

Your Exam Content Outline

The following outline describes the content of one of the Pennsylvania insurance examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weight assigned to each section of the examination. For example, 10 percent means that 6 questions will be drawn from the section on a 60-question exam, 10 will be drawn on a 100-question exam and 15 will be drawn on a 150-question exam.

Pennsylvania Producer's Examination for Accident and Health Insurance Series 16-02

100 questions – Two-hour time limit

1.0 Insurance Regulation 12%

1.1 Licenses

- Process (40 P.S. §§ 310.3–310.14)
- Types of licensees (40 P.S. § 310.1)
 - Producer (40 P.S. §§ 310.3-310.5)
 - Nonresident (40 P.S. § 310.10)
 - Temporary (40 P.S. § 310.9)
 - Managers and exclusive general agents (40 P.S. § 310.31)
- Maintenance and duration
 - Renewal (40 P.S. § 310.8)
 - Reporting of actions (40 P.S. § 310.78)
 - Assumed names (40 P.S. § 310.7)
 - Address change (40 P.S. § 310.11(19))
 - Continuing education (40 P.S. § 310.8(b))
- Disciplinary actions
 - Cease and desist order (40 P.S. §§ 310.91, 1171.9)
 - Revocation, suspension, nonrenewal or denial of license (40 P.S. § 310.91)
 - Fines (40 P.S. §§ 310.12, 310.91, 1171.11)

1.2 State regulation

- Commissioner's general duties and powers (40 P.S. §§ 310.2, 1171.7)
- Company regulation
 - Solvency (40 P.S. §§ 72, 112)
 - Rates (40 P.S. §§ 1181–1199, 1221–1238)
 - Policy forms (40 P.S. §§ 477b, 510, 776.1–776.7)
 - Unfair claims settlement practices (40 P.S. § 1171.5(a)(10); 31 Pa. Code Ch. 146)
- Producer regulation
 - Fiduciary responsibility (40 P.S. § 310.96)
 - Examination of books and records (40 P.S. § 323.3)
 - Commissions and fees (40 P.S. §§ 310.72–310.74)
 - Prohibited acts (40 P.S. § 310.11)
- Appointment of producers (40 P.S. § 310.71)
 - Producer as representative of insurer
 - Producer as representative of consumer — disclosure requirements

- Unfair insurance practices (40 P.S. §§ 1171.4–1171.5)
 - Rebating (40 P.S. §§ 310.45, 1171.5(a)(8))
 - Misrepresentation (40 P.S. §§ 310.47–.48, 1171.5(a)(1),(2))
 - Twisting (40 P.S. §§ 310.47, 473)
 - False advertising (40 P.S. § 1171.5; 31 Pa. Code Ch. 51)
 - Defamation (40 P.S. § 1171.5(a)(3); 31 Pa. Code Ch. 51)
 - Boycott, coercion or intimidation (40 P.S. § 1171.5(a)(4))
 - Misappropriation of funds (40 P.S. §§ 310.11(4), 310.42)
 - Unfair discrimination (40 P.S. § 1171.5; 31 Pa. Code § 145.4)
 - Illegal inducement (40 P.S. §§ 310.46, 1171.5(a)(8))
 - Privacy of consumer financial information (40 P.S. § 310.77(a); 31 Pa. Code §§ 146a.1–.44)
 - Insurance fraud regulation (40 P.S. §§ 325.1–325.62; 18 Pa. C.S. § 4117)

1.3 Federal regulation

- Fair Credit Reporting Act (15 USC §§ 1681–1681d)
- Fraud and false statements (18 USC §§ 1033, 1034)

2.0 General Insurance 10%

2.1 Concepts

- Risk management key terms
 - Risk
 - Exposure
 - Hazard
 - Peril
 - Loss
- Methods of handling risk
 - Avoidance
 - Retention
 - Sharing
 - Reduction
 - Transfer
- Elements of insurable risks
 - Adverse selection
 - Law of large numbers
 - Reinsurance

2.2 Insurers

- Types of insurers
 - Stock companies

- Mutual companies
- Fraternal benefit societies
- Reciprocals
- Lloyd's associations
- Private versus government insurers
- Admitted versus nonadmitted insurers
- Domestic, foreign and alien insurers
- Financial status (independent rating services)
- Marketing (distribution) systems

2.3 Producers and general rules of agency

- Insurer as principal
- Producer/insurer relationship
- Powers and authority of producers
 - Express
 - Implied
 - Apparent
- Responsibilities to the applicant/insured

2.4 Contracts

- Elements of a legal contract
 - Offer and acceptance
 - Consideration
 - Competent parties
 - Legal purpose
- Distinct characteristics of an insurance contract
 - Contract of adhesion
 - Aleatory contract
 - Personal contract
 - Unilateral contract
 - Conditional contract
- Legal interpretations affecting contracts
 - Ambiguities in a contract of adhesion
 - Reasonable expectations
 - Indemnity
 - Utmost good faith
 - Representations/misrepresentations
 - Warranties
 - Concealment
 - Fraud
 - Waiver and estoppel

3.0 Health Insurance Basics 12%

3.1 Definitions of perils

- Accidental injury
- Sickness

3.2 Principal types of losses and benefits

- Loss of income from disability
- Medical expense
- Dental expense
- Long-term care expense

3.3 Classes of health insurance policies

- Individual versus group
- Private versus government
- Limited versus comprehensive

3.4 Limited policies

- Limited perils and amounts
- Required notice to insured
- Types of limited policies
 - Accident-only

- Specified (dread) disease
(31 Pa. Code Ch. 88.169, .193)
- Hospital indemnity (income)
- Credit disability
- Blanket insurance (teams, passengers, other)
- Prescription drugs
- Vision care

3.5 Common exclusions from coverage (31 Pa. Code Ch. 88.84)

- Pre-existing conditions
- Intentionally self-inflicted injuries (1)(ii)
- War or act of war (1)(i)
- Elective cosmetic surgery (1)(vii)
- Conditions covered by workers compensation (1)(iii)
- Government plans (2)(viii)
- Commission of or attempt to commit a felony

3.6 Producer responsibilities in individual health insurance

- Marketing requirements
 - Advertising standards for accident and health insurance (31 Pa. Code Ch. 51.1-.36, .42)
 - Life and Health Insurance Guaranty Association (40 P.S. § 991.1717)
 - Sales presentations
 - Outline of coverage (40 P.S. § 991.1111; 31 Pa. Code Ch. 88.181)
- Field underwriting
 - Nature and purpose
 - Disclosure of information about individuals
 - Application procedures
 - Requirements at delivery of policy
 - Common situations for errors/omissions

3.7 Individual underwriting by the insurer

- Underwriting criteria
- Sources of underwriting information
 - Application
 - Producer report
 - Attending physician statement
 - Investigative consumer (inspection) report
 - Medical Information Bureau (MIB)
 - Medical examinations and lab tests (including HIV consent) (35 P.S. § 7605(h))
- Classification of risks
 - Preferred
 - Standard
 - Substandard

3.8 Considerations in replacing health insurance

- Pre-existing conditions
- Waiting periods
- Benefits, limitations and exclusions
- Underwriting requirements
- Producer's liability for errors and omissions
- Pennsylvania replacement requirements (31 Pa. Code Ch. 88.101-.103)

4.0 Individual Health Insurance Policy General Provisions 10%

4.1 Required provisions (40 P.S. § 753(A))

- Entire contract; changes (1)
- Time limit on certain defenses (2)
- Grace period (3)
- Reinstatement (4)
- Claim procedures (5–9)
- Physical examinations and autopsy (10)
- Legal actions (11)
- Change of beneficiary (12)

4.2 Other provisions (40 P.S. § 753(B))

- Change of occupation (1)
- Misstatement of age (2)
- Other insurance in this insurer (3)
- Insurance with other insurers
 - Expense-incurred benefits (4)
 - Other benefits (5)
- Unpaid premium (7)
- Cancellation (8)
- Conformity with state statutes (9)
- Illegal occupation (10)
- Intoxicants and narcotics (11)

4.3 Other general provisions

- Right to examine (free look) (40 P.S. § 752(A)(10); 31 Pa. Code Ch. 89.73)
- Insuring clause
- Consideration clause
- Renewability clause
 - Noncancelable
 - Guaranteed renewable
 - Conditionally renewable
 - Renewable at option of insurer
 - Nonrenewable (cancelable, term)

5.0 Disability Income and Related Insurance 6%

5.1 Qualifying for disability benefits

- Inability to perform duties (31 Pa. Code Ch. 88.137)
 - Own occupation
 - Any occupation
- Pure loss of income (income replacement contracts)
- Presumptive disability
- Requirement to be under physician care

5.2 Individual disability income insurance

- Pennsylvania minimum benefit standards (31 Pa. Code Ch. 88.167)
- Basic total disability plan
 - Income benefits (monthly indemnity)
 - Elimination and benefit periods
 - Waiver of premium feature
- Coordination with social insurance and workers compensation benefits
 - Additional monthly benefit (AMB)
 - Social insurance supplement (SIS)
 - Occupational versus nonoccupational coverage

At-work benefits

- Partial disability benefit (31 Pa. Code Ch. 88.138)
- Residual disability benefit (31 Pa. Code Ch. 88.139)
- Other provisions affecting income benefits
 - Cost of living adjustment (COLA) rider
 - Future increase option (FIO) rider
 - Relation of earnings to insurance (40 P.S. § 753(B)(6))
 - Annual renewable term rider
 - Change of occupation
- Other cash benefits
 - Accidental death and dismemberment
 - Rehabilitation benefit
 - Medical reimbursement benefit (nondisabling injury)
- Refund provisions
 - Return of premium
 - Cash surrender value
- Exclusions

5.3 Unique aspects of individual disability underwriting

- Occupational considerations
- Benefit limits
- Starter plans for professionals
- Policy issuance alternatives

5.4 Group disability income insurance

- Group versus individual plans
- Short-term disability (STD)
- Long-term disability (LTD)

5.5 Business disability insurance

- Key employee (partner) disability income
- Disability buy-sell policy
- Business overhead expense policy
- Disability reducing term policy

5.6 Social Security disability

- Qualification for disability benefits
- Definition of disability
- Waiting period
- Disability income benefits

6.0 Medical Plans 17%

6.1 Medical plan concepts

- Fee-for-service basis versus prepaid basis
- Specified coverages versus comprehensive care
- Benefit schedule versus
 - usual/reasonable/customary charges
- Any provider versus limited choice of providers
- Insureds versus subscribers/participants

6.2 Types of providers and plans

- Major medical insurance (indemnity plans)
 - Characteristics
 - Common limitations
 - Exclusions from coverage
 - Provisions affecting cost to insured
- Health maintenance organizations (HMOs)
 - General characteristics

- Preventive care services
- Primary care physician versus referral (specialty) physician
- Emergency care
- Hospital services
- Other basic services

- Preferred provider organizations (PPOs)
 - General characteristics
 - Open panel or closed panel
 - Types of parties to the provider contract
- Point-of-service (POS) plans
 - Nature and purpose
 - Out-of-network provider access (open-ended HMO)
 - PCP referral (gatekeeper PPO)
 - Indemnity plan features

6.3 Cost containment in health care delivery

- Cost-saving services
 - Preventive care
 - Hospital outpatient benefits
 - Alternatives to hospital services
- Utilization management
 - Prospective review
 - Concurrent review

6.4 Pennsylvania mandated benefits (individual and group)

- Postpartum coverage (40 P.S. § 1583)
- Routine pap smears (40 P.S. § 1574(2))
- Treatment for alcohol abuse and dependency (40 P.S. §§ 908-1–908-8)
- Serious mental illness (40 P.S. § 764q)
- Annual gynecological examinations (40 P.S. § 1574(1))
- Cancer therapy (40 P.S. § 764b)
- Mammography coverage (40 P.S. § 764c)
- Childhood immunizations (40 P.S. § 3503)
- Dependent child age limit (31 Pa. Code Ch. 88.32)
- Coverage of adopted children (40 P.S. § 775.1)
- Newborn child coverage (40 P.S. §§ 771–775.2; 31 Pa. Code Ch. 89.201–.209)
- Physically handicapped/mentally retarded children (40 P.S. § 752(A)(9))

6.5 HIPAA (Health Insurance Portability and Accountability Act) requirements (40 P.S. § 981-1)

- Eligibility
- Guaranteed issue
- Pre-existing conditions
- Creditable coverage
- Renewability

7.0 Group Health Insurance 8%

7.1 Characteristics of group insurance

- Group contract
- Certificate of coverage
- Experience rating versus community rating

7.2 Types of eligible groups

- Employment-related groups

- Individual employer groups
- Multiple-Employer Trusts (METs) or Welfare Arrangements (MEWAs)
- Associations (alumni, professional, other)
- Customer groups (depositors, creditor-debtor, other)

7.3 Marketing considerations

- Advertising
- Regulatory jurisdiction/acceptable place of delivery

7.4 Employer group health insurance

- Insurer underwriting criteria
 - Characteristics of group
 - Plan design factors
 - Persistency factors
 - Administrative capability
- Eligibility for coverage
 - Annual open enrollment
 - Employee eligibility
 - Dependent eligibility
- Coordination of benefits provision
- Change of insurance companies or loss of coverage
 - Coinsurance and deductible carryover
 - Pre-existing conditions (31 Pa. Code Ch. 89.402–.406)
 - Events that terminate coverage
 - Extension of benefits
 - Continuation of coverage under COBRA
 - Conversion privilege (40 P.S. §§ 756.2, 981-9)

7.5 Regulation of employer group insurance plans

- Employee Retirement Income Security Act (ERISA)
 - Applicability
 - Fiduciary responsibilities
 - Reporting and disclosure

8.0 Dental Insurance 3%

8.1 Categories of dental treatment

- Diagnostic and preventive
- Restorative
- Oral surgery
- Endodontics
- Periodontics
- Prosthodontics
- Orthodontics

8.2 Indemnity plans

- Choice of providers
- Scheduled versus nonscheduled plans
- Benefit categories
 - Diagnostic/preventive services
 - Basic services
 - Major services
- Deductibles and coinsurance
- Combination plans
- Exclusions
- Limitations
- Predetermination of benefits

8.3 Employer group dental expense

Integrated deductibles versus stand-alone plans
Minimizing adverse selection

9.0 Insurance for Senior Citizens and Special Needs Individuals 18%

9.1 Medicare

Nature, financing and administration
Part A – Hospital insurance
Individual eligibility requirements
Enrollment
Coverages and cost-sharing amounts
Part B – Medical insurance
Individual eligibility requirements
Enrollment
Coverages and cost-sharing amounts
Exclusions
Claims terminology and other key terms
Part C – Medicare Advantage
Part D – Prescription Drug Insurance

9.2 Medicare supplements

Purpose
Open enrollment (31 Pa. Code Ch. 89.778)
Standardized Medicare supplement plans
Core benefits
Additional benefits
Pennsylvania regulations and required provisions
Standards for marketing
(31 Pa. Code Ch. 89.786)
Advertising (31 Pa. Code Ch. 89.785)
Appropriateness of recommended purchase and excessive coverage
(31 Pa. Code Ch. 89.787)
Replacement (40 P.S. § 3108; 31 Pa. Code Ch. 89.784, .789)
Minimum benefit standards (40 P.S. § 3105)
Required disclosure provisions
(40 P.S. § 3107; 31 Pa. Code Ch. 89.783)
Permitted compensation arrangements
(31 Pa. Code Ch. 89.782)
Guaranteed issue (31 Pa. Code Ch. 89.790)

9.3 Other options for individuals with Medicare

Employer group health plans
Disabled employees
Employees with kidney failure
Individuals age 65 and older

Medicaid
Eligibility
Benefits

9.4 Long-term care (LTC) insurance

Eligibility for benefits
Levels of care
Skilled care
Intermediate care
Custodial care
Home health care
Adult day care
Respite care
Benefit periods

Benefit amounts
Optional benefits
Guarantee of insurability
Return of premium
Qualified LTC plans
Exclusions
LTC Partnerships
Underwriting considerations
Pennsylvania regulations and required provisions
Outline of coverage (40 P.S. § 991.1111; 31 Pa. Code Ch. 89a.107, 126)
Right to examine (free look)
(40 P.S. § 991.1110)
Pre-existing conditions
(40 P.S. §§ 991.1105(c), 1107)
Continuation and conversion
(31 Pa. Code Ch. 89a.105)
Unintentional lapse (31 Pa. Code Ch. 89a.106)
Required disclosure provisions
(31 Pa. Code Ch. 89a.107)
Inflation protection (31 Pa. Code Ch. 89a.112)
Nonforfeiture benefit
(31 Pa. Code Ch. 89a.123)
Benefit triggers (31 Pa. Code Ch. 89a.124, 125)
Replacement (31 Pa. Code Ch. 89a.113, 122)
Standards for marketing
(31 Pa. Code Ch. 89a.120)
Suitability of recommended purchase
(31 Pa. Code Ch. 89a.121)
Shopper's guide (31 Pa. Code Ch. 89a.127)
Permitted compensation arrangements
(31 Pa. Code Ch. 89a.129)
Penalties (31 Pa. Code Ch. 89a.128)

10.0 Federal Tax Considerations for Health Insurance 4%

10.1 Personally-owned health insurance

Medical expense insurance
Long-term care insurance
Disability income insurance

10.2 Employer group health insurance

Disability income (STD, LTD)
Benefits subject to FICA
Medical and dental expense
Long-term care insurance
Accidental death and dismemberment

10.3 Business disability insurance

Key person disability income
Buy-sell policy

10.4 Health Spending Accounts

Health Savings Plan (individual and group)
Health Reimbursement Account (group)