

Your Exam Content Outline

The following outline describes the content of one of the Connecticut 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.

Connecticut Producer's Examination for Life Insurance Series 18-01

**100 questions - 2-hour time limit
Effective October 1, 2019**

1.0 Insurance Regulation 10%

1.1 Licensing

- Process (38a-702d, 702e, 769)
- Types of licensees (38a-702f(a), 769) Resident producers (38a-702d)
- Certified insurance consultants (38a-731-733, 786)
- Nonresident producers (38a-702g, 702n) Temporary (38a-702j)
- Maintenance and duration
 - Renewal (38a-702f(b)(c), 784, 786(b)) Change in name or address (38a-702f(f), 771(a))
 - Reporting of actions (38a-702o, 771(b)) Assumed names (38a-702i)
 - Continuing education requirements, exemptions and penalties (Reg 38a-782a-2, 10, 12-17)
- Disciplinary actions
 - Cease and desist order (38a-817) Hearings (38a-16, 817, 818)
 - Suspensions, revocations, refusal to issue or renew, fines (38a-2, 702k, 735, 774, 777, 817, 830)

1.2 State regulation

- Commissioner's general duties and powers (38a-8,

- 10
-) Company regulation
- Certificate of authority (38a-41)
- Capital and surplus requirement (38a-72) Unfair claim settlement practices (38a-816)
- Producer regulation
- Controlled business (38a-782) Commissions (38a-702l, 734) Acting as an agent (38a-702m)
- Representing an unauthorized insurer (38a-275, 703, 714)
- Failure to remit premiums (38a-712) Unfair and prohibited practices
 - Misrepresentation (38a-816(1), (8)) False advertising (38a-816(1), (2)) Defamation of insurer (38a-816(3)) Boycott, coercion and intimidation (38a-816(4))
 - False financial statements (38a-816(5)) Failure to maintain complaint record (38a-816(7))
 - Unfair discrimination (38a-816(12), (13)) Rebating (38a-816(9), 825)
 - Twisting (38a-826)
- Examination of books and records (38a-769(f)) Connecticut Insurance Information and Privacy Protection Act (38a-975-999a)

1.3 Federal regulation

- Fair Credit Reporting Act (15 USC 1681-1681d)
- Fraud and false statements (18 USC 1033, 1034)

2.0 General Insurance 10%

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
Data breach

2.2 Insurers

Types of insurers

Stock companies Mutual
companies Fraternal
benefit societies 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 producers

Express
Implied
Apparent

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/misrepresentat
ions Warranties

Concealment

Fraud

Waiver and estoppel

3.0 Life Insurance Basics 17%

3.1 Insurable interest

3.2 Personal uses of life insurance

Survivor protection

Estate creation

Cash

accumulation

Liquidity

Estate conservation

Life settlements (38a-465, 465a, 465f,
465g; Reg

38a-465-1-
10)

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

Executive bonuses

Deferred compensation split dollar

3.5 Classes of life insurance

policies Group versus

individual Permanent versus
term

Participating versus nonparticipating

Fixed versus variable life insurance and
annuities

Regulation of variable products (SEC,
FINRA

and Connecticut) (38a-433; Reg 38a-
433-1-
11)

3.6 Premiums

Factors in premium determination

Mortality

Interest

Expense

Premium concepts

Net single premium

Gross annual premium

Premium payment mode

3.7 Producer responsibilities

Solicitation and sales presentations (Reg 38a-819-32-39)

Advertising (Reg 38a-819-21-31)

Life and Health Insurance Guaranty Association

(38a-859, 871(e))

Illustrations (Reg 38a-819-58-69)

Policy summary (Reg 38a-819-

35(G)) Buyer's guide (Reg 38a-819-35 Appendix)

Life insurance policy cost comparison methods

(Reg 38a-819-35(F), Appendix) Replacement (38a-435)

Use and disclosure of insurance information (38a-988)

Field

underwriting

Notice of information practices (38a-979, 981) Application

procedures/Backdating (38a-442)

Delivery

Policy review

Effective date of coverage

Premium collection

Statement of good health

3.8 Individual underwriting by the insurer

Information sources and regulation

Application

Producer report

Attending physician statement

Investigative consumer (inspection) report (38a-982)

Medical Information Bureau (MIB)

Medical examinations and lab tests including

HIV (RL 19a-583, 586)

Selection criteria and unfair discrimination (38a-

446, 447)

Classification of risks

Preferred

Standard

Substanda

rd

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

Graded

premium

Modified life

Interest

sensitive

Equity index

4.3 Flexible premium policies

Adjustable life

Universal life

4.4 Specialized policies

Joint life (first-to-die)

Survivorship life (second-to-die)

Juvenile life

4.5 Group life insurance

Characteristics of group plans

Group underwriting requirements

Conversion to individual policy (Bul S-4 (8 & 10))

4.6 Credit life insurance (individual versus group)

5.0 Life Insurance Policy Provisions, Options and Riders 18%

5.1 Standard provisions

Ownership

Assignment (38a-455) Entire contract

Modifications

Right to examine (free look) (38a-

436) Payment of premiums

Grace period

Reinstatement

Incontestability

Misstatement of

age Exclusions

Interest on insurance proceeds (38a-452)

5.2 Beneficiaries

Designation options

Individual

s Classes

Estates

Minors

Trusts

4.0 Life Insurance Policies 18%

Succession
Facility of payment clause
Revocable versus
irrevocable Common
disaster clause
Spendthrift clause

5.3 Settlement options

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

5.8 Living benefit provisions/riders

Accelerated (38a-457; Reg 38a-457-1-11)
 Conditions for payment
 Effect on death benefit
Long-term care (Reg 38a-458-1-
12) 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

6.0 Annuities 10%

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 and withdrawal 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
Equity indexed annuities
Market value adjusted annuities (modified
guaranteed annuities) (Reg 38a-433-
12-22)

6.5 Uses of annuities

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

6.6 Senior Protection in Annuity Transactions (38a-432a-1-7 & 38a-432b-1-4)

7.0 Federal Tax Considerations for Life Insurance and Annuities 10%

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 accounts

(IRA)

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 7%

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)

Profit-sharing and 401(k) plans

SIMPLE plans

403(b) tax-sheltered annuities (TSAs)