

Life Insurance
MIS 261
One Semester Credit
University of Montana
School of Business Administration

Instructor:

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Mission Statement:

The University of Montana's School of Business Administration is a collegial learning community dedicated to the teaching, exploration, and application of the knowledge and skills necessary to succeed in a competitive marketplace.

Course Description:

The Life Insurance course will provide both a broad perspective and a detailed view of the use of life insurance. The primary focus of the life insurance portion of the course will be on the various individual life insurance policies and the individual provisions contained in each policy. The course will compare the life insurance policy coverages with the government options of workers compensation and Social Security. In addition, the course will develop an understanding of how the legal and regulatory environment attempts to provide protection for the consumer.

Course Objectives:

The course objectives are to: (1) create an awareness of the shortcomings in the basic but minimal government life insurance programs (workers compensation and Social Security); (2) develop an understanding of both term and whole life insurance and the basic policy provisions found in each; and (3) examine the state legal environment which regulates the life insurance industry to provide choice, a degree of uniformity, and consumer protection.

Course Format and Method of Evaluation:

Students are graded on the basis of the following:

- A quiz will be given after each of the 23 chapters.
- A final course exam will be given after Chapter 23.

Academic Integrity:

Academic misconduct is subject to an academic penalty by the course instructor and/or a disciplinary sanction by the University. *Any students found engaged in academic dishonesty will, at a minimum, receive an F for the course.*

Text:

Life and Health Insurance, by Americasprofessor.com

Course Coverage and Readings:

- 1) **Introduction to Insurance**
 - Risk
 - Risk management
 - Self insuring
 - Types of Insurers
- 2) **Social Security and Workers Compensation**
 - Social Security
 - Who pays for Social Security
 - Who is covered by Social Security
 - Calculating Social Security benefits
 - Workers Compensation and its relationship to life and health insurance
- 3) **Underwriting Life and Health Insurance**
 - Factors in the underwriting process
 - Sources of underwriting information
 - The medical exam
 - Making the underwriting decision
 - Calculating premiums
 - Premium mode
- 4) **Group Insurance – The Basics**
 - Group insurance characteristics
 - Underwriting group policies
 - Defining the group
 - Contributory versus noncontributory group policies
 - Voluntary employer sponsored plans
- 5) **Contract Law Issues**
 - Elements of a contract
 - Conditional receipts
 - Insurance consumer fraud
 - Third party ownership
 - Insurable interests
 - Producer responsibilities
 - Uniform policy provisions
- 6) **Insurance Industry Regulation**
 - NAIC
 - State insurance commissioners
 - Federal Fair Credit Reporting Act
 - MIB
 - HIPAA and privacy issues
 - Federal Do Not Call rules
 - Replacement rules
- 7) **Accidental Death and Dismemberment Policies**
 - AD&D as a rider or stand alone policy
 - Multiple indemnity riders
 - Federal Fair Credit Reporting Act

- Beneficiary selection
- Simultaneous Death Act
- Common disaster clause
- Spendthrift trusts
- Revocable and irrevocable beneficiaries

8) Life Insurance Basics

- Individual uses for life insurance
- Business uses for life insurance

9) Term Life Insurance

- Annually renewable term
- Convertible term
- Level, increasing, and decreasing term

10) Whole Life Insurance

- Features of whole life
- Premium options
- Convertibility

11) Required Life Provisions

- NAIC required provisions

12) Optional Life Provisions

- Suicide clause
- Hazardous occupation
- Aviation provisions

13) Life Insurance Riders

- Automatic premium loan rider
- Waiver of premium rider
- Accelerated death benefit rider

14) Policy Decisions

- Dividend options
- Nonforfeiture options
- Settlement options

15) Life Insurance in the Family Setting

- Family policy
- Family income policies
- First to die/Last to die policies

16) Life Insurance in the Business Setting

- Key Employee Life Insurance
- Business continuation agreements

17) Group Life Insurance

- Required provisions in group life policies
- Conversion privileges
- Taxes and group insurance

18) Taxes and Individual Life Insurance

- Taxing the individual policy
- Endowment life insurance

- 19) Adjustable Life Policy**
- Reasons for developing the adjustable life policy
 - Convertibility
- 20) Newer Life Policies**
- Interest sensitive whole life
 - Variable life
 - Universal life
 - Variable universal life
- 21) Retirement Planning**
- Nonqualified versus qualified plans
 - Individual retirement accounts (IRAs)
 - 401-K plans
 - Small business retirement plans
- 22) Annuities**
- Purpose of annuities
 - Pay-in options
 - Pay-out options
 - Taxation and annuities
- 23) State Regulation of Life Insurance**
- State versus federal regulation
 - State Insurance Commissioner - powers
 - Regulation of insurers and producers
 - State code of ethics
 - Replacement regulations