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Q&A

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Exam : **Virginia Life Annuities
and Health Insurance**

Title : Virginia Life, Annuities, and
Health Insurance
Examination Series 11-01

Version : DEMO

1.Which of the following statements is true regarding an insurance agent's license?

- A. The license fee is paid to the insurance company.
- B. It authorizes the agent to transact insurance until otherwise terminated, suspended, or revoked.
- C. It must be renewed annually.
- D. A separate license must be issued for each insurer the agent represents.

Answer: B

Explanation:

In Virginia, an insurance agent's license is governed by the State Corporation Commission's Bureau of Insurance under Title 38.2 of the Virginia Code. According to Virginia Code § 38.2-1819, once issued, the license authorizes the agent to transact insurance business on behalf of appointed insurers until it is terminated, suspended, or revoked by the Bureau. The license fee is paid to the Bureau of Insurance, not the insurance company (Virginia Code § 38.2-1818), making option A incorrect. Virginia Code § 38.2-1822 specifies that licenses are renewed biennially (every two years), not annually, rendering option C false. Finally, Virginia Code § 38.2-1833 clarifies that an agent needs only one license but must secure an appointment for each insurer they represent, not a separate license per insurer, making option D incorrect.

Option B is the only statement consistent with Virginia law, reflecting the license's ongoing authority unless altered by regulatory action.

2.Which of the following is required to hold an appointment with the insurance company it represents?

- A. An insured
- B. An employee of the insurer
- C. A consultant
- D. An agent

Answer: D

Explanation:

Virginia Code § 38.2-1833 defines an "appointment" as a formal authorization by an insurer for a licensed agent to act on its behalf in transacting insurance. An insured (option A) is the policyholder or beneficiary and has no role in representing the insurer. An employee of the insurer (option B) may work internally but isn't automatically appointed to sell insurance unless they hold an agent's license and an appointment, which isn't implied here. A consultant (option C), under Virginia Code § 38.2-1837, advises on insurance but doesn't transact it unless also licensed and appointed as an agent, making this a less direct fit. Only an agent (option D), licensed under Virginia Code § 38.2-1819 and appointed per § 38.2-1833, is required to hold an appointment to represent an insurer. The study guide emphasizes that appointments link licensed agents to specific insurers, solidifying D as the correct choice.

3.The unwritten authority of an agent to perform incidental acts necessary to fulfill the purpose of the agency agreement is:

- A. Implied authority
- B. Mandated authority
- C. Express authority
- D. Nonexistent

Answer: A

Explanation:

The concept of agency authority is foundational in Virginia insurance law, derived from general agency principles and reflected in Title 38.2, Chapter 18. Express authority is explicitly granted in the agency agreement (e.g., soliciting and binding coverage), per Virginia Code § 38.2-1800 et seq. Implied authority, however, is not written but assumed to be necessary for carrying out express duties—such as scheduling client meetings or collecting initial premiums—unless restricted by the insurer. “Mandated authority” (option B) is not a recognized term in Virginia insurance regulations or study materials. Option C (express authority) is incorrect because it’s explicitly stated, not unwritten. Option D (nonexistent) denies the presence of authority, which contradicts the question’s premise. The Virginia Life, Annuities, and Health Insurance study guide likely highlights implied authority as a key concept for agents’ day-to-day operations, making A the correct answer.

4. Which is true about a joint and survivor annuity?

- A. The benefits are payable throughout the lifetimes of two or more people.
- B. The benefits cease when the surviving annuitant reaches life expectancy.
- C. It is a combination of an annuity and whole life insurance.
- D. Each annuitant must provide evidence of insurability.

Answer: A

Explanation:

A joint and survivor annuity, as outlined in Virginia Code § 38.2-3100 et seq., is an annuity contract that pays benefits as long as at least one of the named annuitants (typically two, such as spouses) is alive. Option A accurately reflects this, stating benefits continue throughout their lifetimes, ceasing only upon the last survivor’s death.

Option B is false because payments aren’t tied to life expectancy but to actual survival, per standard annuity terms in the study guide.

Option C is incorrect; an annuity provides income, while whole life insurance offers a death benefit—combining them is a different product (e.g., a universal life policy), not a joint and survivor annuity.

Option D is wrong because annuities, unlike life insurance, don’t typically require evidence of insurability, as they’re based on longevity, not mortality risk (Virginia Code § 38.2-3113). The study guide emphasizes the lifetime payment feature as the defining trait, confirming A.

5. What is the effect on a life insurance policy if the insured fails to repay the full value of loans taken against the policy?

- A. The premium is increased.
- B. Dividends are suspended.
- C. The death benefit is reduced.
- D. The policy lapses immediately.

Answer: C

Explanation:

Virginia Code § 38.2-3205 governs policy loans in life insurance. When an insured borrows against the policy’s cash value and fails to repay the loan (principal plus interest), the outstanding amount is deducted from the death benefit upon the insured’s death.

Option C correctly states this reduction.

Option A is false; premiums are fixed unless the policy is adjustable, and loans don’t alter them.

Option B is incorrect; dividends depend on insurer performance and policy terms, not loan repayment,

though they might be applied to reduce the loan if elected.

Option D is wrong; immediate lapse occurs only if the loan exceeds the cash value and premiums aren't paid, not simply from non-repayment. The study guide likely stresses that the death benefit is the primary adjustment mechanism, ensuring the insurer recovers the loan while honoring the policy, making C the accurate choice.