

Nebraska Viatical Life Settlement Examination
Series 13-26
60 questions (plus 5 unscored items)
1-hour time limit

1.0 Insurance Regulation

5%

1.1 Licensing

- Process (44-4052, 4053)
- Types of licensees (44-4054)
 - Producers (44-4049, 4054)
 - Consultants (44-2606-2635)
 - Resident versus nonresident (44-2625, 4055, 4063)
 - Temporary (44-4058)
 - Renewal (44-4054)
 - Name or address change (44-4054(8))
 - Reporting of actions (44-4065)
 - Assumed names (44-4057)

1.2 State regulation

- Director's general duties and powers (44-101.01)
- Company regulation
 - Certificate of authority (44-303)
 - Examination of books and records (44-1527, 5904)
 - Appointment (44-4061 / 210 Neb. Admin. Code 76-004)
 - Termination of appointment (44-4062)
 - Unfair trade practices (44-1117)
- Producer regulation
 - Sharing commissions (44-4060)
 - Records retention (44-5905, 1111)
- Insurance Fraud Act (44-6601-6608, 1112)
- Privacy of Insurance Consumer Information Act (44-901-925)

1.3 Federal regulation

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

2.0 General Insurance

5%

2.1 Agents and general rules of agency (44-1102 (14))

- Agent/insurer relationship
- Authority and powers of agents
 - Express
 - Implied
 - Apparent
- Responsibilities to the viator/broker fiduciary duty

2.2 Contracts

- Elements of a legal contract
 - Offer and acceptance

- Consideration
- Competent parties
- Legal purpose
- Distinct characteristics of insurance contracts
 - Contract of adhesion
 - Aleatory contract
 - Personal contract
 - Unilateral contract
 - Conditional contract
- Legal concepts and 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

10%

- 3.1 Insurable interest (44-704)
- 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 Nebraska) (44-2212, 2216; Reg Ch 15 Sec 006, 011)
- 3.6 Factors in premium determination
 - Mortality, Investment, and Expense
 - Premium concepts

Net single premium
Gross annual premium
Premium payment mode

4.0 Life Insurance Policies

15%

4.1 Term life insurance

Level term

Annual renewable term

Level premium term

Term-to-65 contract

4.2 Whole life insurance

Continuous premium (straight life)

Limited payment

Single premium

Indeterminate premium

Graded premium

Current assumption

4.3 Flexible premium policies

Adjustable life

Universal life - Indexed 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

Types of plan sponsors

Group underwriting requirements

Required provisions (44-1607)

Assignability (44-1619)

Conversion to individual policy (44-1607(8-10), 1613, 1614)

5.0 Life Insurance Policy Provisions, Options and Riders

15%

5.1 Required provisions (44-502)

Entire contract (44-502(3))

Right to examine (free look) (44-502.05)

Payment of premiums (44-502(1))

Grace period (44-502(2))

Reinstatement (44-502(11))

Incontestability (44-502(5))

Misstatement of age (44-502(6))

Exclusions (44-502(5))

Statements of the insured (44-502(4))

Payment of Claims (44-502(12))

Interest on proceeds (44-3, 143)

Prohibited provisions including backdating (44-503)

5.2 Ownership and beneficiaries

- Ownership
- Assignment
- Beneficiary designation options
 - Individuals
 - Classes
 - Estates
 - Minors
 - Trusts
- 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 provisions/riders
 - 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
No lapse guarantee

6.0 Viatical Settlement

50%

- 6.1 Definitions (44-1102)
- 6.2 License Requirements (44-1103)
- 6.3 Reporting Requirements (44-1106)
- 6.4 Disclosure to Consumers (44-1108)
- 6.5 General Rules (44-1109)
- 6.6 Prohibited Acts (44-1110)
- 6.7 Fraudulent Acts (44-1112)
- 6.8 Stranger Owned Life (44-1110)
- 6.9 Advertising Guidelines and Standards (44-1111)
- 6.10 Continuing ED. (210 Neb.Admin.Code 76-003)
- 6.11 Disciplinary Actions (Neb.Rev.Stat 44-1113/1117)