

APPENDIX 3—LIFE INSURANCE COURSE REQUIREMENTS

SECTION A

- I. Principles of Insurance—2 Hours
 - A. Nature of risk
 - B. Risk management
 - C. Insurable and noninsurable risk
 - D. Pooling concept—law of large numbers
 - E. Government as insurer
 - F. Forms of ownership
 - G. Marketing systems
 - H. Competition in the industry
 - I. Functions of insurers
 - J. Reinsurance
- II. General Wisconsin Insurance Laws—3 Hours
 - A. Duties and powers of Insurance Commissioner—statutory and rule-making
 - B. Knowledge of administrative action process, including hearings and penalties
 - C. Purpose of licensing, including procedures and who must be licensed
 - D. Record keeping and changes in agent status, including change of address
 - E. Agent license expiration, revocation, suspension, and limitation
 - F. General regulations regarding misrepresentation, knowledge of acts of agent, rebating
 - G. Regulation of specific insurance contract changes regarding cancellation, nonrenewal, notice of proof of loss, and payment of claims
 - H. Unfair claims methods and practices—timely payment of claims
 - I. Fair rating practices
 - J. Home solicitation requirements
 - K. Section 628.32, Wis. Stats., written disclosure of fees other than commissions
- III. Ethics—3 Hours
 - A. Fiduciary duties, and responsibilities
 - B. Conflict of interest
 - C. Ethical marketing practices, including fair and ethical treatment of policyholders
 - D. Appropriate claims practices
 - E. Suitability of life products to clients including sales to the elderly
 - F. Social responsibility of insurance agent
 - G. Agent/company relationships
 - H. Maintaining appropriate insurance expertise
 - I. Education of policyholders
 - J. Understanding of client needs

SECTION B

- IV. Policies, Terms, and Concepts—6 Hours
 - A. Types of policies
 1. Traditional whole life products
 - a. Ordinary (straight) life
 - b. Limited-pay and single-premium life
 - c. Modified and graded premium whole life
 - d. Adjustable life
 2. Interest-sensitive whole life products
 - a. Universal life
 - b. Variable whole life

- c. Variable universal life
3. Term life
 - a. Level, decreasing, and increasing term
 - b. Renewable term
 - c. Convertible term
4. Annuities
 - a. Single, level, and flexible premium
 - b. Immediate and deferred
 - c. Fixed and variable—requirement of security license
5. Endowment
6. Combination plans
 - a. Family policy
 - b. Family income policy
 - c. Family maintenance policy
- B. Policy riders, provisions, options, and exclusions
 1. Policy riders
 - a. Waiver of premium
 - b. Guaranteed insurability
 - c. Payor benefit
 - d. Accidental death and/or accident death, and dismemberment
 - e. Term riders
 - f. Other insureds (e.g., spouse, children, nonfamily)
 2. Policy provisions and options
 - a. Entire contract
 - b. Insuring clause
 - c. Free look
 - d. Consideration clause
 - e. Owner's rights
 - f. Primary and contingent beneficiaries
 - g. Revocable and irrevocable beneficiaries
 - h. Change of beneficiary
 - i. Modes of premium payment
 - j. Grace period
 - k. Automatic premium loan
 - l. Reinstatement
 - m. Policy loan
 - n. Nonforfeiture options
 - o. Dividends and dividend options
 - p. Incontestability
 - q. Assignment
 - r. Suicide
 - s. Misstatement of age
 - t. Settlement options
 - u. Conversion options (individual policy)
 3. Policy exclusions
- C. Completing the application, underwriting, and delivering the policy
 1. Completing the application
 - a. Requiring signatures
 - b. Changes in the application
 - c. Consequences of incomplete applications
 - d. Warranties and representations
 - e. Collecting the initial premium and issuing the receipt
 2. Underwriting
 - a. Insurable interest

- b. Medical information and consumer reports
- c. Fair Credit Reporting Act
- d. Risk classification
- 3. Delivering the policy
 - a. When coverage begins
 - b. Obtaining a statement of good health
 - c. Explaining the policy and its provisions, riders, exclusions, and ratings to the client
- D. Taxes, Retirement, and Other Insurance Concepts
 - 1. Third-party ownership
 - 2. Group life insurance
 - 3. Retirement plans
 - 4. Business insurance (e.g., key employe, buy and sell agreement split-dollar, etc.)
 - 5. Social security benefits and taxes
 - 6. Tax treatment of insurance premiums, and proceeds
- V. Wisconsin Life Insurance Law—6 Hours
 - A. Policy provisions
 - 1. Grace period
 - 2. Separate benefits
 - 3. Incontestability
 - 4. Misstatement of age
 - 5. Assignment of rights
 - 6. Designation of beneficiaries
 - 7. Variable contracts
 - B. Marketing practices
 - 1. Bonuses
 - 2. Replacement of policies
 - 3. Disclosure requirements
 - 4. Suitability
 - 5. Combination sales
 - 6. Recordkeeping
 - C. State Life Insurance Fund