

Your Exam Content Outline

The following outline describes the content of one of the New Hampshire insurance examinations. The outlines are the basis of the examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weights assigned to each part 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.

New Hampshire Producer's Examination for Life, Accident and Health Insurance Series 12-63

150 questions – 2.5-hour time limit

1.0 Insurance Regulation 7%

1.1 Licensing

- Process (402-J:5, 6)
 - Types of licensees
 - Producer (402-J:2, 14)
 - Producer with appointment (402-J:14)
 - Business entity (402-J:6)
 - Financial institutions (406-C:1–19)
 - Resident versus nonresident (402-J:8, 16; Reg 1301.06)
 - Temporary (402-J:11)
 - Maintenance and duration
 - Renewal (402-J:7(II–IV))
 - Change of address (402-J:7(VI))
 - Reporting of actions (402-J:17)
 - Assumed names (402-J:10)
 - Continuing education requirements (Reg 1302.03, 1302.04, 1304.03)
 - Disciplinary actions
 - Cease and desist order (417:12)
 - Denial, suspension or revocation (402:49; 402-J:12)
 - Penalties and fines (400-A:15(III); 402:42, 48; 402-J:12(IV); 417:10, 13)
- #### 1.2 State regulation
- Commissioner's general duties and powers (400-A:3, .15; 417:5, 14)
 - Company regulation
 - Producer appointment (402-J:14)
 - Termination of appointment (402-J:15)
 - Producer regulation
 - Acting without a license (402-J:3, 13)
 - Commissions (402-J:13)
 - Conversion of funds by producer (402:53)
 - Controlled business (402:74)
 - Fiduciary requirements (Reg 4301.01–4301.09)
 - License to transact business (402:12)
 - Unfair claim settlement practices (417:4(XV); Reg 1001.01–.11, Reg 1002.01–.20)
 - Unfair insurance trade practices
 - Misrepresentation (402:46; 417:4(I, II))

- Twisting (402:47; 417:4(I))
 - False information and advertising (417:4(III))
 - Defamation (417:4(IV))
 - Boycott, coercion and intimidation (417:4(V))
 - Illegal inducement (417:4(VII))
 - Unfair discrimination (417:4(VIII))
 - Rebating (402:39–41; 417:4(IX))
 - Examination of books and records (400-A:37)
 - Insurance fraud regulation (400-A:36-b(II); 417:23; RL 638:20)
 - Consumer privacy regulation (Reg 3001–3006)
- #### 1.3 Federal regulation
- Fair Credit Reporting Act (15 USC 1681–1681d)
 - Fraud and false statements (18 USC 1033, 1034)

2.0 General Insurance 6%

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
 - Reciprocal
 - Lloyd's associations
 - Risk retention groups
 - Surplus lines
- Private versus government insurers
- Authorized versus unauthorized 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
- Authority and powers of producers
- 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 Life Insurance Basics 10%

3.1 Insurable interest (408:2, 2-a)

3.2 Personal uses of life insurance

- Survivor protection
- Estate creation
- Cash accumulation
- Liquidity
- Estate conservation

3.3 Determining amount of personal life insurance

- Human life value approach
- Needs approach
 - Types of information gathered
 - Determining lump-sum needs
 - Planning for income needs

3.4 Business uses of life insurance

- Buy-sell funding
- Key person
- Executive bonuses

3.5 Classes of life insurance policies

- Group versus individual
- Permanent versus term
- Participating versus nonparticipating
- Fixed versus variable life insurance and annuities
 - Regulation of variable products (SEC, NASD and New Hampshire) (408:30)

3.6 Premiums

- Factors in premium determination
 - Mortality
 - Interest

- Expense
- Premium concepts
 - Net single premium
 - Gross annual premium
- Premium payment mode

3.7 Producer responsibilities

- Solicitation and sales presentations (Reg 301.01-.07)
 - Advertising
 - Life and Health Insurance Guaranty Association (408-B:19(I))
 - Buyer's guide and policy summary (Reg 301.05)
 - Guaranty association disclaimer (408-B:19(II-IV))
 - Illustrations (Reg 309.01-.12)
 - Life insurance policy cost comparison methods
 - Replacement (Reg 302.01-.09)
 - Use and disclosure of insurance information
- Field underwriting
 - Notice of information practices
 - Application procedures including backdating of policies (Reg 301.06(j))
- Delivery
 - Policy review
 - Effective date of coverage
 - Premium collection
 - Statement of good health

3.8 Individual underwriting by the insurer

- Information sources and regulation
 - Application
 - Producer report
 - Attending physician statement
 - Investigative consumer (inspection) report
 - Medical Information Bureau (MIB)
 - Medical examinations and lab tests including HIV (417:4(XIX); Reg 1103.01, .02)
- Selection criteria and unfair discrimination (408:11)
- Classification of risks
 - Preferred
 - Standard
 - Substandard
 - Declined

4.0 Life Insurance Policies 6%

4.1 Term life insurance

- Level term
 - Annual renewable term
 - Level premium term
- Decreasing term

4.2 Whole life insurance

- Continuous premium (straight life)
- Limited payment
- Single premium

4.3 Flexible premium policies

- Universal life

4.4 Specialized policies

- Joint life (first-to-die)
- Survivorship life (second-to-die)

4.5 Group life insurance

- Characteristics of group plans
- Group eligibility (408:15)
- Group underwriting requirements
- Standard provisions (408:16)
- Conversion to individual policy (408:16(VIII-X))
- Coverage during labor dispute (408:16-b)

5.0 Life Insurance Policy Provisions, Options and Riders 11%

5.1 Standard provisions

- Ownership
- Assignment
- Entire contract (408:9; Reg 401.04(a)(3))
- Modifications
- Right to examine (free look) (Reg 401.04(f))
- Payment of premiums (Reg 401.04(a)(1))
- Grace period (Reg 401.04(a)(2))
- Reinstatement (Reg 401.04(d))
- Incontestability (408:10; Reg 401.04(a)(6,7))
- Misstatement of age or sex (Reg 401.04(a)(8))
- Exclusions (Reg 401.04(m))
- Interest on life insurance benefits (408:10-a)

5.2 Beneficiaries

- Designation options
 - Individuals
 - Classes
 - Estates
 - Minors
 - Trusts
- Succession
- Revocable versus irrevocable
- Common disaster clause
- Spendthrift clause

5.3 Settlement options

- Cash payment
- Interest only
- Fixed-period installments
- Fixed-amount installments
- Life income
 - Single life
 - Joint and survivor

5.4 Nonforfeiture options

- Cash surrender value
- Extended term
- Reduced paid-up insurance

5.5 Policy loan and withdrawal options

- Cash loans
- Automatic premium loans
- Withdrawals or partial surrenders

5.6 Dividend options

- Cash payment
- Reduction of premium payments
- Accumulation at interest
- Paid-up additions

Paid-up insurance

5.7 Disability riders

- Waiver of premium
- Waiver of cost of insurance
- Disability income benefit
- Payor benefit life/disability (juvenile insurance)

5.8 Accelerated (living) benefit provision/rider

- Conditions for payment
- Effect on death benefit

5.9 Riders covering additional insureds

- Spouse/other-insured term rider
- Children's term rider
- Family term rider

5.10 Riders affecting the death benefit amount

- Accidental death
- Guaranteed insurability
- Cost of living
- Return of premium

6.0 Annuities 10%

6.1 Annuity principles and concepts

- Accumulation period versus annuity period
- Owner, annuitant and beneficiary
- Insurance aspects of annuities

6.2 Immediate versus deferred annuities

- Single premium immediate annuities (SPIAs)
- Deferred annuities
 - Premium payment options
 - Nonforfeiture
 - Surrender charges
 - Death benefits

6.3 Annuity (benefit) payment options

- Life contingency options
 - Pure life versus life with guaranteed minimum
 - Single life versus multiple life
- Annuities certain (types)

6.4 Annuity products

- Fixed annuities
 - General account assets
 - Interest rate guarantees (minimum versus current)
 - Level benefit payment amount
- Equity indexed annuities
- Market value adjusted annuities

6.5 Uses of annuities

- Lump-sum settlements
- Qualified retirement plans
 - Group versus individual annuities
- Personal uses
 - Individual retirement annuities (IRAs)
 - Tax-deferred growth
 - Retirement income
 - Education funds

7.0 Federal Tax Considerations for Life Insurance and Annuities 7%

7.1 Taxation of personal life insurance

- Amounts available to policyowner

- Cash value increases
- Dividends
- Policy loans
- Surrenders

- Amounts received by beneficiary
 - General rule and exceptions
 - Settlement options

- Values included in insured's estate

7.2 Modified endowment contracts (MECs)

- Modified endowment versus life insurance
- Seven-pay test
- Distributions

7.3 Taxation of non-qualified annuities

- Individually-owned
 - Accumulation phase (tax issues related to withdrawals)
 - Annuity phase and the exclusion ratio
 - Distributions at death

- Corporate-owned

7.4 Taxation of individual retirement annuities (IRAs)

- Traditional IRAs
 - Contributions and deductible amounts
 - Premature distributions including taxation issues
 - Annuity phase benefit payments
 - Values included in the annuitant's estate
 - Amounts received by beneficiary

- Roth IRAs

- Contributions and limits
- Distributions

7.5 Rollovers and transfers (IRAs and qualified plans)

7.6 Section 1035 exchanges

8.0 Qualified Plans 2%

8.1 General requirements

8.2 Federal tax considerations

- Tax advantages for employers and employees
- Taxation of distributions (age-related)

8.3 Plan types, characteristics and purchasers

- Simplified employee pensions (SEPs)
- Profit-sharing and 401(k) plans
- SIMPLE plans
- 403(b) tax-sheltered annuities (TSAs)

9.0 Health Insurance Basics 7%

9.1 Definitions of perils

- Accidental injury
- Sickness

9.2 Principal types of losses and benefits

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

9.3 Classes of health insurance policies

- Individual versus group
- Private versus government

- Limited versus comprehensive

9.4 Limited policies

- Limited perils and amounts
- Required notice to insured
- Types of limited policies
 - Accident-only
 - Specified (dread) disease
 - Hospital indemnity (income)
 - Credit disability
 - Blanket insurance (teams, passengers, other)

9.5 Common exclusions from coverage (415-A:5)

9.6 Producer responsibilities in individual health insurance

- Marketing requirements
 - Advertising (Reg 2601.01-2616.01)
 - Life and Health Insurance Guaranty Association (408-B:19(I))
 - Sales presentations
 - Outline of coverage (415-A:4; Reg 1901.06)
 - Guaranty association disclaimer (408-B:19(II-IV))
- Field underwriting
 - Nature and purpose
 - Disclosure of information about individuals
 - Application procedures
 - Requirements at delivery of policy
- Common situations for errors/omissions

9.7 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 (417:4(XIX); Reg 1103.01, .02)
- Unfair discrimination (415:15)
- Classification of risks
 - Preferred
 - Standard
 - Substandard
 - Declined

9.8 Considerations in replacing health insurance (Reg 1901.07)

- Pre-existing conditions (Reg 1901.03(k))
- Pre-existing condition exclusion regulation (Reg 1901.04(c))
- Benefits, limitations and exclusions
- Underwriting requirements
- Producer liability for errors and omissions

9.9 New Hampshire mandated provisions

10.0 Individual Health Insurance Policy General Provisions 5%

10.1 Required provisions

- Entire contract; changes (415:6(I)(1))

- Time limit on certain defenses (415:6(I)(2))
- Grace period (415:6(I)(3))
- Reinstatement (415:6(I)(4))
- Claim procedures (415:6(I)(5-9))
- Physical examinations and autopsy (415:6(I)(10))
- Legal actions (415:6(I)(11))
- Change of beneficiary (415:6(I)(12))
- Loss of time benefits (415:6(I)(13))
- Refund upon cancellation (415:6(I)(14))

10.2 Other provisions

- Change of occupation (415:6(II)(1))
- Misstatement of age (415:6(II)(2))
- Other insurance in this insurer (415:6(II)(3))
- Insurance with other insurers
 - Expense-incurred basis (415:6(II)(4))
 - Other than expense-incurred basis (415:6(II)(5))
- Unpaid premium (415:6(II)(7))
- Cancellation; refusal to renew (415:6(II)(8))
- Conformity with state statutes (415:6(II)(9))

10.3 Other general provisions

- Right to examine (free look) (Reg 401.04(f); 1901.06(a)(11))
- Insuring clause
- Consideration clause
- Renewability clause (Reg 1901.05(a))
 - Noncancelable
 - Guaranteed renewable
 - Conditionally renewable
 - Renewable at option of insurer
 - Nonrenewable (cancelable, term)
- Military suspense provision (Reg 1901.05(a)(7))

11.0 Disability Income and Related Insurance 5%

11.1 Qualifying for disability benefits

- Inability to perform duties
 - Own occupation
 - Any occupation
- Pure loss of income (income replacement contracts)
- Presumptive disability
- Requirement to be under physician care

11.2 Individual disability income insurance

- 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
 - Residual disability benefit
- Other provisions affecting income benefits
 - Cost of living adjustment (COLA) rider
 - Future increase option (FIO) rider

- Relation of earnings to insurance (415:6(II)(6))
- Other cash benefits
 - Accidental death and dismemberment
 - Rehabilitation benefit
 - Medical reimbursement benefit (nondisabling injury)
- Refund provisions
 - Return of premium
 - Cash surrender value
- Exclusions

11.3 Unique aspects of individual disability underwriting

- Occupational considerations
- Benefit limits
- Policy issuance alternatives

11.4 Group disability income insurance

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

11.5 Business disability insurance

- Key person disability income
- Disability buy-sell policy

11.6 Social Security disability

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

11.7 Workers compensation

- Eligibility
- Benefits

12.0 Medical Plans 5%

12.1 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

12.2 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 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

12.3 Cost containment in health care delivery

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

12.4 New Hampshire requirements (individual and group)

- Eligibility requirements
 - Newborn children (415:22)
 - Adopted children (415:22-a)
 - Child enrollment; noncustodial parents (RL 161-H:2)
- Benefit offers
 - Maternity coverage (415:6-d)

12.5 HIPAA (Health Insurance Portability and Accountability Act) requirements

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

13.0 Group Health Insurance 6%

13.1 Characteristics of group insurance

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

13.2 Types of eligible groups

- Individual employer groups
- Associations (alumni, professional, other)
- Customer groups (depositors, creditor-debtor, other)

13.3 Marketing considerations

- Advertising
- Regulatory jurisdiction/place of delivery

13.4 Employer group health insurance

- Insurer underwriting criteria
 - Characteristics of group
 - Plan design factors
 - Administrative capability
- Eligibility for coverage
 - Annual open enrollment
 - Employee eligibility
 - Part-time employees (415:18(I)(q))
 - Dependent eligibility
- Coordination of benefits provision (Reg 1904.05-.07)
- Change of insurance companies or loss of coverage
 - Coinsurance and deductible carryover

- No-loss no-gain
- Events that terminate coverage
- Extension of benefits
- Cancellation or nonrenewal (415:18-b)
- Continuation of coverage under COBRA and New Hampshire specific rules (415:18(VII)(g))
- Conversion privilege (415:18(VII)(a-f); Reg 1901.06(a)(11))

13.5 Small employer group medical plans

- Definition of small employer (420-G:2(XVI))
- Renewability of coverage (420-G:6)
- Pre-existing conditions (420-G:7)
- Participation requirements (420-G:9)
- Open enrollment and late enrollment (420-G:8)
- Prohibited underwriting practices (420-G:4(I)(b), 5)

13.6 Regulation of employer group insurance

- Age Discrimination in Employment Act (ADEA)
 - Applicability to employers and workers
 - Permitted reductions in insured benefits
 - Permitted increases in employee contributions
 - Requirements for medical expense coverage
- Relationship with Medicare
 - Medicare secondary rules
 - Medicare carve-outs and supplements

14.0 Dental Insurance 1%

14.1 Types of dental treatment

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

14.2 Indemnity plans

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

14.3 Employer group dental expense

- Integrated deductibles versus stand-alone plans
- Minimizing adverse selection

15.0 Insurance for Senior Citizens and Special Needs Individuals 7%

15.1 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

15.2 Medicare supplements

- Purpose (Reg 1905.01)
- Open enrollment (Reg 1905.10)
- Standardized Medicare supplement plans (Reg 1905.08)
 - Core benefits
 - Additional benefits
- New Hampshire regulations and required provisions
 - Standards for marketing (Reg 1905.19)
 - Advertising (Reg 1903.06, 1905.18)
 - Appropriateness of recommended purchase and excessive insurance (Reg 1905.20)
 - Guaranteed issue for eligible persons (Reg 1905.11)
 - Buyer's guide (Reg 1905.16(a)(6))
 - Outline of coverage (Reg 1905.16(c))
 - Right to return (free look) (Reg 1905.16(a)(5))
 - Replacement (Reg 1905.17, .22)
 - Required disclosure provisions (Reg 1905.16)
 - Permitted compensation (Reg 1905.15)
 - Notice of change (Reg 1905.16(b))
 - Benefit standards (Reg 1905.07)
 - Prohibited practices (Reg 1905.22)
- Medicare Select (Reg 1905.09)

15.3 Other options for individuals with Medicare

- Employer group health plans
 - Employees with disabilities and their covered spouses
 - Employees with kidney failure
 - Individuals age 65 and older

- Medicaid
 - Eligibility
 - Benefits

15.4 Long-term care (LTC) insurance

- LTC, Medicare and Medicaid compared
- 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
 - Inflation protection

- Guarantee of insurability
- Return of premium
- Qualified LTC plans
- Exclusions
- Underwriting considerations
- New Hampshire regulations and required provisions
 - Outline of coverage (415-D:8)
 - Right to return (free look) (415-D:7)
 - Benefit standards (415-D:3(V), 5)
 - Continuation of coverage/conversion (415-D:6)
 - Pre-existing conditions (415-D:5(III))

15.5 New Hampshire high risk health insurance pool (404-G:5a–5-f)

16.0 Federal Tax Considerations for Health Insurance 5%

16.1 Personally-owned health insurance

- Disability income insurance
- Medical expense insurance
- Long-term care insurance
- Settlement options

16.2 Employer group health insurance

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

16.3 Medical expense coverage for sole proprietors and partners

16.4 Business disability insurance

- Key person disability income
- Buy-sell policy