

Webinar Notebook

Life Insurance for “Aha!” Moments



Notebook Icon Key



“Listen For”- These sections will not be called out by the trainer. They are intended to help you track the most important ideas as you listen and take notes.



“Quick Tips & Guidance”- Suggestions on note-taking or session/notebook info



“Answer Key”- For additional activities at the end of this Notebook. These are not intended to be completed during the session, therefore, an answer key is provided.



Download this notebook to jot down notes, questions, and key ideas during the webinar. You can type directly into this PDF or print it and write by hand.

Agenda

1. General Insurance

- Pg. 3- Key Concepts
- Pg. 3- Agents and Law of Agency
- Pg. 4- Insurance Contracts

2. Life Insurance Basics

- Pg. 5- Policy Terms
- Pg. 5- Insurable Interest
- Pg. 5- Uses of Life Insurance
- Pg. 6- Solicitation and Sales Presentation
- Pg. 6- Field Underwriting
- Pg. 6-7- Underwriting by Insurer
- Pg. 7- Policy Issue & Delivery

3. Life Insurance Policies

- Pg. 8- Term Life
- Pg. 8- Whole Life Policies
- Pg. 9- Flexible Premium Policies
- Pg. 9- Variable Life Policies
- Pg. 9- Specialized Policies
- Pg. 10- Group Life Policies
- Pg. 10- Credit Life Insurance

4. Life Policy, Provisions, Riders and Options

- Pg. 11- Standard Provisions
- Pg. 11- Beneficiaries
- Pg. 12- Loans and Withdrawal
- Pg. 12- Policy Riders
- Pg. 12- Nonforfeiture Options
- Pg. 13- Dividend Options
- Pg. 13- Settlement Options



Some topics may be brief. The agenda may shift based on your questions, topic difficulty, and exam weight.

5. Annuities

- Pg. 14- Basics of Annuities
- Pg. 14- Premium Payments and Annuity Payments
- Pg. 14- Annuity Investment Options
- Pg. 15- Annuity Payout Options
- Pg. 15- Uses of Annuities

6. Qualified Plans

- Pg. 16- General Requirements
- Pg. 16- Types of plans and their Characteristics

7. Federal Tax Considerations for Life Insurance and Annuities

- Pg. 17- Taxation of Personal Life Insurance and Annuities
- Pg. 17- Modified Endowment Contracts
- Pg. 17- Taxation of Annuities and IRAs

8. Insurance Regulation

- Pg. 18- Licensing
- Pg. 18- Continuing Education
- Pg. 19- State Regulation
- Pg. 19- Unfair Trade Practices
- Pg. 20- Federal Regulation



Webinars may not always follow the same order as your course materials, so taking notes here will help you connect what you learn today to your study materials and quickly find concepts when you review later.

General Insurance

Section: Key Concepts

Section: Types of Insurers

 What does it mean if an insurer issues “participating policies”?

Section: Agents and Law of Agency



General Insurance

Section: Insurance Contracts



What are the four elements of a legal contract?
What makes misrepresentation “material”?
How is representation different from a warranty?
If an action is to be considered “fraud” what elements must be present?

Chapter Quiz Notes



If you missed or guessed on a question, note the topic. Review after the webinar.

Life Insurance Basics

Section: Policy Terms

 Listen For Insurer | Insured | Beneficiary Policyowner
Definitions: Face Amount | Death Benefit

Section: Insurable Interest

 THREE important details about insurable interest in Life Insurance.
Insurable interest is required between which parties in the policy?
Insurable interest is NOT required between which other parties?

Section: Uses of Life Insurance



Life Insurance Basics

Section: Solicitation and Sales Presentation

Section: Field Underwriting

Section: Underwriting by the Insurer (cont. on pg. 7)



Life Insurance Basics

Section: Underwriting by the Insurer (cont.)



THREE sources of customer information used in underwriting.
What would risk classification of "substandard" mean for the insured?
How does the insurer know with whom they can share customer HIV test results?

Section: Policy Issue and Delivery



Listen for Policy Delivery | Backdating | Policy Effective Date
Definitions: Statement of Good Health | Policy Amendment

Chapter Quiz Notes



If you missed or guessed on a question, note the topic. Review after the webinar.

Life Insurance Policies

Section: Term & Whole Life Policies



Listen for Level Term | Increasing Term | Decreasing Term
Definitions: Annual Renewable Term | Cash Value | Whole Life | Endow
Level Premium | Straight Life | Limited Pay Life | Single Pay Life



What happens to a Whole Life policy if the insured reaches age 100?

Life Insurance Policies

Section: Flexible Premium Policies



What is considered “flexible” in a Universal Life policy?
Name the two Death Benefit options in Universal Life. What distinguishes them?
Name the ways a Universal Life policy gains value.

Section: Variable Life Policies



How does the insurer bear the investment risk in a fixed product?

Life Insurance Policies

Section: Specialized Policies



How does a Joint Life policy differ from a Survivorship Life policy?
Which policy (Joint or Survivorship) will most likely remain in force longer?

Section: Group Life & Credit Life



Explain the differences between Contributory and Non-Contributory policies.

Chapter Quiz Notes



If you missed or guessed on a question, note the topic. Review after the webinar.

Life Policy, Provisions, Riders, and Options

Section: Standard Provisions



Why would a policyowner need Collateral Assignment?

List the information found in the Insuring Clause.

In which ways does the Grace Period provision benefit the insured?

What rights does the insurer have when a misstatement of age or gender is found at the time of insured death?

Section: Types of Insurers



When can a policyowner change an irrevocable beneficiary?

If a beneficiary is deceased at the time of the insured's death, what happens to the policy proceeds? Should the beneficiary and the insured die simultaneously, to whom is the death benefit paid?

Why is naming the insured's estate as beneficiary not a recommended option?

Life Policy, Provisions, Riders, and Options

Section: Loans and Withdrawals

Section: Policy Riders



Write down as much as needed in order to understand these terms:

Rider | Disability Wavier of Premium | Disability Waiver of Cost | Payor Benefit
Spouse and Family Term | Guaranteed Insurability | Accidental Death &
Dismemberment | Accelerated Death Benefit | Cost of Living Rider



Life Policy, Provisions, Riders, and Options

Section: Nonforfeiture Options



- Which Non-Forfeiture Option is usually the default option?
- Which Non-Forfeiture Option pays out a lower death benefit than the original policy?
- The Reduced Paid-Up Option will provide insurance for how long?
- When exercising the Cash Surrender Option, which portion of the proceeds aren't taxable?

Section: Dividend Options



- What is the difference between: Paid-Up Additions Option & One Year Term Option?

Section: Settlement Options (cont. on pg. 14)



- Who chooses the policy settlement option that will be exercised?
- Which settlement option will not result in a taxable situation for the beneficiary?

Life Policy, Provisions, Riders, and Options

Section: Settlement Options (cont.)



Why is a Life Income option a good choice for the beneficiary?

A Joint and Survivor Option would be suitable for which types of beneficiaries?

Describe how the Fixed Period installment option will impact the amount paid per month.

Options Summary

Option Type	Available Options
Nonforfeiture Options	
Dividend Options	
Settlement Options	

Chapter Quiz Notes



If you missed or guessed on a question, note the topic. Review after the webinar.

Annuities

Section: Basics of Annuities



How does an annuity provide income that a person cannot outlive?

Section: Premium Payment and Annuity Payments



Listen for Single Premium | Periodic Premium | Level Premium | Flexible Premium
Definitions: Immediate Annuity | Deferred Annuity | Surrender Charge

Section: Annuity Investment Options

Annuities

Section Annuity Payout Options



How can a Joint annuity help a retired couple?

Which annuity settlement options allow the annuitant to choose the amount of each payment or the number of years payments from the annuity will occur?

Why is a Life Income option a good choice for the annuitant?

What is the tax benefit to waiting until you retire to receive your money from your annuity?

Section: Uses of Annuities



Name a few customer suitability considerations in the recommendation of an annuity.

How can purchasing an annuity help a recipient of a large lump sum of money?

Describe how an annuity is a long-term investment.

Chapter Quiz Notes



If you missed or guessed on a question, note the topic. Review after the webinar.

Qualified Plans

Section: General Requirements



Can you name the various requirements for an employer-sponsored qualified plan?

Section: Types of Plans and their Characteristics

Complete the chart below to help summarize the qualified plans you learned.

Plan Type	Eligibility	Who Contributes	Other Characteristics
IRA			
HR-10			
SEP			
SIMPLE			
401(k)			
403(b)			

Chapter Quiz Notes



If you missed or guessed on a question, note the topic. Review after the webinar.

Life Policy, Provisions, Riders, and Options

Federal Tax Considerations for Life Insurance and Annuities

Complete the chart below to help summarize life and annuity taxation

Tax Considerations	Taxable/Not Taxable/Tax Deductible/Not Tax Deductible
Premiums	<i>not tax deductible</i>
Death Benefit	
Cash Value Increases	
Cash Value Gains	
Dividends	
Dividend Accumulations in policy	
Policy Loans	
Surrenders	
IRA/401K/403b	

Chapter Quiz Notes



If you missed or guessed on a question, note the topic. Review after the webinar.

Insurance Regulation

Section: Licensing

Can you list the steps to obtain your license established by your state?

Section: Continuing Education

Section: State Regulation



Insurance Regulation

Section: Unfair Trade Practices

Can you name the various unfair trade practices in your state and summarize each one?

Federal Regulation



Name the documentation needed to re-enter the insurance industry after a fraud conviction.
Describe how the Fair Credit Reporting Act protects consumers.
Prohibited information includes what kind of financial offenses?
Negative information includes what kind of offenses?
Describe the differences between consumer reports and investigative consumer reports.

Chapter Quiz Notes



If you missed or guessed on a question, note the topic. Review after the webinar.

Post- Webinar

Additional Activities

NOTE This notebook is supplementary. The online course is your primary study tool.



These activities are NOT intended to be completed during the webinar.

They are included as optional practice to help reinforce what you learned. You can complete them on your own time using your notes and course materials. There is an answer key at the bottom of each page.



General Insurance

Section: Key Concepts

True or False

- ___ A peril is a condition that increases the chance of loss.
- ___ Purchasing insurance is the transfer of pure risk.
- ___ Speculative risks involve the chance of loss or gain.
- ___ The larger the number in a group, that group's losses become less predictable.
- ___ A hazard is the cause of loss.
- ___ The money a customer pays for insurance is called a premium.

Section: Types of Insurers

Fill in the Blank

- ___ companies are owned by their stock or shareholders.
- ~~Mutual companies pay dividends to their~~ ___.
- Government insurance programs raise money mostly through ___.
- In Dallas, TX, a(n) ___ insurer is one that was formed in Utah.
- An admitted insurer holds a ___ in your state.
- A domestic insurer was incorporated in ___.

Life Insurance Basics

Section: Uses of Life Insurance

True or False

- ___ Life insurance creates an immediate estate.
- ___ In executive bonus life insurance, the policy belongs to the business.
- ___ A buy-sell agreement is a legal contract between business partners.
- ___ Life insurance for estate conservation is used to pay the estate taxes of the deceased.
- ___ The Human Life Value approach is based on needs of the deceased's survivors.

Section: Solicitation and Sales Presentation

Fill in the Blank

- A ___ contains information about a specific policy being issued.
- At the time of application, the producer must furnish the applicant with a ___.
- Producers must assure as best as possible that a ___ is in the best interest of the customer, especially as their current policy will be terminated.
- The Notice Regarding Replacement must be signed by the ___.



Key Concepts: T, T, T, F, F, T

Types of Insurers: Stock, policyholders, taxes, foreign, Certificate of Authority, your state.

Uses of Life Insurance: T, F, T, T, F

S&S Presentation: policy summary, buyers guide, replacement, agent and applicant

Life Insurance Policies

Section: Variable Life Policies

Fill in the Blank

To sell Variable Life Insurance, an agent needs a _____ license from the state and needs a securities license and registration with _____.

Variable Life premiums are invested in a _____ account.

Cash values are not _____ on Variable Life policies.

In Dallas, TX, a(n) _____ insurer is one that was formed in Utah.

The _____ bears the investment risk in a variable policy.

Fixed (Whole Life) premiums are invested in the insurer's _____ account.

Section: Group Life and Credit Life

Fill in the Blank

In a Group policy, the _____ receives the master contract and the _____ receives a certificate of insurance.

Credit Life policies are owned by the _____.

The borrower is responsible for _____ in a Credit Life policy.

Group insurance is underwritten on a group level, so it usually requires no evidence of insurability for the _____.

Life Policy, Provisions, Riders, and Options

Section: Standard Provisions

True or False

- _____ The Free-Look period usually lasts for 1 year from date of purchase.
- _____ Absolute Assignment is a total and permanent transfer of policy ownership to another.
- _____ The policyowner has the right to name the beneficiary at time of policy application.
- _____ The Entire Contract provision states that the policy and anything else attached at issue makes the insurance contract.
- _____ The Incontestability Clause states that the policy can deny claims for material misrepresentations within the first 5 years.

Section: Loans and Withdrawals

Fill in the Blank

If a policyowner borrows from the loan value of the policy, any outstanding loan balance upon the death of the insured will be _____ from the death benefit.

Only policies that accumulate a _____ value will be eligible for loans.

An Automatic Premium Loan is an option designed to prevent the unintentional _____ of the policy.

Partial Surrenders are usually used in _____ policies.



Variable Life Policies: Life Insurance, FINRA, separate, guaranteed, policyowner, general Group & Credit: Employer, employee, creditor, premium payments, employee or group member.

Standard Provisions: F, T, T, T, F

Loans & Withdrawals: subtracted, cash, lapse, universal life

Annuities

Basics of Annuities

Fill in the Blank

While life insurance _____ an estate, annuities _____ an estate.

A(n) _____ in an annuity is like the insured in life insurance.

The owner of an annuity may be a person or a corporation, but the annuitant must be a _____.

The _____ period is when the annuity is funded.

The _____ period is when the annuity pays out.

Section: Annuity Investment Options

True or False

- _____ Having a fixed annuity provides no guarantee of earning interest on your money invested.
- _____ A variable annuity invests the premium money in the insurer's general account.
- _____ To sell a variable annuity, one needs only to hold a life license issued by the state.
- _____ An Equity Indexed annuity is riskier than a variable annuity because the S&P 500 is historically unreliable.
- _____ In a variable annuity, income payments during the annuitization phase may vary.

Insurance Regulation

Section: Continuing Education

Fill in the Blank

You must complete your continuing education requirements every _____ years.

The required number of hours for my license is _____.

Of the total number of required hours, _____ must be in ethics training.

State Regulation

True or False

- _____ The Director/Superintendent/Commissioner can create insurance law.
- _____ Examinations of an insurer must be paid for by the insurer being examined.
- _____ A Cease and Desist Order is a formal legal demand to stop an action.
- _____ The Director/Superintendent/Commissioner holds hearings for insurance code violations.
- _____ Any licensee who receives an administrative action or is under criminal charge must immediately surrender his/her license.



Basics of Annuities: creates, liquidate, annuitant, natural person, accumulation, annuitization

Annuity Investment Options: F, F, F, F, T

Continuing Education: answers vary by state - find the answers in your online course make sure to know them for your state exam.

State Regulation: F, T, T, T, F