

# Test Alert!

Maryland

Life, Accident, and Health Insurance

License Exam Manual

10/10/07

# L&H

The information included in this release, in addition to your other Kaplan Financial materials, is designed to assist you in preparing for concepts that your exam may include. We urge you to read it carefully and take time to review the sample questions and rationales.

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On page 55, add the following content to “G. Accelerated (Living) Benefits”:

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- a. Disclosures** The accelerated benefits provision is a relatively recent development. Traditional whole life insurance policies provided cash benefit payments in the event the insured died or lived to the contract’s maturity date. The only way an insured could access the policy’s cash value was through a policy loan or policy surrender. If an insured were facing a life-threatening medical condition, the life insurance policy could provide no immediate financial relief. The accelerated benefits provision, now standard in life insurance policies, provides for payment of some part of the policy’s face amount if the insured is facing a terminal illness or injury. The death benefit, less the accelerated payment, is still payable. These payments can be made in a lump sum or in monthly installments. The provision does not raise the cost of the premium. However, some insurers deduct an interest charge from the proceeds paid to make up for what the insurer would have earned had the money not been withdrawn from the policy.

On page 105, add the following content after “f. Exclusions”:

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- g. Social Security rider** The Social Security rider provides for additional income when the insured is eligible for social insurance benefits but those benefits have not yet begun, have been denied, or have begun in an amount less than the benefit amount of the rider. When applying for the rider, the applicant states the amount of benefit expected from Social Security and other programs for which he might be eligible. When total disability strikes, the applicant must show that he has applied for social insurance benefits. After the Social Security Administration (or comparable administrative body of a state or local program) determines the benefit payable, the difference between the actual benefit and the expected benefit listed in the rider is payable as an additional disability income benefit.

Part II  
New Sample Questions

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There are no new questions at this time.

Part III  
Answers and Rationales

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There are no new answers or rationales at this time.

On page 154, replace the last sentence of “2. Taxation of Medical Expense Insurance” with the following:

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Self-employed individuals may deduct premiums paid for medical insurance, limited to the net earnings from self-employment in the business for which the plan coverage was established.

To submit comments or suggestions, please send an email to [errata@kaplan.com](mailto:errata@kaplan.com).

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