



Professional Training Institution

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Insurance Law Life & Health



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Kentucky State Law – Life and Health

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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/Director
 - a. Chief executive officer of the Department of Insurance
 - b. State Government Position:
 - i. Appointed by the _____
 - ii. Term of ____ years
 - iii. Takes an oath of office
 - iv. _____ bond required
 - c. Must be a member of the _____ (NAIC)
 - 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. _____ sentences
 - ii. But, they can recommend your case to the state _____ and they can impose a jail sentence
3. Complaints
 - a. Recorded/maintained by DOI for ____ years
 - b. Entity/individual responds in ____ calendar days
 - c. Director may subpoena for a hearing
 - i. ____ days to appeal/request a hearing
4. Admission of insurance companies
 - a. _____ insurer – located and organized in Kentucky
 - 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. Unauthorized/Nonadmitted – not approved
 - f. _____ – proof of admittance

5. 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 _____
 - i. **Other state commissioners examine their own domestic companies**
 - ii. **Passes the information to the Indiana commissioner**
 - iii. **Speeds up the examination process**
6. Guarantee Association (KIGA)
 - a. Protects the _____ 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

7. Licensing
 - a. A person may not _____, _____or _____ insurance unless first properly licensed
 - b. Business entities must also be licensed to conduct business with the public. Each licensed entity must assign a licensed agent as its' _____ officer
8. Resident producers
 - a. **Must be at least ____ years of age**
 - b. **Must be a _____ of Kentucky**
 - c. **Past _____**
 - d. **Prelicensing**
 - e. **Pass written _____**
 - f. **Pay license _____**
 - g. **Establish _____of financial responsibility**
9. Address changes must be made within ____ days, this includes:
 - a. **Physical address**
 - i. **Residential for the agent**
 - ii. **Business for the agency**
 - b. **Email address**
 - c. **Legal name change**
 - d. **Criminal record**
10. Continuing education
 - a. ____ hours every ____ years
 - b. ____ of the 24 must be in the field of ethics
 - c. ____ in the area licensed
 - d. Licenses renew on your birth month based upon your birth year
 - e. ____ hours may be carried over

11. Nonresident producer
 - a. Resident license must be in good standing
 - b. Fees and application must be submitted
 - c. States must be _____
 - d. Reciprocal states accept each others pre-licensing and continuing education procedures
12. Temporary producer
 - a. Allows an individual to _____ but _____ existing business
 - b. Good for ____ days
 - c. Issued for any _____
 - i. Military service
 - ii. Death
 - iii. Disability
13. Controlled business
 - a. Business written on
 - i. _____
 - ii. Immediate _____
 - iii. _____/_____
 - b. _____ does not constitute controlled business. Anyone can be a “friend”
 - c. Too much controlled business is a violation of insurance law
 - i. No more than ____% of _____ in a ____ month period
14. Consultant (Licensed vs Acting)
 - a. Gives _____ for a ____
 - b. Licensed
 - i. An _____ practitioner who gives advice for a fee
 - ii. Must have at least ____ years experience in the industry
 - iii. Must _____ the producer license (works for the client not the company)
 - c. Consultant licenses are not required for:
 - i. Attorneys
 - ii. CPA's
 - iii. _____ or _____
 - d. _____ like a consultant requires:
 - i. Full _____ of all fees and commissions
 - ii. Advance _____ and agreement
15. Limited Lines License
 - a. Allows the selling of _____ lines products
 - b. Most do not require a _____ to obtain
 - i. Title
 - ii. Baggage
 - iii. Rental
 - iv. Travel
 - v. Prearranged _____ insurance
16. Insurance Adjuster
 - a. 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. Not bad past reputation
 - v. Completed a 40 hour pre-licensing education program

- vi. Pass examination
- vii. Turn in application
- viii. Pay fees
- b. Independent/Staff Adjusters work for the _____
- c. Public Adjusters work for the insured

Section III – Regulations and Violations

17. 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. Monetary restitution
- c. If it sounds wrong or unethical, it probably is a violation of the law
- d. General violations:
 - i. Misleading
 - ii. Violating law
 - iii. Misrepresentation
 - iv. Fraud
 - v. Misappropriation
 - vi. Felony
 - vii. Unfair practices
 - viii. Incompetence
 - ix. Forging
- e. 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

18. 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. The following are prohibited practices:
 - i. Illustrations may not mislead the client or misrepresent information
 - ii. False Advertising/False financial statements
 - 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
 - ix. Coercion
 - x. Sharing of commissions with an unlicensed person
 - 1. Must be _____ to split commissions
 - 2. Renewals may be paid if licensed at the time of the sale
 - xi. _____ – replacement transaction done through misrepresentations
 - e. Unfair Claims Settlement Practices:
 - i. Claims owed, must be paid:
 - ii. Accurately and fully
 - iii. Timely
 - iv. In good faith
 - f. If it sounds unreasonable or unethical, it is probably illegal
19. Fraud
- a. Fraud is always illegal and defined as:
 - i. An intentional act
 - ii. Involving some form of misrepresentation
 - iii. Done for financial gain
 - b. If fraud involves less than \$500, the penalty is no more than:
 - i. 1 year in prison and/or
 - ii. \$1,000 per individual or \$5,000 per corporation
 - c. If fraud is greater than \$500, the penalty is as follows:
 - i. No less than 1 year and no more than 5 years in prison and/or
 - ii. No more than \$10,000 per individual or \$100,000 per corporation
20. Advertisements in General
- a. Policy terms must be complete and cannot mislead the public
 - b. Titles cannot misrepresent the true nature of the product or representative
 - c. In other words, they must be:
 - i. _____
 - ii. _____
 - iii. _____
21. Insurance Contracts
- a. Premium Late Charge Authorized
 - i. Late charge may not exceed ____% in addition to the ordinary premium charges
 - ii. Accounts must have been unpaid for 30 days before issuing a late charge
 - b. Power to Contract
 - c. An individual cannot buy insurance before the age of _____
 - d. File and Approve
 - i. A “file and approve” state requires policies to be sent to the Department of Insurance before being sold to the public
 - e. Binders/Binding Receipt
 - i. May last no longer than ____ days
 - ii. Issuance date of the policy
 - iii. Whichever is shorter

Section IV – Life Regulations

22. Life Required Policy Provisions

- a. Premiums are paid in _____
- b. Free look (Right to return) – ____ days
- c. Grace period
 - i. ____ days
 - ii. _____ applies
 - iii. **Premiums may be deducted**
- d. Entire contract – policy, application and attachments
- e. Incontestable period – ____ years
- f. Misstatement of age – _____ will be adjusted
- g. Statements on the application – _____ not warranties
- h. Reinstatement
 - i. ____ years
 - ii. **Back premiums _____ must be paid**
 - iii. _____ **must be established**
- i. Immediate payment of claims – within ____ months

23. Prohibited policy Provisions

- a. Time limit on lawsuits – no sooner than ____ days or later than ____ years
- b. Back dating – no more than ____ months
- c. Settlement
 - i. **Must pay ____ amount owed**
 - ii. **When could they pay less than the full face amount?**
 1. _____
 2. _____ premium
 3. _____ of age or gender adjustment

24. Interest

- a. Interest on loans may be no more than ____ % if fixed
- b. If rates are adjustable, they must be based on _____ Average
- c. Anytime the company has your money over ____ days, interest must be paid

25. 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

26. 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

27. Marketing Practices

- 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, or the role of the agent
 - iii. Dividends are _____
 - iv. Guaranteed minimums must be _____ shown

28. 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. Insurer's Duties
 - i. Inform and educate the agents of their responsibilities
 - 1. Notify the competitor within ____ business days
 - 2. Maintain a copy of all proposals for ____ years
 - 3. Provide a ____ day free look for life replacement

Section V – Health Regulations

29. Health provisions

- a. Entire contract
 - i. Policy
 - ii. Application
 - iii. Any additions
- b. Incontestable Clause – 3 years
- c. Grace period
 - i. ____ days to pay the premium
- d. Notice of Claims – ____ days

- e. Claim Forms – ____ days
- f. Proof of Loss – ____ days
- g. Time Payment of Claims – ____ days
- h. Payment of Claims
- i. Physical exam and autopsy
 - i. At the _____ of the insurer
 - ii. With _____ of a judge
- j. Legal action – wait ____ days to sue and within ____ years after proof of loss
- k. Change of beneficiary
- l. Guaranteed renewable
 - i. Insurance company cannot cancel or non renew the insured
- m. Free look
 - i. ____ days

30. Children

- a. Newborns and adopted children
- b. Covered from _____ or adoption
- c. No pre-existing conditions excluded under age 19
- d. Any payment due must be paid within ____ days
- e. May stay on parents plan up to age ____
- f. 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

31. Miscellaneous Health Issues

- a. Mammogram coverage – must become available at age ____
- b. Intoxicants, Narcotics and Hallucinogenic
- c. Injuries as a result of will not be covered
 - i. Will only be covered if it is a prescription used properly under the direction of a physician
 - ii. Refund of unearned premium must be paid upon death
- d. AIDS & HIV
 - i. Insurer may ask
 - ii. No questions concerning sexual orientation or to determine orientation
 - iii. Testing may be done:
 - 1. Consent must be obtained
 - 2. Results must be confidential
 - iv. Applicant may be rejected based upon results
 - v. If accepted, AIDS must be covered

32. Medicare supplement Policies

- a. Pre-existing conditions – treated in the last ____ months and must be covered within ____ months
- b. Must be _____ renewable
- c. Plan A is the “ ____ benefits.” It must be offered by any company selling supplements
- d. 6 month _____ at age 65
- e. Compensation for the first year may be no more than _____ of the second
- f. Renewals paid will be no less than 5 years
- g. Free look is ____ days

- h. Buyers guide
 - i. **Written by the _____**
 - ii. _____ **shopping information**
 - i. Policy summary (Outline of Coverage)
 - i. **Written by the _____**
 - ii. _____ **of the purchased plan**
 - j. Replacement rules apply
 - i. **Ask**
 - ii. **Get**
 - iii. **Submit**
 - k. All advertisements must be maintained
 - i. Advertising must be:
 - 1. _____
 - 2. _____
 - 3. _____
 - ii. Specifically, the following must be avoided:
 - 1. **Twisting**
 - 2. **High pressure tactics**
 - 3. **Cold lead advertising**
33. Long Term Care Insurance
- a. Must be guaranteed renewable (_____ page)
 - b. _____ day free look (_____ page)
 - c. Premiums may not increase due to age beyond 65
 - d. Post claim underwriting is not allowed
 - e. Companies must disclose past 10 years rate history
 - f. _____ guard must be offered
 - g. Minimum benefit period of _____ months
 - h. Pre-existing periods may be no longer than _____ months
 - i. _____ must be established
 - j. Shoppers guide
 - i. _____ **written**
 - ii. _____ **information**
 - k. Outline of coverage
 - i. _____ **written**
 - ii. _____ **information**
 - l. Suitability must be established
 - m. Replacement rules apply
 - i. **Ask**
 - ii. **Get**
 - iii. **Submit**
34. Miscellaneous Issues
- a. All advertising must be maintained for at least _____ years
 - b. Blanket policies – protects a group without naming specific insureds