

NEW YORK EXAMINATION CONTENT OUTLINES

August 1, 2009

The following outlines describe the content of each of the New York Insurance Examinations. These outlines are the basis of the examination. Each examination will contain questions about the subjects in its outline.

The percentages indicate the relative weight assigned to each part of the examination. For example, if a section has 10 percent assigned, 6 questions will be drawn from it on a 60-question examination, 10 on a 100-question examination, and 15 on a 150-question examination.

LIFE INSURANCE AGENT/BROKER EXAM SERIES 10-51

100 questions – Two-hour time limit

1.0 INSURANCE REGULATION 10%

1.1 Licensing

Process (2103(d–i))

Definitions

Producer definition: (2101(k))

Who should be licensed: (2101(k)(1))

Home state (2101(l))

Negotiate, Sell, Solicit (2101(m)(n) (o))

Types of Licensees

Agents (2101(a, k); 2103; Reg 6,

Part 22.2, Reg 7, Part 23.2)

Brokers (2101(c, h, k); 2104)

Consultants (2107)

Adjusters (2101(g), 2108)

Nonresident (2101(d, e); 2103(g)(5, 11); 2136)

Business entities (2101(p), 2103(j) (2))

Temporary (2109; Regs 9, 18, 29, Part 20.1)

Maintenance and duration

Renewal (2103(j); Reg 5, Reg 21.2)

Continuing education: (2132)

Assumed names (2102(f))

Change of address (all addresses, including email) (2134; Reg 5, Part 21.4; Reg 6, Part 22.3; Reg 7, Part 23.4))

Reporting of disciplinary actions: (2110(i))

Disciplinary actions

Cease and desist order: (2406)

Hearings – Notice and Process (304, 2405)

Suspension, revocation, and nonrenewal (2110)

Penalties (2127)

1.2 State Regulation

Superintendent's general duties and powers (201, 301-305, 2404)
Company regulation
Certificate of authority: (1102 (a-b))
Solvency (307)
Unfair claim settlement practices (2601; Reg 64, Parts 216.3 to .6)
Appointment of agent (2112(a-c))
Termination of agent appointment (2112(d); Regs 9, 18, 29, Part 20.2)
Unfair and prohibited practices
Misrepresentation (2123; Reg 64, Part 216.3)
False advertising (2603)
Defamation of insurer: (2604)
Unfair discrimination: (2606-2608, 2612)
Rebating (2324)
Licensee regulation
Controlled business: (2103(i))
Sharing commissions: (2121, 2128)
Fiduciary responsibility: (2120; Regs 9, 18, 29 Parts 20.3, 20.4)
License display (Reg 125, Part 34.5)
Commissions and compensation (2102(e), 2114-2116, 2119; Regs 9, 18, 29 Part 20.6)
Termination responsibilities of producer (2112)
Examination of books and records (2404; Reg 152, Parts 243.0 to.3)
Insurance Frauds Prevention Act (401-406)
Consumer privacy regulation: (Reg 169, Parts 420.0 to.24)

1.3 Federal regulation

Fair Credit Reporting Act (15 USC 1681-1681d)
Fraud and false statements including 1033 waiver: (18 USC 1033, 1034)

2.0 GENERAL INSURANCE 10%

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
- Private versus government insurers
- Admitted versus nonadmitted insurers
- Domestic, foreign and alien insurers
- Financial status (independent rating services)
- Marketing (distribution) systems

2.3 Agents and general rules of agency

- Insurer as principal
- Agent/insurer relationship
- Authority and powers of agents
- Express
- Implied
- Apparent
- Responsibilities to the applicant/insured

2.4 Contracts

- Elements of a legal contract
- Offer and acceptance
- Consideration
- Competent parties
- Legal purpose
- Characteristics of insurance contracts
- Contract of adhesion
- Aleatory contract
- Personal contract
- Unilateral contract
- Conditional contract
- Legal concepts and interpretations affecting contracts
- Reasonable expectations
- Indemnity
- Utmost good faith
- Representations/Misrepresentations (3105)
- Warranties (3106)
- Rescission
- Concealment
- Fraud
- Waiver and estoppel

3.0 LIFE INSURANCE BASICS 22%

3.1 Insurable interest (3205)

3.2 Personal uses of life insurance

- Survivor protection

Estate creation
Cash accumulation
Liquidity
Estate conservation

3.3 Viatical Settlements (Reg 148, Part 380.2, 380.3, 380.6, 380.8; 2406; 7801-3)

Definitions
License requirements (Sec. 7802 (a))
License revocation
Viatical versus Life Settlements

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
Business continuation

3.6 Differences in life insurance policies

Group versus individual
Permanent versus term
Participating versus nonparticipating
Fixed versus variable life
Regulation of variable products (SEC, NASD and New York) (4240; Reg 50.3, 54.3)

3.7 Factors in premium determination

Mortality, Investment Return, and Expense
Mode of premium

3.8 Licensee responsibilities

Solicitation and sales presentations
Advertising (2122)
Life Insurance Company Guaranty Corporation: (7718)
Policy summary (3209; Reg 74, Part 53-2.2)
Buyer's guide (3209; Reg 74, Part 53-2.6)
Suitability
Illustrations: (Reg 74, Parts 53-3.1 to .6)
Life insurance policy cost comparison methods
Replacement (2123(a) (2, 3); Reg 60, Parts 51.1 to .8)
Use and disclosure of insurance information
Field underwriting

Application procedures including backdating of policies (3208)
Delivery
Policy review
Effective date of coverage
Premium collection
Statement of good health
Amendments

3.9 Individual underwriting by the insurer

Information sources and regulation
Application
Agent report
Attending physician statement
Investigative consumer (inspection) report
Medical Information Bureau (MIB)
Medical examinations and lab tests including HIV (2611)
Selection criteria and unfair discrimination
Classification of risks
 Preferred
 Standard
 Substandard
 Declined

4.0 Life Insurance Policies 16%

4.1 Term life insurance

Level term
Renewable term
Convertible term
Level premium term
Increasing and decreasing term

4.2 Whole life insurance

Continuous premium (straight life)
Limited payment
Single premium
Modified premium whole life

4.3 Flexible premium policies

Adjustable life
Universal life

4.4 Specialized policies

Joint life (first-to-die)
Survivorship life (second-to-die)
Life insurance on minors (3207 (b))

4.5 Group life insurance

Characteristics of group plans
Types of plan sponsors
Group underwriting requirements
Conversion to individual policy (3220)

4.6 Credit life insurance (individual versus group)

5.0 LIFE INSURANCE POLICY PROVISIONS, OPTIONS AND RIDERS 19%

5.1 Required provisions (3203)

Ownership
Assignment
Entire contract: (3203(a)(4), 3204)
Right to examine (free look) (3203(a)(11))
Payment of premiums
Grace period (3203(a)(1))
Reinstatement (3203(a)(10))
Incontestability (3203(a)(3))
Misstatement of age: (3203(a)(5))
Exclusions (3203(b, c))
Statements of the applicant: (3204)
Proof of Death

5.2 Beneficiaries

Designation options
Individuals
Classes (per stirpes/per capita)
Estates
Minors
Trusts
Succession
Revocable versus irrevocable
Common disaster clause

5.3 Settlement options

Cash payment
Interest only
Fixed-period installments
Fixed-amount installments
Life income
Single life
Joint and survivor
Spendthrift clause

5.4 Nonforfeiture options

Cash surrender value
Extended term

Reduced paid-up insurance

5.5 Policy loan and withdrawal options

Policy 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 provisions/riders (3230)

Conditions for payment

Effect on death benefit

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

Term rider

6.0 ANNUITIES 10%

6.1 Annuity principles and concepts

Accumulation period versus annuity period

Owner, annuitant and beneficiary

Insurance aspects of annuities

6.2 Required provisions (3219, 4220, 4223)

6.3 Immediate versus deferred annuities

Single premium immediate annuities (SPIAs)

Deferred annuities

Premium payment options

Nonforfeiture
Surrender and withdrawal charges
Death benefits

6.4 Annuity (benefit) payment options

Life contingency options
Pure life versus life with
guaranteed minimum
Single life versus multiple life
Annuities certain (types)

6.5 Annuity products

Fixed annuities
General account assets
Interest rate guarantees (minimum versus current)
Level benefit payment amount
Equity indexed annuities

6.6 Uses of annuities

Group versus individual annuities
Qualified versus Nonqualified Plans
Personal uses
Tax-deferred growth
Retirement income
Education funds

7.0 FEDERAL TAX CONSIDERATIONS FOR LIFE INSURANCE AND ANNUITIES 9%

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)

Definition of modified endowment
Seven-pay test
Distributions

7.3 Taxation of non-qualified annuities

Individually-owned
Accumulation phase (taxation issues related to withdrawals)
Annuity phase and the exclusion ratio

Values included in the annuitant's estate
Distributions at death Non-living (trusts, corporations) entity owned

7.4 Taxation of individual retirement accounts (IRAs)

Traditional IRAs
Contributions and deductible amounts
Premature distributions including taxation issues
Annuity phase benefit payments
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 4%

8.1 General requirements

Defined contribution versus defined benefit plan

8.2 Federal tax considerations

Tax advantages for employers and employees
Taxation of distributions (age-related)

8.3 Plan types, characteristics and purchasers

Self-employed plans (Keogh plans)

8.4 Section 529 plan characteristics (college savings programs)