

## North Dakota Life and Annuity Insurance Examination

110 Items

Duration 150 minutes

### Insurance Regulation (12 items)

#### Licensing

Process (26.1-26-13.2, 13.3, 15; Reg 45-02-02-02)

Types of licensees (26.1-26-02, 03)

Producers (individual and business entity)(26.1-26-02, 05, 06, 07, 11)

Producer-agent of insured (26.1-26-07)

Producer-agent of insurer (26.1-26-06)

Consultants (26.1-26-35, 41; Reg 45-02-02-09, 10)

Nonresident producers (26.1-26-20,47.1)

Temporary (26.1-26-26)

Maintenance and duration

Renewal of appointments (26.1-26-32;Reg 45-02-02-07)

Termination (26.1-26-31; Reg 45-02-02-12)

Change of address (26.1-26-33; Reg 45-02-02-13)

Reporting of actions (26.1-26-45.1)

Assumed business names (26.1-26-25.1)

Continuing education (26.1-26-31.1; Reg45-02-04-03, 08–11, 13)

Disciplinary actions

Refusal of license (26.1-26-39, 40, 42)

Cease and desist order (26.1-01-03.1;26.1-04-13)

Suspension, revocation and probation (26.1-26-42–46)

Penalties for violations (26.1-01-03.3;26.1-04-13–17; 26.1-26-50, 51)

#### State Regulation

Commissioner's general duties and powers (26.1-01-03; 26.1-04-09)

Company regulation

Certificate of authority (26.1-02-02)

Solvency (26.1-02-02, 03; 26.1-05-32)

Unfair claims settlement practices (26.1-04-03(9))

Producer regulation

Sharing commissions (26.1-26-04)

Company and agency regulation

Examination of books and records (26.1-03-19.2; 26.1-26-48)

Producer appointment (26.1-26-13.1; Reg 45-02-02-06)

Termination of appointment (26.1-26-34; Reg 45-02-02-06)

Unfair practices

Misrepresentation (26.1-04-03(1), (12), 07)

False advertising (26.1-04-03(1), (2))

Defamation (26.1-04-03(3))

Boycott, coercion and intimidation (26.1-04-03(4), 04)

False financial statements (26.1-04-03(5))

Unfair discrimination (26.1-04-03(7), (11), 05)

Rebating (26.1-04-03(8), 05, 06)

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Prohibited inducements (26.1-04-05, 06)

Twisting (26.1-04-03(1))

Insurance fraud regulation (26.1-02.1-01–11)

Consumer information privacy regulation (26.1-02-27; Reg 45-14-01-01–25)

### North Dakota Laws and Regulations Pertaining to Life Insurance and Annuities (28 items)

#### Producer and company responsibilities

Solicitation and sales presentations (Ref: Reg 45-04-01-01–07; Reg 45-04-10-01–08))

Advertising (Ref: Reg. 45-04-10-01 through 08)

Life and Health Insurance Guaranty Association (26.1-38.1-16(1))

Illustrations (Ref: Reg. 45-04-05-05(02))

Policy summary (Ref: Reg. 45-04-01-03(7), 45-04-05-05-01)

Buyer's guide (Ref: Reg. 45-04-01-03(01) Appendix, 04))

Field underwriting requirements

Insurable interest (Ref: 26.1-29-09.1)

Notice, consent and disclosure for lab tests including HIV (Reg 45-03-11-01–05)

Company responsibilities

Verification of insurable interest (26.1-29-09.1)

Life insurance disclosure regulation (26.1-33-02)

Guaranty association disclaimer (Ref: 26.1-38.1-16)

#### Individual life insurance

Standard provisions (Ref: 26.1-33-05)

Entire contract (Ref: 26.1-33-05 (3))

Free look provision (Ref: 26.1-33-02.1)

Payment of premiums (Ref: 26.1-33-05 (1))

Grace period (Ref: 45-04-04-03-03-b-(02))

Reinstatement (Ref: 26.1-33-05 (8))

Incontestability (Ref: 26.1-33-05 (3))

Misstatement of age (Ref: 26.1-33-05 (5))

Statements of the insured (Ref: 26.1-33-05 (4))

Dividend options (Ref: 26.1-33-05 (6))

Loan provisions (Ref: 26.1-33-05 (7))

Nonforfeiture provision (Ref: 26.1-33-18)

Exclusions (Ref: 26.1-33-12)

Suicide no defense (Ref: 26.1-33-37)

Payment of claims and interest (Ref: 26.1-33-05(9), 26.1-33-05(13))

Assignment (Ref: 26.1-33-33)

Prohibited provisions including backdating (Ref: 26.1-33-06)

#### Group life insurance

Standard provisions (Ref: 26.1-33-11)

Conversion rights (Ref: 26.1-33-12)

#### Annuities

Free look provision (26.1-34-01.1)

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Nonforfeiture provision (26.1-34-02)

Death claim settlement and interest (26.1-34-01(5))

### Federal Laws and Regulations (3 Items)

Fair Credit Reporting Act - Purpose

National Do Not Call List

### General Insurance Concepts (8 Items)

Risk

Methods of Handling Risk (Avoidance, Retention, Sharing, Reduction, Transfer)

Elements of Insurable Risks

Definitions (Risk, Hazard, Peril, Loss)

Classifications of Insurers

Mutual, Stock, Fraternal

Admitted, Non-Admitted

Foreign, Domestic, Alien

Elements of a Contract

Consideration

Competent Parties

Legal Purpose

Offer

Acceptance

Authority and Powers of Producers

Express

Implied

Apparent

The Law of Agency

Legal Interpretations Affecting Contracts

Reasonable Expectations - good faith

Indemnity

Good Faith

Fraud

Warranties, Representations, Misrepresentations, and Concealment

### Life Insurance Basics (13 Items)

Insurable Interest

Personal Uses of Life Insurance

Survivor Protection

Liquidity

Determining Amount of Personal Life Insurance

Human Life Value Approach

Needs Approach

Business Uses of Life Insurance

Buy-Sell Funding

Key Person

Executive Bonuses

**North Dakota Life and Annuity Insurance Examination**

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Factors in Premium Determination

Mortality

Interest

Expense

Premium Frequency

Field Underwriting

Application Procedures

Warranties and Representations

Policy Delivery

Effective Date of Coverage

Policy Review

Premium Collection

Statement of Good Health

Company Underwriting

Sources of Information

Classifications of Risk (Preferred, Standard, Substandard, Declined)

**Types of Life Insurance Policies (14 Items)**

Term Life Insurance

Level

Decreasing

Increasing Term

Whole (Permanent, Ordinary) Life Insurance

Single Premium

Continuous Premium

Limited Payment

Adjustable Life

Universal Life

Variable Life

Variable Universal

Indexed Universal Life

Specialized Policies

Joint Life

Survivorship Life

Juvenile

Group Life Insurance

Eligible Groups

Characteristics of Group Life Insurance

**Life Insurance Policy Provisions, Options, and Riders (20 Items)**

Standard Life Insurance Provisions

Ownership

Assignment

Right to Examine (Free Look)

Payment of Premiums

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Grace Period

Misstatement of Age/Sex

Incontestability

Reinstatement

Entire Contract

Beneficiary Designation Options

Individuals

Classes

Minors

Types of Beneficiaries

Primary and Contingent

Beneficiary-Related Clauses

Common Disaster

Settlement Options

Cash Payment (Lump Sum)

Interest Only

Life Income

Fixed-Period

Fixed-Amount Installments

Joint

Last Survivor

Nonforfeiture Options

Cash Surrender Value

Extended Term

Reduced Paid-Up Insurance

Policy Loan and Withdrawal Options

Loans

Automatic Premium Loans

Withdrawals Partial Surrenders

Dividend Options

Paid-Up Additions

Cash Payment (Lump Sum)

One Year Term

Reduction of Premium

Accumulation at Interest

Disability Riders

Waiver of Premium

Disability Income Benefit

Payor Benefit Life

Riders Covering Additional Insureds

Spouse

Children

Family term rider

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Riders Affecting Death Benefit Amount

- Accidental Death
- Guaranteed Insurability
- Cost of Living
- Return of Premium
- Accelerated (Living) Benefit Provision Rider
- Long-Term Care Rider

Policy Exclusions

### **Annuities (8 Items)**

Annuity Principles and Concepts

- Accumulation Period versus Annuity Period
- Owner, Annuitant, and Beneficiary

Immediate versus Deferred Annuities

Annuity (Benefit) Payment Options

- Life Contingency Options
- Annuities Certain
- Pure Life versus Life with Guaranteed Minimum
- Single Life versus Multiple Life

Annuity Products

- Fixed Annuities
- Equity Indexed Annuities
- Variable Annuities

Uses of Annuities

- Lump-Sum Settlements
- Retirement Income
- Long-Term Care Rider
- Guaranteed Minimum Withdrawal Benefit (GMWB)

### **Federal Tax Considerations for Life Insurance (4 Items)**

Taxation of Personal Life Insurance and Annuities

- Premiums
- Dividends
- Settlements
- Last In First Out (LIFO) and First In First Out (FIFO)
- Surrenders and Withdrawals

Modified Endowment Contracts (MECs)