

Your Exam Content Outline

The following outline describes the content of one of the Wisconsin insurance examinations. The outlines are the basis of the examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weights assigned to each part 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.

Wisconsin Life: General and State Series 22-01

100 questions (5 pre-test items)
Two-hour time limit
Effective: November 16, 2019

1.0 Insurance Regulation 35% (35 Items)

1.1 Licensing

Purpose

Ref: ch. 628

Persons required to be licensed

Ref: s. 618.41, ch. 628, s. 628.02(1), s. 628.02(3), s. 628.02(4), s. 628.02(5), s. 628.03, s. 628.04, s. 628.49, s. 632.69(1)(b) and (c), s. 632.69(2), s. Ins 6.58, s. Ins 42.01, s. Ins 42.03, s. Ins 47

License Requirements

Ref: ch. 26, s. 628.03, s. 628.04, s. 628.04(2), s. 628.34, s. 628.51, 632.69(1)(b) and (c), 632.69 (2), s. Ins 6.59, s. Ins 6.59(4)(a), s. Ins 6.59(4)(c)

Record keeping, maintenance, and duration

Renewal

Continuing education requirements

Reinstatement

Assumed name

Change of address or telephone number

Reporting of actions

Ref: s. 601.42, s. 628.04, s. 628.08, s. 628.09, s. 628.09(6), s. 628.11, s. Ins 6.57, s. Ins 6.61, s. Ins 6.63(3), s. Ins 28.04(1)(a), s. Ins 28.04(1)(f), s. Ins 28.04(2)(a), s. Ins 28.04(2)(b), s. Ins 28.06(6)

Disciplinary actions

License termination, suspension, or revocation

Monetary forfeiture (fines)

Ref: s. 601.31, s. 601.64, s. 628.10(1), s. 628.10(2), s. 628.10(3), s. 628.345(1)(b), s. 628.345(2), s. 628.345(3)(a), s. 628.345(3)(d), s. 628.345(3)(e), s. 628.345(3)(f), s. Ins 6.63

1.2 State regulation

Commissioner's general duties and powers

Duties

Hearings

Penalties

Wisconsin Insurance Security Fund

Ref: ch. 227, s. 227.12, s. 601.41, s. 601.41(4), s. 601.42, s. 601.42(4), s. 601.62, s. 601.62(5), s. 601.64, s. 601.64(2), s. 601.64(3), s. 601.64(3)(d), s. 601.64(4), s. 601.65, s. 628.10, s. 628.10(2)(b), s. Ins 6.59, ch. 646

Company regulation

Solvency

Responsibilities of the insurer

Rates

Use of Policy forms

Readability

Producer appointments/terminations

Unfair claims, methods, and practices

Notice of right to file complaint

Ref: s. 628.11, s. 628.40, s. 631.20, s. 631.20(3), s. 631.22, s. 631.28, s. Ins 6.07, s. Ins 6.11, s. Ins 6.11(3), s. Ins 6.55, s. Ins 6.55(4)(b), s. Ins 6.57, s. Ins 6.85

Producer regulation

Fiduciary and trust account responsibilities

Place of business/records maintenance

Compensation of agents

Controlled business

Shared commissions

Proper exchange of business

Ref: s. 628.32, s. 628.51, s. 628.61, s. Ins 6.66

Marketing practices

Misrepresentation

False advertising

Rebating

Unfair discrimination

Boycott, coercion, or intimidation

Illegal inducement

Ref: ch. 20, s. 628.34(1) – (14), s. Ins 6.54, s. Ins 6.55, s. Ins 6.67, s. Ins 6.68

Examination of records

Ref: s. 601.43, s. 601.43(1)(b), s. 601.43(1)(c), s. 601.43(2)(a), s. 601.45, s. 601.49, s. Ins 16.01, s. Ins 26.10, s. Ins 26.10(3), s. Ins 28.10, s. Ins 28.10(3)

General statutes, rules, and regulations affecting insurance contracts

Definitions

Specific knowledge

Misrepresentation/Warranties

Knowledge and acts of the agent

Certificates of Insurance

Ref: s. 628.34, ch. 631, s. 631.08, s. 631.09, s. 631.11, s. 631.28, ch. 632

Regulation of specific clauses in insurance contracts

Cancellation

Renewal/Nonrenewal

Notice of proof of loss

Payment of claims

Ref s. 628.46, s. 631.36, s. 631.43, s. 631.48, s. 631.81, s. 632.36(1–2), s. Ins 6.11, s. Ins 6.77

Privacy of Consumer Information

Ref: s. 610.70, s. Ins 25

1.3 Federal regulation

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

Fraud and false statements (18 USC 1033, 1034)

1.4 Wisconsin statutes, rules, and regulations pertinent to life insurance and annuities

Policy provisions

Required provisions

Variable contract

Contestability

Assignment

Designation of beneficiary

Ref: s. 632.44, s. 632.45, s. 632.46, s. 632.46(3), s. 632.47, s. 632.48, s. 632.56, s. Ins 2.13(12m)

Marketing methods and practices

Policy replacement

Disclosure

Unfair practices

Life insurance and annuities

Proposal

Policy summary

Advertising

Suitability of annuity sales to consumers

Ref: s. 601.42, s. 628.34, s. 628.34(1) – s. 628.34(9), s. 628.347(1)(e), s. 628.347(2)(a)(intro), s. 628.347(2)(b), s. 628.347(2)(d), s. 628.347(2)(dm), s. 628.347(3m), s. 628.347(4), s. 628.347(4m), s. 628.347(5), s. 628.347(7), s. 628.347(8), s. 631.95, s. 632.41 – s. 632.695, s. 632.69(1)(j), s. Ins 2.03, s. Ins 2.07, s. Ins 2.07(3)(i), s. Ins 2.07(4), s. Ins 2.07(5), s. Ins 2.07(6), s. Ins 2.07(7), s. Ins 2.09, s. Ins 2.09(6), s. Ins 2.13(12m), s. Ins 2.14, s. Ins 2.15, s. Ins 2.16, s. Ins 2.17, s. Ins 3.27(7), s. Ins 6.54, s. Ins 6.55, s. Ins 6.60(2),

s. Ins 6.61, s. Ins 6.67, s. Ins 6.68, s. Ins 6.90, ch. 20

Life insurance illustration

Ref: s. Ins 2.14, s. Ins 2.17

Interstate insurance product regulation compact

Ref: s. 601.58

2.0 General Insurance 10% (10 Items)

2.1 Concepts

Risk management key terms

Risk

Exposure

Hazard

Peril

Loss

Methods of handling risk

Avoidance

Retention

Sharing

Reduction

Transfer

Elements of insurable risks

Adverse selection

Law of large numbers

Reinsurance

2.2 Insurers

Types of insurers

Stock companies

Mutual companies

Fraternal benefit societies

Reciprocal

Lloyd's associations

Risk retention groups

Private versus government insurers

Admitted versus nonadmitted insurers

Domestic, foreign and alien insurers

Financial status (independent rating services)

Marketing (distribution) systems

2.3 Producers and general rules of agency

Insurer as principal

Producer/insurer relationship

Authority and powers of producer

Express

Implied

Apparent

Responsibilities to the applicant/insured

2.4 Contracts

Elements of a legal contract

Offer and acceptance

Consideration

Competent parties

Legal purpose

Distinct characteristics of an insurance contract

Contract of adhesion

Aleatory contract

Personal contract

- Unilateral contract
- Conditional contract
- Legal interpretations affecting contracts
 - Ambiguities in a contract of adhesion
 - Reasonable expectations
 - Indemnity
 - Utmost good faith
 - Representations/misrepresentations
 - Warranties
 - Concealment
 - Fraud
 - Waiver and estoppel

- Wisconsin Insurance Security Fund
- Illustrations
- Policy summary
- Buyer's guide
- Need for variable license to recommend termination
- Suitability
- Life insurance policy cost comparison methods
- Replacement
- Use and disclosure of insurance information
- Field underwriting
 - Notice of information practices
 - Application procedures
- Delivery
 - Policy review
 - Effective date of coverage
 - Premium collection
 - Statement of good health
- 3.9 Individual underwriting by the insurer**
 - Information sources and regulation
 - Application
 - Licensee report
 - Attending physician statement
 - Investigative consumer (inspection) report
 - Medical Information Bureau (MIB)
 - Medical examinations and lab tests (including HIV consent)
 - Ref: s. 631.90, s. Ins 3.53*
 - Selection criteria and unfair discrimination
 - Classification of risks
 - Preferred
 - Standard
 - Substandard

3.0 Life Insurance Basics 10 % (10 Items)

- 3.1 Insurable interest**
- 3.2 Personal uses of life insurance**
 - Survivor protection
 - Estate creation
 - Cash accumulation
 - Liquidity
 - Estate conservation
- 3.3 Life settlements (including stranger originated life insurance)** *Ref: s. 632.69*
- 3.4 Determining amount of personal life insurance**
 - Human life value approach
 - Needs approach
 - Types of information gathered
 - Determining lump-sum needs
 - Planning for income needs
- 3.5 Business uses of life insurance**
 - Buy-sell funding
 - Key person
 - Executive bonuses
 - Deferred compensation funding
 - Split dollar plans
 - Change of insured provision
- 3.6 Classes of life insurance policies**
 - Group versus individual
 - Ordinary versus industrial (home service)
 - Permanent versus term
 - Participating versus nonparticipating
 - Ref: s. 632.62(1), 632.62(2), 632.62(4)*
 - Fixed versus variable life insurance and annuities
 - including regulation of variable products
- 3.7 Premiums**
 - Factors in premium determination
 - Mortality
 - Interest
 - Expense
 - Premium concepts
 - Net single premium
 - Gross annual premium
 - Premium payment mode
- 3.8 Licensee responsibilities**
 - Solicitation and sales presentations
 - Advertising

4.0 Life Insurance Policies 12 % (12 Items)

- 4.1 Term life insurance**
 - Level term
 - Annual renewable term
 - Level premium term
 - Decreasing term
- 4.2 Whole life insurance**
 - Continuous premium (straight life)
 - Limited payment
 - Single premium
- 4.3 Flexible premium policies**
 - Adjustable life
 - Universal life
- 4.4 Specialized policies**
 - Joint life (first-to-die)
 - Juvenile life
- 4.5 Group life insurance**
 - Characteristics of group plans
 - Types of plan sponsors
 - Group underwriting requirements
 - Conversion to individual policy

5.0 Life Insurance Policy Provisions, Options and Riders 14% (14 Items)

5.1 Standard provisions

- Ownership
- Assignment
- Entire contract
- Modifications
- Right to examine (free look)
- Payment of premiums
- Grace period
- Reinstatement
- Incontestability
- Misstatement of age and gender
- Exclusions
- Suicide exclusion
- Medical examination; autopsy
- Prohibited provisions including backdating

5.2 Beneficiaries

- Designation options
 - Individuals
 - Classes
 - Estates
 - Minors
 - Trusts
- Revocation at Divorce 30-3-5
- Succession
- Revocable versus irrevocable
- Common disaster clause
- Spendthrift clause

5.3 Settlement options

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

5.4 Nonforfeiture options

- Cash surrender value
- Extended term
- Reduced paid-up insurance

5.5 Policy loan and withdrawal options

- Cash 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 provision/rider

- Qualifying events
- Disclosure
- Effect of benefit payment

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

6.0 Annuities 10% (10 Items)

6.1 Annuity principles and concepts

- Accumulation period versus annuity period
- Owner, annuitant and beneficiary
- Insurance aspects of annuities

6.2 Immediate versus deferred annuities

- Single premium immediate annuities (SPIAs)
- Deferred annuities
 - Premium payment options
 - Nonforfeiture
 - Surrender charges
 - Death benefits

6.3 Annuity (benefit) payment options

- Life contingency options
 - Pure life versus life with guaranteed minimum
 - Single life versus multiple life
- Annuities certain (types)

6.4 Annuity products

- Fixed annuities
 - General account assets
 - Interest rate guarantees (minimum versus current)
 - Level benefit payment amount
- Indexed annuities
- Market value adjusted annuities
- Guaranteed living benefit riders
- Variable annuities

6.5 Uses of annuities

- Lump-sum settlements
- Qualified retirement plans including group versus individual annuities
- Personal uses
 - Individual retirement annuities (IRAs)
 - Tax-deferred growth
 - Retirement income
 - Education funds

7.0 Federal Tax Considerations for Life Insurance and Annuities 5% (5 Items)

7.1 Taxation of personal life insurance

- Amounts available to policyowner
- Cash value increases

- Dividends
- Policy loans
- Surrenders

- Amounts received by beneficiary
 - General rule and exceptions
 - Settlement options
- Values included in insured's estate

7.2 Modified endowment contracts (MECs)

- Modified endowment versus life insurance
- Seven-pay test
- Distributions

7.3 Taxation of non-qualified annuities

- Individually-owned
 - Accumulation phase (tax issues related to withdrawals)
 - Annuity phase and the exclusion ratio
 - Distributions at death
- Corporate-owned

7.4 Taxation of individual retirement annuities (IRAs)

- Traditional IRAs
 - Contributions and deductible amounts
 - Premature distributions (including taxation issues)
 - Annuity phase benefit payments
 - Values included in the annuitant's estate
 - Amounts received by beneficiary
- Roth IRAs
 - Contributions and limits
 - Distributions

7.5 Rollovers and transfers (IRAs and qualified plans)

7.6 Section 1035 exchanges

8.0 Qualified Plans 4% (4 Items)

8.1 General requirements

8.2 Federal tax considerations

- Tax advantages for employers and employees
- Taxation of distributions (age-related)

8.3 Plan types, characteristics and purchasers

- Simplified employee pensions (SEPs)
- Self-employed plans (HR 10 or Keogh plans)
- Profit-sharing and 401(k) plans
- SIMPLE plans
- 403(b) tax-sheltered annuities (TSAs)