

Your Exam Content Outline

The following outline describes the content of one of the Louisiana 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.

Louisiana Examination for Health and Accident Insurance Series 14-02

100 questions – Two-hour time limit

1.0 Insurance Regulation 10%

1.1 Licensing

- Types of licensees (22:1547, 1962(F))
 - Individual producer (22:1542(6), 1546(A))
 - Business entity (22:1542(2), 1546(B))
 - Resident versus nonresident (22:1546, 1548, 1560)
 - Temporary (22:1553)
- Maintenance and duration
 - Expiration (22:1547(B))
 - Renewal (22:1547(C))
 - Change of address (22:1547(G))
 - Assumed names (22:1552)
 - Reporting of actions (22:1563)
 - Continuing education requirements (22:1573; Rule 10.703,.705)
- Disciplinary actions
 - Hearings (22:1968, 2191–2208)
 - Cease and desist order (22:1969)
 - License probation, suspension, revocation, or refusal to issue or renew (22:1554)
 - Penalties with or without suspension of license (22:1969, 1970)

1.2 State regulation

- Commissioner's general duties and powers (22:2, 1967)
- Company regulation
 - Certificate of authority (22:37, 65)
 - Unfair claims settlement practices (22:1964(14))
 - Appointment (22:1558)
 - Termination of appointment (22:1559)
- Producer regulation
 - Controlled business (22:1544(C))
 - Shared commissions (22:1557)
 - Payment to unlicensed entities (22:1562)
- Unfair trade practices (22:1964)
 - Misrepresentation (22:1964(1, 18))
 - False advertising (22:1964(2))
 - Defamation (22:1964(3))
 - Boycott, coercion and intimidation (22:1964(4))

- False financial statements (22:1964(5))
- Unfair discrimination (22:1964(7))
- Rebating (22:1964(8))
- Examination of books and records (22:1967, 1981, 1990)
- Insurance fraud (22:1964(13), 1921–1929)
- Privacy of Consumer Financial Information (Rule 76.9903–.9953)

1.3 Federal regulation

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

2.0 General Insurance 8%

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
 - Self insurers
 - Surplus lines
- Private versus government insurers
- Authorized versus unauthorized insurers
- Domestic, foreign and alien insurers
- Financial status (independent rating service)
- Marketing (distribution) systems

2.3 Producers and general rules of agency

- Insurer as principal
- Producer/insurer relationship
- Authority and powers of producers
 - Express
 - Implied

Apparent

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 17%

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
 - Hospital indemnity (income)
 - Credit disability
 - Prescription drugs
 - Vision care

3.5 Common exclusions from coverage

3.6 Producer responsibilities in individual health insurance

- Marketing requirements
 - Advertising (Rule 37:XI.1301-.1337)
 - Prohibited advertising of Life and Health Insurance Guaranty Association (22:2098(A))
 - Sales presentations
- Guaranty association disclaimer (22:2098(B-D); Reg 37:XIII.901-.909)

Field underwriting

- Nature and purpose
- Disclosure of information about individuals
- Application procedures
- Requirements at delivery of policy (22:973(7)(b, c))
- 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 (RL 40:1300.11, .13, .14)
- Unfair discrimination (22:34, 1022, 1964(7))
- Genetic testing (22:1023; Reg 37:XIII.4511, .4513)
- Classification of risks
 - Preferred
 - Standard
 - Substandard

3.8 Considerations in replacing health insurance

- Pre-existing conditions (22:1006(E))
- Pre-existing condition exclusion regulation (22:1006(E); Reg 37:XIII.9107(K),(L))
- Benefits, limitations and exclusions
- Underwriting requirements
- Producer liability for errors and omissions

4.0 Individual Health Insurance Policy General Provisions 9%

4.1 Required provisions (22:975(A))

- Entire contract; changes (22:975(A)(1))
- Time limit on certain defenses (22:975(A)(13))
- Grace period (22:977)
- Reinstatement (22:975(A)(2))
- Claim procedures (22:975(A)(3-7, 14); 22:1821, 1832-3)
- Physical examinations and autopsy (22:975(A)(8))
- Legal action (22:975(A)(11))
 - Consent of beneficiary (22:975(A)(10))
- Cancellation by insured (22:975(A)(9))
- Extension of time limits (22:975(A)(12))

4.2 Other provisions (22:975(B))

- Change of occupation (22:975(B)(1))
- Misstatement of age (22:975(B)(2))
- Other insurance in this insurer (22:975(B)(3))
- Insurance with other insurers (22:975(B)(4))
- Unpaid premium (22:975(B)(6))
- Cancellation (22:975(B)(7))
- Conformity with state statutes (22:975(B)(8))
- Illegal occupation (22:975(B)(9))
- Intoxicants and narcotics (22:975(B)(10))

4.3 Other general provisions

- Right to examine (free look) (22:975(7)(a))

Insuring clause
Consideration clause
Military suspense provision (RL 29:407)

5.0 Disability Income and Related Insurance 5%

5.1 Qualifying for disability benefits

Inability to perform duties
Own occupation
Any occupation
Presumptive disability
Requirement to be under physician care

5.2 Individual disability income insurance

Louisiana minimum benefit standards (22:990)
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 (22:975(B)(5))
Other cash benefits
Accidental death and dismemberment
Rehabilitation benefit
Medical reimbursement benefit (nondisabling injury)
Refund provisions
Return of premium
Exclusions

5.3 Unique aspects of individual disability underwriting

Occupational considerations
Benefit limits
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 person disability income
Disability buy-sell policy

5.6 Social Security disability

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

5.7 Workers compensation

Eligibility

Benefits

6.0 Medical Plans 17%

6.1 Medical plan concepts

Fee-for-service basis versus prepaid basis
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 (PCP) 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
Retrospective review

6.4 Louisiana requirements (individual and/or group)

Eligibility requirements
Dependent child age limit (22:1000(A)(1)(a)(vi), (2)(a))
Coverage of adopted children (22:1004)
Newborn child coverage (22:1024)
Physically or mentally handicapped dependents (22:1000(A)(2)(a), 1001)
Full-time student age limit (22:1002, 1003)
Grandchildren coverage (22:1000(A)(1)(a)(vi), (2)(a))
Benefit offers
Treatment for alcoholism and drug abuse (22:1025)
Speech, physical and occupational therapy services (22:1042)

Full coverage for mental disorders (22:1043)

6.5 HIPAA (Health Insurance Portability and Accountability Act) requirements

Eligibility (22:1061, 1063)

Guaranteed issue (22:1073)

Pre-existing conditions (22:1062, 1072)

Creditable coverage (22:1061(4), 1062(A-D), 1064)

Renewability (22:1068, 1074)

6.6 Medical savings accounts (MSAs)

Definition

Eligibility

Contribution limits

7.0 Group Health Insurance 10%

7.1 Characteristics of group insurance

Group contract

Certificate of coverage

Experience rating versus community rating

7.2 Types of eligible groups

Individual employer groups

Multiple-Employer Trusts (METs) or Welfare Arrangements (MEWAs)

Blanket (22:1000(A))

Associations (alumni, professional, other)

Customer groups (depositors, creditor-debtor, other)

Students

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

Administrative capability

Eligibility for coverage

Employee eligibility

Dependent eligibility

Coordination of benefits provision

(Reg 37:XIII .301-.319)

Change of insurance companies or loss of coverage

No-loss no-gain

Events that terminate coverage

Extension of benefits

Continuation of coverage under COBRA and Louisiana specific rules (22:1068)

Conversion privilege (22:988, 1074(G)(4))

Reinstatement of coverage for military personnel (RL 29:407(D))

7.5 Small employer medical plans (22:1091-1094)

Definition of small employer (22:1061(5)(e)(iii))

Availability of coverage (guaranteed issue) (22:1067)

Renewability of coverage (guaranteed issue) (22:1068)

Disclosure requirements (22:1063, 1093)

8.0 Dental Insurance 3%

8.1 Types of dental plans

Dental insurance

Dental referral plans

8.2 Indemnity plans

Choice of providers

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 (22:1111)

Purpose (Reg 37:XIII.501)

Open enrollment (Reg 37:XIII.530)

Standardized Medicare supplement plans (Reg 37:XIII.520)

Core benefits

Additional benefits

Louisiana regulations and required provisions

Standards for marketing (Reg 37:XIII.575)

Advertising (Reg 37:XIII.570;

Rule 37:XI.101-.137)

Appropriateness of recommended purchase and excessive insurance (Reg 37:XIII.580)

Outline of coverage (Reg 37:XIII.560(C))

Right to return (free look)

(Reg 37:XIII.560(A)(5))

Replacement (Reg 37:XIII.565, .590)

Minimum benefit standards (Reg 37:XIII.515)

Guaranteed issue (Reg 37:XIII.535)

Required disclosure provisions

(Reg 37:XIII.560)

Permitted compensation (Reg 37:XIII.555)

- Renewability and cancellation (Reg 37:XIII.515(A)(1)(e))
- Continuation and conversion requirements (Reg 37:XIII.515(A)(1)(e))
- Notice of Medicare benefit changes (Reg 37:XIII.560(B))
- Medicare Select (Reg 37:XIII.525)

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 (22:1181-1191; Reg 37:XIII.1901-.1961)

- Eligibility for benefits
- Levels of care
 - Skilled care
 - Intermediate care
 - Custodial care
 - Home health care (Reg 37:XIII.1923)
 - Adult day care
 - Respite care
- Benefit periods
- Benefit amounts
- Optional benefits
 - Guarantee of insurability
 - Return of premium
- Qualified LTC plans
- Exclusions
- Underwriting considerations
- Louisiana regulations and required provisions
 - Advertising (Reg 37:XIII.1941)
 - Standards for marketing (Reg 37:XIII.1943)
 - Outline of coverage (22:1186(G); Reg 37:XIII.1955)
 - Suitability (Reg 37:XIII.1945)
 - Shoppers guide (Reg 37:XIII.1957)
 - Right to return (free look) (22:1186(F))
 - Replacement (Reg 37:XIII.1925, .1947)
 - Benefit standards (22:1186)
 - Benefit triggers (Reg 37:XIII.1951, .1953)
 - Required disclosure provisions (Reg 37:XIII.1913)
 - Nonforfeiture (Reg 37:XIII.1949)
 - Pre-existing conditions (22:1186(C))
 - Inflation protection (Reg 37:XIII.1919)
 - Unintentional lapse (Reg 37:XIII.1911)

9.5 Louisiana Health Insurance Association (22:1201-1215)

- Eligibility (22:1207)
- Coverages and limits (22:1213(A), (B))
- Exclusions (22:1213(E))
- Deductibles and coinsurance (22:1213(F)(4))

10.0 Federal Tax Considerations for Health Insurance 3%

10.1 Personally-owned health insurance

- Disability income insurance
- Medical expense insurance
- Long-term care 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 Medical expense coverage for sole proprietors and partners

10.4 Business disability insurance

- Key person disability income
- Buy-sell policy

10.5 Medical savings accounts (MSAs)