

**Wisconsin Life: General and State**

**Series 22-01**

**100 questions – 2-hour time limit**

**1.0 Insurance Regulation 35% (35 Items)**

**1.1 Licensing**

Purpose (*ch. 628*)

Persons required to be licensed

*Ref: s. 618.41, ch. 628, s. 628.02(1),*

*s. 628.02(3), s. 628.02(4), s. 628.02(4g), s. 628.02 (4m), s. 628.02 (4p), s. 628.02(5),*

*s. 628.03, s. 628.04, s. 628.49,*

*s. 632.69(1)(b) and (c),*

*s. 632.69(2), s. Ins 6.58, s. Ins 42.01, s. Ins 42.03, s. Ins 47*

License Requirements

*Ref: ch. 26, s. 628.03, s. 628.04, s. 628.04(2), s. 628.34, s. 628.51, 632.69(1)(b) and (c),*

*632.69 (2), s. Ins 6.59, s. Ins 6.59(4)(a),*

*s. Ins 6.59(4)(c)*

Record keeping, maintenance, and duration

Renewal

Continuing education requirements

Reinstatement

Assumed name

Change of address or telephone number

Reporting of actions

*Ref: s. 601.42, s. 628.04, s. 628.08, s. 628.09, s. 628.09(6), s. 628.11, s. Ins 6.57, s. Ins*

*6.61, s. Ins 6.63(3), s. Ins 28.04(1)(a),*

*s. Ins 28.04(1)(f), s. Ins 28.04(2)(a),*

*s. Ins 28.04(2)(b), s. Ins 28.06(6)*

Disciplinary actions

License termination, suspension, or revocation

Monetary forfeiture (fines)

*Ref: s. 601.31, s. 601.64, s. 628.10(1),*

*s. 628.10(2), s. 628.10(3), s. 628.345(1)(b), s. 628.345(2), s. 628.345(3)(a),*

*s. 628.345(3)(d), s. 628.345(3)(e),*

*s. 628.345(3)(f), s. Ins 6.63*

**1.2 State Regulation**

Commissioner's general duties and powers

Duties

*Ref: s. 601.41, s. 601.42*

Hearings

*Ref: ch. 227, s. 227.12, s. 601.41, s. 601.62, s. 601.64, s. 628.10, s. Ins 6.59*

Penalties

*Ref: s. 601.64, s. 601.65*

Wisconsin Insurance Security Fund

*Ref: ch. 227, s. 227.12, s. 601.41, s. 601.41(4), s. 601.42, s. 601.42(4), s. 601.62, s.*

*601.62(5), s. 601.64, s. 601.64(2), s. 601.64(3),*

*s. 601.64(3)(d), s. 601.64(4), s. 601.65,*

*s. 628.10, s. 628.10(2)(b), s. Ins 6.59, ch. 646*

#### Company regulation

Solvency

Responsibilities of the insurer

Rates

Use of Policy forms

Readability

Producer appointments/terminations

Unfair claims, methods, and practices

Notice of right to file complaint

*Ref: s. 628.11, s. 628.40, s. 631.20,*

*s. 631.20(3), s. 631.22, s. 631.28, s. Ins 6.07, s. Ins 6.11, s. Ins 6.11(3), s. Ins 6.55,  
s. Ins 6.55(4)(b), s. Ins 6.57, s. Ins 6.85*

#### Producer regulation

Fiduciary and trust account responsibilities

Place of business/records maintenance

Compensation of agents

*Ref: ch. 626 subch. IV*

Controlled business

*Ref: s. 628.51*

Shared commissions

*Ref: s. 628.61*

Proper exchange of business

*Ref: s. 628.32, s. 628.51, s. 628.61, s. Ins 6.66*

#### Marketing practices

Misrepresentation

*Ref: s. 628.34 (1)*

False advertising

*Ref: s. 628.34 (1)*

Rebating

*Ref: s. 628.34 (2)*

Unfair discrimination

*Ref: s. 628.34 (3)*

Boycott, coercion, or intimidation

*Ref: s. 628.34 (4)*

Illegal inducement

*Ref: ch. 20, s. 628.34,*

*s. Ins 6.54, s. Ins 6.55,*

*s. Ins 6.67, s. Ins 6.68*

#### Examination of records

*Ref: s. 601.43, s. 601.43(1)(b), s. 601.43(1)(c), s. 601.43(2)(a), s. 601.45, s. 601.49,*

*s. Ins 16.01, s. Ins 26.10, s. Ins 26.10(3),*

*s. Ins 28.10, s. Ins 28.10(3)*

#### General statutes, rules, and regulations affecting insurance contracts

Definitions

Specific knowledge

Misrepresentation/Warranties

*Ref: s. 628.34*

Knowledge and acts of the agent

*Ref: s. 628.40*

Certificates of Insurance

*Ref: s. 628.34, ch. 631, s. 631.08, s. 631.09,  
s. 631.11, s. 631.28, ch. 632*

Regulation of specific clauses in insurance contracts

Cancellation

*Ref: s. 631.36*

Renewal/Nonrenewal

*Ref: s. 631.36*

Notice of proof of loss

*Ref: s.631.81*

Payment of claims

*Ref s. 628.46, s. 631.36, s. 631.43, s. 631.48, s. 631.81, s. 632.36(1-2), s. Ins 6.11, s.  
Ins 6.77*

Privacy of Consumer Information

*Ref: s. 610.70, s. Ins 25*

### **1.3 Federal Regulation**

Fair Credit Reporting Act (15 USC 1681–1681d)

Fraud and false statements (18 USC 1033, 1034)

### **1.4 Wisconsin statutes, rules, and regulations pertinent to life insurance and annuities**

Policy provisions

Required provisions

Variable contract

Contestability

Assignment

Designation of beneficiary

*Ref: s. 632.44, s. 632.45, s. 632.46,  
s. 632.46(3), s. 632.47, s. 632.48, s. 632.56,  
s. Ins 2.13(12m)*

Marketing methods and practices

Policy replacement

Disclosure

Unfair practices

Life insurance and annuities

Proposal

Policy summary

Advertising

Best interest in annuity transactions

*Ref: s. 601.42,  
s. 628.347(2)(a), s. 628.347(2)(b),  
s. 628.347(2)(d),  
s. 628.347(3m), s. 628.347(4), s. 628.347(4m),*

*s. 628.347(5), s. 628.347(7), s. 628.347(8),  
s. 632.41 – s. 632.697,  
s. 632.69(1)(j), s. Ins 2.03, s. Ins 2.07,*

*s. Ins 2.07(3)(i), s. Ins 2.07(4), s. Ins 2.07(5), s. Ins 2.07(6), s. Ins 2.07(7), s. Ins 2.09,  
s. Ins 2.09(6), s. Ins 2.13, s. Ins 2.14,  
s. Ins 2.15, s. Ins 2.16, s. Ins 2.17,  
s. Ins 6.60(2),  
s. Ins 6.61, s. Ins 6.67, s. Ins 6.68, s. Ins 6.90, ch. 20*

Life insurance illustration

*Ref: s. Ins 2.14, s. Ins 2.17(6a8)*

Interstate insurance product regulation compact

*Ref: s. 601.58*

## **2.0 General Insurance 10% (10 Items)**

### **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

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 the agency**

Insurer as principal

Producer/insurer relationship

Authority and powers of producer

Express

Implied

Apparent

The law of agency

Responsibilities to the applicant/insured

## **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 10% (10 Items)**

### **3.1 Insurable Interest**

### **3.2 Personal uses of life insurance**

Survivor protection

Estate creation

Cash accumulation

Liquidity

Estate conservation

### **3.3 Life settlements (including stranger originated life insurance) Ref: s. 632.69**

### **3.4 Determining amount of personal life insurance**

Human life value approach

Needs approach

Types of information gathered

Determining lump-sum needs

Planning for income needs

### **3.5 Business uses of life insurance**

Buy-sell funding

Key person

Executive bonuses

Deferred compensation funding

Split dollar plans

Change of insured provision

### **3.6 Classes of life insurance policies**

Group versus individual

Ordinary versus industrial (home service)

Permanent versus term

Participating versus nonparticipating

*Ref: s. 632.62(1), 632.62(2), 632.62(4)*

Fixed versus variable life insurance and annuities including regulation of variable products

### **3.7 Premiums**

Factors in premium determination

Mortality

Interest

Expense

Premium concepts

Net single premium

Gross annual premium

Premium payment mode

### **3.8 Licensee responsibilities**

Solicitation and sales presentations

Advertising

Wisconsin Insurance Security Fund

Illustrations

Policy summary

Buyer's guide

Need for variable license to recommend termination

Suitability

Life insurance policy cost comparison methods

Replacement

Use and disclosure of insurance information

Field underwriting

Notice of information practices

Application procedures

Warranties and Representations

Policy Delivery

Policy review

Effective date of coverage

Premium collection

Statement of good health

### **3.9 Individual underwriting by the insurer**

Information sources and regulation

Application

Licensee report

Attending physician statement

Investigative consumer (inspection) report

Medical Information Bureau (MIB)

Medical examinations and lab tests (including HIV consent)

*Ref: s. 631.90, s. Ins 3.53*

Selection criteria and unfair discrimination

Classification of risks

Preferred

Standard

Substandard

Declined

#### **4.0 Life Insurance Policies 12% (12 Items)**

##### **4.1 Term life insurance**

Level term

Annual renewable term

Level premium term

Decreasing term

Increasing term

##### **4.2 Whole life insurance**

Continuous premium (straight life)

Limited payment

Single premium

##### **4.3 Flexible premium policies**

Adjustable life

Universal life

##### **4.4 Specialized policies**

Joint life (first-to-die)

Juvenile life

##### **4.5 Group life insurance**

Characteristics of group plans

Types of plan sponsors

Group underwriting requirements

Conversion to individual policy

#### **5.0 Life Insurance Policy Provisions, Options and Riders 14% (14 Items)**

##### **5.1 Standard provisions**

Ownership

Assignment

Entire contract

Modifications

Right to examine (free look)

Payment of premiums

Grace period

Reinstatement

Incontestability

Misstatement of age and gender

Policy Exclusions

Suicide exclusion

Medical examination; autopsy

Prohibited provisions including backdating

## **5.2 Beneficiaries**

Designation options

- Individuals

- Classes

- Estates

- Minors

- Trusts

- Primary

- Contingent

Beneficiary-Related Clauses

Revocation at Divorce 30-3-5

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 provision/rider**

Qualifying events

Disclosure

Effect of benefit payment

Long-Term Care Rider

## **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% (10 Items)**

### **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 charges

- Death benefits

### **6.3 Annuity (benefit) payment options**

Ref: s.632.435(1)(a)

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

Market value adjusted annuities

Guaranteed living benefit riders

Variable annuities

### **6.5 Uses of annuities**

Lump-sum settlements

Qualified retirement plans including group versus individual annuities

Personal uses

- Individual retirement annuities (IRAs)

- Tax-deferred growth

- Retirement income

- Education funds

Long-Term Care Rider

## **7.0 Federal Tax Considerations for Life Insurance and Annuities 5% (5 items)**

### **7.1 Taxation of personal life insurance**

Amounts available to policyowner

Cash value increases

Premiums

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

Values included in the annuitant's estate

Amounts received by beneficiary

Corporate-owned

## **7.4 Section 1035 exchanges**

## **7.5 Taxation of individual retirement accounts (IRAs)**

Traditional IRAs

Contributions and deductible amounts

Premature distributions (including taxation issues)

Roth IRAs

Contributions and limits

Distributions

## **7.6 Rollovers and transfers (IRAs and qualified plans)**

## **8.0 Qualified Plans 4% (4 Items)**

### **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)

Self-employed plans (HR 10 or Keogh plans)

Profit-sharing and 401(k) plans

SIMPLE plans

403(b) tax-sheltered annuities (TSAs)