

California Department of Insurance

Life and Disability Analyst

Examination Objectives

Overview

The “life insurance analyst” license was created in 1941 by adding section 32.5 to the California Insurance Code (CIC). Sections 1720-1720.13 were added at the same time to specify the requirements for this license. Although this law was set to be repealed in 1945, a bill was signed into law that made these sections permanent. The intent behind making these provisions a permanent part of the Insurance Code was to assure that “individuals who received a fee for advising the public about a life insurance contract were fully qualified and licensed by the State”. Section 32.5 remained unchanged for almost 40 years until 1983 when the words “and disability” were added to the title and also the definition of “life insurance analyst”. This section remains the same today.

Sections 1720-1720.13, however, were renumbered to become sections 1831-1846 in 1959 as part of the newly added Chapter 8, Life Insurance Analysts. Again in 1983, sections 1831-1846 were significantly changed and sections 1848 and 1849 were added. Some of the changes included:

- 1) permitted life and disability insurance agents to obtain a life and disability insurance analyst license and charge fees for services rendered as an analyst as well as receive a commission from an insurer for transacting insurance, provided the fees received under the analyst license are not for transacting insurance;
- 2) required a life and disability insurance analyst licensee to be licensed as a life agent for five years preceding the date of the analyst examination; and,
- 3) prohibited the analyst from charging a fee for any service which is customarily associated with the solicitation of insurance sales or the servicing of insurance contracts.

These changes helped ensure that both life agents and life and disability insurance analysts had clearly defined activities and fee arrangements. An analyst’s job remained the same—to offer advice relative to life and disability insurance with the same thorough and complete level of knowledge of life insurance as the life agent.

In today’s insurance marketplace, the introduction of new products, new financial plans, new ways to ensure material wealth have brought with it an alarming increase in the financial fraud in the life insurance arena, particularly in the most vulnerable populations—seniors and military personnel. The life and disability insurance analyst of the 21st century has a critically important role to play in the insurance marketplace as an unbiased, expert advisor to California’s life and disability insurance consumers.

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These examination objectives are derived from topics relative to the life and disability analyst license, as well as general insurance topics, found in the following sections of the CIC:

General Provisions Sections 1 - 46

Division 1, Part 1, Chapter 1 Sections 101, 106 and 109

Division 1, Part 1, Chapter 2, Article 1 Sections 150 – 151

Division 1, Part 1, Chapter 2, Article 3 Sections 250

Division 1, Part 1, Chapter 2, Article 4 Sections 280, 283, 284, 285, and 286

Division 1, Part 1, Chapter 2, Article 5 Sections 300 - 305

Division 1, Part 1, Chapter 3, Article 1 Sections 330 - 339

Division 1, Part 1, Chapter 3, Article 2 Sections 350 - 361

Division 1, Part 1, Chapter 4, Article 1 Sections 380 - 395

Division 1, Part 1, Chapter 4, Article 4 Sections 440 - 449

Division 1, Part 1, Chapter 4, Article 5 Section 460

Division 1, Part 1, Chapter 5 Sections 480 – 487

Division 1, Part 1, Chapter 6, Article 3 Sections 554 - 555

Division 1, Part 2, Chapter 1, Article 1 Section 680

Division 1, Part 2, Chapter 1, Article 5 Section 750

Division 1, Part 2, Chapter 1, Article 5.5 Section 770.3

Division 1, Part 2, Chapter 1, Article 5.7 Sections 777.1 - 777.3

Division 1, Part 2, Chapter 1, Article 6 Sections 780 - 784

Division 1, Part 2, Chapter 1, Article 6.5 Sections 790 - 790.15

Division 1, Part 2, Chapter 1, Article 7.5 Sections 815 - 816

Division 1, Part 2, Chapter 2, Article 5 Sections 1220 - 1221

Division 1, Part 2, Chapter 5 Sections 1621 - 1750

Division 1, Part 2, Chapter 5A Sections 1759 - 1759.10

Division 1, Part 2, Chapter 8 Sections 1831 – 1849

Division 2, Part 2, Chapters 1-14 Sections 10110 - 11535

Division 2, Part 6.1 Sections 12670 – 12692.5

Candidate Information Bulletin

The California Department of Insurance's (CDI) Candidate Information Bulletin (CIB) provides detailed information and website links that can assist license applicants in preparing for the license examination.

License applicants are encouraged to review the CIB at the following link:

<http://www.insurance.ca.gov/0200-industry/0020-apply-license/0100-indiv-resident/CandidateInformation.cfm>

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The Examination

The life and disability analyst examination questions are based on these examination objectives. Mastery of these objectives may guarantee success on the examination.

The life and disability analyst examination does not measure skills related to sales or communications, self-management, motivation, knowledge of agency or company procedures, or policy rating.

The applicant for a life and disability analyst license, without any aids (e.g. reference materials and electronic devices) is allowed three-and-a-half hours (210 minutes) to answer the 125 multiple-choice examination questions.

PSI Services, LLC (PSI), a California-based company providing state-based regulatory licensure services, handles the scheduling of examinations for individuals seeking licensure by the CDI's Producer Licensing Bureau. Additional information on the scheduling of the life and disability analyst license examination can be found at the following link:

<http://www.insurance.ca.gov/0200-industry/0010-producer-online-services/0200-exam-info/index.cfm>

CDI offers examinations, by appointment made through PSI, Monday through Friday (except on state holidays) at 8:30 a.m. and 1:00 p.m.* at the following locations:

Sacramento:

California Department of Insurance
Examination Site
320 Capitol Mall, 1st Floor
Sacramento, CA 95814

Los Angeles:

California Department of Insurance
Examination Site
300 South Spring Street, North Tower,
Suite 1000
Los Angeles, CA 90013

San Francisco:

California Department of Insurance
Examination Site
45 Fremont Street, 22nd Floor
San Francisco, CA 94105

*Examinees must check-in 30 minutes prior to their scheduled examination time.

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PSI offers examinations, by appointment only, at its test centers located in the following cities throughout California**:

Anaheim
Atascadero
Bakersfield
Burbank
Carson

El Monte
Fresno
Hayward
Redding
Riverside

Sacramento
San Diego
San Francisco
Santa Clara
Santa Rosa

Ventura
Visalia
Walnut Creek

**For California non-residents, PSI has nationwide examination sites. Please refer to the Candidate Information Bulletin on page 2 for further information.

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 - B. The Insurance Marketplace
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 - F. Relevant Securities Acts
 - G. National Association of Insurance Commissioners (NAIC) Suitability Requirements
 - H. Federal Health Insurance Issues
 - I. California Health Insurance Programs
 - J. Integrating Federal and State Insurance Programs
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- II. LIFE AND DISABILITY ANALYST (10 questions (8 percent) on the examination)
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 - B. Compensation and Fees (receiving or not)
 - C. Conflict of Interest
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- III. LIFE INSURANCE (32 questions (25 percent) on the examination)
 - A. Life Insurance – Review of the Basics
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 - D. Types of Life Policies and Riders
 - E. Issues Shared by Life Insurance and Annuities

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- IV. ANNUITIES (12 questions (10 percent) on the examination)
- A. The Primary Use of Annuities
 - B. Types of Annuities
 - C. Identify the Parties to an Annuity
 - D. How Fixed, Variable and Index Annuity Contract Provisions Affect Consumers
 - E. Qualified and Non-Qualified Plans and Annuities
 - F. The Application of Income Taxation of Qualified and Non-Qualified Annuities
 - G. Advantages and Disadvantages of Annuities
 - H. Sales Practices for California Insurance Agents
 - I. The Senior Market
 - J. Penalties
- V. LIFE SETTLEMENTS (7 questions (6 percent) on the examination)
- A. Life Settlements/Viaticals
 - B. Legal and Tax Considerations
 - C. Life Settlement Brokers
 - D. Suitability Considerations
 - E. Life Settlement for Transaction Process
 - F. Fraud
 - G. Financial Crimes
 - H. Future Developments, the Securities and Exchange Commission (SEC), and the Financial Industry Regulatory Authority (FINRA) Impacts
 - I. Ethics

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- VI. DISABILITY INSURANCE (1 question (1 percent) on the examination)
 - A. Definition

- VII. DISABILITY INCOME INSURANCE (8 questions (6 percent) on the examination)
 - A. Definition
 - B. Policy Provisions
 - C. Exclusions

- VIII. LONG-TERM CARE (18 questions (15 percent) on the examination)
 - A. Long-Term Care
 - B. Potential Resources for Paying for Long-Term Care Expenses
 - C. Federal Legislation and Long-Term Care
 - D. Long-Term Care Insurance
 - E. California Statutory Policy Provisions, Requirements and Terminology
 - F. Administration and Enforcement
 - G. Advertising Guidelines and Marketing Practices
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- IX. HEALTH INSURANCE (4 questions (3 percent) on the examination)
 - A. Definition
 - B. Specialized Health Insurance
 - C. Supplemental Health Insurance

- X. HEALTH INSURANCE EXCLUSIONS or NON-HEALTH INSURANCE PRODUCTS (2 questions (1 percent) on the examination)
 - A. Definition

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B. Non-Health Insurance Products

XI. SENIOR CITIZENS – A PROTECTED CLASS (12 questions (10 percent) on the examination)

A. Overview

B. The Senior Market

C. Suitability for Seniors

D. Advertisements and Marketing Practice

XII. Penalties, Attachment I (4 questions (3 percent) on the examination)

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I. GENERAL INSURANCE (15 questions (12 percent) on the examination)

A. Contract Law (1 question of the 15 General Insurance questions)

1. Be able to identify and understand contract law as it pertains to insurance.
2. Be able to identify the four major elements of a contract:
 - a. agreement, offer and acceptance;
 - b. competent parties;
 - c. legal purpose; and,
 - d. consideration.
3. Be able to identify the meaning and effect of the following special characteristics of an insurance contract:
 - a. contract of adhesion;
 - b. conditional contract;
 - c. aleatory;
 - d. unilateral;
 - e. personal;
 - f. utmost good faith; and,
 - g. indemnity.
4. Be able to identify the following terms:
 - a. insurance policy (Section 380 of the CIC);
 - b. sales illustrations; and,
 - c. in force illustrations.
5. Be able to identify the meaning and effect of each of the following on a contract:
 - a. fraud (Sections 338, 1871.1-1871.4 of the CIC);
 - b. theft:
 - i. Understand the concept of theft as demonstrated by the Glen Andrew Neasham Case
(Pleading:
<http://www20.insurance.ca.gov/epubacc/Graphics/170676.PDF>
and Order:
<http://www20.insurance.ca.gov/epubacc/Graphics/170730.PDF>)
 - ii. Know how the following concepts relate to theft when working with insureds and potential criminal charges:
 - 1) fiduciary; theft of funds (Section 1733 of the CIC);
 - 2) theft from an elder or dependent adult (Section 368(d) of the California Penal Code);
 - 3) grand theft over \$950 (Section 487 of the California Penal Code);
 - 4) residential burglary (Section 459 of the California Penal Code).
 - c. concealment
 - i. Be able to identify information that does not need to be communicated in a contract (Sections 330-339 of the CIC):

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- 1) known information;
 - 2) information that should be known;
 - 3) information which the other party waives;
 - 4) information that is not material to the risk.
 - ii. materiality (Section 334 of the CIC);
 - 1) know that the materiality of concealment is the rule used to determine the importance of a misrepresentation.
 - iii. representation (Sections 350-361 of the CIC);
 - 1) know when a representation can be altered or withdrawn (Section 355 of the CIC);
 - 2) know that a representation is false when the facts fail to correspond with its assertions or stipulations (Section 358 of the CIC).
 - iv. misrepresentation (Sections 780-784 of the CIC).
 - d. warranty (Sections 440-445, 447 of the CIC)
 - i. know that a representation in an insurance contract qualifies as an implied warranty.
 - ii. understand an express warranty
6. Be able to identify the six required specifications for all insurance policies (Section 381 of the CIC).
7. Be able to identify the meaning of the term "rescission" and know the following:
 - a. when an injured party has the right to rescission;
 - b. when an insurer has the right of rescission (Sections 331, 338, 359, 447 of the CIC);
 - c. that either intentional or unintentional concealment entitles an injured party to rescission of a contract (Section 331 of the CIC).
8. Be able to identify the following terms correctly when given an insurance situation:
 - a. application, policy, rider;
 - b. cancellation, lapse, renewal/non-renewal, grace period;
 - c. rate/premium and earned/unearned premium.

I. GENERAL INSURANCE (15 questions (12 percent) on the examination)

B. The Insurance Marketplace (1 question of the 15 General Insurance questions)

1. Producers
 - a. With regard to Producers (Life, Accident and Health agent (Section 1626 of the CIC) and Suitability Requirements for Annuity Transactions (Section 10509.913(e) of the CIC), be able to:
 - i. understand the legal relationship between the various parties involved in an insurance transaction including, but not limited to, the insured, insurer, agency principal, producer (life, accident and health agents);

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- ii. understand the responsibilities and duties of each;
 - iii. understand the effect of the types of authority an agent may have (express, implied, or apparent).
 - iv. agent liability
- b. With regard to the underwriting of applicants and/or insureds, be able to:
 - i. identify a producer's responsibilities;
 - ii. differentiate between the limitations placed on insurer pre-selection and post-selection activities.
- c. Be able to identify a definition of Life, Accident and Health agent (Section 1626 of the CIC).
- d. Be able to identify:
 - i. the Code definition of "transact" and why the definition is important (Sections 35, 1621, 1622-1624, 1631, 1633 of the CIC).
 - ii. the Code prohibits certain actions by unlicensed persons
 - iii. the penalty for such "(b)" above prohibited actions
- e. Be able to identify the following terms with respect to their relationship with insurers and with their insureds:
 - i. agent;
 - ii. broker;
 - iii. third party marketer.
 - iv. independent contractor
- f. Be able to identify the Code provisions regarding a Life, Accident and Health agent acting as an agent for an insurer for which the agent is not specifically appointed (Section 1704.5 of the CIC).
- g. Be able to identify the Code requirements for the following:
 - i. an agency name, use of name (Sections 1724.5, 1729.5 of the CIC);
 - ii. change of address (including email, residence, principal business, or mailing) (Section 1729 of the CIC);
 - iii. records (Section 10508 of the CIC);
 - iv. filing license renewal application (Section 1720 of the CIC);
 - v. printing license number on documents (Section 1725.5 of the CIC).
- h. Be able to identify the Code specifications regarding producer application investigation, denial of applications, and suspension or revocation of license (Sections 1666, 1668-1669, 1738 of the CIC).
 - i. Be able to identify and apply the meaning of the following:
 - ii. place the customer's interest first;
 - iii. know your job - and continue to increase your level of competence;
 - iv. identify the customer's needs and recommend products and

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- services that meet those needs;
- v. accurately and truthfully represent products and services;
- vi. use simple language; talk the layman's language when possible;
- vii. stay in touch with customers and conduct periodic coverage reviews;
- viii. protect your confidential relationship with your client;
- ix. keep informed of and obey all insurance laws and regulations;
- x. provide exemplary service to your clients;
- xi. avoid unfair or inaccurate remarks about the competition.
- j. Be able to identify that the CIC and the California Code of Regulations (CCR) identify many unethical and/or illegal practices, but they are NOT a complete guide to ethical behavior.
 - i. Life and Disability Analyst – Penalties Defined, Attachment I.
 - ii. Suitability for Annuity Transactions (Section 10509.910 of the CIC)
- k. Be able to identify special ethical concerns that may occur when dealing with Senior Citizens regarding pretext interviews (Section 791.03 of the CIC), including:
 - i. cognitive competence (mental status, ability to comprehend and make decisions);
 - ii. financial resources (ability to pay, invest, etc.);
 - iii. family involvement (guardianship, financial involvement and estrangement);
 - iv. status of any existing beneficiaries.

I. GENERAL INSURANCE (15 questions (12 percent) on the examination)

B. The Insurance Marketplace (1 question of the 15 General Insurance questions)

2. Market Regulation – General

- a. Be able to identify the correct application of the Unfair Practices article, including its prohibitions and penalties (Sections 790-790.10 of the CIC).
- b. Be able to identify the privacy protection provisions of:
 - i. the Gramm-Leach-Bliley Act;
 - 1) Be able to explain the rules regarding the collection and disclosure of customers' personal financial information by financial institutions;
 - 2) Be able to identify the requirements for all financial institutions to design, implement and maintain safeguards to protect customer information.
 - ii. The California Financial Information Privacy Act Senate Bill 1, Chapter 241, Statutes of 2003);
 - iii. Insurance information and Privacy Protection Act regarding

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- practices, prohibitions and penalties (Sections 791-791.26 of the CIC);
- iv. Cal-GLBA/“California Financial Information Privacy Act” (Section 4050 of the California Financial Code).
- c. Be able to identify the scope and correct application of the conservation proceedings described in the Code (Sections 1011, 1013, 1016 of the CIC).
- d. Be able to identify:
 - i. common circumstances that would suggest the possibility of fraud;
 - 1) fraud as it is committed by the applicant/insured
 - a) understand Section 550 of the California Penal Code
 - 2) fraud as it is committed by the agent
 - a) understand Section 549 of the California Penal Code
 - ii. efforts to combat fraud (Sections 1872, 1873 et seq., 1874.6, 1875.14, 1875.20, 1877.3(b)(1) of the CIC);
 - 1) seek resources (e.g. California Department of Insurance’s Fraud Division web site at <http://www.insurance.ca.gov/0300-fraud/0100-fraud-division-overview/>)
 - 2) Life and Disability Analyst responsibility if fraud is discovered.
 - a) CDI’s Enforcement Branch’s direction (<http://www.insurance.ca.gov/contact-us/0200-file-complaint/index.cfm>) first contact the insurance company, agent or broker in an effort to resolve the issue(s).
 - b) Request for Assistance form (<http://www.insurance.ca.gov/contact-us/0200-file-complaint/printable-rfa.cfm>) is to be submitted for any unsettled concerns.
 - iii. if an insured signs a fraudulent claim form, the insured may be guilty of perjury.
- e. Be able to identify the scope and correct application of the False and Fraudulent Claims article (Sections 1871(h), 1871.4 of the CIC)

I. GENERAL INSURANCE (15 questions (12 percent) on the examination)

C. General Terms (1 question of the 15 General Insurance questions)

- 1. Policy components:
 - a. policy reserves;
 - b. mortality costs ;
 - c. interest/dividend crediting;

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- d. other policy expenses;
- e. lapse assumptions.
- 2. absolute assignment;
- 3. collateral assignment;
 - a. Collateral Assignment Method and Endorsement (Owner-Sub-Owner) Method.
- 4. options;
 - a. fixed period option;
 - b. fixed amount option;
- 5. social insurance;
- 6. stop-loss coverage;
- 7. hospice

I. GENERAL INSURANCE (15 questions (12 percent) on the examination)

D. Legislative Landmarks (1 question of the 15 General Insurance questions)

- 1. Section 106 of the CIC
- 2. Section 10112.27 of the CIC

I. GENERAL INSURANCE (15 questions (12 percent) on the examination)

E. Legal Entities Licensed to Sell Life and/or Disability Insurance in California (2 questions of the 15 General Insurance questions)

- 1. Be able to identify the Legal Entities Licensed to Sell Life and/or Disability Insurance in California:
 - a. Mutual Insurers
 - b. stock insurers
 - c. reciprocal insurers
 - d. domestic insurers
 - e. foreign insurers

I. GENERAL INSURANCE (15 questions (12 percent) on the examination)

F. Relevant Securities Acts: (2 questions of the 15 General Insurance questions)

- 1. Understand the following as they pertain to securities acts:
 - a. Investment Company Act of 1940 (United States Public Law (Public Law 76-768), August 22, 1940)
 - b. Dodd-Frank Wall Street Reform and Consumer Protection Act (H.R.4173, 111th Congress (2010))
 - i. Understand the limitations of an insurance agent when crossing over into an investment advisor capacity
 - ii. investment adviser means any person who, for compensation, engages in the business of advising others; and
 - iii. advising is done through publications or writing as to the value of securities or as to the advisability of investing in, purchasing or selling securities.
 - c. Insurance agents may not give an opinion or advice about the past

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performance of the stock market, S&P 500 index, or mutual funds for compensation.

- d. Agent must have a securities license to discuss investment advisor issues.

I. GENERAL INSURANCE (15 questions (12 percent) on the examination)

G. NAIC Suitability Requirements (effective 2013) (2 questions of the 15 General Insurance questions)

- 1. Understand the following as they apply to the NAIC Suitability Requirements:
 - a. Suitability requirements applied to life insurance;
 - b. Applicable to those selling variable insurance products; and
 - c. Information and topics for agents selling products include:
 - i. Age
 - ii. Tax status
 - iii. Intended purpose
 - iv. Financial time horizon
 - v. Existing assets
 - vi. Source of funds
 - vii. Other relevant insurance products
 - viii. Investment objectives
 - ix. Liquidity needs
 - x. Liquid net worth
 - xi. Risk tolerance

I. GENERAL INSURANCE (15 questions (12 percent) on the examination)

H. Federal Health Insurance Issues (1 question of the 15 General Insurance questions)

- 1. Understand the Patient Protection and Affordable Care Act (PPACA) (Public Law 111-148) as it pertains to:
 - a. Health Benefit Exchange
 - i. Created by PPACA and implementation varies by state
 - b. Minor and Adult Children
 - i. Coverage for adult children up to age 26
 - ii. Guaranteed Issue for children under 19 years of age
 - c. Relevant federal laws and regulations
 - d. Medical Loss Ratio (MLR)
 - e. Understand the concept and function of “Navigators” through the exchange in California
 - i. be able to identify who has jurisdiction over Navigators
 - 1) enforcement
 - 2) complaints
 - f. Obtaining health insurance coverage
 - i. How people get other types of health coverage for Group and individuals

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I. GENERAL INSURANCE (15 questions (12 percent) on the examination)

I. California Health Insurance Programs (1 question of the 15 General Insurance questions)

1. Understand evolving issues as they affect individual consumers:
 - a. Access for Infants and Mothers Program (AIM), Section 12695 of the CIC
 - b. Healthy Families Program (HFP), Section 12693 of the CIC
 - c. California Pre-Existing Condition Program (PCIP)
 - d. Major Risk Medical Insurance Program (MRMIP)
 - i. Overview
 - ii. Eligibility
 - iii. Waiting Lists
 - iv. Premiums
 - e. California Health Benefits Exchange
 - i. Created by PPACA
 - 1) What it provides to consumers in California
 - f. Cal-COBRA
 - g. Health E-App (single application)
 - i. Apply for health coverage through Medi-Cal for Families or the Healthy Families Program (HFP)

I. GENERAL INSURANCE (15 questions (12 percent) on the examination)

J. Integrating Federal and State Insurance Programs (1 question of the 15 General Insurance questions)

1. Understand insurance programs both federal and state and how they are integrated into consumer's needs

I. GENERAL INSURANCE (15 questions (12 percent) on the examination)

K. Role of the California Life and Health Insurance Guarantee Association (2 questions of the 15 General Insurance questions)

II. LIFE AND DISABILITY ANALYST (10 questions (8 percent) on the examination)

A. General Licensure Requirements (2 questions of the 10 Life and Disability Analyst questions)

1. Be able to identify the general licensure requirements, Sections 1831-1849 of the CIC :
 - a. Qualifications for Licensure, Sections 1833, 1836 and 1849 of the CIC
 - b. Other Licensure Requirements, Sections 1834, 1835, and 1839 of the CIC
 - c. Exemptions from Licensure, Section 1831 of the CIC
 - d. Grounds for Refusal of License, Section 1837 and 1832 of the CIC

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- e. Acting as an analyst without a license, Sections 1844 and 1845 of the CIC
 - i. Penalties – criminal and civil

II. LIFE AND DISABILITY ANALYST (10 questions (8 percent) on the examination)

B. Compensation and Fees (receiving or not), Section 1848 of the CIC (2 questions of the 10 Life and Disability Analyst questions)

- 1. Be able to distinguish between commissions and charging of fees:
 - a. Commissions
 - i. Commission from Either Party
 - ii. Cannot Receive Compensation in any other form for any other party
 - iii. Prohibition against payment of commission by insurer on life or disability insurance transaction (Section 1832 of the CIC)
 - b. Fees
 - i. Prohibition against charging fee when receiving compensation from insurer, Section 1848 of the CIC
 - ii. Written Agreement requirements:
 - 1) All fees require written agreement signed by client
 - 2) Analyst is required to collect a fee
 - 3) Include a Fee Schedule for project retention
 - 4) Statement outlining services for fees to be charged
 - 5) Agreement Retention Requirement
 - 6) Charges customarily associated with the solicitation
 - 7) Information directly from insurer
 - 8) Statement Outline Services for fees to be charged
 - 9) Licensee and Receipt of Commissions for Sale of Product
 - 10) Retention Requirement
 - c. Prohibition against charging fee when receiving compensation from insurer, Section 1848 of the CIC

II. LIFE AND DISABILITY ANALYST (10 questions (8 percent) on the examination)

C. Conflict of Interest (2 questions of the 10 Life and Disability Analyst questions)

- 1. Understand the concept of conflict of interest, Section 1668.1 of the CIC and Section 82014 of the Government Code

II. LIFE AND DISABILITY ANALYST (10 questions (8 percent) on the examination)

D. Appropriate Portfolio Planning (4 questions of the 10 Life and Disability Analyst questions)

- 1. Non-insurance assets
- 2. Correct insurance product integration with other assets or other possible products

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III. LIFE INSURANCE (32 questions (25 percent) on the examination)

A. Life Insurance – Review of the Basics (4 questions of the 32 Life Insurance questions)

1. Be able to identify examples or definitions of:
 - a. life insurance;
 - b. applicant;
 - c. policy owner;
 - d. insured;
 - e. beneficiary.
2. Be able to identify the elements of the personal financial planning process:
 - a. identify overall financial objectives;
 - b. develop and implement (including use of risk management techniques) a plan to accomplish the objectives.
3. Be able to identify the major components of the personal (non-property/liability) risk management process identifying, quantifying, and treating loss exposures:
 - a. identified and quantified by:
 - i. human life value approach;
 - ii. needs approach.
 - b. treated by:
 - i. avoidance;
 - ii. retention;
 - iii. sharing;
 - iv. reduction;
 - v. transferring.
4. Be able to identify what is meant by the term “limit of liability” in a life-only policy.
5. Be able to identify when insurable interest is required to exist under life insurance policies (Section 10110 of the CIC).
6. Be able to identify:
 - a. the term mortality;
 - b. the term mortality table, including how it is developed.
7. Be able to identify the meaning of the statement “life insurance creates an immediate estate.”
8. Be able to identify the various Settlement Options and why each might be selected:
 - a. lump sum;
 - b. fixed amount;
 - c. fixed period;
 - d. life income;
 - e. interest only.
9. Understand policy cost basis

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III. LIFE INSURANCE (32 questions (25 percent) on the examination)

B. California Specific Contract Law (4 questions of the 32 Life Insurance questions)

1. Life Insurance

- a. Understand the concept of the Insuring Agreement and the following:
 - i. Reinstatement;
 - ii. Incontestability;
 - 1) Have knowledge of which provision limits the amount of time that an insurer has to contest a policy in the absence of fraud; and
 - 2) have knowledge of conditions of rescission
 - iii. Options – Mutual Company Only
 - 1) Settlement
 - 2) Dividend
 - iv. Provisions
 - 1) ownership
 - 2) nonforfeiture
 - 3) loan
 - 4) beneficiaries
 - 5) right to change beneficiary, incident of ownership
 - v. Suicide exclusion
 - vi. Assignments or Transfers
 - vii. Aviation Clause and other exclusions

2. Burial Contracts

- a. Understand the Mandatory Standard Policy Provisions, Section 10244 of the CIC
 - i. Payment of Proceeds
 - 1) Be able to identify when an insurer may pay the proceeds of an undertaker or funeral director.
 - ii. Change in Designation of Funeral Director
 - 1) Know that an insured may change the designated funeral director at any time (applies only to specific funeral policies).
 - iii. Assessments
 - 1) Know that any person purchasing a funeral insurance contract may be subject to additional assessments.
- b. Understand the Reduction of Benefits; Duration of Limited Death Benefit Period, Section 10248 of the CIC
 - i. Know when a deduction of the benefit to a funeral insurance contract is allowed.
 - ii. Be able to identify the meaning of Limited Death Benefits Contracts, Section 10247 of the CIC
 - iii. Know the duration of limited death benefit periods.

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- c. Understand which Insurers are Authorized to Issue Policies, Section 10250 of the CIC.
 - i. Know which type of insurer can issue a funeral insurance contract.

III. LIFE INSURANCE (32 questions (25 percent) on the examination)

C. California Specific Individual Life Insurance Contract (4 questions of the 32 Life Insurance questions)

- 1. Regarding life insurance applications, be able to identify:
 - a. the types of information required on the application;
 - b. a “non-medical application” and why a medical examination may be required;
 - c. why insurers attach the application to a life policy and it becomes part of the entire contract.
- 2. Regarding the life insurance policy be able to identify:
 - a. the types of information recorded on the cover page;
 - i. free look
 - b. the types of information recorded on the policy schedule page;
 - c. cost impact of using different methods of premium payment modes (annual, semiannual, monthly, etc.).
 - d. that life policies vary by format and content even within the same insurer (unlike property and casualty insurance policies);
- 3. Be able to identify the following “common provisions” of life policies:
 - a. insuring clause;
 - b. assignment or transfer of policy;
 - i. collateral assignments;
 - ii. know how life settlements are effected through the use of absolute assignment; and
 - iii. stranger-originated life insurance (STOLI) arrangements.
 - c. changing payment mode or method of payment;
 - d. conversion privilege;
 - e. cash values;
 - i. accumulated cash value
 - ii. net cash value
 - f. dividends or excess interest credits;
 - g. surrender charges;
 - h. beneficiary designations, including:
 - i. eligible beneficiaries;
 - ii. changing beneficiaries
 - iii. primary and secondary (contingent);
 - iv. per stirpes
 - v. per capita
 - vi. common disaster clause (Uniform Simultaneous Death Act);

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- vii. revocable vs. irrevocable;
- viii. identify suitable method to designate beneficiaries (spouse, children)
- i. grace period;
 - i. notification of second party
- j. reinstatement
- k. premium/policy loan;
 - i. understand the long term implications
- l. ability to restructure a policy
- m. incontestability;
- n. suicide;
- o. misstatement of age or sex
- p. death benefit
 - i. gross death/net death benefit
 - ii. type of death benefit
 - 1) level death benefit
 - 2) increasing benefit
- 4. Understand and identify non-forfeiture values
- 5. Be able to differentiate between the following and their impact on the effective date of coverage:
 - a. conditional receipt;
 - b. temporary insurance agreement;
 - c. be able to identify the acceptable methods for delivery of a life policy to the owner of the policy (Section 10113.6 of the CIC);
 - d. delivery receipt.
- 6. Understand the concept of insurable interest, Sections 10110 and 10110.1 of the CIC

III. LIFE INSURANCE (32 questions (25 percent) on the examination)

D. Types of Life Policies and Riders (16 questions of the 32 Life Insurance questions)

- 1. Be able to differentiate between the following types of life insurance policies:
 - a. participating and non-participating;
 - b. ordinary
 - c. debit (home service)
 - d. group
 - i. group life
 - ii. group term life insurance
 - iii. association life
 - iv. fraternal life
- 2. Be able to identify a suitable use of the following policies:
 - a. term;
 - b. whole life;
 - c. universal life;

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- d. variable life;
- e. joint life (first-to-die);
- f. joint and survivorship (second-to-die);
- g. index products; and
- h. other types of products
 - i. endowment
- 3. Policy Components
 - a. policy reserves
 - b. mortality costs
 - c. interest/dividend crediting
 - d. other policy expenses
 - e. lapse assumptions
- 4. Collateral assignments
- 5. Absolute assignments
- 6. Be able to differentiate between common modes of premium payment and their impact on premiums and policy performance.
- 7. Be able to identify which of an applicant's needs might be fulfilled by each of the following riders or clauses:
 - a. waiver of premium / or waiver of monthly deduction;
 - b. accidental death;
 - c. cost of living;
 - d. living need
 - i. living benefits
 - ii. terminal and critical illness
 - iii. long-term care
 - e. option to purchase other insurance (guaranteed insurability);
 - f. annuity riders;
 - g. dependent riders.
 - h. other common types of riders
- 8. Types of Life Insurance Planning
 - a. types of split-dollar plans
 - b. types of buy-sell agreement
 - c. use of trusts
 - i. irrevocable life insurance trusts
 - ii. other types of trust
 - d. other types of planning

III. LIFE INSURANCE (32 questions (25 percent) on the examination)

E. Issues Shared by Life Insurance and Annuities (4 questions of the 32 Life Insurance questions)

- 1. Policy Cancellation
 - a. Be able to identify the insured's rights to cancel a recently purchased life policy (free look period/right to return period), when insured is:

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- i. age 60 or over;
 - ii. less than 60 years of age (Sections 10127.09-10127.10 of the CIC)
 - b. During the free-look period, know what the investment requirements are, Section 10127.10 of the CIC.
- 2. Policy Replacement
 - a. Be able to identify the requirements and penalties of the “Replacement of Life Insurance and Annuity Policies” article, Sections 10509-10509.09 of the CIC
 - b. Understand Internal Revenue Service (IRS) 1035 tax exchanges
 - c. Understand the pros/cons of policy replacement
- 3. Taxation of Life Insurance and Taxation of Annuity
 - a. Be able to identify how life and annuity policies receive favorable tax treatment regarding:
 - i. premium payments;
 - ii. cash value accumulation or dividends;
 - iii. tax-deferral
 - iv. estate tax and probate considerations
 - v. death benefit proceeds;
 - vi. surrender and mature policy values
 - vii. annuity structure
 - 1) deferred vs. immediate
 - b. Installment refund annuity

IV. ANNUITIES (12 questions (10 percent) on the examination)

A. The Primary Uses of Annuities (1 question of the 12 Annuity questions)

- 1. annuity defined – the liquidation of a principal sum to be distributed on a periodic payment basis to commence at a specific time and to continue throughout a specified period of time or for the duration of a designated life or lives

IV. ANNUITIES (12 questions (10 percent) on the examination)

B. Types of Annuities: (2 questions of the 12 Annuity questions)

- 1. annuity type according to when benefits are paid out
- 2. annuity type according to how and when premiums are paid
- 3. annuity type according to investment options offered
- 4. charitable give annuities

IV. ANNUITIES (12 questions (10 percent) on the examination)

C. Identify the Parties to an Annuity: (1 question of the 12 Annuity questions)

- 1. know the rights and obligations of the annuity owner
- 2. know the rights and obligations of the annuitant
- 3. know the rights and obligations of the insurance company, (Section

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- 10127.10, 10127.11, 10127.12, 10127.13, and 10509.6 of the CIC)
4. know the rights and options available to beneficiaries

IV. ANNUITIES (12 questions (10 percent) on the examination)

D. How Fixed, Variable and Index Annuity Contract Provisions Affect Consumers: (1 question of the 12 Annuity questions)

1. know the contract provisions that are typically common to annuities
2. know income distributions
3. know fixed annuities
4. know variable annuities
5. know indexed annuities
6. know available riders

IV. ANNUITIES (12 questions (10 percent) on the examination)

E. Qualified and Non-Qualified Plans and Annuities (1 question of the 12 Annuity questions)

1. types of plans;
2. annuities and retirement planning

IV. ANNUITIES (12 questions (10 percent) on the examination)

F. Understand the Application of Income Taxation of Qualified and Non-Qualified Annuities, Including, but not Limited to the Following Instances: (1 question of the 12 Annuity questions)

1. payment of premiums;
2. cash value accrual
3. partial withdrawals
4. loans and assignments
5. Internal Revenue Service (IRS) Section 1035 exchanges
6. gift of an annuity
7. sale of an annuity by the owner
8. death of an annuity owner, Section 10168.2 of the CIC
9. death of an annuitant
10. annuity benefits distribution
11. tax effect on beneficiary estate issues
12. disclaimer, Section 789 of the CIC

IV. ANNUITIES (12 questions (10 percent) on the examination)

G. Advantages and Disadvantages of Annuities (2 questions of the 12 Annuity questions)

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IV. ANNUITIES (12 questions (10 percent) on the examination)

H. Sales Practices for California Insurance Agents: (2 questions of the 12 Annuity questions)

1. required insurance producer product training, Section 10509.915(b) of the CIC
2. the rights and obligations of the insurance producer at contract inception
3. appropriate advertising, Section 1725.5 of the CIC
4. prohibited sales practices
5. client suitability for annuity sales, Section 10509.915 of the CIC
6. required disclosures
7. policy cancellations and refunds

IV. ANNUITIES (12 questions (10 percent) on the examination)

I. The Senior Market (1 question of the 12 Annuity questions)

1. market volatility tolerance and the senior client
2. pre-retirement vs. post-retirement planning
3. financial concerns
4. insurance concerns
5. selling to the senior market
6. unique ethics and compliance issues
7. suitability for the senior market

IV. ANNUITIES (12 questions (10 percent) on the examination)

- ##### J. Penalties – see attachment I for specific penalties regarding the sales of annuities
- To review the complete Eight-Hour Annuity Training Course outline, go to CDI's website at: <http://www.insurance.ca.gov/0200-industry/0100-education-provider/non-resident-provider-training-materials.cfm>

V. LIFE SETTLEMENTS (7 questions (6 percent) on the examination)

A. Life Settlements/Viaticals (1 question of the 7 Life Settlement questions)

1. Basic overview of life insurance & purpose
 - a. Understand the concept of insurable interest
2. History and evolution of the life settlement industry
 - a. Industry language v. statutory language
 - b. Describe participants' roles to the settlement transaction
 - c. Viatical settlements, life settlements, and stranger originated life insurance (STOLI) defined
 - d. Size of industry marketplace/outlook/trends
3. The impact of life settlements on the life insurance companies
 - a. Profitability
 - i. Life settlements could have a detrimental (negative) impact on product pricing. Life Insurance companies have designed products

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- with a certain percentage lapsing (terminating without value) or being surrendered prior to payment of a death benefit. When a policy is sold to a third party, it is kept in force until a death benefit is paid out.
- b. Pricing
 4. California SB 98 (statutes and regulations pertaining to life settlements in California)
 - a. Those brokering life settlements will need to be licensed, a life agent can apply for special authorization to broker life settlements
 - b. Providers who contract directly with the policy owner for the purchase of a life insurance policy are required to be licensed, but not the financing entity supplying the capital
 - c. There are required consumer disclosures at the time of application and at the time of execution of contract
 - d. The life settlement broker outline is not exhaustive; review and familiarity with SB 98 and California Insurance Code Sections 10110.1(d) and (e), 10113.1, 10113.2, and 10113.3 are mandatory for all Participants in the transaction.
 5. 15-Hour Life Settlement Broker Outline Definition of Terms – Attachment I can be found on the CDI web site at <http://www.insurance.ca.gov/0200-industry/0050-renew-license/0400-resident-materials/upload/DefinitionofTermsAttachmentI.pdf>

V. LIFE SETTLEMENTS (7 questions (6 percent) on the examination)

B. Legal and Tax Considerations (1 question of the 7 Life Settlement questions)

1. Insurable interest
2. Legal risk - Can a broker or agent (or anyone else) be sued by beneficiaries?
3. Regulatory risk - Will further regulations impact a transaction?
4. Other litigation risk - (from Issuing Life Insurance Company) - claim denial impact
5. Taxation issues

V. LIFE SETTLEMENTS (7 questions (6 percent) on the examination)

C. Life Settlement Brokers (1 question of the 7 Life Settlement questions)

1. Who can broker life settlements in California?
 - a. Life agents who have been licensed at least one year and who have complied with the California Department of Insurance's fee and notification requirements
 - b. Licensed life settlement brokers
 - c. Attorneys, CPAs and financial planners
2. Responsibilities of life settlement broker
 - a. Disclosures to policy owner
 - i. Disclosures at the time of application for a life settlement
 - ii. Disclosures to be provided before a life settlement contract is

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- executed
- iii. Special rules about commission disclosure (technically the provider's responsibility under SB 98)
- iv. Compensation disclosure by life settlement provider
- v. Multiple life expectancy reports
- b. Brochure(s)
- c. Special duties to policy owner
 - i. Fiduciary
 - ii. Principal/agent
 - iii. Contract
- d. Disclosure of providers' offers
- e. Potential liabilities for the licensed life settlement broker agent
 - i. Section 10113.2(i) allows the insurer to ask whether the proposed owner intends to pay premiums with the assistance of financing, and if premium financing is to be used, the insurer can ask whether or not the loan provides funds that can be used for any purpose other than paying for the policy.
- 3. Enforcement and Consequences
 - a. Violations of the California Insurance Code
 - b. Penalties
 - c. Other regulatory agencies (e.g. FCC)

V. LIFE SETTLEMENTS (7 questions (6 percent) on the examination)

D. Suitability Considerations (1 question of the 7 Life Settlement questions)

- 1. Insurable interest
 - a. prohibiting trusts from applying for or initiating the issuance of life insurance, when the beneficiaries have not insurable interest in the life of the insured, section 10110.1(d) of the CIC; and
 - b. prohibiting any device, scheme or artifice designed to give the appearance of an insurable interest, when there is no legitimate insurable interest, section 10110.1(e) of the CIC
- 2. Impact on future insurability
- 3. Price/value risk
 - a. Is this the best deal for the client? Would they do better to surrender the policy? This will require a full financial analysis (e.g. using present value and possible tax events (it is strongly recommended that all parties should seek professional tax advice)
 - b. Were all alternatives explored?
- 4. Discuss tax consequences of life settlements (Internal Revenue Service has issued Revenue Rulings for Income Tax only not changes to Tax Code) - Gift Tax and Estate Tax consequences
- 5. Best practices
 - a. Evaluation of personal needs and financial goals

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- b. Advantages and disadvantages of life settlements
 - c. Alternatives to life settlements
 - d. Cross selling
 - i. New sales
 - ii. Replacement
6. Personal considerations for the life settlor (periodic health status contacts of the named insured)

V. LIFE SETTLEMENTS (7 questions (6 percent) on the examination)

E. Life Settlement for Transaction Process (1 question of the 7 Life Settlement questions)

- 1. Describing the typical process
 - a. Application: An application must be submitted along with appropriate documentation such as policy information, medical records, etc.
 - b. Review: The settlement broker and/or provider/funder review the information and request a life expectancy report by an independent life expectancy firm.
 - c. Analysis: After the life expectancy report is completed, and the other information reviewed, the provider/funder will determine a fair market value for the policy. Sometimes, there is no value, resulting in no offer
 - d. Offer: The offer is presented to the policy owner (and advisor[s]). A life settlement broker has a fiduciary responsibility to obtain multiple offers, document responses and present all of them.
 - e. Offer Acceptance: If an offer is accepted, a "closing package" including formal documentation is sent to the policy owner for review and signature. At this point, funds for the transaction are placed in an escrow account.
 - f. Transfer of policy-ownership: Change of ownership forms are submitted to the insurance company.
 - g. Funds Release: The escrow agent releases the funds to the seller (former policy owner) when the insurance company sends written confirmation of the change of ownership.
 - i. Required Disclosures
 - ii. At time of application
 - iii. At time of policy execution
 - 1) Provider disclosures
 - 2) Life settlement broker disclosures
 - 3) Life Agent Disclosure Requirements for Sales to Elders – Attachment II available at the following link:

<http://www.insurance.ca.gov/0200-industry/0050-renew-license/0400-resident-materials/upload/LifeSettlementBrokerOutline.pdf>

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2. Privacy
 - a. Disclosure of the insured's identity information that could be used to identify the insured or the insured's financial or medical condition is only permitted when:
 - i. Necessary to effect a life settlement contract and the owner and insured have provided prior written consent;
 - ii. Necessary to effectuate the sale of life settlement contracts as investments, provided such sale is conducted in compliance with the applicable securities laws and that the owner and insured have provided prior written consent to disclosure;
 - iii. Provided in response to an investigation/examination by the Commissioner;
 - iv. A condition to the transfer of a policy by one provider to another provider, and the receiving provider agrees to comply with the Insurance Code's provisions pertaining to confidentiality (See Section 791 et seq. of the California Insurance Code.); or
 - v. Necessary to allow the provider or broker to make contact for purposes of determining health status of the insured

V. LIFE SETTLEMENTS (7 questions (6 percent) on the examination)

F. Fraud (1 question of the 7 Life Settlement questions)

1.
 - a. Those that could be defrauded
 - i. Insurer
 - ii. Life settlement company
 - iii. Life settlement broker
 - iv. Owner
 - b. Investors
 - i. Institutional
 - ii. Private
2. Defining Fraud
 - a. Types of common law fraud
3. Examples of life settlement industry types of fraud
 - a. Clean sheeting
 - b. Wet paper/Wet Ink (the sale of a newly-issued policy to a life settlement company "almost before the ink is dry")
 - c. Senior citizen fraud
 - d. Churning
 - e. Stranger Originated Life Insurance/Investor Owned Life Insurance (STOLI/IOLI), section 10113.1(g)(1)(B)
 - i. Definition, section 10113.1(w)
 - ii. Difference between STOLI/IOLI and other life settlements
 - iii. Premium financing/free insurance schemes

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- iv. Charitable institution involvement
- 4. STOLI/IOLI outlook – existing litigation and evolving regulations
- 5. Risk of not selling policy, problems with financing, etc.
- 6. Transfers to a Trust
- 7. Bid-fixing
- 8. Section 10113.3(s)(5) of the CIC makes it a fraudulent life settlement act for any person to “issue, solicit, or market, the purchase of a new life insurance policy for the purpose of, or with a primary emphasis on, settling the policy.”

V. LIFE SETTLEMENTS (7 questions (6 percent) on the examination)

G. Financial Crimes (1 question of the 7 Life Settlement questions)

- 1. Financial Crimes Enforcement Network (FINCEN). Refer to the United States Department of the Treasury website for current information:

http://www.fincen.gov/financial_institutions/insurance/index.html

- 2. Anti-money laundering programs
- 3. Money laundering schemes
- 4. Red flags (e.g. spotting suspect investors)

V. LIFE SETTLEMENT (7 questions (6 percent) on the examination)

H. Future Developments, the Securities and Exchange Commission (SEC), and the Financial Industry Regulatory Authority (FINRA) Impacts

- 1. Industry changes
- 2. Federal role
 - a. U.S. Securities and Exchange Commission (SEC)
 - b. Financial Insurance Regulatory Authority (FINRA)
 - c. Securitization
 - d. Federal Insurance Office – established by the Dodd-Frank Wall Street Reform and Consumer Protection Act

V. LIFE SETTLEMENTS (7 questions (6 percent) on the examination)

I. Ethics

- 1. Be able to identify and apply the meaning of the following:
 - a. Provide exemplary service to your clients;
 - b. Use simple language; talk in layman’s language when possible, avoid jargon;
 - c. Ensure that the settlor understands the process and the impact to them of transacting in entering into a life settlement;
 - d. Place the Life Settlor’s interest first;
 - e. Understand the process, stay informed and continue to educate yourself about the current industry and changes in the industry (vital due to the evolving nature of the industry);

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- f. Identify the customer's needs and ensure that a life settlement is suitable and appropriate;
- g. Accurately and truthfully represent the life settlement process;
- h. Protect the privacy and confidentiality of all parties;
- i. Stay informed and obey all insurance laws and regulations;
- j. Avoid unfair or inaccurate remarks about different providers, brokers and other alternatives;
- k. Identify and avoid any conflicts of interests; and,
- l. Understand and refrain from any fraudulent, deceptive, or false marketing, advertising or promotions.

VI. **DISABILITY INSURANCE** (1 question (1 percent) on the examination)

A. **Definition of Disability Insurance**

- 1. Understand that disability insurance includes insurance appertaining to injury, disablement or death resulting to the insured from accidents, and appertaining to disablements resulting to the insured from sickness, Section 106(a) of the CIC.

VII. **DISABILITY INCOME INSURANCE** (8 questions (6 percent) on the examination)

A. **Definition of Disability Income Insurance**

- 1. Provides income replacement payments to the insured when unable to perform his/her own job or any similar job because of illness or sickness.

VII. **DISABILITY INCOME INSURANCE** (8 questions (6 percent) on the examination)

B. **Policy Provisions** (6 questions of the 8 Disability Income Insurance questions)

- 1. benefit amount
- 2. elimination (waiting) period
- 3. benefit period
- 4. guaranteed renewable
- 5. non-cancellable
- 6. integrated vs. non-integrated
- 7. inclusive or elective
- 8. own occupation
- 9. partial/non residual
- 10. inflation protection
- 11. future purchase option
- 12. social security rider—offset; all or nothing
- 13. automatic benefit increases
- 14. other riders

VII. **DISABILITY INCOME INSURANCE** (8 questions (6 percent) on the examination)

C. **Exclusions** (2 questions of the 8 Disability Income Insurance questions)

- 1. standard policy (war, suicide)
- 2. policy owner specific self-inflicted injury
- 3. pre-existing conditions/exclusion endorsement
- 4. hazardous activities

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- VIII. LONG TERM CARE** (18 questions (15 percent) on the examination)
- A. Long Term Care** (2 questions of the 18 Long Term Care questions)
1. Risk factors associated with Long-Term Care (LTC)
 2. The LTC services and facilities that provide care
 3. Locating information on LTC services and facilities that provide long-term care
- VIII. LONG TERM CARE** (18 questions (15 percent) on the examination)
- B. Potential Resources for Paying for Long-Term Care Expenses** (2 questions of the 18 Long Term Care questions)
1. Financing/paying for LTC
 2. How Medicare interrelates with paying for LTC expenses
- VIII. LONG TERM CARE** (18 questions (15 percent) on the examination)
- C. Federal Legislation and Long-Term Care** (3 questions of the 18 Long Term Care questions)
1. Health Insurance Portability and Accountability Act of 1996 (HIPAA) Definitions that Apply to Long-Term Care Expenses and Insurance
 2. Tax Qualified Long-Term Care Insurance
 3. Tax Treatment of Pre-1997 Long-Term Care Insurance Policies
 4. Long-Term Care Insurance Premium Deductibility
 5. Pension Protection Act of 2006
 6. New Trends: Long-Term Care Insurance, Life Insurance, Annuities and Benefit Riders
- VIII. LONG TERM CARE** (18 questions (15 percent) on the examination)
- D. Long-Term Care Insurance (LTCi)** (4 questions of the 18 Long Term Care questions)
1. Types of products
 2. Group coverage
 3. General policy benefits
- VIII. LONG TERM CARE** (18 questions (15 percent) on the examination)
- E. California Statutory Policy Provisions, Requirements, and Terminology** (2 questions of the 18 Long Term Care questions)
1. California Responsibilities and Prohibitions
 2. Agent responsibilities and prohibitions
 3. Statutory rate stabilization requirements
- VIII. LONG TERM CARE** (18 questions (15 percent) on the examination)
- F. Administration and Enforcement** (2 questions of the 18 Long Term Care questions)
1. Authority to Bring Actions and Assess Penalties
 2. Violations and Penalties

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3. Notice and Hearing

VIII. LONG TERM CARE (18 questions (15 percent) on the examination)

G. Advertising Guidelines and Marketing Practices (2 questions of the 18 Long Term Care questions)

1. Advertisement Guidelines
2. Marketing Practices

VIII. LONG TERM CARE (18 questions (15 percent) on the examination)

H. California Partnership for Long-Term Care (1 question of the 18 Long Term Care questions)

1. Introduction to the Partnership

To review the complete Eight-Hour Mandatory Long-Term Care Course outline, go to CDI's website at:

<http://www.insurance.ca.gov/0200-industry/0100-education-provider/non-resident-provider-training-materials.cfm>

IX. HEALTH INSURANCE (4 questions (3 percent) on the examination)

A. Definition of Health Insurance and Its Components (2 questions of the 4 Health Insurance questions)

1. Understand that health insurance shall mean an individual or group disability insurance policy that provides coverage for hospital, medical, or surgical benefits, Section 106(b) of the CIC.
2. Uniform Policy Provisions
3. Cost sharing
4. Deductible
 - a. Corridor deductible
5. Copayment
6. Principal of morbidity
7. Point-of-service plan
8. Gatekeeper PPO
 - a. Coinsurance
9. Exclusive Managed care indemnity
10. Consolidated Omnibus Reconciliation Act of 1985 (COBRA)
11. California Continuation Benefits Replacement Act (Cal-COBRA)
12. Group health policy
 - a. Probationary period
 - b. Master policy owner
13. Group basic medical plan
14. Major medical plans
 - a. Coordination of benefits
15. Provider Organization (EPO)

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16. Stop-loss coverage

IX. HEALTH INSURANCE (4 questions (3 percent) on the examination)

B. Specialized Health Insurance, Section 106(c) of the CIC (1 question of the 4 Health Insurance questions)

1. Dental-only
2. Vision-only
3. Behavioral Health-only

IX. HEALTH INSURANCE (4 questions (3 percent) on the examination)

C. Supplemental Health Insurance (1 question of the 4 Health Insurance questions)

1. Associated riders on life insurance policies
2. Dread disease
3. Critical illness
4. Medigap coverage, retiree benefits and Tricare for Life

X. HEALTH INSURANCE EXCLUSIONS or NON-HEALTH INSURANCE (2 questions (1 percent) on the examination)

A. Definition of Health Insurance Exclusions or Non-Health Insurance

1. CIC section 106(b) lists eight types of insurance that are NOT included as Health insurance.

X. HEALTH INSURANCE EXCLUSIONS or NON-HEALTH INSURANCE (2 questions (1 percent) on the examination)

B. Non-Health Insurance Products (2 question of the 2 Health Insurance Exclusions or Non-Health Insurance questions)

1. Non-Health Insurance Products:
 - a. Accidental Death & Dismemberment
 - b. Disability insurance including hospital indemnity, accident only and specified disease insurance.
 - c. Credit disability insurance
 - d. Liability insurance supplement
 - e. No fault liability insurance
 - f. Worker's Compensation insurance
 - g. Disability income insurance
 - h. Long-term care

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XI. SENIOR CITIZENS – A PROTECTED CLASS (12 questions (10 percent) on the examination)

- A. Overview:** (2 questions of the 12 Senior Citizens – A Protected Class questions)
Seniors in California are regarded as a protected class in the area of insurance and annuities. Annuities in particular have become the 'product of choice' among many agents to sell to seniors, and the potential for abuse has become a major issue. Regulators, lawmakers, and law enforcement personnel have taken, and are taking, measures designed to address these concerns. The actions on the part of these entities have come as a response to the increasing problem of abusive sales of annuities to seniors.

XI. SENIOR CITIZENS – A PROTECTED CLASS (12 questions (10 percent) on the examination)

- B. The Senior Market** (2 questions of the 12 Senior Citizens – A Protected Class questions)

1. Understand how seniors are protected, Sections 785 through 789.10 of the CIC
 - a. Section 785.1 of the CIC specifically applies to prospective insureds 65 or older-this law "will prohibit an insurance broker or agent from participating in, being associated with, or employing any party that participates in or is associated with the origination of a reverse mortgage..."
 - b. Section 785 of the CIC states that "all insurance brokers, agents and others engaged in the transaction of insurance owe a prospective insured who is 65 years or older a duty of honesty, good faith, and fair dealing."
 - c. Section 785.4 of the CIC makes it illegal for an insurance agent to deliver a trust or other legal document (other than an insurance policy) to a person 65 years old or older.
 - d. Section 785.5 of the CIC makes it illegal for an agent from "being associated with, or employing any party that participates in, or is associated with, obtaining Veterans Benefits for a senior", unless the insurance agent "maintains procedural safeguards to ensure that the agent or broker transacting insurance has no direct financial incentive to refer the policyholder or prospective policyholder to any veterans benefit program offered by the government." This legislation is a response to the practice of agents (or their associates) assisting seniors in applying for Veterans Aid benefits, in order to induce them to purchase insurance products, particularly annuities. Often these agents also charge the senior a fee in order to 'help' them qualify.

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- e. Section 789.1 of the CIC requires agents to provide a 24-hour notice to a senior if the agent intends to visit that senior at their home to discuss life insurance or annuities. The notice allows the senior an opportunity to protect himself or herself against a potential predator.
- f. Section 10127.13 of the CIC also protects seniors in that it requires insurers, on any policy with a surrender charge sold to a senior, to disclose the surrender period and penalties on the cover page of the policy in bold 12 point type, or the location of the surrender terms on a sticker on the cover page.
- g. Section 10173.2 requires that a life policy issued in California has(1) a 60 day grace period, and (2) the policyholder has the right to designate a third party(such as a family member) to receive a notice of pending lapse of a policy for non-payment of premium. While not a bill that exclusively applies to seniors, it is certainly beneficial to them. Some insurers already engage in this practice.
- h. Look at other laws that are referenced in the California Insurance Code

XI. SENIOR CITIZENS – A PROTECTED CLASS (12 questions (10 percent) on the examination)

C. Suitability for Seniors (4 questions of the 12 Senior Citizens – A Protected Class questions)

- 1. Appropriateness of overall insurance coverage, income and other assets
- 2. Understand how the CIC affects suitability in the following areas:
 - a. Annuities
 - i. Sections 785, 10509.910-10509.918 of the CIC
 - b. Long-Term Care
 - i. Section 10234.95 of the CIC
 - c. Life Insurance
 - i. Section 785 of the CIC
- 3. Be aware of community/government resources available for vulnerable seniors (e.g. elder/financial abuse) such as:
 - a. California Department of Insurance hosted comprehensive senior citizen website www.seniors.ca.gov
 - b. California Attorney General's web site www.ag.ca.gov
 - c. California Department of Aging www.aging.ca.gov

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- XI. SENIOR CITIZENS – A PROTECTED CLASS** (12 questions (10 percent) on the examination)
- D. Advertisements and Marketing Practices (Section 787 to 787.1 of the CIC)** (4 questions of the 12 Senior Citizens – A Protected Class questions)
1. Methods to entice clients
 2. Be aware of current marketing practices directed at seniors
 - a. General solicitation and marketing requirements
 - b. Prohibited solicitation and marketing practices
- XII. Penalties – Attachment I** (4 questions (3 percent) on the examination)

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LIFE & DISABILITY INSURANCE ANALYST OUTLINE

Attachment I – Applicable Laws & Penalties

The California Insurance Code establishes the laws for applying for and holding a Life and Disability Insurance Analyst license. [Chapter 8, Insurance Code sections 1831-1849]. Many of the laws that apply to Life-Only and Accident & Health agents also apply to Life and Disability Insurance Analysts. Licensing requirements permitted and prohibited practices and rules for selling certain products are applicable to the Life & Disability Insurance Analyst as well. [Insurance Code §§780, 781, 782, 784; §§790-790.15; §§1737-1748.5 apply to Life & Disability Analysts per §1843. Insurance Code §§1621 et. seq. regarding licensing apply to Life & Disability Analysts per §1842].

This Attachment provides a synopsis of the most important code sections of applicable laws and the penalties for violations. The Life & Disability Insurance Analyst should have a strong working knowledge of these code sections not only for those requirements specific to their license but also to be aware of the legal requirements for the agents who work with your clients.

GENERAL PROVISIONS

INSURANCE CODE	APPLICABLE LAW	PENALTY
<p><u>Misrepresentation of Policies</u></p> <p>Section 780</p> <p><u>Twisting</u></p> <p>Section 781</p> <p><u>Senior Insurance</u></p> <p>Sections 785-789.10*</p>	<p>§780 Prohibited statements re: terms, benefits, privileges or future dividends of policy.</p> <p>§781(a) Twisting: prohibited statement known to be a misrepresentation to induce person to take out a policy, refuse a policy and take out another, let lapse, forfeit of surrender policy.</p> <p>§781(b) Prohibited misleading statement or comparison of insurers or policies to induce person to let insurance lapse, forfeit, change or surrender policy.</p> <p>§785 Additional duty of honesty, good faith and fair dealing to insureds over 65.</p> <p>§785.1 Agent shall not participate in obtaining reverse mortgage for person or receive a fee for providing insurance product associated with reverse mortgage.</p> <p>§785.4 Unlawful acts; agent not licensed as attorney shall not deliver legal documents other than insurance policy; agent/attorney shall not deliver other legal documents unless agent complies with Business & Professions Code section</p>	<p>Section 782: Any person who violates section 780 or 781 is punishable by fine not to exceed \$25,000, or if victim loss exceeds \$10,000, the fine not to exceed 3 times the loss suffered by the victim, by imprisonment not to exceed 1 year or by both a fine and imprisonment. Restitution to victim pursuant to Section 1202.4 of the Penal Code shall be satisfied before any fine imposed by this section is collected.</p> <p>Section 783: Any insurance agent, broker or solicitor who knowingly violates section 780 or 781 may have their license suspended for up to three years after a hearing.</p> <p><i>Per Section 789.3, all violations of Article 6.3 subject to penalties as follows::</i></p> <ul style="list-style-type: none"> • §789.3(a): \$1,000 first violation (broker, agent, other person). • §789.3(b): \$5,000-50,000 per violation (broker, agent, other person) for 2nd or more violations or knowing violation. • §789.3(c): suspend or revoke license pending hearing if significant harm to seniors reasonably expected. • §789.3(d): \$10,000 1st violation of insurer • §789.3(e): \$30,000-300,000 per violation of insurer where frequency of violations indicates

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6175.3.

§785.5 Agent shall not participate in obtaining veteran benefits for a senior unless financial safeguards are in place.

§786 Disability/life policies 30-day free look; full refund of premium and fees plus interest if not timely.

§786.5 Offering disability insurance requires written comparison with existing health coverage.

§787 Lead generating devices: disclosures required; use of deceptive, misleading names, symbols, logos including specific advertising requirements for "seminars"; events regarding veterans benefits shall comply with Civil Code § 1770.

§787.1 Use of "senior" designations; approval by Commissioner required; violations and misuse;

§788; 788.5; 788.7; 789.6; 789.7

Prohibitions re: disability insurance.

Replacement or overloading prohibited; "overloading" if already covered by Medicare Parts A & B and MedSupp policy. No coverage more than 100% or actual medical expenses.

§789.8 Disclosure statements required for purchase of life/annuity re: tax consequences of sale of assets.

Prohibited sale of annuities to seniors re: Medi-Cal eligibility; disclosures required.

§789.9 Prohibited sales of annuities to seniors to affect Medi-Cal eligibility.

§789.10 Specific requirements for sales/meetings in senior's home regarding sale, offering or generation of leads for life insurance and annuities.

§789.10(b) Requires stand-alone written notice with specific information delivered at least 24 hours prior to meeting in senior's home unless meets exception for delivery prior to meeting.

§789.10(c) Requires specific statement that purpose of contact is to talk about insurance or gather information for follow up visit to sell insurance.

§789.10(d) Requires business card given.

§789.10(e) Requires agent to leave immediately when asked.

general business practice or insurer knowingly violates Senior Article.

- **§789.3(f)**: rescission of contract marketed, offered or issued in violation of this Article.

Specific penalty for violation of §787.1:

- **§787.1(f)**: suspension or revocation of license pursuant to §1668 and §1738.

Specific penalty for violation of §789.9(a):

- **§789.9(b)**: rescind contract & refund to purchaser all premiums, fees, and interest and costs paid for the annuity. This remedy is in addition to any others that may be available.

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§789.10(f) No misrepresentation of true status or mission of contact by phone or in person to sell life insurance or an annuity.

***Note: Be aware of other exclusions and exemptions that may apply to the Code sections listed above.**

Unfair Practices

Sections 790-790.15

§790.01 Applies to insurers, agents, etc. and "all other persons engaged in the business of insurance".

§790.02 Prohibits use of unfair trade practices or unfair method of competition or deceptive act or practice in the business of insurance.

§790.03 Lists in detail prohibited acts such as: misrepresentations about the terms of any policy issued or the benefits or advantages promised; prohibits making, disseminating, causing to be made or disseminated in any manner any known or reasonably should be known, untrue, deceptive, misleading statement.

§790.037 Unfair practice selling health care products; cold lead advertising; appointments; Medicare products restrictions on sales discussions.

All violations of Article 6.5 subject to penalties as follows:

- **§790.035(a):** Civil penalty of NTE \$5,000.00 for each act. If act or practice is willful, civil penalty NTE \$10,000.00 for each act.
- **§790.05:** Cease and Desist Order; subsequent violations license may be suspended/revoked for up to one year.
- **§790.06:** Prosecution of acts not defined in §790.03-Cease and Desist Order.
- **§790.07:** Violation of Cease and Desist Order; penalty NTE \$5,000; if willful, penalty NTE \$55,000 plus penalty under §790.05.
- **§790.08:** Provides that the penalties in this Article are in addition to any other powers of the Commissioner to enforce the laws.

LIFE INSURANCE & ANNUITIES

The following references are to specific insurance code sections related to life insurance and annuities. While the analyst does not necessarily sell these products to consumers, awareness of the specific requirements may assist in evaluating the suitability and legality of certain products in the portfolio.

Life & Disability Insurance

Sections 10110- 10127.19

§10127.10 Every life insurance & annuity contract delivered to a senior citizen shall include a notice re: 30-day free look. Variable annuity premium shall not be invested in mutual funds during the 30-day period w/exception.

§10127.11 Life insurance & annuity contracts require special disclosure to senior citizens re: illustrations.

§10127.12 Insurer annual statement of life insurance or annuity contract to senior citizen must include current accumulation value & current cash surrender value.

§10127.13 Requires all life/annuity contracts for seniors that include a surrender charge period to disclose the surrender period & all associated penalties.

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Replacement of Life Insurance & Annuities

Sections 10509-10509.9

§10509 Establishes minimum standards to be followed to regulate the activities of insurers and agents with respect to replacement of existing life insurance and annuities.

§10509.4 Requires specific detailed Notice Regarding Replacement of an existing life insurance or annuity policy.

§10509.8(a) Prohibits life agent or insurer from recommending replacement of an existing annuity by use of materially inaccurate presentation, comparison of premiums, benefits, dividends, values of existing contract or recommends that an insured 65 years or older purchase an unnecessary replacement annuity.

§10509.8(b) Defines “unnecessary replacement” as sale of an annuity to replace existing one that requires insured to pay surrender charge for replaced annuity & new annuity does not confer a substantial financial benefit over life of policy.

§10509.10 Purpose is to require insurers to establish a system to supervise recommendations and set standards and procedures for recommendations to consumers re: sale of annuity products so that the insurance needs and financial objectives of consumers are appropriately addressed.

§10509.911 Applies to any recommendation to purchase, exchange, or replace an annuity made to a consumer that results in the recommended purchase, exchange or replacement.

§10509.913(i) Defines “suitability information” and lists information required.

§10509.914 Reasonable grounds for belief of consumer suitability required; efforts to obtain suitability information; requirements at time of sale; dissuasion prohibited; FINRA broker-dealer sales.

§10509.915 Sales prohibited unless producer has adequate knowledge of product; annuity training course required.

All violations of Article 8 subject to the following penalties:

- **§10509.9(a):** Penalty of no less than \$1,000 for the 1st violation by agent or other person engaged in the business of insurance.
- **§10509.9(b):** Penalty for 2nd or subsequent or knowing violation of no less than \$5,000, no more than \$50,000 per violation by agent or other person engaged in the business of insurance.
- **§10509.9(c):** Insurer violation of article, \$10,000 for 1st violation.
- **§10509.9(d):** Insurer violates article with frequency that indicates general business practice or knowing violation, no less than \$30,000, no more than \$300,000 per violation.
- **§10509.9(e):** Suspension, revocation of license of person or entity that violates this article.

Suitability Requirements for Annuity Transactions

Sections 10509.910- 10509.918

Corrective Action & Penalties:

§10509.916: Commissioner may order any of the following:

- (1) Insurer to take reasonably appropriate corrective action for any consumer harmed by insurer or producer’s violation of this Article.
- (2) Managing General Agent or producer to take reasonably appropriate corrective action for any consumer harmed by the producers violation of this Article.
- (3) Penalties and sanctions per §10509.9; this Article is deemed a part of Article 8 and commissioner may in a single enforcement action seek penalties for 1st and 2nd or subsequent violation.

OTHER RELEVANT INSURANCE CODE SECTIONS

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Insurance Information & Privacy Protection Act

Sections
791-791.28

§791.03 Prohibits the use of “pretext interviews” to obtain information in connection with an insurance transaction (i.e. “free lunch” seminars).

All violations of Article 6.6 subject to penalties as follows:

- **§791.17:** Cease and desist order issued.
- **§791.19:** Violation of Cease & Desist order: Penalty of not more than \$10,000 for each violation; or not more than \$50,000 if frequent violations constitute general business practice. Suspension & revocation of license for knowing violation.

Medicare Supplement Insurance

Sections
10192.1--10192.24

§10192.18 Application forms require certain questions to determine if applicant already has a policy or certificate; must be signed by applicant and agent.

§10192.21(b) Prohibits sale of a Medicare supplement policy or certificate if individual already has one.

§10192.23 States time periods for replacement of policies.

All violations of Article 6 subject to the following penalties:

- **§10192.165(a) & (c):** Court penalties including damages & restitution.
- **§10192.165(b)(1):** Penalty of no less than \$250 for first violation by agent, broker, other person/entity engaged in business of insurance.
- **§10192.165(b)(2):** Penalty of no less than \$1,000 and no more than \$25,000 for each second, subsequent or knowing violation.
- **§10192.165(d):** Order to cease marketing any Medicare supplement policy or certificate.
- **§10192.165(e):** Any person who knowingly or intentionally violates this Article is punishable by imprisonment in county jail NTE one year, or by imprisonment per Penal Code §1170 or a fine NTE \$10,000 or both.

Long-Term Care Insurance

Sections
10230--10237.6

§10233.3; §10234.85; §10234.86; §10234.87; §10234.97 Various requirements for the replacement of LTC policies.

§10234.95 All sales of LTC insurance shall meet the “suitability” standards.

All violations of Chapter 2.6 subject to the following penalties in addition to court penalties, attorney’s fees and costs per §10234.2.:

- **§10234.3(a):** Penalty of not less than \$250 for each 1st violation; not less than \$1,000 and not more than \$25,000 for each subsequent or knowing violation; for inappropriate replacement of LTC coverage, penalty not more than \$5,000 for each violation.
- **§10234.4(a):** Suspend or revoke license.
- **§10234.4(c):** Ordered to cease marketing LTC insurance in California.

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Burial Contracts **§10246:** All funeral contracts subject to §§10150-10167 and §§10478-10489.6.

Sections
10240—10252 **§10252:** No person shall sell any funeral insurance contract unless licensed as a life agent.

OTHER RELEVANT CODES

Welfare & Institutions Code §15610.27

"Elder" means any person residing in this state, 65 years of age or older.

Welfare & Institutions Code §15610.30

- (a) "Financial abuse" of an elder or dependent adult occurs when a person or entity does any of the following:
- (1) Takes, secretes, appropriates, obtains, or retains real or personal property of an elder or dependent adult for a wrongful use or with intent to defraud, or both.
 - (2) Assists in doing the above activities.
 - (3) Does or assists in the above activities by undue influence, as defined in Section 1575 of the Civil Code.
- (b) A person or entity shall be deemed to have committed the above acts for a wrongful use if, among other things, the person or entity takes, secretes, appropriates, obtains, or retains the property and the person or entity knew or should have known that this conduct is likely to be harmful to the elder or dependent adult.
- (c) For purposes of this section, a person or entity takes, secretes, appropriates, obtains, or retains real or personal property when an elder or dependent adult is deprived of any property right, including by means of an agreement, donative transfer, or testamentary bequest, regardless of whether the property is held directly or by a representative of an elder or dependent adult.
- (d) For purposes of this section, "representative" means a person or entity that is either of the following:
- (1) A conservator, trustee, or other representative of the estate of an elder or dependent adult.
 - (2) An attorney-in-fact of an elder or dependent adult who acts within the authority of the power of attorney.

California Penal Code §182 – Conspiracy

- (a) If two or more persons conspire:
- (1) To commit any crime.
 - (2) Falsely and maliciously to indict another for any crime, or to procure another to be charged or arrested for any crime.
 - (3) Falsely to move or maintain any suit, action, or proceeding.
 - (4) To cheat and defraud any person of any property, by any means which are in themselves criminal, or to obtain money or property by false pretenses or by false promises with fraudulent intent not to perform those promises.
 - (5) To commit any act injurious to the public health, to public morals, or to pervert or obstruct justice, or the due administration of the laws.
 - (6) To commit any crime against the person of the President or Vice President of the United States, the Governor of any state or territory, any United States justice or judge, or the secretary of any of the executive departments of the United States.

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California Penal Code §368(d) – Financial Elder Abuse

Any person who is not a caretaker who violates any provision of law proscribing theft, embezzlement, forgery, or fraud, or who violates Section 530.5 proscribing identity theft, with respect to the property or personal identifying information of an elder or a dependent adult, and who knows or reasonably should know that the victim is an elder or a dependent adult is punishable as follows:

- (1) By a fine not exceeding two thousand five hundred dollars (\$2,500), or by imprisonment in a county jail not exceeding one year, or by both that fine and imprisonment, or by a fine not exceeding ten thousand dollars (\$10,000), or by imprisonment pursuant to subdivision (h) of Section 1170 for two, three, or four years, or by both that fine and imprisonment, when the moneys, labor, goods, services, or real or personal property taken or obtained is of a value exceeding nine hundred fifty dollars (\$950).
- (2) By a fine not exceeding one thousand dollars (\$1,000), by imprisonment in a county jail not exceeding one year, or by both that fine and imprisonment, when the moneys, labor, goods, services, or real or personal property taken or obtained is of a value not exceeding nine hundred fifty dollars (\$950).

California Penal Code §459 - Burglary

Every person who enters any house, room, apartment, tenement, shop, warehouse, store, mill, barn, stable, outhouse or other building, tent, vessel, as defined in Section 21 of the Harbors and Navigation Code, floating home, as defined in subdivision (d) of Section 18075.55 of the Health and Safety Code, railroad car, locked or sealed cargo container, whether or not mounted on a vehicle, trailer coach, as defined in Section 635 of the Vehicle Code, any house car, as defined in Section 362 of the Vehicle Code, inhabited camper, as defined in Section 243 of the Vehicle Code, vehicle as defined by the Vehicle Code, when the doors are locked, aircraft as defined by Section 21012 of the Public Utilities Code, or mine or any underground portion thereof, with intent to commit grand or petit larceny or any felony is guilty of burglary. As used in this chapter, "inhabited" means currently being used for dwelling purposes, whether occupied or not. A house, trailer, vessel designed for habitation, or portion of a building is currently being used for dwelling purposes if, at the time of the burglary, it was not occupied solely because a natural or other disaster caused the occupants to leave the premises.

California Penal Code §470 – Forgery

Every person who, with the intent to defraud, knowing that he or she has no authority to do so, signs the name of another person or of a fictitious person to any of the items listed in subdivision (d) is guilty of forgery.

California Penal Code §487 – Grand Theft

When the money, labor, or real or personal property taken is of a value exceeding nine hundred fifty dollars (\$950)

California Penal Code §502(c) – Computer Access Fraud

(c) any person who commits any of the following acts is guilty of a public offense:

- (1) Knowingly accesses and without permission alters, damages, deletes, destroys, or otherwise uses any data, computer, computer system, or computer network in order to either (A) devise or execute any scheme or artifice to defraud, deceive, or extort, or (B) wrongfully control or obtain money, property, or data.
- (2) Knowingly accesses and without permission takes, copies, or makes use of any data from a computer, computer system, or computer network, or takes or copies any supporting documentation, whether existing or residing internal or external to a computer, computer system, or computer network.
- (3) Knowingly and without permission uses or causes to be used computer services.

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- (4) Knowingly accesses and without permission adds, alters, damages, deletes, or destroys any data, computer software, or computer programs which reside or exist internal or external to a computer, computer system, or computer network.
- (5) Knowingly and without permission disrupts or causes the disruption of computer services or denies or causes the denial of computer services to an authorized user of a computer, computer system, or computer network.
- (6) Knowingly and without permission provides or assists in providing a means of accessing a computer, computer system, or computer network in violation of this section.
- (7) Knowingly and without permission accesses or causes to be accessed any computer, computer system, or computer network.
- (8) Knowingly introduces any computer contaminant into any computer, computer system, or computer network.
- (9) Knowingly and without permission uses the Internet domain name of another individual, corporation, or entity in connection with the sending of one or more electronic mail messages, and thereby damages or causes damage to a computer, computer system, or computer network.

California Penal Code §530 – Identity Theft

Every person who falsely personates another, in either his private or official capacity, and in such assumed character receives any money or property, knowing that it is intended to be delivered to the individual so personated, with intent to convert the same to his own use, or to that of another person, or to deprive the true owner thereof, is punishable in the same manner and to the same extent as for larceny of the money or property so received.

California Penal Code §532 – Theft by False Pretenses

Every person who knowingly and designedly, by any false or fraudulent representation or pretense, defrauds any other person of money, labor, or property, whether real or personal, or who causes or procures others to report falsely of his or her wealth or mercantile character, and by thus imposing upon any person obtains credit, and thereby fraudulently gets possession of money or property, or obtains the labor or service of another, is punishable in the same manner and to the same extent as for larceny of the money or property so obtained.