Insurance Licensing

Hawaii-Life-Producer

Hawaii Life Producer Exam (InsHI_Life01 OPLife01)

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Question: 1

Coverage will begin on the day an insured signs a nonmedical application only if the producer takes which of the following actions on the same day?

A. Countersigns the application
B. Collects the initial premium
C. Orders a Medical Information Bureau (MIB) report on the applicant
D. Sends the application to the insurance company

Answer: B

Explanation:
When an applicant submits a life insurance application together with the initial premium, the producer normally provides the applicable premium receipt. Depending on the precise language of that receipt—typically a conditional receipt—coverage may become effective as of the application or medical-examination date if the applicant subsequently satisfies the insurer's specified underwriting conditions. The current Hawaiʻi Life-General Knowledge examination outline specifically tests “Collecting the initial premium and issuing the receipt” and, under policy delivery, “When coverage begins.” These concepts are deliberately linked because payment of the initial premium can affect the potential effective date of coverage before formal delivery.
Countersigning the application does not itself create temporary insurance. Ordering an MIB report is an underwriting-information activity and does not place coverage in force. Merely forwarding the application to the insurer likewise does not constitute consideration or establish temporary coverage.
The important qualification is that collecting the premium does not mean every applicant is unconditionally insured immediately. Any pre-delivery protection remains governed by the conditions stated in the receipt and the applicant's underwriting status.

Question: 2

A Life insurance policy is issued with an exclusion rider for a past health condition. Which of the following actions MUST a producer take when the policy is delivered?

A. Explain the rider and the specific exclusions.
B. Deliver the contract without the signature of the applicant.
C. Change any inaccurate statements on the application.
D. Mail the policy with a return receipt requested.

Answer: A

Explanation:

When an insurer issues a policy on terms that differ materially from the coverage originally applied for—such as through a rider, limitation, or other modification—the producer must clearly explain the issued coverage and ensure that the applicant understands any restrictions before accepting the policy. Hawaiʻi's Insurance Division specifically instructs consumers to read the policy carefully after receipt and ask the insurance agent to explain any points that are not understood . The producer examination outline likewise tests policy delivery, explaining the policy, and policy exclusions.

Options B, C, and D do not satisfy this responsibility. A producer cannot independently alter inaccurate application statements after underwriting; changes must be handled under the insurer's established application procedures. A return receipt is not the core requirement, nor does delivery without an applicant signature resolve a modified-coverage issue.

There is, however, an important Hawaiʻi-specific legal qualification to the wording of this question. HRS §431:10D-108 restricts the death exclusions that an individual life policy may contain to specified categories such as war, aviation, hazardous occupations, certain foreign residence, and suicide. A generic exclusion of death arising from a past health condition is therefore not a sound Hawaiʻi-specific example of a permissible individual-life exclusion. The tested delivery principle remains A .

Question: 3

Which of the following statements is CORRECT about the renewability features of a Term policy?

A. The insurance company requires evidence of insurability.
B. The policy may be changed to Whole Life.
C. The face amount increases.
D. The premium rate increases.

Answer: D

Explanation:

The principal advantage of a renewable term provision is that the insured can continue the coverage for another term without furnishing new evidence of insurability . Because renewal occurs at an older attained age, however, the premium ordinarily increases. Thus, the policy protects the insured against deterioration in health affecting eligibility, but it does not protect against the higher mortality cost associated with increasing age.

The NAIC's official life-insurance guidance describes renewable term insurance as coverage that may be renewed even when the insured's health has changed and specifically notes that new premiums are generally higher upon renewal . The current Hawaiʻi examination outline separately identifies renewable and convertible as special features of term life.

Option A reverses the defining feature of guaranteed renewability: new medical evidence normally is not required. Option B describes convertibility , under which term coverage may be changed to permanent insurance according to policy terms. Option C is not an inherent characteristic of renewable term insurance; the death benefit can remain level while premiums increase.

Reference topics: Term Life — Renewable and Convertible Features; Product Knowledge, Terms and Concepts; Hawaiʻi Life-General Knowledge Content Outline.

Question: 4

If an applicant for a Life policy does not pay the premium when the application is submitted and the insurance company subsequently approves the application and issues the contract, coverage becomes effective at which of the following times?

A. On the date that the application is taken by the producer
B. On the date that the application is approved by the insurance company
C. When the policy is mailed to the producer
D. When the policy is delivered and the initial premium is paid to the producer

Answer: D

Explanation:
When no initial premium accompanies the application, there is ordinarily no premium receipt creating potential temporary or conditional coverage. Consequently, insurer approval alone does not complete all elements necessary for the insurance contract to take effect. The policy normally becomes effective when it is delivered and the required initial premium is paid , subject to any delivery requirements concerning continued insurability.
The 2026 Hawaiʻi Life-General Knowledge outline specifically tests both collection of the initial premium and issuance of the receipt and when coverage begins , demonstrating the importance of distinguishing prepaid applications from applications submitted without premium.
Option A is incorrect because simply completing an application does not create coverage where no premium has been collected. Option B is incorrect because underwriting approval represents the insurer's willingness to issue the contract, but it does not by itself satisfy an unpaid premium requirement. Option C is also incorrect: mailing the policy to the producer is administrative delivery to the insurer's representative, not necessarily legal delivery to the applicant.
For examination purposes, where the application was submitted without the initial premium , actual policy delivery plus premium payment is the controlling event described by the facts.

Question: 5

Except for nonpayment of premiums and certain excluded supplemental benefits, a Hawaii individual life insurance policy becomes incontestable after it has been in force during the insured's lifetime for:

A. 1 year
B. 2 years
C. 3 years
D. 5 years

Answer: B

Explanation:
Hawaiʻi's standard individual life insurance provisions require an incontestability clause . Under HRS §431:10D-102, the basic life policy becomes incontestable after it has been in force during the lifetime of the insured for two years from its date of issue , except for nonpayment of premiums.
Incontestability limits the insurer's ability to rescind or contest the basic life policy based on statements in the application once the statutory period has expired. This gives the policyowner and beneficiaries

increased contractual certainty after the insurer has had a reasonable opportunity to investigate underwriting information.
The statutory wording excludes certain provisions relating to disability benefits and additional accidental-death benefits from the basic incontestability mandate. Candidates must therefore avoid interpreting the clause as eliminating every possible contractual defense associated with every supplemental benefit.
The incontestability provision is also distinct from the suicide limitation , although both commonly involve a two-year period in Hawaiʻi life insurance. They operate for different purposes: incontestability concerns challenges to policy validity, while the suicide provision concerns liability for a specified cause of death.
One, three, and five years do not represent Hawaiʻi's standard individual life incontestability period.

Question: 6

Insurance producers in Hawaii are required to maintain records of insurance transactions for a MINIMUM of how many years?

A. Three
B. Five
C. Seven
D. Ten

Answer: B

Explanation:
HRS §431:9A-123 establishes Hawaiʻi's general recordkeeping requirement for licensed insurance producers. Producers must maintain records of transactions consummated under their licenses, including relevant information about insurance contracts, insurers, insureds, premiums, and the subject of insurance. The statute provides that records concerning a particular transaction must remain available for inspection by the Insurance Commissioner during the five years immediately following completion of the transaction .
There is an important life-producer qualification. The statute states that this producer-level requirement does not apply to life or accident and health or sickness insurance where the records required by the section are customarily maintained in the insurer's offices . Nevertheless, the examination's general record-retention period remains five years, which is why B is the correct answer.
The current Hawaiʻi Insurance Examination Content Outline expressly identifies “Required records and record retention” and cites HRS §§431:9A-123 and 431:9A-125 as examination references.
Three years is too short; seven and ten years exceed the statutory minimum stated for the producer transaction records covered by §431:9A-123.

Question: 7

If a father intends to purchase and retain ownership of a life policy on his eighteen-year-old son, which of the following signatures would be required on the application?

A. The son's signature only

B. The father's signature only
C. Both the father's and the son's signatures
D. Both the father's and the mother's signatures

Answer: C

Explanation:
The father is applying for and will own the policy, so his signature is required in his capacity as the applicant/policyowner. Because the insured is the father's eighteen-year-old son , the son is no longer being treated as a minor for purposes of the exception described in Hawai‘i's consent statute. The insured therefore must also consent in writing to insurance being effectuated on his life.
Hawai‘i Revised Statutes §431:10-206 provides that a life insurance contract on an individual generally cannot be effectuated unless the individual insured, when legally competent to contract, applies for or consents to the insurance in writing . The statute contains exceptions for insurance on a spouse and for a person having an insurable interest in a minor, but neither eliminates the adult son's consent requirement in this scenario.
The current Hawai‘i Life-General Knowledge examination outline specifically identifies “Required signatures” under completing the application, confirming that this is an examinable producer competency. The mother's signature is irrelevant because she is neither the applicant nor the policyowner in the facts presented.

Question: 8

An employee's coverage under a Hawaii group life insurance policy terminates when the employee leaves employment. To exercise the statutory conversion privilege, the employee is entitled to obtain an individual life policy:

A. only after providing new evidence of insurability
B. without evidence of insurability
C. only if the former employer pays the first premium
D. only after completing a new medical examination

Answer: B

Explanation:
Hawai‘i's required group life provisions protect an insured whose coverage terminates because employment or membership in an eligible class ends. Under HRS §431:10D-213, the terminating insured is entitled to obtain an individual life insurance policy without evidence of insurability , subject to the conversion conditions in the group contract. The individual must apply for the converted policy and pay the first premium within the statutory conversion period.

This privilege is valuable because termination of employment may occur after the insured's health has deteriorated. If the insurer were permitted to require fresh medical underwriting, the individual might become uninsurable precisely when continuity of protection is most important.

The converted policy generally does not include disability or other supplementary benefits automatically, and the premium is determined using the insurer's customary rate for the form, amount, risk classification, and the insured's attained age when the individual policy becomes effective.
Options A and D contradict the statutory waiver of evidence of insurability. Option C is also incorrect because the converting individual, not the former employer, is responsible for satisfying the first-premium requirement.

Question: 9

A life insurance policy is issued after a basic illustration was used in the sale. Under Hawaii's life insurance illustration requirements, the insurer must generally retain the applicable signed illustration records until:

A. one year after policy delivery
B. three years after policy issue
C. three years after the policy is no longer in force
D. five years after the insured's death

Answer: C

Explanation:
Hawaiʻi regulates the use and retention of life insurance illustrations because illustrations can materially influence a consumer's understanding of premiums, policy values, guarantees, dividends, and non-guaranteed elements.
Under HRS §431:10D-407, a copy of the applicable basic illustration , any revised illustration, and specified certifications must generally be retained by the insurer until three years after the policy is no longer in force . If no policy is ultimately issued, the statutory provision does not require a copy to be retained under this particular rule.
The requirement is substantially longer than simply retaining documentation for three years after issue. A policy could remain active for decades; under the statutory rule, the retention period extends throughout that active duration and then continues for another three years after termination.
Illustration rules are consumer-protection and market-conduct requirements. Producers and insurers must avoid presenting non-guaranteed values as guarantees or otherwise using illustrations in a deceptive manner. Hawaiʻi further treats violations of the illustration requirements as unfair or deceptive insurance practices.

Question: 10

Except when a statutory exception applies, Hawaii generally prohibits entering into a life settlement contract during what period following issuance of the life insurance policy?

A. 6 months
B. 1 year
C. 2 years
D. 5 years

Answer: C

Explanation:
C. 2 years is correct. Hawai'i law contains an important restriction intended to combat stranger-originated life insurance and similar arrangements . HRS §431C-33 generally prohibits a person from entering into a life settlement contract at the time of application or issuance of a life insurance policy or during the two-year period commencing with the policy's date of issuance , unless a statutory exception applies.
The restriction helps distinguish a legitimate later decision by a policyowner to sell existing coverage from a policy originally obtained primarily for immediate transfer to an outside investor. Life insurance is intended to protect legitimate insurable interests, not to operate simply as a wagering instrument on an individual's life.
Hawai'i recognizes defined exceptions to the two-year prohibition. For example, qualifying converted coverage may satisfy the requirement when the conversion policy and prior continuous coverage together equal at least two years. Other statutory circumstances can also permit an earlier settlement when the required conditions and certifications are met.
A producer should therefore avoid treating the two-year restriction as absolute in every factual situation, but it is the controlling general rule .
Six months and one year are insufficient, while five years exceeds the statutory prohibition period.

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