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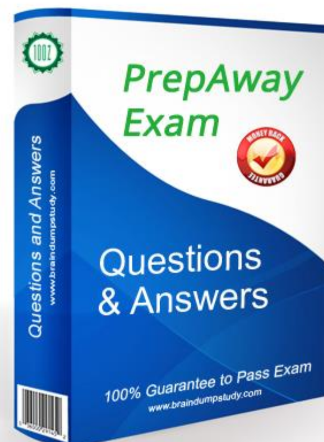

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Exam : **NJ-Life-Producer**

Title : New Jersey Life Producer Exam

Vendor : Insurance Licensing

Version : DEMO

NO.1 Under a multiple protection policy, the policy that pays on the death of the last person is called
A. A universal life policy.
B. A survivorship life policy.
C. A joint life policy.
D. An annuity life policy.
Answer: B
Explanation:
A policy that pays on the death of the last surviving insured is a survivorship life policy, also known as second-to-die life insurance. It covers two or more lives and pays the death benefit only after the last insured person dies. This structure is often used in estate planning, business succession planning, and situations where liquidity is needed after both spouses or business partners have died. A joint life policy, by contrast, typically pays on the first death and then terminates. That distinction is critical: joint life = first death; survivorship life
= last death. Universal life describes a flexible-premium permanent policy design and does not specify whether the death benefit is paid on first or second death. "Annuity life policy" is not the correct insurance classification here. The exam phrase "death of the last person" directly points to survivorship life. Reference topics: Multiple-Life Policies, Survivorship Life, Second-to-Die Insurance, Joint Life Insurance.

NO.2 What is the purpose of the Accelerated Death Benefit Rider?
A. To decrease the tax liability of the insured's estate.
B. To increase the death benefit by a stated percentage.
C. To adjust the death benefit to keep up with inflation.
D. To provide for the early payment of the death benefit for a terminally ill insured.
Answer: D

NO.3 A producer who is authorized by an insurance company to solicit, negotiate, or sell insurance contracts is acting as
A. An insurance agent.
B. An insurance consultant.
C. A financial consultant.
D. An insurance broker.
Answer: A

NO.4 Which of the following retirement plans is not restricted to contribution limits set by the IRS?
A. Roth IRA.
B. Individual annuity.
C. 401(k).
D. Individual Retirement Plan.
Answer: B
Explanation:
An individual annuity is not automatically subject to the annual IRS contribution limits that apply to qualified retirement plans and IRAs. A Roth IRA has strict annual contribution limits and income-related eligibility rules. A 401(k) has annual elective deferral limits and overall plan contribution

limits. An Individual Retirement Plan, such as a traditional IRA, is also subject to annual contribution limits. A nonqualified individual annuity, however, is funded with after-tax dollars outside a qualified retirement plan. Because it is not itself an IRA or employer-qualified plan, the tax code does not impose the same annual contribution ceiling. That does not mean unlimited funding is always practically accepted; insurers may impose underwriting, suitability, premium, or product limits. The legal exam distinction is that nonqualified annuities receive tax-deferred growth but are not controlled by the same IRS annual contribution limits as Roth IRAs, traditional IRAs, or 401(k)s. Reference topics: Qualified vs. Nonqualified Plans, Individual Annuities, Roth IRA Limits, 401(k) Limits, Tax-Deferred Growth.

NO.5 Which of the following policies allows for a partial surrender?

A. Modified whole life.

B. Universal life.

C. Variable whole life.

D. Term life.

Answer: B

Explanation:
Universal life commonly allows partial surrender because it is a flexible-premium permanent policy with unbundled cash value. A policyowner may withdraw part of the cash value, subject to policy rules, surrender charges, minimum remaining cash value, and possible tax consequences. This is one of the practical flexibility features of universal life. Modified whole life is still whole life with a changed premium pattern, usually lower early premiums followed by higher later premiums; it does not characteristically emphasize partial surrender. Variable whole life has cash value tied to separate accounts, but the standard exam answer for partial surrender flexibility is universal life. Term life is incorrect because term policies generally do not build cash value and therefore have nothing to partially surrender. Partial surrender is not the same as a policy loan:
a partial surrender permanently removes part of the cash value and may reduce the death benefit, whereas a loan creates policy indebtedness. Reference topics: Universal Life Insurance, Partial Surrender, Cash Value Withdrawals, Flexible Permanent Insurance.

NO.6 Mortgage redemption or cancellation insurance is a form of what type of insurance?

A. Increasing term.

B. Decreasing term.

C. Level premium whole life.

D. Level premium universal life.

Answer: B

Explanation:
Mortgage redemption or mortgage cancellation insurance is normally structured as decreasing term insurance.
The purpose of the coverage is to pay off or reduce the outstanding mortgage balance if the insured borrower dies during the mortgage repayment period. Because a traditional mortgage balance declines over time as the borrower makes payments, the insurance face amount also decreases over the term. That is the core reason decreasing term is the correct answer. The premium may remain level, but the death benefit decreases according to a schedule that generally approximates the unpaid loan balance. Increasing term would be inappropriate because the mortgage balance is not

expected to increase over the repayment period. Level premium whole life and universal life are permanent insurance policies with cash value features and are not the standard form used for mortgage cancellation protection. For exam purposes, associate mortgage protection, credit life tied to a declining debt, and loan balance protection with decreasing term. Reference topics: Term Life Insurance, Decreasing Term, Mortgage Protection Insurance, Debt Cancellation Coverage.

NO.7 For a New Jersey insurance producer to charge a prospective insured for analyzing insurance coverages, there must be a reasonable relationship between the fee and the

A. Nature of the services performed.

B. Total commission earned on the coverages purchased.

C. Average face amount of the policies analyzed.

D. Average premium of the policies analyzed.

Answer: A

Explanation:

A New Jersey insurance producer may charge a fee only when the fee bears a reasonable relationship to the services provided. The regulation also requires a written agreement before charging the insured or prospective insured, and that agreement must clearly state the fee amount and the nature of the service being provided.

New Jersey Administrative Code Section 11:17B-3.1 states that any producer fee "shall bear a reasonable relationship to the services provided and shall not be discriminatory." It also requires the written fee agreement to describe the amount of the fee and the nature of the service. This makes option A correct. The fee is not measured against the producer's commission, the face amount of the policies reviewed, or the average premium. Those items may be financially relevant to the transaction, but they are not the legal benchmark for charging a consulting or analysis fee. The rule protects consumers from arbitrary, excessive, or disguised compensation charges. Reference topics: Producer Fees, Written Fee Agreement, Insurance Consultant Compensation, New Jersey Producer Standards of Conduct.

NO.8 The premium mode defines the

A. Premium limit.

B. Premium amount.

C. Frequency of the premium payment.

D. Method of premium payment.

Answer: C

Explanation:

The premium mode defines how frequently premiums are paid. Common premium modes include annual, semiannual, quarterly, and monthly. The mode does not define the face amount, the policy limit, or the payment method such as check, bank draft, or electronic transfer. It defines the timing pattern of premium payments. The premium amount may vary depending on the mode because insurers often charge slightly more in total annual cost when premiums are paid more frequently. For example, monthly mode typically costs more over a year than annual mode because the insurer receives premium later and incurs more administrative handling. However, the definition of mode is still frequency, not the dollar premium itself. Option A is wrong because a premium limit is not the issue. Option B confuses premium mode with premium amount. Option D confuses payment frequency with payment mechanism. For exam purposes, use the simple rule: premium mode =

payment frequency. Reference topics: Premium Payments, Premium Mode, Policy Billing Frequency, Life Insurance Contract Administration.

NO.9 The purpose of advertising regulations is to
A. Assure full and truthful disclosure to the public.
B. Ensure that the prospect has all the required information to make an informed decision.
C. Ensure that the insurance company is supervising its agents properly.
D. Assure that spokespersons are properly compensated.
Answer: A
Explanation:
The purpose of insurance advertising regulation is to require full and truthful disclosure in advertising materials presented to the public. New Jersey's life insurance and annuity advertising rules are designed to prevent misleading, incomplete, deceptive, or exaggerated sales communications. The official regulatory purpose is to implement the unfair insurance practices law through advertising guidelines that assure full and truthful disclosure of all material and relevant information in life insurance and annuity advertising. That exact purpose aligns directly with option A. Option B is close in spirit, but it is broader and less exact than the regulatory language. Option C deals with insurer supervision of producers, which may be a compliance duty but is not the primary purpose of advertising regulation. Option D is irrelevant; compensation of spokespersons may matter in some advertising contexts, but it is not the core legal objective. For the exam, choose the answer that tracks the regulatory phrase: full and truthful disclosure to the public. Reference topics: Life Insurance Advertising, Annuity Advertising, Full and Truthful Disclosure, Unfair Trade Practices.

NO.10 Which of the following is a characteristic of conversion from group to permanent life insurance?
A. Premium for the new policy will be based on the age when first covered by the group policy.
B. Conversion must be to term insurance.
C. Proof of insurability is required.
D. Conversion must be applied for within 1 month of termination.
Answer: D
Explanation:
A group life conversion privilege generally allows the insured to convert terminated group coverage to an individual policy within approximately 31 days, commonly expressed in exam language as "within 1 month of termination." New Jersey public employee group life conversion guidance states that coverage continues for the next 31 days after termination of employment or expiration of the insured period, and conversion may be made during that period without medical examination. The converted policy is generally an individual permanent life policy customarily offered by the insurer, not term insurance. Therefore, option B is wrong.
Option C is wrong because a major purpose of the conversion privilege is that no evidence of insurability or medical examination is required when conversion is timely exercised. Option A is wrong because premiums for the converted individual policy are based on the insured's attained age at conversion, not the age when first covered under the group plan. Reference topics: Group Life Conversion, 31-Day Conversion Period, No Evidence of Insurability, Permanent Individual Policy.