Georgia Life Insurance Agent Exam Flashcards PDF

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What is the primary purpose of life insurance?

The primary purpose of life insurance is to provide financial protection to beneficiaries in the event of the policyholder's death.

What are the two main types of life insurance?

The two main types of life insurance are term life insurance and whole life insurance.

What is term life insurance?

Term life insurance provides coverage for a specific period of time, or 'term', and pays a death benefit if the insured dies during that term.

What is whole life insurance?

Whole life insurance provides coverage for the insured's entire life and includes a savings component known as cash value.

What is the cash value in a whole life insurance policy?
The cash value is a savings component of whole life insurance that grows over time and can be borrowed against or withdrawn.

What is a beneficiary in a life insurance policy?
A beneficiary is the person or entity designated to receive the death benefit from a life insurance policy upon the insured's death.

What is the difference between a revocable and an irrevocable beneficiary?
A revocable beneficiary can be changed by the policyholder at any time, while an irrevocable beneficiary cannot be changed without the beneficiary's consent.

What is underwriting in the context of life insurance?
underwriting is the process used by insurers to evaluate the risk of insuring a potential policyholder and determine the appropriate premium.

What factors do insurers consider during underwriting?
Insurers consider factors such as age, health, lifestyle, occupation, and family medical history during underwriting.

What is a premium in a life insurance policy?

A premium is the amount of money that the policyholder pays to the insurance company to maintain coverage.

What is a policy loan?

A policy loan is a loan taken against the cash value of a whole life insurance policy.

What happens if a policyholder stops paying premiums?

If a policyholder stops paying premiums, the policy may lapse, resulting in the loss of coverage.

What is a grace period in life insurance?

A grace period is a specified time after the premium due date during which the policyholder can make a payment without losing coverage.

What is a rider in a life insurance policy?

A rider is an additional provision that can be added to a life insurance policy to provide extra benefits or coverage.

What is the purpose of a waiver of premium rider?

The waiver of premium rider allows the policyholder to stop paying premiums if they become disabled.

What is a death benefit?
A death benefit is the amount of money that is paid to the beneficiary upon the death of the insured.

What is the difference between a fixed and variable life insurance policy?
A fixed life insurance policy has guaranteed premiums and death benefits, while a variable life insurance policy allows the policyholder to invest the cash value in various investment options.

What is a contestability period?
A contestability period is a time frame, usually two years, during which an insurer can contest a claim based on misrepresentation or fraud.

What is the significance of the insurable interest requirement?
The insurable interest requirement ensures that the policyholder has a legitimate interest in the life of the insured, preventing insurance fraud.

What is a term conversion option?
A term conversion option allows the policyholder to convert a term life insurance policy into a permanent policy without undergoing additional underwriting.