Your Exam Content Outline

The following outline describes the content of one of the New Hampshire 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.

Producer's Life Insurance Series 12-61

100 questions – 2 hour time limit

1.0 Insurance Regulation 12%

1.1 Licensing
Process (402-J:5, 6)
Types of licensees
Producer (402-J:2, 14)
Producer with appointment (402-J:14)
Business entity (402-J:6)
Financial institutions (406-C:1–19)
Resident versus nonresident (402-J:8, 16)
Temporary (402-J:11)

Maintenance and duration
Renewal (402-J:7(II–IV))
Change of address (402-J:7(VI))
Reporting of actions (402-J:17)
Assumed names (402-J:10)
Continuing education requirements (Reg 1302.03, 1302.04, 1304.03)

Disciplinary actions
Cease and desist order (417:12)
Denial, suspension or revocation (402:49; 402-J:12)
Penalties and fines (400-A:15(III); 402:42, 48; 402-J:12(IV); 417:10, 13)

1.2 State regulation
Commissioner's general duties and powers (400-A:3, 15; 417:5, 14)

Company regulation
Producer appointment (402-J:14)
Termination of appointment (402-J:15)

Producer regulation
Acting without a license (402-J:3, 13)
Commissions (402-J:13)
Conversion of funds by producer (402:53)
Referrals (402:16-B)
Controlled business (402:74)
Fiduciary requirements (Reg 4301.01–4301.09)
License to transact business (402:12)
Unfair claim settlement practices (417:4(XV); Reg 1001.01–11, Reg 1002.01–20)

Unfair insurance trade practices
Misrepresentation (402:46; 417:4(I, II))
Twisting (402:47; 417:4(I))
False information and advertising (417:4(III))
Defamation (417:4(IV))
Boycott, coercion and intimidation (417:4(V))
Illegal inducement (417:4(VII))
Unfair discrimination (417:4(VIII))
Rebating (402:39–41; 417:4(IX))
Examination of books and records (400-A:37)
Insurance fraud regulation (400-A:36-b(II); 417:23; RL 638:20)
Consumer privacy regulation (Reg 3001–3006)

1.3 Federal regulation
Fair Credit Reporting Act (15 USC 1681–1681d)
Fraud and false statements (18 USC 1033, 1034)

2.0 General Insurance 8%

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
Reciprocals
Lloyd's associations
Risk retention groups
Surplus lines
Private versus government insurers
Authorized versus unauthorized 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
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

3.0 Life Insurance Basics 17%

3.1 Insurable interest (408:2, 2-a)
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
  Executive bonuses

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 New Hampshire) (408:30)

3.6 Premiums
  Factors in premium determination
    Mortality
    Interest
    Expense
  Premium concepts
    Net single premium
    Gross annual premium
  Premium payment mode
    Unearned premium (Ins 401.04 (a)(3))

3.7 Producer responsibilities
  Solicitation and sales presentations (Reg 301.01–.07)

3.8 Individual underwriting by the insurer
  Information sources and regulation
    Application
    Producer report
    Attending physician statement
    Investigative consumer (inspection) report
    Medical Information Bureau (MIB)
    Medical examinations and lab tests including HIV (417:4(XIX); Reg 1103.01,.02)
  Selection criteria and unfair discrimination (408:11)
  Classification of risks
    Preferred
    Standard
    Substandard

3.9 Life Settlements (RSA 408-D, Ins.312)

4.0 Life Insurance Policies 10%

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
  Universal life

4.4 Specialized policies
  Joint life (first-to-die)
  Survivorship life (second-to-die)

4.5 Group life insurance
  Characteristics of group plans
  Group eligibility (408:15)
  Group underwriting requirements
  Standard provisions (408:16)
  Conversion to individual policy (408:16(VIII–X))
  Coverage during labor dispute (408:16-b)
5.0 Life Insurance Policy Provisions, Options and Riders 20%

5.1 Standard provisions
Ownership
Assignment
Entire contract (408:9; Reg 401.04(a)(3))
Modifications
Right to examine (free look) (Reg 401.04(f))
Payment of premiums (Reg 401.04(a)(1))
Grace period (Reg 401.04(a)(2))
Reinstatement (Reg 401.04(d))
Incontestability (408:10; Reg 401.04(a)(6,7))
Misstatement of age or sex (Reg 401.04(a)(8))
Exclusions (Reg 401.04(m))
Interest on life insurance benefits (408:10-a)

5.2 Beneficiaries
Designation options
Individuals
Classes
Estates
Minors
Trusts
Succession
Revolvable 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
Paid-up additions
Paid-up insurance

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
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

6.0 Annuities 18%

6.1 Annuity principles and concepts
Accumulation period versus annuity period
Suitability in Annuity Transactions (INS 305.05)
Owner, annuitant and beneficiary
Insurance aspects of annuities
Spousal Continuation
Federal Law
DOMA
New Hampshire Law
Same Sex Marriage
Withdrawal of Bulletin INS 10-004-AB

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
Interest crediting methodologies
Variable annuities
Market value adjusted annuities
Finding agreements (408-E)

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 Annuity Suitability (Ins.305)

7.0 Federal Tax Considerations for Life Insurance and Annuities 13%

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 (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

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)