to an accident or sickness. However, if they return to work in any capacity, it may indicate that they are not completely disabled, which can trigger a reassessment of their benefits. When the insured starts working again, the insurer may reduce the benefits to reflect the partial income they are now earning or may terminate benefits altogether if it is determined that the individual can adequately perform their job. Insurers typically structure benefits in a way that considers any income the insured is capable of earning after their return to work, which is essential for ensuring that the insurance serves its purpose without providing an unintended financial advantage. This adjustable approach helps manage the financial exposure of insurers while also incentivizing the insured to return to employment whenever possible.

**7. What does 'moral hazard' refer to in the insurance industry?**

- A. The risk of insuring high-risk individuals**
- B. The potential for insured individuals to engage in riskier behavior**
- C. The assessment of true health status during underwriting**
- D. The possibility of fraud within insurance claims**

In the insurance industry, 'moral hazard' refers to the potential for insured individuals to engage in riskier behavior when they are covered by insurance. Since individuals have insurance protection, they may feel less incentive to take precautions to avoid loss or might take on activities that they otherwise would not have considered. This change in behavior can result in an increase in the likelihood of claims, as individuals may not fully consider the consequences of their actions, having the safety net of insurance coverage. This concept is significant because it highlights the complexities that insurers face in assessing risk. If individuals believe that the financial consequences of their risky behaviors are mitigated by their insurance, this could lead to higher claims and potentially increased premiums for all insured parties. Understanding moral hazard is essential for insurers as they develop policies and risk management strategies to mitigate the effects of such behavior on their overall risk. In contrast, the other options touch on different aspects of insurance risk and management but do not capture the specific behavior modification associated with moral hazard. High-risk individuals, underwriting assessments, and fraud, while all relevant to the insurance industry, do not directly connect to the behavioral changes prompted by the presence of insurance coverage.

**8. In what context are 'underwriting guidelines' most relevant?**

- A. For determining claim payouts**
- B. For assessing risks and determining premiums**
- C. For setting policy renewal terms**
- D. For marketing insurance products**

Underwriting guidelines are primarily used in the context of assessing risks and determining premiums. These guidelines help insurance companies evaluate the risk associated with insuring a particular individual or entity. When an application for insurance is submitted, underwriters refer to these guidelines to decide whether to accept the application and at what premium rate. This involves analyzing various factors such as the applicant's health history, lifestyle, occupation, and other relevant information that could impact the likelihood of a claim being made. By having these standardized guidelines, insurance companies can maintain consistency in their risk assessments and ensure they are charging appropriate premiums that reflect the level of risk they are taking on. While underwriting guidelines can influence aspects like claim payouts, policy renewal terms, and marketing strategies indirectly, their primary role is centered around the assessment of risks at the point of application for coverage and the determination of premium rates based on that assessed risk.



## 9. Are workers compensation benefits tax free?

**A. Yes**

**B. No**

**C. Partially**

**D. Depends on the province**

Workers' compensation benefits are generally considered tax-free in Canada. This tax exemption is designed to support workers who are injured on the job and need financial assistance for medical expenses, lost wages, and rehabilitation costs. The rationale behind not taxing these benefits is to provide a safety net for workers to ensure they can focus on recovery without the burden of taxation. The benefits are intended to replace lost income due to workplace injuries, and taxing them would reduce the financial support provided during a difficult time. This applies universally across Canada, although specific details may vary by province regarding how benefits are calculated and disbursed. Therefore, stating that workers' compensation benefits are tax-free aligns with the guidelines established under the respective provincial workers' compensation boards.

## 10. Are buy-out benefits typically taxable?

**A. Yes, all insurance benefits are taxable**

**B. No, they are generally tax free**

**C. Yes, but only if the payout exceeds a certain limit**

**D. No, they are tax deductible for the business**

Buy-out benefits are generally designed to provide financial support to policyholders in the event of a defined situation, like accident or illness. These benefits are typically structured in such a way that they do not require the recipient to pay income tax on the amount received. This tax-exempt status is a crucial aspect of many types of insurance benefits, making them more attractive for individuals and businesses alike. The tax-free nature of these benefits encourages policyholders to invest in such coverage without the burden of taxation diminishing the financial relief they provide. This principle is particularly true for individual life insurance and certain types of accident and sickness policies. Understanding the tax implications is essential for both financial planning and policy selection. The other options either misstate the nature of insurance benefits in general or introduce conditions that do not typically apply to buy-out benefits, leading to confusion. In conclusion, the correct understanding that buy-out benefits are generally tax-free underlines their role as a supportive financial tool for policyholders when unexpected events occur.

# 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://llqpaccidentandsickness.examzify.com>**

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