



# Professional Training Institution

[www.PTIschool.com](http://www.PTIschool.com)

## Insurance Law Life & Health



---

**Attention:** This packet coordinates with the state law manual and the state law study videos. You can find the study videos at [www.ptischool.com/moodle/](http://www.ptischool.com/moodle/). Login information is provided with your material. It is highly recommended for Webinar/Classroom students to go through the state law material before the class begins. Self-Study students should go through state law material before receiving certification.

Contact us at, **(812)422-4068**, toll free number **(800)293-0784**, or email us at [info@ptischool.com](mailto:info@ptischool.com)

You can also visit us at our website:

[www.ptischool.com](http://www.ptischool.com)

# Indiana State Law – Life and Health

## Section I – Structure of the Insurance Industry

1. Department of Insurance
  - a. \_\_\_\_\_ regulated agency
  - b. Part of the \_\_\_\_\_ branch of government
    - i. Responsible for the regulation, organization, supervision, examination, rehabilitation, liquidation and/or conservation of all insurance companies, agencies or agents
    - ii. Purposed to protect the public
  - c. Executive branch enforces law, legislative branch creates law
2. Insurance Commissioner
  - a. Chief administrative officer of the Department of Insurance
  - b. State Government Position:
    - i. \_\_\_\_\_ by the Governor of Indiana
    - ii. Holds term at the \_\_\_\_\_ of the Governor
    - iii. Takes an oath of office
    - iv. \$50,000 bond required
  - c. Must be a member of the National Association of Insurance Commissioners (\_\_\_\_\_)
    - i. An association consisting of all insurance commissioners throughout the nation
    - ii. Helps bring uniformity and standardization across the states
  - d. Powers of the Department include:
    - i. Fine
    - ii. Probation
    - iii. Restitution
    - iv. Revocation
    - v. Suspension
    - vi. Cease and desist
  - e. Powers do not include:
    - i. Jail sentences
    - ii. However they can recommend your case to the state Attorney General, who can impose a jail sentence
  - f. If the Commissioner Receives a Complaint:
    - i. Commissioner must respond within \_\_\_\_ business days
      1. Either require the insurer to investigate situation or call a meeting with an agent
      2. Inform the one who gave the complaint of the commissioner's course of action
    - ii. If the Insurer is contacted by the commissioner
      1. Company has \_\_\_\_ business days to investigate and respond to the commissioner

- iii. If the agent is contacted by the commissioner
      - 1. Commissioner gives at least \_\_\_\_ days notice of a meeting with an agent
      - 2. Agent may request an appeal within \_\_\_\_ days of meeting, if the agent has been penalized
      - 3. The requested appeal will be granted within \_\_\_\_ days of asking
- 3. Admission of Insurance Companies
  - a. \_\_\_\_\_ insurer – located and organized in Indiana
  - b. \_\_\_\_\_ – located and organized in another state or U.S. territory
  - c. \_\_\_\_\_ – located and organized in another country
  - d. Authorized/Admitted – approved to do business within the state
  - e. Certificate of authority – proof of admittance
  - f. Unauthorized/Nonadmitted – not approved
- 4. Examination of Admitted Companies
  - a. May be examined as often as necessary
  - b. Must be examined every \_\_\_\_ years
  - c. May accept examination from state of domesticity
    - i. Other state commissioners examine their own domestic companies
    - ii. Passes the information to the Indiana commissioner
    - iii. Speeds up the examination process
- 5. Indiana Guarantee Association
  - a. Protects the public from the insurers inability to meet their contractual obligations due to financial impairment
  - b. Supervised by the \_\_\_\_\_
  - c. Funded through assessments of no more than \_\_\_\_ from each company
  - d. \$100,000 cash value
  - e. \$300,000 for all benefits
  - f. All companies admitted to do business in Indiana is a part of the association
  - g. Insurers, agencies, and agents may \_\_\_\_ use the association as a sales tool

## **Section II – Licensing Regulations**

- 6. Licensing Laws
  - a. Transacting insurance business requires a person to be properly licensed.
    - Licenses include:
      - i. Resident Producer license
      - ii. Nonresident Producer license
      - iii. Temporary Producer license
      - iv. Consultant
      - v. Insurance Adjuster license
      - vi. Surplus Lines Producer
      - vii. Limited Lines license
  - b. A person may not \_\_\_\_\_ insurance unless first properly licensed

7. Resident Producer

- a. Resident producer qualifications:
  - i. Must be at least \_\_\_\_ years of age
  - ii. Past reputation
  - iii. Prelicensing
  - iv. Pass written examination
  - v. Pay license fee - \_\_\_\_\_
  - vi. Must be a resident of Indiana or... primary place of business is Indiana
- b. Examination may be waived if:
  - i. Licensed in a previous state within the last \_\_\_\_ days and in good standing
  - ii. CLU, CFP, or ChFC designation
- c. Business entities must also be licensed to conduct business with the public. Each licensed entity must assign a licensed agent as its' \_\_\_\_\_
- d. Address changes must be made within \_\_\_\_\_, this includes:
  - i. Physical address
    - 1. \_\_\_\_\_ for the agent
    - 2. Business for the agency
  - ii. \_\_\_\_\_ address
  - iii. Legal name change
- e. \_\_\_\_\_
- f. Continuing education
  - i. \_\_\_\_ hours every \_\_\_\_ years
    - 1. \_\_\_\_ hours of flood, prior to selling flood insurance (Property/Casualty License)
    - 2. \_\_\_\_ hours of ethics (Life/Health License)
    - 3. \_\_\_\_ Hours of Long Term Care initially, \_\_\_\_ hours thereafter (Health License)
    - 4. \_\_\_\_ hours of Long Term Care Partnership (Health License)
  - ii. \_\_\_\_\_ tracks hours taken and the renewal of licenses
  - iii. License renews on the last day of your \_\_\_\_\_ month
  - iv. All renewals are sent electronically
- g. Reinstating a lapsed license
  - i. Reinstatement must be within \_\_\_\_ months of expiration
  - ii. All CE requirements must have been met prior to the last renewal date
  - iii. Agent must pay \_\_\_\_ the normal renewal fee

8. Nonresident Producer

- a. Nonresident producer requirements
  - i. Must first have a resident license that is in good standing
  - ii. Fees and application must be submitted
  - iii. States must be \_\_\_\_\_ to avoid re-testing
- b. Reciprocal states accept each others pre-licensing and continuing education procedures. No need to do them again!

9. Temporary Producer

- a. Allows an individual to \_\_\_\_\_ but not \_\_\_\_\_ existing business
- b. Good for \_\_\_\_\_ days
- c. Issued for any good cause as determined by the Commissioner. Examples include:
  - i. Military service
  - ii. Death
  - iii. Disability

10. Producer Appointment

- a. First an individual must be \_\_\_\_\_ with the state
- b. Then, they must be \_\_\_\_\_ with an insurance company before they will be allowed to represent the insurer
- c. Insurer must notify the Commissioner within \_\_\_\_\_ days of terminating a relationship with a producer

11. Controlled Business

- a. Writing “\_\_\_\_\_” controlled business is a violation of insurance law
- b. What is controlled business? It is business that the agent may have extra influence of the existence of a \_\_\_\_\_ relationship. It would include business on:

- i. \_\_\_\_\_
- ii. Immediate \_\_\_\_\_
- iii. \_\_\_\_\_ / \_\_\_\_\_

- c. \_\_\_\_\_ . Anyone can be a “friend”
- d. What is “to much?”
  - i. \_\_\_\_\_ aggregate \_\_\_\_\_ within a \_\_\_\_\_ month period
- e. Remember, it is not illegal to write, it is illegal to wright to much

12. Consultant (Licensed vs Acting)

- a. Licensed
  - i. An \_\_\_\_\_ practitioner who gives \_\_\_\_\_ for a \_\_\_\_\_
  - ii. Must have at least \_\_\_\_\_ years experience in the industry
  - iii. Must forfeit the \_\_\_\_\_ (works for the client not the company)
- b. Consultant licenses are not required for:
  - i. \_\_\_\_\_
  - ii. \_\_\_\_\_
  - iii. \_\_\_\_\_
- c. An agent may maintain their license and \_\_\_\_\_ as a consultant. Acting like a consultant requires:
  - i. \_\_\_\_\_ of all fees and commissions
  - ii. \_\_\_\_\_ and agreement
  - iii. If the customer has been made aware and is informed with the arrangement and they are good with it, then the state is good

13. Insurance Adjuster

- a. The roll of the adjuster is to \_\_\_\_\_ and help \_\_\_\_\_ claims
- b. Adjuster Requirements:
  - i. At least \_\_\_\_ years of age
  - ii. Primary state of business must be home state
  - iii. Must be trustworthy, reliable, and of good reputation
  - iv. Completed a 40 hour pre-licensing education program
  - v. Pass examination
  - vi. Submit an application and pay the fees
- c. Independent/Staff Adjusters work for the insurance company
- d. Public Adjusters work for the insured

14. Surplus Lines Producer

- a. A surplus lines producer sells \_\_\_\_\_ products for \_\_\_\_\_ insurance companies with products that \_\_\_\_\_ in the state
  - i. Prior to selling an agent must make a \_\_\_\_\_ to find an approved product for the client first
  - ii. Qualifying for the license first requires a producer license
  - iii. The fee is \_\_\_\_ for a resident and \_\_\_\_ for a non-resident
  - iv. Agents must pay a gross premium tax on all surplus business of \_\_\_\_ of all gross \_\_\_\_\_ for the last \_\_\_\_ months business

15. Limited Lines License

- a. Products which are limited to cover a very \_\_\_\_\_
- b. Most do not require a test to obtain
  - i. Title
  - ii. Baggage
  - iii. Rental
  - iv. Travel
  - v. Self-storage
  - vi. Crop-Hail (Requires P/C License in Indiana)
  - vii. Prearranged funeral insurance (Requires L/H License)

### **Section III – Regulations and Violations**

16. Producer Licensing Law and Violations

- a. The producer is responsible to the public to act in a professional manner
- b. Failure to act professionally may result in penalties:
  - i. Suspension up to \_\_\_\_\_ or revocation of license
  - ii. Financial penalties
    - 1. Comes after a hearing with the commissioner
    - 2. Civil, not criminal penalties
  - iii. Between \_\_\_\_\_
- c. Monetary restitution
- d. If it sounds wrong or unethical, it probably is a violation of the law

- e. General violations:
    - i. Misleading
    - ii. Violating law
    - iii. Misrepresentation
    - iv. Fraud
    - v. Misappropriation
    - vi. Felony
    - vii. Unfair practices
    - viii. Incompetence
    - ix. Forging
  - f. A few specific violations:
    - i. Delinquency on child support
      - 1. \_\_\_\_\_ past due
      - 2. \_\_\_\_\_ behind
      - 3. Whichever comes first
    - ii. Failure to pay state income tax
    - iii. Failure to satisfy Continuing Education requirements
    - iv. Failure to inform the commissioner of legal name/address change
17. Unfair Trade Practices and Unfair Competition
- a. Department of Insurance will regulate the trade practices in the business of insurance
  - b. Provides definitions and determines what acts are considered unfair or deceptive
  - c. Such acts and practices are prohibited under this chapter of the law
  - d. information
  - e. The following are prohibited practices:
    - i. Illustrations may not mislead the client or misrepresent
    - ii. False Advertising – all advertisements must be kept on file for \_\_\_\_\_
    - iii. Defamation
    - iv. Unfair discrimination
    - v. Monopolies
    - vi. \_\_\_\_\_ – offering something of value as an inducement to buy
    - vii. Insurance as inducement – cannot use insurance as an inducement to the purchase of any property or service
    - viii. \_\_\_\_\_ – the borrower has the right to choose where any required insurance is purchased from
  - f. Sharing of commissions with an unlicensed person
    - i. Must be \_\_\_\_\_ to split commissions
    - ii. Renewals may be paid if licensed at the time of the sale
  - g. \_\_\_\_\_ – replacement transaction done through misrepresentations
  - h. Unfair Claims Settlement Practices:
    - i. Claims owed, must be paid:
    - ii. Accurately and fully
    - iii. Timely
    - iv. In good faith
  - i. If it sounds unreasonable or unethical, it is probably illegal
  - j. Financial penalties may be up to \_\_\_\_\_ for each violation

- k. Cease and Desist Order may be given out
- l. \_\_\_\_\_ if you knew or should have known better
- m. Any violation of Indiana Code is also in violation of criminal law:
  - i. Class A misdemeanor
  - ii. Up to \_\_\_\_\_ in jail
  - iii. Additional \_\_\_\_\_ fine

## **Section IV – Life Regulations, Chapter 2**

### 18. Life Required Policy Provisions

- a. Required provisions (rules) are required by the state to protect the insured from the insurer. These must be in all policies
- b. Premiums - Premiums are paid in \_\_\_\_\_
- c. Free look (Right to return) – \_\_\_\_\_ days from delivery
- d. Grace period
  - i. \_\_\_\_\_ days after the due date
  - ii. \_\_\_\_\_ applies
  - iii. Premiums may be deducted if a claim occurs
- e. Entire contract – policy, application, and attachments
- f. Incontestable period – \_\_\_\_\_ years for the insurer to challenge the application
- g. Misstatement of age – \_\_\_\_\_ will be adjusted. The insured will only get what they have paid for
- h. Statements on the application – \_\_\_\_\_ (truth to the best of their knowledge) not warranties (guarantee of the truth)
- i. Reinstatement
  - i. Must be within \_\_\_\_\_ years of the lapse
  - ii. Back premiums \_\_\_\_\_ must be paid
  - iii. \_\_\_\_\_ must be established
- j. Immediate payment of claims – Insurer is required to settle within \_\_\_\_\_ months of proof of death

### 19. Prohibited policy Provisions

- a. Time limit on lawsuits – no sooner than \_\_\_\_\_ days or later than \_\_\_\_\_ years of the cause of action
- b. Back dating – no more than \_\_\_\_\_ months prior to the application date
- c. Settlement
  - i. Must pay full amount owed
  - ii. When could they pay less than the full face amount?
    - 1. \_\_\_\_\_
    - 2. \_\_\_\_\_
    - 3. \_\_\_\_\_

### 20. AIDS & HIV

- a. Insurer may \_\_\_\_\_
- b. No questions concerning sexual orientation or to determine orientation
- c. Testing may be done:
  - i. \_\_\_\_\_ must be obtained
  - ii. Results must be \_\_\_\_\_



- d. Applicant may be rejected based upon results
  - e. If accepted, AIDS must be covered the same as any other condition
21. Interest
- a. Interest on loans may be no more than \_\_\_\_% if fixed
  - b. If rates are adjustable, they must be based on \_\_\_\_\_
  - c. Anytime the company has your money over \_\_\_\_ days, interest must be paid
22. Accelerated Death Benefits
- a. Benefits paid from the \_\_\_\_\_ benefit prior to death
  - b. Qualifying events
    - i. Medical condition that drastically limits life span or requires extraordinary medical intervention
    - ii. Condition that requires confinement that is expected for a lifetime
    - iii. Drastically limits lifespan
  - c. Benefits will be paid without restriction
23. Viatical Settlements
- a. The purchase of a life policy for less than the face amount, for the purpose of \_\_\_\_\_ return
  - b. Negotiating settlements require life \_\_\_\_\_
  - c. Death benefits will be \_\_\_\_\_ above the cost basis (purchase amount)
24. Advertising
- a. Buyers guide
    - i. Prepared by the \_\_\_\_\_
    - ii. Includes \_\_\_\_\_ information to assist in the purchasing decision
  - b. Policy summary
    - i. Prepared by the \_\_\_\_\_
    - ii. Includes the \_\_\_\_\_ of the product purchased
  - c. Must be delivered prior to taking an application unless a 10 day free look applies, then at delivery
  - d. General provisions
    - i. Must fully inform the applicant of your \_\_\_\_\_ and the \_\_\_\_\_
    - ii. May not use terms to mislead who the agent is (financial planner, investment advisor, financial consultant etc.)
    - iii. Dividends are \_\_\_\_\_
    - iv. Guaranteed minimums must be \_\_\_\_\_ shown
25. Replacement
- a. Defined – any transaction that affects the value in a significant way including:
    - i. Cashed in
    - ii. Converted
    - iii. Borrowed over \_\_\_\_% of the cash value
  - b. Duties of the producer
    - i. \_\_\_\_\_
      - 1. About existing insurance
      - 2. About replacement

- ii. \_\_\_\_\_
  - 1. Important Notice Regarding Replacement
  - 2. Signatures (agent and applicant)
- iii. \_\_\_\_\_
  - 1. Copies to the customer
  - 2. Copies to the insurer
- c. Duties of the Insurer
  - i. Notify original company within \_\_\_\_\_ business days
  - ii. Maintain copies for \_\_\_\_\_ years
  - iii. Provide a \_\_\_\_\_ day free look

### **Section IV – Health Regulations, Chapter 3**

#### 26. Health Provisions

- a. Entire contract; changes
  - i. The \_\_\_\_\_ and any attachments ( \_\_\_\_\_ )  
comprise the entire contract
  - ii. Only an \_\_\_\_\_ of the company can make a change in  
the contract
  - iii. The agent does not have the authority to change or alter the contract
- b. Grace period
  - i. Period of time the owner has to pay the premium after it comes due
  - ii. \_\_\_\_\_ days
  - iii. \_\_\_\_\_ during the grace period
- c. Free look
  - i. Allows the insured to review the contract
  - ii. Begins when the policy is delivered
  - iii. \_\_\_\_\_ days
- d. Incontestable Clause
  - i. The amount of time the insurance company to challenge the information  
on the application
  - ii. \_\_\_\_\_ years
- e. Reinstatement – \_\_\_\_\_, \_\_\_\_\_ & \_\_\_\_\_
  - i. \_\_\_\_\_ days to accept or reject reinstatement
  - ii. \_\_\_\_\_ day waiting period for sickness
  - iii. \_\_\_\_\_ days to collect back premium
- f. Notice of claim - insured must notify the insurer of a claim within \_\_\_\_\_ days
- g. Claim forms - insurer has \_\_\_\_\_ days to supply a claim form to the insured
- h. Proof of loss - insured has \_\_\_\_\_ days after the date of loss to submit proof of loss
- i. Time payment of claims- insurer must pay claims immediately  
( \_\_\_\_\_ days)
- j. Payment of claims - specifies to \_\_\_\_\_ payment is made
- k. Physical exam and autopsy
  - i. At the expense of the \_\_\_\_\_
  - ii. With \_\_\_\_\_ of a judge

- l. Legal action
    - i. wait \_\_\_\_ days to sue, but file within \_\_\_\_ years after proof of loss
  - m. Change of beneficiary
    - i. Owner has the \_\_\_\_\_ to designate and change beneficiary designation (unless irrevocable designation has been made)
  - n. Guaranteed renewable
    - i. Insurance company cannot cancel or non renew the insured
    - ii. May raise premiums on a class basis
27. Miscellaneous Health Issues
- a. Mammogram coverage – must become available at age \_\_\_\_
  - b. AIDS & HIV
    - i. Insurer \_\_\_\_\_
    - ii. No questions concerning sexual orientation or to determine orientation
    - iii. Testing may be done:
      - 1. \_\_\_\_\_ must be obtained
      - 2. Results must be confidential
    - iv. Applicant may be \_\_\_\_\_ based upon results
    - v. If accepted, AIDS must be covered
  - c. Children
    - i. Newborns and adopted children
    - ii. Covered from \_\_\_\_\_ or adoption
    - iii. No pre-existing conditions excluded under age 19
    - iv. Any payment due must be paid within \_\_\_\_ days
  - d. May stay on parents plan up to age \_\_\_\_
  - e. Handicapped and dependent may stay beyond limiting age
    - i. With proof submitted within \_\_\_\_ days
    - ii. With ongoing proof submitted at:
    - iii. \_\_\_\_\_ intervals within 2 years
    - iv. \_\_\_\_\_ after 2 years
  - f. Indiana Comprehensive Health Insurance Association
    - i. Nonprofit organization
    - ii. Provides health insurance to those that cannot normal obtain it
    - iii. Assigned risk pool
    - iv. Eligibility
      - 1. Has been \_\_\_\_\_ by one carrier for health insurance coverage
      - 2. Has applied for and been rejected by \_\_\_\_\_
      - 3. Must be a federally eligible individual
  - g. Small Groups Definition
    - i. Between \_\_\_\_ and \_\_\_\_ eligible employees
    - ii. Eligible employees – \_\_\_\_ hours
28. Medicare Supplement Policies
- a. Also known as Medigap policies
  - b. Sold by private insurance companies
  - c. Purpose is to fill in the gaps left by Medicare
  - d. Pre-existing conditions – treated in the last \_\_\_\_ months and must be covered within \_\_\_\_ months

- e. Must be guaranteed renewable
- f. Plan A is the “\_\_\_\_\_ benefits”
- g. 6 month \_\_\_\_\_ at age 65 or when signing up for Part B
- h. Free look is \_\_\_\_\_ days
- i. Compensation no more than \_\_\_\_\_ % of renewal
- j. Policy summary
  - i. Written by the \_\_\_\_\_
  - ii. \_\_\_\_\_ of the purchased plan
- k. Buyers guide
  - i. Written by the \_\_\_\_\_
  - ii. \_\_\_\_\_ shopping information
- l. Replacement rules apply
  - i. Ask if/when this will replace existing insurance
  - ii. Fill out/sign the Important Notice Regarding Replacement Form
  - iii. Leave a copy with the customer/turn one in to the insurance company
- m. Rule 16 - Advertising rules
  - i. Advertising must be:
    - 1. \_\_\_\_\_
    - 2. \_\_\_\_\_
    - 3. \_\_\_\_\_
- n. Rule 17 – Marketing rules
  - i. Specifically the following must be avoided:
    - 1. Twisting
    - 2. High pressure tactics
    - 3. Cold lead advertising

29. Long Term Care Insurance

- a. Must be guaranteed renewable (\_\_\_\_\_page)
- b. \_\_\_\_\_ day free look (\_\_\_\_\_ page)
- c. \_\_\_\_\_ guard must be offered
- d. Minimum benefit period of \_\_\_\_\_ months
- e. Pre-existing periods may be no longer than \_\_\_\_\_ months
- f. \_\_\_\_\_ must be established
- g. Compensation no more than \_\_\_\_\_ % of renewal
- h. Outline of coverage
  - i. \_\_\_\_\_ written
  - ii. \_\_\_\_\_ information
- i. Shoppers guide
  - i. \_\_\_\_\_ written
  - ii. \_\_\_\_\_ information
- j. Replacement rules apply
- k. Long Term Care Partnership
  - i. Partnership between \_\_\_\_\_ and \_\_\_\_\_
  - ii. Protects against Medicaid \_\_\_\_\_ by \_\_\_\_\_ assets
  - iii. Two types:
    - 1. Dollar for dollar
    - 2. Total asset disregard