

LLQP Accident and Sickness 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

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- 1. Are premiums for Business Loan Protection Insurance tax deductible?**
 - A. Yes**
 - B. No**
 - C. Only for small businesses**
 - D. Depends on the loan amount**
- 2. Long-term disability insurance generally covers which of the following?**
 - A. Temporary injuries**
 - B. Income replacement for an extended period**
 - C. Hospitalization costs**
 - D. Annual health check-ups**
- 3. What is the role of 'underwriting' in Accident and Sickness Insurance?**
 - A. To evaluate claims after they are submitted**
 - B. To assess risk and determine policy insurability**
 - C. To provide customer service support for clients**
 - D. To manage payouts for existing claims**
- 4. Which option best defines long-term disability insurance?**
 - A. Insurance for education expenses**
 - B. Insurance that provides coverage for employment-related injuries**
 - C. Insurance covering income loss for extended durations**
 - D. Insurance that pays benefits for out-of-pocket expenses**
- 5. Systematic risk primarily affects which of the following?**
 - A. One specific business**
 - B. An individual employee**
 - C. The entire market or economy**
 - D. A specific type of insurance policy**

6. What percentage of income reduction is required to apply for EI?

- A. 20% reduction of income**
- B. 30% reduction of income**
- C. 40% reduction of income**
- D. 50% reduction of income**

7. What does 'pre-existing condition' mean in terms of insurance policies?

- A. A condition that arises after the policy has been purchased**
- B. A medical condition that existed before the start of the insurance policy**
- C. A temporary illness that does not affect coverage**
- D. A condition that is fully covered under all circumstances**

8. What is the relationship between allowable expenses and insurer reimbursements?

- A. Allowable expenses are never reimbursed**
- B. Insurers reimburse amounts not considered allowable**
- C. Allowable expenses must be reimbursed by insurers**
- D. Insurers cover only previously approved expenses**

9. What is the effect of exclusions in a health insurance policy?

- A. They increase the scope of covered services**
- B. They clarify what is included in a wellness program**
- C. They limit coverage for certain pre-existing conditions**
- D. They enhance the policy by adding optional benefits**

10. What is the purpose of Business Loan Protection Insurance?

- A. To cover personal loans**
- B. To protect business loans in case of disability**
- C. To fund employee benefits**
- D. To insure business equipment**

Answers

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

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Explanations

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1. Are premiums for Business Loan Protection Insurance tax deductible?

- A. Yes**
- B. No**
- C. Only for small businesses**
- D. Depends on the loan amount**

Premiums for Business Loan Protection Insurance are not tax deductible. This type of insurance is designed to cover loan repayments in the event of the borrower's death or disability, thereby providing financial stability to the business. Since the premiums are considered a personal expense, they do not qualify for tax deductions like other business-related expenses, such as operational costs or equipment purchases.

Understanding why premiums are not tax deductible involves recognizing the nature of business-related insurance. While certain insurance products that protect against business losses may be deductible, personal insurance policies or those tied closely to an individual's health status do not fall under this category for tax purposes. Thus, the correct assessment is that these premiums are indeed not tax deductible.

2. Long-term disability insurance generally covers which of the following?

- A. Temporary injuries**
- B. Income replacement for an extended period**
- C. Hospitalization costs**
- D. Annual health check-ups**

Long-term disability insurance is designed to provide financial protection for individuals who are unable to work for an extended period due to a serious injury or illness. It typically replaces a portion of the individual's lost income, ensuring that they can maintain their standard of living during their recovery or adjustment period. This coverage is essential as it addresses the prolonged nature of some disabilities, allowing beneficiaries to focus on their health without the additional stress of financial concerns. The other options do not align with the primary purpose of long-term disability insurance. Temporary injuries may not lead to a permanent inability to work, and standard health check-ups or hospitalization costs are generally covered by health insurance plans rather than disability insurance. Therefore, the focus on income replacement for an extended duration is what distinguishes long-term disability insurance from other types of coverage.

3. What is the role of 'underwriting' in Accident and Sickness Insurance?

- A. To evaluate claims after they are submitted**
- B. To assess risk and determine policy insurability**
- C. To provide customer service support for clients**
- D. To manage payouts for existing claims**

Underwriting plays a critical role in Accident and Sickness Insurance by assessing risk and determining whether an individual is insurable under the terms of a policy. This process involves evaluating various factors, such as the applicant's health history, lifestyle, and potential risk factors that could affect their likelihood of needing medical care or filing a claim. By performing this risk assessment, underwriters can set appropriate premium rates and policy conditions that reflect the level of risk associated with insuring that individual. This helps insurance companies maintain financial stability and ensure that they can cover claims when they arise. The other roles mentioned, such as evaluating claims after submission or managing payouts for existing claims, pertain to claims processing and administration rather than the initial underwriting process. Providing customer service support is important for client relations but does not directly involve risk assessment or insurability decisions. Thus, understanding the underwriting function is essential for comprehending how insurance companies balance risk and ensure proper coverage for applicants.

4. Which option best defines long-term disability insurance?

- A. Insurance for education expenses**
- B. Insurance that provides coverage for employment-related injuries**
- C. Insurance covering income loss for extended durations**
- D. Insurance that pays benefits for out-of-pocket expenses**

Long-term disability insurance is specifically designed to provide financial support to individuals who are unable to work for an extended period due to a medical condition or injury. This type of insurance replaces a portion of the insured person's income, thereby helping them maintain their standard of living while they are unable to earn a paycheck due to their disability. In this context, focusing on income loss is fundamental because the primary purpose of long-term disability insurance is not to cover educational expenses, employment-related injuries, or out-of-pocket expenses. Rather, it addresses the significant impact that prolonged inability to work can have on an individual's financial stability. The coverage typically lasts for several months to several years, depending on the policy terms, which underscores its long-term nature.

5. Systematic risk primarily affects which of the following?

- A. One specific business**
- B. An individual employee**
- C. The entire market or economy**
- D. A specific type of insurance policy**

Systematic risk refers to the risk that affects the entire market or economy rather than just a specific company or sector. It encompasses factors that impact all investments to some extent, such as changes in interest rates, inflation, political instability, or economic downturns. Systematic risk cannot be diversified away by holding a varied portfolio of assets, as it is inherent to the market itself. This characteristic distinguishes systematic risk from unsystematic risk, which is specific to individual assets or sectors. Thus, when considering the options presented, the correct response highlights that systematic risk is significant at a macro level, impacting all sectors of the economy instead of localized entities or individuals engaged in specific businesses or insurance policies.

6. What percentage of income reduction is required to apply for EI?

- A. 20% reduction of income**
- B. 30% reduction of income**
- C. 40% reduction of income**
- D. 50% reduction of income**

The requirement for applying for Employment Insurance (EI) is based on a 40% reduction in income. To qualify for EI benefits, an individual must demonstrate that their earnings have been reduced significantly due to a number of factors, such as loss of employment or a decrease in working hours. A 40% reduction indicates a substantial impact on the individual's financial situation, thus making them eligible to seek assistance through the EI program. This specific percentage was established to ensure that only those experiencing a significant loss of income can access benefits, thereby focusing the support on individuals who truly need financial assistance during periods of unemployment or reduced hours. A reduction of this magnitude helps to filter out those who may not be in as much financial distress, ensuring that the program supports those in genuine need.

7. What does 'pre-existing condition' mean in terms of insurance policies?

- A. A condition that arises after the policy has been purchased
- B. A medical condition that existed before the start of the insurance policy**
- C. A temporary illness that does not affect coverage
- D. A condition that is fully covered under all circumstances

A pre-existing condition in terms of insurance policies refers to a medical condition or illness that existed prior to the effective date of the insurance policy. This means that if a person had a specific health issue before they obtained their insurance coverage, this condition is classified as pre-existing. Insurance companies often have clauses that address pre-existing conditions because they can affect the risk profile of the insured individual. As a result, insurers may impose waiting periods before coverage for these conditions begins, exclude them entirely, or charge higher premiums based on the perceived risk. Understanding the definition of a pre-existing condition is crucial for individuals seeking insurance, as it directly impacts their coverage and the claims process.

8. What is the relationship between allowable expenses and insurer reimbursements?

- A. Allowable expenses are never reimbursed
- B. Insurers reimburse amounts not considered allowable
- C. Allowable expenses must be reimbursed by insurers**
- D. Insurers cover only previously approved expenses

Allowable expenses refer to the specific costs that an insurance policy recognizes as eligible for reimbursement under the terms of the policy. When an insurer processes a claim, it assesses whether the costs incurred by the policyholder fall within the category of allowable expenses. The correct understanding of the relationship is that insurers are obligated to reimburse allowable expenses, meaning that these expenses, which are defined specifically in the policy, must be covered by the insurer when a valid claim is submitted. This reimbursement aligns with the terms outlined in the policy, ensuring that policyholders can recover the costs they've incurred for services or treatments that are deemed allowable. In the realm of insurance, it is crucial to know that not all expenses incurred will be reimbursed—only those classified as allowable. Therefore, the insurer's responsibility lies in reimbursing allowable expenses while expenses outside of this category do not receive coverage. This illustrates the direct, obligatory connection between allowable expenses and the reimbursements insurers provide.

9. What is the effect of exclusions in a health insurance policy?

- A. They increase the scope of covered services
- B. They clarify what is included in a wellness program
- C. They limit coverage for certain pre-existing conditions**
- D. They enhance the policy by adding optional benefits

Exclusions in a health insurance policy serve to limit coverage for specific situations or conditions. This means that particular pre-existing conditions or specific events may not be covered under the policy, thus shifting the risk back to the policyholder for those items. By clearly delineating what is not covered, exclusions help insurance providers manage their risk and allow policyholders to understand the limitations of their coverage. For instance, if a health insurance policy includes an exclusion for pre-existing conditions, it might specifically state that any medical issues that existed prior to the policy's effective date won't be covered, regardless of when they arise. This clarity around exclusions is crucial for both the insurer and the insured, ensuring that there is a mutual understanding of what will and won't be compensated for. In contrast, increasing the scope of covered services, clarifying what is included in a wellness program, or enhancing the policy by adding optional benefits does not pertain to exclusions. These aspects instead focus on broadening coverage rather than limiting it, which is the primary role of exclusions within a health insurance context.

10. What is the purpose of Business Loan Protection Insurance?

- A. To cover personal loans
- B. To protect business loans in case of disability**
- C. To fund employee benefits
- D. To insure business equipment

Business Loan Protection Insurance is specifically designed to safeguard against the financial risks associated with business loans in the event that the borrower becomes disabled. This type of insurance provides peace of mind to business owners, as it ensures that loan payments can continue to be made, even if the owner is unable to work due to a disability. In doing so, it helps to maintain the business's creditworthiness, protects its assets, and avoids potential defaults that could lead to the loss of the business. The distinction of this type of insurance lies in its focus on business loans, which differentiates it from other types of personal financial products or insurance policies. Therefore, it directly addresses the unique challenges faced by business owners when they encounter unforeseen health issues that could impede their ability to generate income and fulfill their financial obligations. By ensuring that business loans are covered during periods of disability, it supports the overall stability and longevity of a business.

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://llqpaccidentandsickness.examzify.com>

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

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