

## Chapter Ins 26

### APPENDIX 3 – LIFE INSURANCE COURSE REQUIREMENTS

#### SECTION A

- I. Principles of Insurance — 1 Hour
  - A. Definition of risk
  - B. Risk management
  - C. Insurable and noninsurable risk
  - D. Pooling concept—law of large numbers
  - E. Types of insurance companies
  - F. Reinsurance
- II. General Wisconsin Insurance Laws — 4 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 name or 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 and telephone solicitation requirements
  - K. Section 628.32, Wis. Stat., written disclosure of fees other than commissions
  - L. Controlled business
  - M. Proper exchange of business
  - N. Unfair marketing practices
    1. Misrepresentation
    2. Unfair inducement
    3. Unfair discrimination
    4. Extra charges
    5. Influencing employers
    6. Unfair use of official position
    7. Returning indicia of agency
    8. Churning
    9. Twisting
    10. Restraint of competition
    11. Unfair restriction of contracting parties choice of insurer
  - O. Insurance contracts in Wisconsin
- 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 product to client
  - F. Social responsibility of insurance agent
  - G. Agent/company relationships
  - H. Maintaining appropriate insurance expertise

#### SECTION B

- IV. Life Insurance — 9 Hours
  - A. Purpose of life insurance
  - B. Types of policies
    1. Term life
      - a. Level term
      - b. Decreasing term
      - c. Increasing term
      - d. Special features
        - (1) Renewable
        - (2) Convertible
    2. Whole life
      - a. Ordinary life
      - b. Limited pay policies
      - c. Single pay policy
      - d. Modified and graded premium whole life
      - e. Adjustable life
    3. Interest-sensitive life products
      - a. Variable life
      - b. Universal life
      - c. Variable universal life
      - d. Interest-sensitive whole life
    4. Endowment
    5. Combination plans
      - a. Family policy
      - b. Family income policy
      - c. Family maintenance policy
      - d. Joint life
      - e. Survivorship life
    6. Annuities – non-qualified
      - a. Single, level, and flexible premium
      - b. Immediate and deferred
      - c. Fixed and variable
    7. Retirement plans – qualified
      - a. Individual Retirement Account (IRA)
      - b. 403(b) Plan – Tax Sheltered Annuity (TSA)
      - c. Simplified Employee Pension (SEP)
      - d. Self-employed Keogh (HR-10) Plans
      - e. 401 (k) Plans
      - f. Defined contribution plan
      - g. Defined benefit plan
    8. Group life insurance
    9. Life insurance sold to fund prearranged funeral plans
    10. Viatical settlements
  - C. Other insurance concepts
    1. Business insurance
      - a. Key employee life
      - b. Buy and sell agreement
      - c. Split dollar plan
    2. Third-party ownership
    3. Accelerated death benefits – living benefits
  - D. Social security benefits and taxes
    1. Retirement benefits
    2. Survivorship benefits
    3. Disability benefits

4. Tax treatment of insurance premiums, proceeds, dividends
  - a. Individual life
  - b. Group life
  - c. 1035 exchange form
- E. Policy Riders, provisions, options, and exclusions
  1. Policy riders
    - a. Waiver of premium
    - b. Guaranteed insurability
    - c. Payor benefit
    - d. Accidental death and dismemberment
    - e. Term riders
    - f. Other insureds
  2. Policy provisions and options
    - a. Entire contract provision
    - b. Insuring clause
    - c. Free look
    - d. Consideration
    - e. Owner's rights
    - f. Beneficiary designations
      - (1) Primary, contingent, and tertiary
      - (2) Revocable and irrevocable
      - (3) Changes
      - (4) Common disaster
    - g. Premium payment
      - (1) Modes
      - (2) Grace period
      - (3) Automatic premium loan
      - (4) Level or flexible
    - h. Reinstatement
    - i. Policy Loans, withdrawals, partial surrenders
    - j. Nonforfeiture options
    - k. Dividends and dividend options
      - l. Incontestability
    - m. Assignments
    - n. Suicide
    - o. Misstatement of age
    - p. Settlement options
  3. Policy exclusions
- F. Completing and application, underwriting, and delivering the policy
  1. Completing the application
    - a. Required 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. Explaining the policy and its provisions, riders, exclusions, and ratings to the client
- V. Wisconsin Life Insurance Law -- 3 Hours
  - A. Life insurance marketing
    1. Bonuses
    2. Policy replacement
    3. Backdating
    4. Proposal requirements
    5. Life insurance sold with a mutual fund
    6. disclosure requirements -- life insurance
    7. Policy summary/life insurance illustrations
    8. Other selling requirements
    9. Requirements for advertisements, representations, and solicitations
    10. Disclosure requirements -- annuities
    11. Preliminary contract summary
  - B. Definition of a variable contract
  - C. Contestability of individual life policies by insurer
  - D. Assignment of rights
  - E. Misstatement of age
  - F. Designation of beneficiary
  - G. Special requirement related to AIDS
  - H. State life insurance fund