

**Life Settlement Exam Study Outline**  
Kentucky Life and Health Insurance  
License Exam Manual  
3rd Edition 2007  
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**Content**

**Unit Assignments**

<b>Unit 1</b>	<b>Introduction to Life Insurance (4% of test) - 2 questions</b> Insurance Principle of Life Insurance Elements of a Contract Important Contractual Concepts The Mortality Rate
<b>Unit 2</b>	<b>The Need For Life Insurance (4% of test) - 2 questions</b> Obligations at Death Methods of Estate Building Living Benefits of Life Insurance Advantages as Property Human and Moral Values Needs Approach versus Human Life Value Approach
<b>Unit 3</b>	<b>Permanent Life Insurance (6% of test) - 3 questions</b> Introduction Permanent Life Insurance Permanent Life Insurance Policies
<b>Unit 6</b>	<b>Policy Provisions (8% of test) - 4 questions</b> Policy Conditions Insuring, Consideration, and Execution Clauses Ten-Day Free Look Policy Ownership The Policyowner's Rights Beneficiaries Uniform Simultaneous Death Act Common Disaster Provision Spendthrift Clause Incontestable Clause Misstatement of Age Clause Suicide Clause Grace Period Reinstatement Clause Applicant Control or Ownership Clause Privilege of Change Clause Automatic Premium Loan Provision Policy Assignment Policy Exclusions
<b>Unit 7</b>	<b>Riders (6% of test) - 3 questions</b> Riders Defined Waiver of Premium Disability Income Rider Accidental Death Rider Payor Rider Guaranteed Insurability Rider Accelerated Benefits Rider Life Settlements Cost of Living Rider Exchange Privilege Rider

Return of Premium Rider

**Unit 8**

**Premiums (4% of test) - 2 questions**

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Modes of Premium Payments  
Modified Premium Plan  
Graded Premium Plan  
Paying Premiums from Policy Values  
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Reserves  
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Interest-Adjusted Cost Indexes

**Unit 9**

**Dividends (4% of test) - 2 questions**

Policy Dividend Sources  
Dividend Options  
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**Unit 10**

**Nonforfeiture and Settlement Options (4% of test) - 2 questions**

Nonforfeiture Values and Options  
Lapsed and Reinstated Policies  
Settlement Options  
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**Unit 11**

**Policy Loans (4% of test) - 2 questions**

The Basic Concept  
Advantages of Policy Loans  
Deferring Policy Loans  
Collateral for Policy Loans  
Irrevocable Beneficiaries and Policy Loans  
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**Unit 15**

**Group Life Insurance (4% of test) – 2 questions**

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Avoiding Adverse Selection  
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**Unit 16**

**Business Insurance (4% of test) – 2 questions**

Business Uses of Life Insurance  
Selling the Business Interest  
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Section 457 Deferred Compensation Plans  
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**Unit 18**

**Tax Treatment of Life Insurance (4% of test) – 2 questions**

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Doctrine of Economic Benefit  
Federal Estate Tax  
Charitable Uses of Life Insurance  
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Section 1035 Policy Exchanges  
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**Unit 20**

**Legal and Professional Aspects (4% of test) – 2 questions**

Control of the Insurance Business  
Insurance Commissioners and Insurance Laws  
Duties of the Insurance Commissioner  
Complaints  
National Association of Insurance Commissioners (NAIC)  
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Examination and Licensing of Agents  
Brokers and Agents  
The Powers of Agency  
Solicitors  
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Commissions  
Commission Splitting  
Ethics: Regulated Practices  
Delivering the Policy  
Exposure to Errors and Omissions Liability

**Unit 21**

**Government Programs (4% of test) – 2 questions**

Social Security Overview  
Social Security Taxes  
Insured Status  
Primary Insurance Amount  
Normal Retirement Age  
Dual Benefit Liability  
Retirement Benefits  
Survivor Benefits  
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Maximum Family Benefit  
Retirement Earning Limit  
Servicemembers' Group Life Insurance (SGLI)

**General Life Settlement Questions for Brokers and Consumers (10% of test) - 5 questions**

<b>KRS 304.15-716 (1)</b>	Understanding Life Settlements
<b>KRS 304.15-020</b>	Life Settlement Provider
<b>KRS 304.15-020</b>	Owner
<b>KRS 304.15-020</b>	Life Settlement Broker
<b>806 KAR 15:050.8(5)(b)</b>	Steps Required by Law in Kentucky
<b>KRS 304.15-710(1)(a)</b>	Consumer Tips
<b>KRS 304.15-020(10); 710</b>	Consumer Options
<b>806 KAR 15:050.4(1)</b>	Life Settlement Purchase Agreement
<b>KRS 304.15-020; 020(9); 020(11)</b>	General Definitions (4% of test) - <b>2 questions</b>
<b>KRS 304.15-700; 700(2)(b)2; 700(2)(b)3</b> <b>806 KAR 9:220</b>	Licensing requirements and administrative regulations governing life settlement providers and brokers – Contracts – Evidence of financial responsibility – Commissioner’s approval required (4% of test) - <b>2 questions</b>
<b>KRS 304.15-705; 705(2)(a)</b>	Commissioner’s authority to examine – Confidentiality of information concerning owners – Retention and inspection of records – Secretary of State to receive service of process (2% of test) - <b>1 question</b>

**KRS 304.15-710; 710(1)(e)**  
**806 KAR 15:050.7(1)**

Life settlement provider's duties of disclosure to owner (2% of test) - **1 question**

**KRS 304.15-715(2); 715(8)**

Requirements for life settlement contracts (2% of test) - **1 question**

**KRS 304.15-717; 717(1)(f)**

Circumstances under which life settlements are unlawful (2% of test) - **1 question**

**KRS 304.15-700(2)(c); 700(6)**

Life Settlement Broker License (2% of test) - **1 question**

**KRS 304.15-700(4); 710(1)**

Life Settlement Provider License (2% of test) - **1 question**

**Kentucky Laws and Regulations 2007 (6% of test) – 3 questions**

KRS 12:070

KRS 15:050.1(5)

KRS 15:050.1(6)

KRS 15:050.4(5)

KRS 304.2-120

KRS 304.9-295

KRS 304.9-425(5)

KRS 304.9-440

KRS 304.12-110

KRS 304.14-150