

OREGON

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1. Which of the following is considered a qualified medical expense for HSA withdrawals?
 - A. Cosmetic surgery for aesthetic purposes
 - B. Gym membership fees
 - C. Prescription medications
 - D. Health insurance premiums paid outside of COBRA or Medicare
 2. What is the default nonforfeiture option that the insurer will select if the policyowner does not choose one?
 - A. Cash Surrender
 - B. Reduced Paid-Up
 - C. Extended Term
 - D. Automatic Premium Loan
 3. If an agent knowingly recommends a wildly unsuitable annuity to a senior, this could be considered:
 - A. Churning
 - B. A deceptive practice
 - C. Financial abuse of an elder
 - D. All of the above
 4. To sell variable annuities, a producer must hold which licenses?
 - A. A life insurance license only.
 - B. A securities license only.
 - C. Both a life insurance license and a securities license (e.g., FINRA Series 6 or 7).
 - D. A property and casualty license.
 5. Which of the following is NOT a characteristic of a variable annuity?
 - A. Owner assumes investment risk
 - B. Funds invested in a separate account
 - C. Guaranteed rate of return
 - D. Requires a securities license to sell
 6. An absolute assignment of a life insurance policy means the policyowner has:
 - A. Temporarily pledged the policy as collateral for a loan
 - B. Permanently transferred all rights of ownership to another party
 - C. Designated the assignee as a revocable beneficiary
 - D. Authorized the insurer to assign the policy to a reinsurer
 7. Retrospective review in utilization management refers to:
 - A. Evaluating the medical necessity and appropriateness of care after services have been delivered
 - B. Pre-approving a treatment plan before any services begin
 - C. Monitoring treatment effectiveness during an inpatient stay
 - D. Projecting future healthcare costs based on historical data
 8. What is a 'dread disease' or 'limited risk' policy?
 - A. A comprehensive policy covering all illnesses.
 - B. A policy that covers only specific illnesses, such as cancer or heart disease.
 - C. A policy designed for individuals with pre-existing conditions.
 - D. A short-term medical policy.
 9. According to Oregon regulations, who is defined as a 'senior' for the purposes of annuity suitability protections?
 - A. Anyone over age 55
 - B. Anyone age 60 or older
 - C. Anyone age 65 or older
 - D. Anyone who is retired
 10. A family policy typically provides what kind of insurance on the children?
 - A. Whole life insurance
 - B. Term life insurance
 - C. Universal life insurance
 - D. Variable life insurance
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11. Long-Term Care (LTC) insurance is designed to provide coverage for:
- A. Hospital stays and major surgery.
 - B. Routine doctor visits and prescription drugs.
 - C. Services for individuals who are unable to perform essential activities of daily living.
 - D. Short-term disabilities.
12. The percentage of covered medical expenses that the insured is required to pay after the deductible has been met is known as:
- A. The premium
 - B. The copayment
 - C. Coinsurance
 - D. The out-of-pocket maximum
13. A policyowner can borrow from their whole life policy's cash value. What is the effect on the death benefit if the loan is not repaid?
- A. The policy is automatically terminated.
 - B. The death benefit is reduced by the outstanding loan amount plus interest.
 - C. The death benefit remains unchanged.
 - D. The beneficiary becomes responsible for repaying the loan.
14. Cost-sharing reductions (CSRs) under the ACA are available to individuals who enroll in which metal tier plan through the marketplace?
- A. Bronze
 - B. Silver
 - C. Gold
 - D. Any metal tier
15. An insured has a medical bill of \$5,000. Their PPO plan has a \$500 deductible and 90/10 coinsurance for in-network care. How much will the insured pay?
- A. \$500.00
 - B. \$950.00
 - C. \$1,000.00
 - D. \$5,000.00
16. An agent in Oregon who uses misleading designations such as 'senior financial advisor' without proper credentials may be:
- A. Rewarded for creative marketing
 - B. Subject to disciplinary action by DFR
 - C. Automatically granted accreditation
 - D. Required to pass an additional exam only
17. The Payor Benefit rider is typically added to a life insurance policy on a:
- A. Business owner
 - B. Senior citizen
 - C. Child
 - D. Spouse
18. If an insured and primary beneficiary die in a common disaster and the policy has a common disaster provision, what is the assumption?
- A. The beneficiary survived the insured.
 - B. The insured survived the beneficiary.
 - C. They died at the same time.
 - D. The contingent beneficiary is disqualified.
19. The Long-Term Care (LTC) rider on a life insurance policy allows the policyowner to:
- A. Receive a monthly income for life after age 65.
 - B. Access a portion of the policy's death benefit to pay for long-term care expenses.
 - C. Waive the policy premium if they enter a nursing home.
 - D. Double the death benefit if death occurs in a long-term care facility.

20. A life insurance policy that endows at age 100 (or 121 in modern policies) means that:
- A. The policy expires at age 100.
 - B. The cash value equals the face amount at age 100, and the amount is paid to the policyowner.
 - C. The premiums must be paid until age 100.
 - D. The death benefit doubles at age 100.
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21. When does insurable interest need to exist for a life insurance policy in Oregon?
- A. Only at the time of the insured's death
 - B. Only at the time of application
 - C. Both at the time of application and at the time of death
 - D. At any point during the policy period
22. What is custodial care?
- A. Care provided by a licensed medical professional.
 - B. Care to help an individual with personal needs like bathing, dressing, and eating.
 - C. 24-hour skilled nursing care.
 - D. Rehabilitative therapy.
23. In Oregon, what specific protections exist for seniors purchasing annuity products?
- A. No specific protections exist
 - B. Agents must determine suitability based on the senior's financial situation and needs
 - C. Seniors are prohibited from purchasing annuities
 - D. Annuities must be sold at a discount to seniors
24. An employee has coverage through their employer and is also covered as a dependent under their spouse's plan. If the employee files a claim, which plan is primary?
- A. The spouse's plan
 - B. The plan that has been in effect longer
 - C. The employee's own plan
 - D. The plans split the cost 50/50
25. An Applicable Large Employer fails to offer affordable, minimum value coverage to its full-time employees. Under the ACA employer mandate, what is the potential consequence?
- A. Criminal prosecution
 - B. Loss of business license
 - C. An assessable payment (penalty) under IRC Section 4980H
 - D. Automatic enrollment of employees in Medicaid
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26. A Managing General Agent (MGA) differs from a regular agent in that an MGA typically has the authority to:
- A. Only sell life insurance products
 - B. Bind coverage, underwrite risks, and handle claims on behalf of the insurer
 - C. Represent the insured rather than the insurer
 - D. Set premium rates without insurer approval
27. In Oregon, a surplus lines broker must do which of the following before placing coverage with a non-admitted insurer?
- A. Obtain approval from the federal government
 - B. Conduct a diligent search to confirm that coverage is unavailable in the admitted market
 - C. Get written consent from the Oregon Division of Financial Regulation for each policy
 - D. Verify that the non-admitted insurer is a domestic company
28. In Oregon, when must an insurance company notify the DFR of an agent's appointment?
- A. Within 10 days of the appointment
 - B. Within 30 days of the appointment
 - C. Within 60 days of the appointment
 - D. Within 90 days of the appointment

29. What is a Qualified Longevity Annuity Contract (QLAC)?
- A. An annuity that can be purchased inside a qualified retirement plan (like a 401(k) or IRA) to provide income late in life.
 - B. A type of variable annuity with high growth potential.
 - C. An annuity that is only available to qualified financial professionals.
 - D. An annuity designed to pay for long-term care.
30. Under the ACA dependent coverage provision up to what age must health plans allow adult children to remain on a parent's plan?
- A. Age 21
 - B. Age 23
 - C. Age 25
 - D. Age 26
31. Oregon law requires that viatical settlement providers be licensed by:
- A. The SEC
 - B. The Oregon Division of Financial Regulation
 - C. The Federal Reserve
 - D. No licensing is required
32. The section of an insurance policy that identifies the specific risks being covered is the:
- A. Declarations
 - B. Insuring Clause
 - C. Conditions
 - D. Exclusions
33. When money is withdrawn from a non-qualified annuity, how is the distribution taxed?
- A. First-In, First-Out (FIFO) - cost basis is withdrawn first.
 - B. Last-In, First-Out (LIFO) - taxable earnings are withdrawn first.
 - C. The entire withdrawal is tax-free.
 - D. The entire withdrawal is taxed as ordinary income.
34. What is the significance of the policy's effective date?
- A. It is the date the agent submitted the application.
 - B. It is the date the policy was mailed by the insurer.
 - C. It is the date from which the policy's coverage begins.
 - D. It is the date the first claim can be filed.
35. What happens if an individual does not enroll in Medicare Part B when they first become eligible and does not have other creditable coverage?
- A. They can never enroll in Part B.
 - B. They may have to pay a late enrollment penalty for as long as they have Part B.
 - C. They can enroll at any time without penalty.
 - D. They will be automatically enrolled by Social Security.
36. What is the minimum age requirement to obtain an insurance agent license in Oregon?
- A. 16 years old
 - B. 18 years old
 - C. 21 years old
 - D. 25 years old
37. Which type of policy pays a fixed, per-day benefit for each day the insured is hospitalized, regardless of the actual costs?
- A. Major Medical Insurance
 - B. Hospital Indemnity Insurance
 - C. Surgical Expense Insurance
 - D. Comprehensive Health Insurance

38. A worker who retires at age 62 under Social Security will receive:
- A. 100% of their Primary Insurance Amount
 - B. A permanently reduced benefit
 - C. A temporarily reduced benefit until full retirement age
 - D. No benefit until full retirement age
39. The Oregon Deceptive Trade Practices-Consumer Protection Act (DTPA) allows individuals harmed by unfair insurance practices to:
- A. Only file complaints with DFR
 - B. Sue for actual damages and potentially treble (triple) damages for knowing violations
 - C. Only recover their premium payments
 - D. File criminal charges against the agent
40. Which type of insurer is organized to provide insurance benefits to members of a specific religious or social organization?
- A. Stock insurer
 - B. Mutual insurer
 - C. Fraternal benefit society
 - D. Reciprocal exchange
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41. An employer has 25 employees and offers a group health plan. An employee quits their job. What are their continuation rights?
- A. They are eligible for 18 months of COBRA coverage.
 - B. They are eligible for 36 months of state continuation coverage.
 - C. They have no continuation rights.
 - D. They are only eligible for the conversion privilege.
42. A Silver plan on the health insurance exchange has an actuarial value of approximately what percentage, meaning the plan pays that share of average covered medical costs?
- A. 60%
 - B. 70%
 - C. 80%
 - D. 90%
43. Under what circumstances are life insurance premiums paid by a business deductible as a business expense?
- A. When the business is the beneficiary of the policy.
 - B. When the employee's family is the beneficiary and the premium is treated as a bonus.
 - C. Premiums are never deductible.
 - D. When the policy is a term life policy.
44. If an applicant makes a material misrepresentation on an application, the insurer may:
- A. Increase the premium
 - B. Void the policy
 - C. Add an exclusion rider
 - D. Sue the applicant for fraud
45. What is the 'exclusion ratio' used for?
- A. To determine the surrender charge on a withdrawal.
 - B. To determine the portion of each annuity payment that is a tax-free return of principal.
 - C. To calculate the agent's commission.
 - D. To determine the annuity's participation rate.
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46. Which legal doctrine is most relevant to a situation where an agent consistently accepts late premium payments from a client?
- A. Waiver
 - B. Estoppel
 - C. Subrogation
 - D. Adhesion

- 47.** What is a 'rider' in an annuity contract?
- A. The person who drives the annuitant to appointments.
 - B. An optional benefit or feature that can be added to the contract, usually for an additional cost.
 - C. The primary beneficiary of the annuity.
 - D. The application form for the annuity.
- 48.** An insurance policy is an aleatory contract, which means:
- A. The terms are take-it-or-leave-it.
 - B. It involves an unequal exchange of value.
 - C. It is based on utmost good faith.
 - D. Only one party makes a promise.
- 49.** In a Medicare Advantage PPO plan, a member can:
- A. Only see doctors in the plan's network.
 - B. See both in-network and out-of-network doctors, but with higher costs for out-of-network care.
 - C. See any doctor without a referral, with no difference in cost.
 - D. Not get any coverage for out-of-network services.
- 50.** The three primary factors that determine the premium for a life insurance policy are:
- A. Age, gender, and hobbies
 - B. Mortality, interest, and expenses
 - C. Health, occupation, and location
 - D. Face amount, cash value, and loan rate

Answer Key

1. **C** — Prescription medications are qualified medical expenses under IRS Section 213(d). Cosmetic surgery for purely aesthetic reasons, gym memberships, and most health insurance premiums (with exceptions like COBRA and Medicare) are not qualified expenses.
2. **C** — If a policy with cash value lapses and the policyowner fails to select a nonforfeiture option, the insurer will automatically implement the Extended Term option. This ensures the insured maintains the maximum possible death benefit for a specific period.
3. **D** — Recommending a clearly unsuitable product to a vulnerable senior could be classified as a deceptive or unfair practice under the insurance code. It could also rise to the level of financial abuse of an elder, which carries severe penalties.
4. **C** — Because variable annuities involve investments in securities (the separate account), they are regulated by both state insurance departments and the SEC/FINRA. A producer must hold a state life insurance license and a federal securities registration to sell them.
5. **C** — Variable annuities do not offer a guaranteed rate of return. The contract's value is directly tied to the performance of the underlying investments in the separate account, which can fluctuate.
6. **B** — An absolute assignment is the complete, irrevocable transfer of all policy rights and ownership from the current policyowner to a new owner (the assignee). The original owner retains no rights. This is commonly used to transfer a policy into an Irrevocable Life Insurance Trust (ILIT).
7. **A** — Retrospective review occurs after care has already been provided. The managed care plan reviews claims and medical records to determine whether the services rendered were medically necessary and appropriate. This may result in claim denials or recovery of overpayments.
8. **B** — A limited risk policy, such as a cancer policy, provides benefits only for the diagnosis and treatment of a specific disease named in the policy. It is not a substitute for comprehensive health coverage.
9. **C** — Oregon regulations provide heightened protections for seniors age 65 and older in annuity transactions. Agents must ensure annuity recommendations are suitable for older consumers based on their financial situation, investment objectives, and liquidity needs.
10. **B** — A family policy is a package policy that usually provides whole life coverage for the primary breadwinner and a smaller amount of convertible term life insurance for the spouse and children.
11. **C** — LTC insurance provides benefits for custodial and personal care services for individuals who need assistance with activities of daily living (ADLs) or who have a severe cognitive impairment like Alzheimer's disease.
12. **C** — Coinsurance is a cost-sharing arrangement where the insured pays a percentage of the bill (e.g., 20%), and the insurer pays the remaining percentage (e.g., 80%).
13. **B** — If a policy loan is outstanding at the time of the insured's death, the insurer will deduct the loan balance plus any accrued interest from the death benefit before paying the remainder to the beneficiary.
14. **B** — Cost-sharing reductions are only available to eligible individuals who enroll in a Silver-level plan through the health insurance marketplace. CSRs lower out-of-pocket costs such as deductibles, copayments, and coinsurance for individuals with household incomes between 100% and 250% of the federal poverty level.
15. **B** — The insured first pays the \$500 deductible. This leaves a balance of \$4,500. The insured's coinsurance portion is 10% of this balance, which is \$450. The insured's total out-of-pocket cost is the deductible (\$500) + coinsurance (\$450) = \$950.
16. **B** — Oregon law prohibits the use of misleading designations or titles, especially those that imply special expertise in senior financial matters. Using such titles without proper credentials may result in disciplinary action by the DFR.
17. **C** — The Payor Benefit rider is added to a juvenile policy. It provides that if the person responsible for paying the premiums (usually a parent or guardian) dies or becomes disabled before the child reaches a certain age, the insurer will waive the premiums until the child reaches that age.
18. **B** — The common disaster provision, or the Uniform Simultaneous Death Law, creates a presumption that the primary beneficiary died first. This prevents the death benefit from passing through the primary beneficiary's estate and ensures it goes directly to the contingent beneficiary.
19. **B** — An LTC rider is a type of accelerated benefit rider. It allows the policyowner to use some or all of the policy's death benefit to cover qualifying long-term care costs if they are unable to perform activities of daily living (ADLs) or have a cognitive impairment.
20. **B** — A traditional whole life policy is designed to 'endow' at a mature age (like 100 or 121). This means the guaranteed cash value accumulation will equal the policy's face amount at that age. If the insured is still alive, the face amount is paid to the policyowner.
21. **B** — For life insurance, insurable interest must exist at the time the policy is purchased (at inception). It is not required to exist at the time of the insured's death.
22. **B** — Custodial care is non-medical assistance with activities of daily living (ADLs). It can be provided by non-licensed individuals and is the most common type of care needed for long-term support.
23. **B** — Oregon requires agents to make suitability determinations when selling annuities to seniors. The agent must consider the customer's age, financial situation, investment objectives, and other relevant factors before recommending an annuity product.
24. **C** — Under standard COB rules, the plan in which the person is enrolled as an employee or main policyholder is always the primary plan. The plan in which they are covered as a dependent is secondary.
25. **C** — If an Applicable Large Employer (50+ full-time equivalent employees) fails to offer affordable, minimum value health coverage and at least one full-time employee receives a premium tax credit through the marketplace, the employer may be subject to an Employer Shared Responsibility Payment (penalty) under Internal Revenue Code Section 4980H.
26. **B** — A Managing General Agent is granted broad authority by an insurer that goes well beyond that of a regular agent. An MGA may have the power to underwrite and bind risks, collect premiums, appoint sub-agents, and adjust claims within their delegated authority.

- 27. B** — Oregon law requires surplus lines brokers to make a diligent effort to place coverage with admitted insurers before placing it with a non-admitted (surplus lines) insurer. This diligent search requirement protects consumers by ensuring the admitted market is exhausted first.
- 28. B** — An insurance company in Oregon must notify the DFR of an agent's appointment within 30 days. Failure to do so may result in penalties for the insurer.
- 29. A** — A QLAC is a type of deferred income annuity purchased with funds from a qualified retirement plan. It allows a retiree to defer a portion of their required minimum distributions (RMDs) until a later age (up to 85), providing a source of guaranteed income late in retirement.
- 30. D** — The ACA requires all health plans that offer dependent coverage to allow children to remain on their parent's plan until they turn 26, regardless of the child's marital status, financial dependency, student status, or availability of employer-sponsored coverage.
- 31. B** — Viatical settlement providers must be licensed by the DFR. A viatical settlement involves the sale of a life insurance policy by a terminally or chronically ill person to a third party for a percentage of the death benefit.
- 32. B** — The Insuring Clause (or Insuring Agreement) is the core of the policy. It contains the insurer's fundamental promise to pay for covered losses and specifies the perils covered.
- 33. B** — Annuity withdrawals are taxed on a LIFO basis. This means the taxable earnings are considered to be taken out before the non-taxable return of principal (cost basis). This is less favorable than the FIFO treatment for life insurance cash values.
- 34. C** — The effective date is the date on which insurance coverage officially begins. It is critical for establishing contestability and suicide clause periods.
- 35. B** — If an individual delays enrollment in Part B without having creditable coverage (like from an employer plan), they will face a life-long late enrollment penalty. The penalty is an increase in the monthly Part B premium.
- 36. B** — In Oregon, an individual must be at least 18 years of age to obtain an insurance agent license. This applies to all lines of insurance authority.
- 37. B** — Hospital Indemnity (or Hospital Confinement) insurance pays a specified daily, weekly, or monthly cash benefit directly to the insured during a hospital stay. This money can be used for any purpose, not just medical bills.
- 38. B** — If a worker elects early retirement at age 62, their benefit is permanently reduced. The reduction is approximately 5/9 of 1% for each month before full retirement age (up to 36 months) and 5/12 of 1% for each additional month. This reduction does not go away at full retirement age.
- 39. B** — Under the Oregon DTPA, consumers may sue for actual damages. If the violation was committed knowingly, the court may award up to three times actual damages (treble damages). This provides additional consumer protection beyond DFR administrative remedies.
- 40. C** — A fraternal benefit society is a nonprofit organization that provides life and health insurance exclusively to its members, who share a common bond such as religion, ethnicity, or occupation.
- 41. A** — Since the employer has more than 20 employees (25), they are subject to federal COBRA. The employee is eligible to continue their coverage for up to 18 months by paying the premium.
- 42. B** — The ACA established four metal tiers based on actuarial value: Bronze (60%), Silver (70%), Gold (80%), and Platinum (90%). The actuarial value represents the percentage of average total costs for covered benefits that the plan will pay, with the insured responsible for the remaining percentage through cost-sharing.
- 43. B** — If a business pays the premium for an employee's life insurance policy where the employee's family is the beneficiary (e.g., in an executive bonus plan), the premium is considered compensation to the employee. It is deductible for the business and taxable income for the employee.
- 44. B** — A material misrepresentation is a false statement that, if known, would have caused the insurer to reject the application or issue a different policy. The insurer can rescind (void) the policy if a material misrepresentation is discovered within the contestability period.
- 45. B** — When an annuity is annuitized, the exclusion ratio is used to calculate how much of each income payment is taxable. It is calculated by dividing the total investment in the contract (cost basis) by the expected total return. This ratio represents the portion of each payment that is a non-taxable return of principal.
- 46. B** — By repeatedly accepting late payments, the insurer creates a reasonable expectation for the client that late payments are acceptable. The insurer is then 'estopped' from suddenly enforcing the policy's cancellation provision for a late payment without prior warning.
- 47. B** — A rider is an add-on to a base annuity contract that provides supplemental benefits. Common annuity riders include Guaranteed Lifetime Withdrawal Benefits (GLWB) or enhanced death benefits.
- 48. B** — Aleatory contracts involve an unequal exchange of value between the parties. The insured may pay premiums for years and never file a claim, or they may pay a small premium and receive a large claim payment.
- 49. B** — Similar to a standard PPO, a Medicare Advantage PPO plan offers the flexibility to see providers outside the network. However, the member's out-of-pocket costs (copays, coinsurance) will be lower if they stay within the plan's preferred provider network.
- 50. B** — The three key factors used by actuaries to calculate life insurance premiums are: Mortality (the rate of death), Interest (the earnings on invested premiums), and Expenses (the insurer's cost of doing business).