

South Carolina Life Insurance Producer

Series 19-01

100 Questions - 2 Hour Time Limit

Insurance Regulation 20% (20 Questions)

Licensing

Process (38-43-100)

Types of licensees

Producer (38-43-10, 30)

Nonresident (38-43-70)

Broker (38-45-10, 38-45-20)

Maintenance and duration (38-43-110)

Reinstatement (38-43-110(B))

Reporting of actions (38-43-247)

Change of address (38-43-107)

Assumed names (38-43-10(C))

Continuing education (38-43-106; 69-50)

Disciplinary actions

Cease and desist order (38-59-20, 38-59-270)

Hearings (38-3-170; 38-57-200)

Penalties (38-2-10–30, 38-43-130)

State regulation

Director's general duties and powers (38-3-60, 110)

Company regulation

Unfair claims settlement practices (38-59-20)

Examination of books and records (38-13-10–30)

Appointment (38-43-40, 50)

Termination of appointment (38-43-55)

Producer regulation

Commissions (38-43-200, 38-75-1000)

Records maintenance (38-43-250)

Misappropriation of funds (38-43-130, 240, 420)

Blank forms (38-43-260)

Sharing commissions (38-43-200)

Representing an unauthorized insurer (38-43-160–180)

Unfair and prohibited practices (38-43-130)

Misrepresentation (38-57-40)

False advertising (38-57-50)

Defamation (38-57-90)

Boycott, coercion and intimidation (38-57-100)

False financial statements (38-57-80)

Unfair discrimination (38-55-50)

Rebating (38-57-130)

Twisting (38-57-60)

Free insurance (38-57-170)

Prohibited inducements (38-57-130, 150)

Insurance fraud act (38-55-510–590)

Consumer information privacy regulation (Reg 69-58 Sec 1–16)

Federal regulation
Fair Credit Reporting Act (15 USC 1681–1681d)
General Insurance 10% (10 Questions)
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
Insurers
Types of insurers
Stock companies
Mutual companies
Fraternal benefit societies
Lloyd's associations
Alien Captive companies (Title 38, Ch 90-10)
Private versus government insurers
Domestic, foreign and alien insurers
Financial status (independent rating services)
Marketing (distribution) systems
Producers and general rules of agency
Insurer as principal
Producer/insurer relationship
Authority and powers of producers
Express
Implied
Apparent
Responsibilities to the applicant/insured
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
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
Life Insurance Basics 18% (18 Questions)
Insurable interest
Personal uses of life insurance
Survivor protection
Estate creation
Cash accumulation
Liquidity
Estate conservation
Viatical settlements
Life settlements
Exemption from claims of creditors (38-63-40, 38-65-90)
Determining amount of personal life insurance
Human life value approach
Needs approach
Types of information gathered
Determining lump-sum needs
Planning for income needs
Business uses of life insurance
Buy-sell funding
Key person
Deferred Compensation
Executive bonuses
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 South Carolina) (Reg 09-12 Part A (ART IV), Part B (Art VII))
Premiums
Factors in premium determination
Mortality
Interest
Expense
Premium payment mode

Producer responsibilities
Solicitation and sales presentations
Advertising (38-57)
Life and Accident and Health Insurance
Guaranty Association (38-29-130)
Illustrations (Reg 69-40 Sec 5–8)
Policy summary (Reg 69-30(D),(E))
Buyer's guide (Reg 69-30(D),(E), Appendix)
Life insurance policy cost comparison methods
Replacement (38-63-220(b); Reg 69-12.1)
Use and disclosure of insurance information/HIV Consent
Field underwriting
Notice of information practices
Application procedures and timing of initial premium collection
Premium collection
Delivery
Policy review
Effective date of coverage
Individual underwriting by the insurer
Information sources and regulation
Application
Producer report
Attending physician statement
Investigative consumer (inspection) report
Medical Information Bureau (MIB)
Selection criteria and unfair discrimination (38-57-120(1))
Life Insurance Policies 17% (17 Questions)
Term life insurance
Level term
Annual renewable term
Level premium term
Decreasing term
Whole life insurance
Continuous premium (straight life)
Limited payment
Single premium
Flexible premium policies
Adjustable life
Universal life
Variable life
Variable Universal life
Specialized policies
Joint life (first-to-die)
Survivorship life (second-to-die)
Group life insurance
Characteristics of group plans
Types of plan sponsors

Group underwriting requirements
Conversion to individual policy (38-65-210(8-10))
Credit life insurance (individual versus group)
Life Insurance Policy Provisions, Options and Riders 23% (23 Questions)
Required provisions (38-63-220)
Modifications (c)
Right to examine (free look) (b)
Payment of premiums (h)
Grace period (i)
Reinstatement (j)
Incontestability (d)
Misstatement of age or gender (e)
Interest on insurance proceeds (f)
Entire contract (38-63-210)
Exclusions (38-63-225)
Beneficiaries
Designation options
Individuals
Classes
Estates
Minors
Trusts
Succession
Revocable versus irrevocable
Common Disaster clause
Spendthrift clause
Settlement options
Cash payment
Interest only
Fixed-period installments
Fixed-amount installments
Life income
Single life
Life with period certain
Joint and survivor
Nonforfeiture options
Cash surrender value SC 38-63-520 (6)
Extended term
Reduced paid-up insurance
Policy loan and withdrawal options
Cash loans
Automatic premium loans
Withdrawals or partial surrenders
Dividend options
Cash payment
Reduction of premium payments
Accumulation at interest

One-year term option
Paid-up additions
Disability riders
Waiver of premium
Waiver of cost of insurance
Disability income benefit
Payor benefit life/disability (juvenile insurance)
Accelerated (living) benefit provisions/riders
Conditions for payment
Effect on death benefit
Riders covering additional insureds
Spouse/other-insured term rider
Children's term rider
Riders affecting the death benefit amount
Accidental death
Guaranteed insurability
Cost of living
Standard Life Insurance Provisions
Ownership
Assignment
Annuities 9% (9 Questions)
Annuity principles and concepts
Accumulation period versus annuity period
Owner, annuitant and beneficiary
Insurance aspects of annuities
Immediate versus deferred annuities
Single premium immediate annuities (SPIAs)
Deferred annuities
Premium payment options
Nonforfeiture
Surrender and withdrawal charges
Death benefits
Annuity (benefit) payment options
Life contingency options
Pure life versus life with guaranteed minimum
Single life versus multiple life
Annuities certain (types)
Annuity products
Fixed annuities
General account assets
Interest rate guarantees (minimum versus current)
Level benefit payment amount
Equity indexed annuities
Uses of annuities
Lump-sum settlements
Qualified retirement plans
Group versus individual annuities

Personal uses
Individual retirement plans (IRAs)
Tax-deferred growth
Retirement income
Education funds
Federal Tax Considerations for Life Insurance and Annuities 3% (3 Questions)
Taxation of personal life insurance
Amounts available to policyowner
Cash value increases
Dividends
Policy loans
Surrenders
Amounts received by beneficiary
General rule and exceptions
Settlement options
Values included in insured's estate
Taxation of non-qualified annuities
Individually-owned
Accumulation phase (taxation issues related to withdrawals)
Annuity phase and the exclusion ratio
Distributions at death
Taxation of individual retirement plans (IRAs)
Traditional IRAs
Contributions and distributions
Roth IRAs
Contributions and distributions
Section 1035 exchanges

REFERENCE LIST

The following is a list of possible study materials for this examination. The list is given to identify resources and does NOT constitute an endorsement or recommendation by PSI or the South Carolina Department of Insurance. Other publications are also available to study for the examination.

This examination is CLOSED BOOK. **The following reference material is not allowed in the examination center:**

Life and Health Insurance: License Exam Manual, 2017, 1st Edition, Revised, Kaplan Financial Education, www.kaplanfinancial.com

Life and Health Insurance, 2016, A.D. Banker & Company, www.adbanker.com

Life and Health Pathfinder, William H. Cummings, J. Mack Spears, Pathfinder Publishers, www.pathfinderedu.com

Life and Health Study Guide, 2019, ExamFX, www.examfx.com

South Carolina Code of Laws, Title 38 - Insurance, 2012, South Carolina Legislature, www.scstatehouse.gov/code/title38.php

South Carolina Code of Regulations, Chapter 69 - Department of Insurance, 2012, South Carolina Legislature, www.scstatehouse.gov/coderegs/statmast.php

15 USC 1681 - The Fair Credit Reporting Act, Federal Trade Commission, www.ftc.gov/system/files/documents/statutes/fair-credit-reporting-act/545a_fair-credit-reporting-act-0918.pdf