

# Your Exam Content Outline

The following outline describes the content of one of the Utah insurance examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weight assigned to each section of the examination. For example, 10 percent means that 6 questions will be drawn from the section on a 60-question exam, 10 will be drawn on a 100-question exam and 15 will be drawn on a 150-question exam.

## Utah Consultant's Life Exam Series 17-24

**100 questions (plus 5 unscored items)**

**2-hour time limit**

**Effective date: January 1, 2020**

### 1.0 Insurance Regulation 10% (10 Items)

#### 1.1 Licensing

- Purpose (31A-23a-101)
- Process (31A-23a-103-105, 107, 302)
- Qualifications (31A-23a-107, 108)
- Types of licensees (31A-1-301, 31A-23a-106, 203, 401, 504)
  - Producers
  - Consultants
  - Adjusters
  - Nonresidents (31A-23a-109)
- Maintenance and duration
  - Renewal (31A-23a-105; 31A-23a-111) Continuing education requirements (31A-23a-202; Reg R590-142-1 through 10)
  - Reinstatement (31A-23a-111(2), 113)
  - Assumed name (31A-23a-110(2))
  - Change of address or telephone number (31A-23a-412(1)(c))
  - Reporting of actions (31A-23a-105(2)(b))
- Disciplinary actions
  - License termination, suspension, or revocation (31A-2-308(10)(a); 31A-23a-111)
  - Probation (31A-23a-112)
  - Monetary forfeiture (fines) (31A-2-308)

#### 1.2 State regulation

- Commissioner's general duties and powers (31A-2-201)
- Company regulation
  - Solvency (31A-4-105, 105.5)
  - Rates (31A-19a-201-203)
  - Policy forms (31A-21-201-203)
  - Producer appointment (31A-23a-115; Reg R590-244-1-14)
  - Termination of appointment (Reg R590-244-1-14)
  - Unfair claim settlement practices (31A-26-303; Reg R590-190-192)
- Producer regulation
  - Fiduciary and trust account responsibilities (31A-23a-409)
  - Place of business/records maintenance (31A-23a-412)
  - Controlled business (31A-23a-502)
  - Shared commissions (31A-23a-504)
- Unfair marketing practices (Reg R590-154)
  - Misrepresentation (31A-21-105; 31A-23a-402(1))
  - False advertising (31A-23a-402(1))
  - Rebating (31A-23a-402(2), 31A-1-301(145))
  - Unfair discrimination (31A-23a-402(3))
  - Boycott, coercion or intimidation (31A-23a-402(4))
  - Illegal inducement (31A-23a-402.5, Reg R590-154-11)
- Examination of records (31A-2-203-205; 31A-23a-412)
- Privacy of Consumer Information (Reg R590-206)
- Insurance fraud regulation (31A-31-103-106)

Personal liability for unpaid claims (31A-15-105)

### 1.3 Federal regulation

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

Fraud and false statements (18 USC 1033, 1034)

Privacy (Gramm Leach Bliley)

National Do Not Call List

## 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

Reciprocal

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 agency

Insurer as principal

Producer/insurer relationship

Authority and powers of producer

Express

Implied

Apparent

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 15% (15 Items)

### 3.1 Insurable interest (31A-21-104)

### 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)

### 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

Fixed versus variable life insurance and annuities including regulation of variable products (SEC, FINRA, and Utah) (31A-5-217, 217.5; 31A-23a-206)

### **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 (Reg R590-79-1-8)

Advertising (Reg R590-130-4-16)

Utah Life and Health Insurance Guaranty Association (31A-28-119(1-4) R590-155)

Illustrations (31A-22-631; Reg R590-177-1-13)

Policy summary (31A-22-631; Reg R590-79-4(F), 5)

Buyer's guide (Reg R590-79-4(A), 5)

Replacement (Reg R590-93-1-12)

Use and disclosure of insurance information

Field underwriting

Notice of information practices

Application procedures

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) (Reg R590-132-3)

Selection criteria and unfair discrimination (31A-23a-402(3))

Classification of risks

Preferred

Standard

Substandard

## **4.0 Life Insurance Policies 10% (10 Items)**

### **4.1 Term life insurance**

Level term

Annual renewable term

Level premium term

Decreasing 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 (31A-22-517-519)

## **5.0 Life Insurance Policy Provisions, Options and Riders 16% (16 Items)**

### **5.1 Standard provisions**

Ownership  
Assignment (31A-22-412)  
Entire contract (31A-22-424)  
Modifications  
Right to examine (free look) (31A-22-423)  
Payment of premiums  
Grace period (31A-22-402)  
Reinstatement (31A-22-407)  
Incontestability (31A-22-403)  
Misstatement of age and gender (31A-22-405)  
Exclusions  
Suicide exclusion (31A-22-404)  
Medical examination; autopsy (31A-22-417)  
Prohibited provisions including backdating (31A-22-401)

### **5.2 Beneficiaries**

Designation options  
    Individuals  
    Classes  
    Estates  
    Minors  
    Trusts  
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

### **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 16% (16 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**

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

## **7.0 Federal Tax Considerations for Life Insurance and Annuities 13% (13 Items)**

### **7.1 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

### **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

Corporate-owned

### **7.4 Taxation of individual retirement annuities (IRAs)**

Traditional IRAs

Contributions and deductible amounts

Premature distributions (including taxation issues)

Annuity phase benefit payments

Values included in the annuitant's estate

Amounts received by beneficiary

Roth IRAs

Contributions and limits

Distributions

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

### **7.6 Section 1035 exchanges**

## **8.0 Qualified Plans 10% (10 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

Pension Plans

403(b) tax-sheltered annuities (TSAs)

Section 457 deferred compensation

### **8.4 Special rules for life insurance**

Incidental limitation

Taxation of economic benefit

Taxation of life insurance distributions