

# Your Exam Content Outline

The following outline describes the content of one of the New York insurance examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weight assigned to each section of the examination. For example, 10 percent means that 6 questions will be drawn from the section on a 60-question exam, 10 will be drawn on a 100-question exam and 15 will be drawn on a 150-question exam.

## New York Life Insurance Life Settlement Broker Examination Series 17-80

**100 questions - 2-hour time limit**  
**Live Date- September 20, 2018**

### 1.0 Insurance Regulation 9%

#### 1.1 Licensing

Process (2103(d-i))

Definitions

Producer definition (2101(k))

Who should be licensed (2101(k))

Home state (2101(l))

Negotiate (2101(m))

Sell (2101(n))

Solicit (2101(o))

Types of licensees

Agents (2101(a, k); 2103; Reg 6, Part 22.2; Reg 7, Part 23.2)

Brokers (2101(c, h, k); 2104)

Consultants (2107)

Adjusters (2101(g), 2108)

Nonresident (2101(d, e); 2103(g)(5, 11); 2136)

Business entities (2101(p), 2103(i)(2))

Temporary (2109; Regs 9, 18, 29, Part 20.1)

Maintenance and duration

Renewal (2103(j); Reg 5, Part 21.2)

Continuing education (2132)

Assumed names (2102(f))

Change of address (all addresses, including email) (2134; Reg 5, Part

21.4; Reg 6, Part 22.3; Reg 7, Part 23.4)

Reporting of actions (2110(i)(j))

Disciplinary actions

Hearings-Notice and Process (2405, 2406, Financial Services 305)

Suspension, revocation, and nonrenewal (2110)

Penalties (2127, 109)

#### 1.2 State regulation

Superintendent's general duties and powers (2404, Financial Services 201, 202, 301)

Company regulation

Certificate of authority (1102(a-b))

Solvency (307)

Unfair claim settlement practices (2601; Reg 64, Part 216.3-216.6)

Appointment of agent (2112(a-c))

Termination of agent appointment (2112(d); Regs 9, 18, 29, Part 20.2)

Unfair and prohibited practices

Misrepresentation (2123; Reg 64, Part 216.3)

False advertising (2603)

Defamation of insurer (2604)

Unfair discrimination (2606-2608, 2612)

Rebating (2324, 4224)

Licensee regulation

Controlled business (2103(i))

Sharing commissions (2121, 2128)

Fiduciary responsibility (2120; Regs 9, 18, 29, Parts 20.3, 20.4)

License display (Reg 125, Part 34.5)

Commissions and compensation  
(2102(e), 2114–2116, 2119; Reg 9, 18,  
29, Part 20.6; Reg 194, Part 30)

Termination responsibilities of producer  
(2112(g))

Examination of books and records (2404;  
Reg 152, Parts 243.0 to 243.3)

Aiding Unauthorized Insurer (2117)

Prohibitions (403)

Reporting (405)

Consumer privacy regulation (Reg 169, Parts  
420.0 to 420.4)

Insurance Frauds Prevention Act (401-405,  
Financial Services 403-405)

Producer Compensation Transparency (Reg  
194, Parts 30.1 to 30.5)

Cyber Security Requirements for Financial  
Services Companies (Reg 23)

### 1.3 Federal regulation

Fair Credit Reporting Act (15 USC 1681a–  
1681d)

Fraud and false statements including 1033  
waiver (18 USC 1033, 1034)

## 2.0 General Insurance 9%

### 2.1 Concepts

Risk management key terms

Risk (pure and speculative)

Exposure

Hazard (physical, moral, morale)

Peril

Loss

Methods of handling risk

Avoidance

Retention

Sharing

Reduction

Transfer (by contractual liability or  
insurance contract)

Elements of insurable risks

Adverse selection

Law of large numbers

Reinsurance

### 2.2 Insurers

Types of insurers

Stock companies

Mutual companies

Fraternal benefit societies

Private versus government insurers

Admitted versus nonadmitted insurers

Domestic, foreign and alien insurers

Financial status (independent rating services)

Marketing (distribution) systems

### 2.3 Agents and general rules of agency

Insurer as principal

Agent/insurer relationship

Authority and powers of agents

Express

Implied

Apparent

Responsibilities to the applicant/insured

### 2.4 Contracts

Elements of a legal contract

Offer and acceptance

Consideration

Competent parties

Legal purpose

Characteristics of insurance contracts

Contract of adhesion

Aleatory contract

Personal contract

Unilateral contract

Conditional contract

Legal concepts and interpretations affecting  
contracts

Indemnity

Utmost good faith

Representations/misrepresentations  
(3105)

Warranties (3106)

Rescission

Concealment

Fraud

Waiver and estoppel

### 3.0 Life Insurance Basics 14%

#### 3.1 Insurable interest (3205)

#### 3.2 Personal uses of life insurance

Survivor protection

Estate creation

Cash accumulation

Liquidity

Estate conservation

#### 3.3 Determining amount of personal life insurance

Human life value approach

Needs approach

Types of information gathered

Determining lump-sum needs

Planning for income needs

#### 3.4 Business uses of life insurance

Buy-sell funding

Key person

Business continuation

#### 3.5 Differences in life insurance policies

Group versus individual

Permanent versus term

Participating versus nonparticipating

Fixed versus variable life

Regulation of variable products (SEC, NASD and New York) (4240; Reg 47, Part 50.3; Reg 77, Part 54.3)

#### 3.6 Factors in premium determination

Mortality, Investment Return, and Expense

Mode of premium

### 4.0 Life Insurance Policies 14%

#### 4.1 Term life insurance

Level term

Renewable term

Convertible term

Level premium term

#### 4.2 Whole life insurance

Continuous premium (straight life)

Limited payment

Single premium

#### 4.3 Flexible premium policies

Universal life

#### 4.4 Specialized policies

Joint life (first-to-die)

Survivorship life (second-to-die)

Life insurance on minors (3207(b))

Fixed (equity) indexed life

#### 4.5 Group life insurance

Characteristics of group plans

Types of plan sponsors

Group underwriting requirements

Conversion to individual policy (3220)

#### 4.6 Credit life insurance (individual versus group)

### 5.0 Life Insurance Policy Provisions, Options and Riders 14%

#### 5.1 Required provisions (3203)

Ownership

Assignment

Entire contract (3203(a)(4), 3204)

Right to examine (free look) (3203(a)(11))

Payment of premiums

Grace period (3203(a)(1))

Reinstatement (3203(a)(10))

Incontestability (3203(a)(3))

Misstatement of age (3203(a)(5))

Exclusions (3203(b, c))

Statements of the applicant (3204)

Proof of Death

#### 5.2 Beneficiaries

Designation options

Individuals

Classes (per stirpes/per capita)

Estates

Minors

Trusts

Succession  
Revocable versus irrevocable  
Common disaster clause

### **5.3 Settlement options**

Cash payment  
Interest only  
Fixed-period installments  
Fixed-amount installments  
Life income  
    Single life  
    Joint and survivor  
    Spendthrift clause

### **5.4 Nonforfeiture options**

Cash surrender value  
Extended term  
Reduced paid-up insurance

### **5.5 Policy loan and withdrawal options**

Policy loans  
Automatic premium loans  
Withdrawals or partial surrenders

### **5.6 Dividend options**

Cash payment  
Reduction of premium payments  
Accumulation at interest  
One-year term option  
Paid-up additions

### **5.7 Disability riders**

Waiver of premium  
Waiver of cost of insurance  
Disability income benefit  
Payor benefit life/disability (juvenile insurance)

### **5.8 Accelerated (living) benefit provisions/riders (3230)**

Conditions for payment  
Effect on death benefit

### **5.9 Riders covering additional insureds**

Spouse/other-insured term rider  
Children's term rider

Family term rider

### **5.10 Riders affecting the death benefit amount**

Accidental death  
Guaranteed insurability  
Cost of living  
Return of premium  
Term rider

## **6.0 Life Settlement 40%**

### **6.1 Definitions (7802)**

Life Settlement Contract (7802(k)(1)(2)(3))  
Life Settlement Broker (7802(j), 2101(v))  
Life Settlement Intermediary (7802(l))  
Life Settlement Provider (7802(m))  
Business of Life Settlement (7802(c)(1))  
Compensation (7802(d)(1))  
Financing entity (7802(e)(1) & (2))  
Financing transaction (7802(f))  
Owner (7802(n))  
Qualified Institutional Buyer (7802(r))  
Life expectancy (7802(i))

### **6.2 Broke License Requirements (2137; 2102(a)(1))**

### **6.3 Intermediary Registration Requirements (7804(a); 7804(b)(2))**

### **6.4 Provider License Requirements (7803(b))**

### **6.5 Fingerprinting Requirements (2137(d)(2); 7803(a))**

### **6.6 Advertising (7809)**

### **6.7 Privacy (7810)**

HIPAA  
Personal & Financial information privacy

### **6.8 Disclosure to owners and insureds (7811)**

Owners disclosures (7811(a))  
Brokers' Commissions and other  
    Compensations disclosures (2119(e))  
Broker disclosure of offers, counteroffers,  
    acceptances & rejections (7811(c))  
Insured disclosures (7811(b))

Right of Rescission Disclosure (7811, 7813)

**6.9 Life Insurance Applications (7812)**

**6.10 Prohibited Practices (7814)**

**6.11 Stranger-originated life insurance (7815)**

Insurable interest provisions

Trust owned policies

**6.12 Penalties and civil remedies (7816)**

**6.13 Applicability and choice of law (7819)**

**6.14 General Rules (7813)**

Two Year Prohibition

Exceptions to the Two Year Prohibition

Contacts with the insured