

## Chapter Ins 26

### APPENDIX 3 - LIFE INSURANCE COURSE REQUIREMENTS

#### SECTION A

- I. Principles of Insurance -- 1 Hour
  - A. Definition of risk
  - B. Risk management
  - C. Insurable and noninsurable risk
  - D. Pooling concept--law of large numbers
  - E. Types of insurance companies
  - F. Reinsurance
- II. General Wisconsin Insurance Laws -- 4 Hours
  - A. Duties and powers of Insurance Commissioner--statutory and rule-making
  - B. Knowledge of administrative action process, including hearings and penalties
  - C. Purpose of licensing, including procedures and who must be licensed
  - D. Record keeping and changes in agent status, including change of name or address
  - E. Agent license expiration, revocation, suspension, and limitation
  - F. General regulations regarding misrepresentation, knowledge of acts of agent, rebating
  - G. Regulation of specific insurance contract changes regarding cancellation, nonrenewal, notice of proof of loss, and payment of claims
  - H. Unfair claims methods and practices--timely payment of claims
  - I. Fair rating practices
  - J. Home and telephone solicitation requirements
  - K. Section 628.32, Wis. Stat., written disclosure of fees other than commissions
  - L. Controlled business
  - M. Proper exchange of business
  - N. Unfair marketing practices
    - 1. Misrepresentation
    - 2. Unfair inducement
    - 3. Unfair discrimination
    - 4. Extra charges
    - 5. Influencing employers
    - 6. Unfair use of official position
    - 7. Returning indicia of agency
    - 8. Churning
    - 9. Twisting
    - 10. Restraint of competition
    - 11. Unfair restriction of contracting parties choice of insurer
  - O. Insurance contracts in Wisconsin
- III. Ethics -- 3 Hours
  - A. Fiduciary duties and responsibilities
  - B. Conflict of interest
  - C. Ethical marketing practices, including fair and ethical treatment of policyholders
  - D. Appropriate claims practices
  - E. Suitability of product to client

- F. Social responsibility of insurance agent
- G. Agent/company relationships
- H. Maintaining appropriate insurance expertise

#### SECTION B

- IV. Life Insurance -- 9 Hours
  - A. Purpose of life insurance
  - B. Types of policies
    - 1. Term life
      - a. Level term
      - b. Decreasing term
      - c. Increasing term
      - d. Special features
        - (1) Renewable
        - (2) Convertible
    - 2. Whole life
      - a. Ordinary life
      - b. Limited pay policies
      - c. Single pay policy
      - d. Modified and graded premium whole life
      - e. Adjustable life
    - 3. Interest-sensitive life products
      - a. Variable life
      - b. Universal life
      - c. Variable universal life
      - d. Interest-sensitive whole life
    - 4. Endowment
    - 5. Combination plans
      - a. Family policy
      - b. Family income policy
      - c. Family maintenance policy
      - d. Joint life
      - e. Survivorship life
    - 6. Annuities - non-qualified
      - a. Single, level, and flexible premium
      - b. Immediate and deferred
      - c. Fixed and variable
    - 7. Retirement plans - qualified
      - a. Individual Retirement Account (IRA)
      - b. 403(b) Plan - Tax Sheltered Annuity (TSA)
      - c. Simplified Employee Pension (SEP)
      - d. Self-employed Keogh (HR-10) Plans
      - e. 401 (k) Plans
      - f. Defined contribution plan
      - g. Defined benefit plan
    - 8. Group life insurance
    - 9. Life insurance sold to fund prearranged funeral plans
    - 10. Viatical settlements
  - C. Other insurance concepts
    - 1. Business insurance
      - a. Key employee life
      - b. Buy and sell agreement

- c. Split dollar plan
- 2. Third-party ownership
- 3. Accelerated death benefits - living benefits
- D. Social security benefits and taxes
  - 1. Retirement benefits
  - 2. Survivorship benefits
  - 3. Disability benefits
  - 4. Tax treatment of insurance premiums, proceeds, dividends
    - a. Individual life
    - b. Group life
    - c. 1035 exchange form
- E. Policy Riders, provisions, options, and exclusions
  - 1. Policy riders
    - a. Waiver of premium
    - b. Guaranteed insurability
    - c. Payor benefit
    - d. Accidental death and dismemberment
    - e. Term riders
    - f. Other insureds
  - 2. Policy provisions and options
    - a. Entire contract provision
    - b. Insuring clause
    - c. Free look
    - d. Consideration
    - e. Owner's rights
    - f. Beneficiary designations
      - (1) Primary, contingent, and tertiary
      - (2) Revocable and irrevocable
      - (3) Changes
      - (4) Common disaster
    - g. Premium payment
      - (1) Modes
      - (2) Grace period
      - (3) Automatic premium loan
      - (4) Level or flexible
    - h. Reinstatement
    - i. Policy Loans, withdrawals, partial surrenders
    - j. Nonforfeiture options
    - k. Dividends and dividend options
    - l. Incontestability
    - m. Assignments
  - 3. Policy exclusions
    - n. Suicide
    - o. Misstatement of age
    - p. Settlement options
- F. Completing and application, underwriting, and delivering the policy
  - 1. Completing the application
    - a. Required signatures
    - b. Changes in the application
    - c. Consequences of incomplete applications
    - d. Warranties and representations
    - e. Collecting the initial premium and issuing the receipt
  - 2. Underwriting
    - a. Insurable interest
    - b. Medical information and consumer reports
    - c. Fair Credit Reporting Act
    - d. Risk classification
  - 3. Delivering the policy
    - a. When coverage begins
    - b. Explaining the policy and its provisions, riders, exclusions, and ratings to the client
- V. Wisconsin Life Insurance Law -- 3 Hours
  - A. Life insurance marketing
    - 1. Bonuses
    - 2. Policy replacement
    - 3. Backdating
    - 4. Proposal requirements
    - 5. Life insurance sold with a mutual fund
    - 6. disclosure requirements - life insurance
    - 7. Policy summary/life insurance illustrations
    - 8. Other selling requirements
    - 9. Requirements for advertisements, representations, and solicitations
    - 10. Disclosure requirements - annuities
    - 11. Preliminary contract summary
  - B. Definition of a variable contract
  - C. Contestability of individual life policies by insurer
  - D. Assignment of rights
  - E. Misstatement of age
  - F. Designation of beneficiary
  - G. Special requirement related to AIDS
  - H. State life insurance fund