

LLQP ACCIDENT AND SICKNESS INSURANCE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

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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. What is defined as presumptive disability?**
 - A. Temporary loss of function
 - B. Permanently losing the use of sight, hearing, speech, or two limbs
 - C. A disability that only lasts for a few months
 - D. An illness that prevents working for less than 30 days
- 3. What might an employee experience if they qualify for "Guaranteed to Issue" insurance?**
 - A. Higher premiums for all employees
 - B. Standard rates without restrictions
 - C. A varied premium based on personal risk factors
 - D. Immediate coverage with no exclusions
- 4. What is the purpose of an 'insurance policy declaration page'?**
 - A. It details the history of claims made
 - B. To summarize key information about the coverage, including insured items, limits, and terms
 - C. It lists all exclusions in the policy
 - D. To provide a premium payment schedule
- 5. In Business Loan Protection Insurance, what does the coverage primarily address?**
 - A. Defaulting on loans
 - B. Business operational costs
 - C. Disability impacts on loan repayment
 - D. Equipment depreciation

- 6. What is the primary role of an 'insurance adjuster'?**
- A. To sell insurance policies
 - B. To investigate and resolve insurance claims
 - C. To provide customer service to policyholders
 - D. To manage the company's financial risk
- 7. 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
- 8. Which of the following is true of the waiver of premiums after a 90-day waiting period?**
- A. Premiums continue to be deducted monthly
 - B. Premiums must be paid before benefits start
 - C. Premiums won't be required during the last month of the waiting period
 - D. Reimbursement of premiums during waiting may occur
- 9. What is the principle behind the offset clause in multiple benefit scenarios?**
- A. All benefits are added together for payout
 - B. The first benefit is deducted from subsequent benefits
 - C. Benefits are paid equally regardless of other income
 - D. Only medical benefits can be offset
- 10. What type of risk affects a specific business rather than the market as a whole?**
- A. Systematic risk
 - B. Non-systematic risk
 - C. Morbidity
 - D. Mortality

Answers

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1. B
2. B
3. C
4. B
5. C
6. B
7. C
8. D
9. B
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. What is defined as presumptive disability?

- A. Temporary loss of function
- B. Permanently losing the use of sight, hearing, speech, or two limbs**
- C. A disability that only lasts for a few months
- D. An illness that prevents working for less than 30 days

Presumptive disability refers specifically to conditions that are automatically considered disabilities due to their severity and impact on a person's functional abilities. In the context of insurance and disability claims, it typically applies to losses that are so significant that they are presumed to prevent a person from engaging in any gainful activity. The correct option identifies permanent loss of essential functions such as sight, hearing, speech, or the use of two limbs. These conditions are unequivocally debilitating and are viewed as resulting in a complete inability to perform the duties of one's occupation or, in many cases, any occupation at all. Therefore, under policies that include presumptive disability provisions, individuals with these specific losses are often eligible for benefits regardless of their actual ability to work, as the nature of the loss is deemed sufficient to warrant such a classification. The other choices describe temporary or less severe conditions that do not meet the threshold of being classified as presumptive disability, as they imply a potential recovery or lesser impact on functional capacity.

3. What might an employee experience if they qualify for "Guaranteed to Issue" insurance?

- A. Higher premiums for all employees
- B. Standard rates without restrictions
- C. A varied premium based on personal risk factors**
- D. Immediate coverage with no exclusions

When an employee qualifies for "Guaranteed to Issue" insurance, it means they can obtain coverage without the usual underwriting requirements that assess personal health factors. This type of insurance is designed to provide individuals with guaranteed approval for coverage regardless of their health status or risk factors. In this context, the correct answer reflects the approach that those qualifying for such insurance will face standardized premiums, typically not based on personal health assessments or risk evaluations. This characteristic differentiates it from standard policies where premiums might vary significantly based on individual health conditions or histories. Options that suggest varying premiums based on personal risk factors do not align with the core concept of Guaranteed to Issue, which aims to simplify access to coverage for individuals who might otherwise face challenges in obtaining insurance due to pre-existing conditions or other health issues. In essence, the nature of Guaranteed Issue insurance is to ensure basic coverage availability, making it more accessible rather than price-sensitive according to personal health risks.

4. What is the purpose of an 'insurance policy declaration page'?

- A. It details the history of claims made
- B. To summarize key information about the coverage, including insured items, limits, and terms**
- C. It lists all exclusions in the policy
- D. To provide a premium payment schedule

The purpose of an insurance policy declaration page is to summarize key information about the coverage. This page provides essential details such as the insured items, coverage limits, policy terms, and effective dates. It acts as a concise reference for both insurers and policyholders, giving a clear overview of what is covered and under what conditions. By highlighting these vital facts, the declaration page enables policyholders to understand their coverage at a glance, ensuring they are aware of the specifics of their policy right from the start. While other aspects such as claims history, exclusions, and premium payment schedules are important components of insurance policies, they are not the main function of the declaration page. These details might be found elsewhere within the policy documentation, but the declaration page specifically focuses on summarizing the core aspects of the coverage provided.

5. In Business Loan Protection Insurance, what does the coverage primarily address?

- A. Defaulting on loans
- B. Business operational costs
- C. Disability impacts on loan repayment**
- D. Equipment depreciation

In Business Loan Protection Insurance, the coverage primarily addresses the impact of disability on loan repayment. This type of insurance is specifically designed to protect businesses from the financial strain that can occur if an owner or key employee becomes disabled and is unable to contribute to the business. The policy typically covers the loan payments during the period the individual is disabled, ensuring that the business does not default on its obligations due to a temporary loss of income. This focus on covering loan repayments during times of disability is crucial because many businesses rely on loans for operations, expansion, or purchasing equipment. If key individuals are unable to work due to health issues, having this insurance can alleviate the pressure of maintaining loan payments, allowing the business to focus on recovery and stability without the added burden of financial distress.

6. What is the primary role of an 'insurance adjuster'?

- A. To sell insurance policies
- B. To investigate and resolve insurance claims**
- C. To provide customer service to policyholders
- D. To manage the company's financial risk

The primary role of an insurance adjuster is to investigate and resolve insurance claims. This involves assessing the details surrounding a claim, gathering and analyzing evidence, interviewing relevant parties, and determining the validity of the claim based on the policy's terms and conditions. The adjuster plays a critical role in ensuring that claims are handled fairly and promptly, helping to maintain the integrity of the insurance process. In this context, while selling insurance policies is a function associated with insurance agents, it is not the responsibility of an adjuster. Similarly, providing customer service to policyholders is an important aspect of the insurance industry, but it typically falls within the purview of customer service representatives rather than adjusters. Managing the company's financial risk is more closely aligned with roles in actuarial science or risk management, not the day-to-day claim handling that adjusters focus on. This clarity highlights the specialized function that adjusters serve within the insurance industry.

7. 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.

8. Which of the following is true of the waiver of premiums after a 90-day waiting period?

- A. Premiums continue to be deducted monthly
- B. Premiums must be paid before benefits start
- C. Premiums won't be required during the last month of the waiting period
- D. Reimbursement of premiums during waiting may occur**

The correct choice highlights that reimbursement of premiums during the waiting period may occur. In many insurance policies, a waiver of premiums provision allows the insured to stop paying premiums once they have been disabled for a specified period, often set at 90 days. During this waiting period, if the insured becomes disabled and fulfills the conditions outlined in the policy, they might have their premiums reimbursed for the upfront costs paid during this time. This provision acknowledges the hardship individuals face when unable to work due to illness or injury and ensures that their coverage remains intact without financial strain. While other options suggest ongoing premium deductions or different criteria for premium payments, they do not align with the typical structure of waiver of premium provisions. The intent of waiving premiums is to alleviate the financial burden on the insured during their recovery period, thereby making the reimbursement of premiums during the waiting phase a sensible interpretation of this policy feature.

9. What is the principle behind the offset clause in multiple benefit scenarios?

- A. All benefits are added together for payout
- B. The first benefit is deducted from subsequent benefits**
- C. Benefits are paid equally regardless of other income
- D. Only medical benefits can be offset

The offset clause in multiple benefit scenarios is designed to prevent individuals from receiving total benefits that exceed a certain predetermined amount, thus ensuring fairness in the benefits distribution. When the first benefit is received, it is subtracted from any additional benefits the individual is eligible to receive. This helps to control the overall payout and avoids situations where an individual could gain financially more than the underlying intent of the insurance coverage. By implementing this principle, insurance companies maintain the sustainability of the benefits offered and ensure that claimants do not profit unduly from multiple policies for the same loss or disability. This particular approach reflects a common practice in the insurance industry and highlights the philosophy behind the structuring of insurance benefits.

10. What type of risk affects a specific business rather than the market as a whole?

- A. Systematic risk
- B. Non-systematic risk**
- C. Morbidity
- D. Mortality

Non-systematic risk, also known as specific risk or idiosyncratic risk, refers to the risk that is unique to a particular company or industry. This type of risk can arise from factors such as management decisions, product recalls, or regulatory changes that specifically impact a single business or sector. Since non-systematic risk is not correlated with market risks, it can be reduced through diversification in a portfolio; by holding a variety of investments, the impact of a negative event affecting one specific investment can be mitigated by others that are performing well. In contrast, systematic risk affects the entire market or a large segment of it, such as changes in economic policy, interest rates, or natural disasters that can impact all businesses in a significant way. Morbidity and mortality are terms used primarily in the context of health and life insurance, representing health-related risk (morbidity) and death-related risk (mortality), but they do not specifically describe risks that affect particular businesses. Understanding the distinction between these types of risks is essential for effective risk management and investment strategies, particularly when assessing the potential volatility and specific risks associated with individual investments.

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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://llqpaccidentandsickness.examzify.com>

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

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