

Your Exam Content Outline

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

Series 14-55
Texas Exam for Life and Health Insurance
Counselor

150 questions – 2.5-hour time limit

1.0 Insurance Regulation 5%

1.1 Licensing requirements

General provisions

Who are agents (Ins. 4001.003(1), .051)

Process (Ins. 4001.006, .102, .103, .105;
Ins. 4002.001)

Types of licensees (Ins. 4001.003)

Individuals (Ins. 4001.105)

Partnerships (Ins. 4001.106)

Corporations (Ins. 4001.106)

Banks (Ins. 4001.107)

Nonresident agents (Ins. 4056.001–.004)

Life and health insurance counselor
(Ins. 4052.001)

Maintenance and duration

Expiration and renewal

(Ins. 4003.001, .004, .006, .007)

Temporary license (Ins. 4001.151–.156)

Continuing education requirements (Ins.
4004.051–.054; TAC 19.1001–19.1021)

Disciplinary actions

Denial of license (Ins. 4005.101, .102)

Cease and desist order (Ins. 83.001–.153;
Ins. 541.108; TAC 1.901–.911)

Surrender of license (Ins. 4005.107;
TAC 19.2)

Suspension, revocation or refusal to renew
(Ins. 4001.254; Ins. 4005.101, .102, .105)

Penalties (Ins. 82.001–.056;

Ins. 84.001–.051; Ins. 4005.102)

1.2 State regulation

Commissioner's general duties and powers (Art.
31.001, .002, .021; Ins. 201.004; Ins. 404.051–
.053; Ins. 481.001–.009; Ins. 491.051–.052;
Ins. 521.003–.004; Ins. 4001.005)

Company regulation

Certificate of authority (Ins. 801.051–.053)

Financial requirements (Ins. 401.001–.021)

Examination of records (Ins. 38.001; Ins.
86.001–.002; Ins. 401.051–.062)

Unfair claims settlement practices

(Ins. 541.060; Ins. 542.001–.014;

TAC 21.201–.205)

Agent regulation

One agent, one license (TAC 19.902)

Acting without a license (Ins. 4001.101)

Unfair trade practices (TAC 21.3)

Misrepresentations (Ins. 541.051,
.061; TAC 21.4)

False advertising (Ins. 541.052;
TAC 21.115)

Defamation of insurer (Ins. 541.053)

Boycott, coercion and intimidation
(Ins. 541.054)

False financial statements
(Ins. 541.055)

Unfair discrimination (Ins. 541.057)

Rebates (Ins. 541.056; Ins.
4005.053(c)(1), .101(b)(9))

Testimonials (TAC 21.107)

False use of statistics (TAC 21.108)

Unlawful inducement (TAC 21.109)

Disparagements (TAC 21.110)

Unfair comparisons (TAC 21.111)

Commissions and fees (Ins. 4001.157;
Ins. 4005.053, .054)

Controlled business (Ins. 4001.104)

Joint advertising by similarly licensed agents
(TAC 19.904)

Referral business and insurance company
appointments (Ins. 4001.051(d), 4005.053;
TAC 19.905)

Reporting change of address (Ins. 4001.252,
4003.009; TAC 19.906)

Reporting of actions (Ins. 4001.252)

Records maintenance (Ins. 4001.255)

Illegal conversion of funds (Ins.
4005.101(b)(4))

Probation due to disability
(Ins. 4006.001–.056; TAC 1.1501–1506)

Agent appointment (Ins. 4001.201)

Termination of appointment (Ins. 4001.206)

Life, Accident, Health and Hospital Service

Insurance Guaranty Association

(Ins. 463.001–.451; TAC 21.6)

Insurance fraud regulation (Ins. 701.001–.154)

Consumer privacy regulation (TAC 22.1–.26)

1.3 Federal regulation

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

2.0 General Insurance 5%

2.1 Concepts

Risk management key terms

Risk
Exposure
Peril
Loss

Elements of insurable risks
Adverse selection
Law of large numbers
Reinsurance

2.2 Insurers

Types of insurers

Stock companies
Mutual companies
Fraternal associations
Reciprocal exchanges
Lloyd's associations

Private versus government insurers
Authorized versus unauthorized insurers
Domestic, foreign and alien insurers
Financial status (independent rating services)
Marketing (distribution) systems

2.3 Agents and general rules of agency

Insurer as principal
Agent/insurer relationship
Authority and powers of agents
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
Aleatory contract
Personal contract
Unilateral contract
Conditional contract
Legal interpretations affecting contracts
Reasonable expectations
Indemnity
Utmost good faith
Representations/misrepresentations
Warranties
Concealment
Fraud
Waiver and estoppel

3.0 Life Insurance Basics 7%

3.1 Insurable interest

(Art. 3.49-3; Ins. 1103.053)

3.2 Personal uses of life insurance

Survivor protection
Estate creation
Cash accumulation
Liquidity
Estate conservation
Viatical settlements

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
Deferred compensation funding
Split dollar plans
Change of insured rider (TAC 3.116)

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, FINRA and Texas) (TAC 3.704, 3.806)

3.6 Premiums

Factors in premium determination
Mortality
Interest earnings
Expense
Premium concepts
Net single premium
Gross annual premium
Premium payment mode

3.7 Agent responsibilities

Solicitation and sales presentations (TAC 21.104)
Advertising (TAC 3.303; TAC 21.111, .114, .122)
Policy summary
Illustrations (TAC 21.2201–.2214)
Life insurance policy cost comparison methods
Use and disclosure of insurance information
Field underwriting
Notice of information practices
Application procedures including backdating (TAC 3.120)
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
Agent report

- Attending physician statement
- Investigative consumer (inspection) report
- Medical Information Bureau (MIB)
- Medical examinations and lab tests including HIV (TAC 21.704(b)(8–10), 21.705)
- Selection criteria and unfair discrimination (TAC 21.702–.704)
- Classification of risks
 - Preferred
 - Standard
 - Substandard

4.0 Life Insurance Policies 7%

4.1 Term life insurance

- Level term
 - Annual renewable term
 - Level premium term
 - Life expectancy contract
 - Term-to-65 contract
- Decreasing term

4.2 Whole life insurance

- Continuous premium (straight life)
- Limited payment
- Single premium
- Enhanced ordinary life (economac)
- Indeterminate premium (TAC 3.301–.305)
- Graded premium
- Modified life
- Current assumption

4.3 Flexible premium policies

- Adjustable life
- Universal life

4.4 Group life insurance

- Characteristics of group plans
- Eligible groups (Ins. 1131.002)
- Group underwriting requirements
- Conversion to individual policy (Ins. 1131.110–.112)

4.5 Credit life insurance (individual versus group)

4.6 Nature of variable life insurance

- Variable life versus variable universal life
- Fixed premium payment versus flexible payment
- Face value versus death benefit
- Contract charges and fees

5.0 Life Insurance Policy Provisions, Options and Riders 8%

5.1 Required provisions (Ins. 1101.002)

- Entire contract (Ins. 1101.003; TAC 3.103)
- Payment of premiums (Ins. 1101.004; TAC 3.101)
- Grace period (Ins. 1101.005; TAC 3.102)
- Reinstatement (TAC 3.111)
- Incontestable clause (Ins. 1101.006; TAC 3.104)
- Misstatement of age (Ins. 1101.008; TAC 3.106)
- Statements of the insured (Ins. 1101.007; TAC 3.105)
- Legal action (TAC 3.119)

Payment of claims (Ins. 1101.011; TAC 3.112)

5.2 Other provisions

- Ownership
- Assignment (TAC 3.123)
- Modifications
- Right to examine (free look)
- Medical examination
- Exclusions

5.3 Beneficiaries

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

5.4 Settlement options

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

5.5 Nonforfeiture options

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

5.6 Policy loan and withdrawal options

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

5.7 Dividend options

- Cash payment
- Reduction of premium payments
- Accumulation at interest
- One-year term option
- Paid-up additions
- Paid-up insurance

5.8 Disability riders

- Waiver of premium
- Waiver of cost of insurance
- Disability income benefit

5.9 Accelerated (living) benefit provision/rider (Ins. 1111.052, 1551.254; TAC 3.1708, 3.4301–.4317)

- Conditions for payment
- Effect on death benefit

5.10 Riders covering additional insureds

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

5.11 Riders affecting the death benefit amount

- Accidental death
- Guaranteed insurability

Cost of living
Return of premium

6.0 Annuities 6%

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 (modified guaranteed annuities) (Ins. 1152.201-.205)

6.5 Uses of annuities

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

7.0 Federal Tax Considerations for Life Insurance and Annuities 5%

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 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 4%

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
Pension plans
Section 457 deferred compensation
403(b) tax-sheltered annuities (TSAs)

8.4 Special rules for life insurance

Incidental limitation
Taxation of economic benefit
Taxation and life insurance distributions

9.0 Health Insurance Basics 3%

9.1 Definitions of perils

Accidental injury (TAC 3.3008)
Sickness (TAC 3.3009)

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 including Texas minimum standards (TAC 3.3076)

- Specified (dread) disease including Texas minimum standards (TAC 3.3077)
- Hospital indemnity (income)
- Credit disability
- Blanket insurance (teams, passengers, other) (Ins. 1251.351–.359)
- Prescription drug plans
- Vision care

9.5 Common exclusions from coverage (TAC 3.3018, 3.3054)

9.6 Agent responsibilities in individual health insurance

- Marketing requirements
 - Advertising (Art. 21.20-2; TAC 3.303, TAC 21.101–.113)
 - Outline of coverage (TAC 3.3090–.3093)
- Field underwriting
 - Nature and purpose
 - Disclosure of information about individuals
 - Application procedures
 - Delivery of policy
 - Common situations for errors/omissions

9.7 Individual underwriting by the insurer

- Underwriting criteria
- Sources of underwriting information
 - Application
 - Agent reports
 - Attending physician statement
 - Investigative consumer (inspection) report
 - Medical Information Bureau (MIB)
 - Medical examinations and lab tests including HIV (TAC 21.704(b)(8–10), 21.705)
- Unfair discrimination (TAC 21.702–.704)
- Genetic testing information (Ins. 546.051, .052)
- Classification of risks
 - Preferred
 - Standard
 - Substandard
 - Declined

9.8 Considerations in replacing health insurance (TAC 3.3061)

- Pre-existing conditions (TAC 3.3018, 3.3054, 3.3061(c)(1))
- Benefits, limitations and exclusions
- Underwriting requirements
- Agent liability for errors and omissions

10.0 Individual Health Insurance Policy General Provisions 4%

10.1 Required standard provisions

- Entire contract; changes (Ins. 1201.207)
- Time limit on certain defenses (Ins. 1201.208)
- Grace period (Ins. 1201.209)
- Reinstatement (Ins. 1201.210)
- Claim procedures (Ins. 1201.211–.215)
- Physical examinations and autopsy (Ins. 1201.216)
- Legal actions (Ins. 1201.217)

- Change of beneficiary (Ins. 1201.218)

10.2 Other provisions

- Change of occupation (Ins. 1201.219)
- Misstatement of age (Ins. 1201.220)
- Other insurance in this insurer (Ins. 1201.221)
- Unpaid premium (Ins. 1201.223)
- Cancellation (Ins. 1201.224)
- Conformity with state statutes (Ins. 1201.225)
- Illegal occupation (Ins. 1201.226)
- Intoxicants and narcotics (Ins. 1201.227)

10.3 Other general provisions

- Right to examine (free look) (Ins. 1201.058)
- Insuring clause
- Consideration clause
- Renewability clause (TAC 3.3050)
 - Noncancelable (TAC 3.3019)
 - Guaranteed renewable (TAC 3.3020)
 - Conditionally renewable
 - Renewable at option of insurer
 - Nonrenewable (cancelable, term)
- Military suspense provision (TAC 3.3057(e))

10.4 Prohibited policy provisions (TAC 3.3040)

11.0 Disability Income and Related Insurance 3%

11.1 Qualifying for disability benefits (TAC 3.3012)

- 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

- Texas minimum benefit standards (TAC 3.3075)
- Basic total disability plan
 - Income benefits (monthly indemnity)
 - Elimination and benefit periods
 - Waiver of premium feature
- Coordination with social insurance benefits
 - Additional monthly benefit (AMB)
 - Social insurance supplement (SIS)
 - Occupational versus nonoccupational coverage
- At-work benefits
 - Partial disability benefit (TAC 3.3013)
 - Residual disability benefit (TAC 3.3014)
- Other provisions affecting income benefits
 - Cost of living adjustment (COLA) rider
 - Future increase option (FIO) rider
 - Relation of earnings to insurance (Ins. 1201.222)
- Other cash benefits
 - Accidental death and dismemberment
 - Rehabilitation benefit
 - Medical reimbursement benefit (nondisabling injury)
- Refund provisions

Return of premium (TAC 3.3040(c))
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

12.0 Medical Plans 9%

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
Texas minimum standards (TAC 3.3074)
Common limitations
Exclusions from coverage
Provisions affecting cost to insured
Preferred provider organizations (PPOs)
(TAC 3.3701–.3706)
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)
Indemnity plan features
Texas Child Health Plan (H&S 62.001–.055,
.058–.158)

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 Texas requirements (individual and group)

Eligibility requirements

Dependent child age limit (Ins. 1201.065)
Newborn child coverage (Ins. 1367.003;
TAC 3.3403)

Adopted children (Ins. 1201.061)
Step children (Ins. 1201.064)
Medical child support order (Ins. 1201.063;
TAC 21.2004)
Grandchildren (Ins. 1201.062)

Benefit offers

In-vitro fertilization (Ins. 1366.003)
Speech and hearing impairments
(Ins. 1365.003)
Mental illness (Ins. 1355.004)
Home health care (Ins. 1351.005–.007)

12.5 HIPAA (Health Insurance Portability and Accountability Act) requirements

Eligibility
Pre-existing conditions
Creditable coverage
Renewability
Privacy issues

12.6 Special savings plans (definition, eligibility, and contribution limits)

Medical savings plans (MSAs)
Flexible savings accounts (FSAs)
Health savings accounts (HSAs)
Health reimbursement accounts (HRAs)
Consumer driven plans

12.7 Texas Health Insurance Risk Pool (Ins. Ch 1506)

Eligibility (Ins. 1506.152)
Coverages and limits (Ins. 1506.151, .154)
Exclusions (Ins. 1506.155)
Deductibles and coinsurance (Ins. 1506.151)

13.0 Health Maintenance Organizations (HMOs) 3%

13.1 HMOs and cost control

Access to providers
Preventive care
Utilization management
Capitation

13.2 HMO and other medical plans compared

Provider choice
Service area
Gatekeeper
Network
Any provider
Preventive care emphasis
Cost-sharing methods
Copayments
Deductibles and coinsurance

13.3 HMO services and general provisions

Preventive care services
Physician services
Primary care physician (PCP)
Referral (specialty) physician
Emergency care (Ins. 1271.155)

Hospital services
Other basic services
Additional plans and services
Dental services
Vision care

13.4 HMO certification and regulation

Certification
Certificate of authority (Ins. 843.071)
Officers and employees bond (Ins. 843.402)
Financial requirement (Ins. 843.403, .404)
Violations (Ins. 843.406)
Notice of hearing (Ins. 843.406)
Suspension or revocation of certificate of authority (Ins. 843.406(a)(1))
Regulation of reports and records
Annual report (Ins. 843.155)
Complaint system (Ins. 843.251)
Examination of records (Ins. 843.156)
Prohibited practices
Confidentiality of medical and health information (Ins. 843.007)

14.0 Group Health Insurance 9%

14.1 Characteristics of group insurance

Group contract
Certificate of coverage

14.2 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, other)
Self-funded plans

14.3 Marketing considerations

Advertising
Regulatory jurisdiction/place of delivery

14.4 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 (Ins. 1203.002)
Change of insurance companies or loss of coverage
Coinsurance and deductible carryover
Events that terminate coverage
Extension of benefits (Ins. 1252.102)
Continuation of coverage under COBRA and Texas continuation rules (Ins. 1251.251)
Conversion privilege (TAC 3.501–.518; TAC 3.3602)

14.5 Small employer medical plans (TAC 26.1, 26.3–.26)

Definition of small employer (Ins. 1501.002(14))
Employer contribution and participation requirements (Ins. 1501.153, .154; TAC 26.8)
Benefit plans offered (Ins. 1501.252)
Basic coverage benefit plan
Other benefit plans
Guaranteed issue (Ins. 1501.151; TAC 26.7, .8)
Renewability of coverage (Ins. 1501.108; TAC 26.15, .16)
Prohibited marketing practices (Ins. 1501.352; TAC 26.13)
Dependent offering (TAC 26.9)
Pre-existing conditions (Ins. 1501.102)

15.0 Dental Insurance 2%

15.1 Types of dental treatment

Diagnostic and preventive
Restorative
Oral surgery
Endodontics
Periodontics
Prosthodontics
Orthodontics

15.2 Indemnity plans

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

15.3 Employer group dental expense

Integrated deductibles versus stand-alone plans
Minimizing adverse selection

16.0 Insurance for Senior Citizens and Special Needs Individuals 7%

16.1 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

16.2 Medicare supplements (TAC 3.3301–.3310, .3312–.3313, .3315–.3325)

Purpose (TAC 3.3301)
Open enrollment (TAC 3.3324)

- Standardized Medicare supplement plans
 - Core benefits (TAC 3.3306(2))
 - Additional benefits (TAC 3.3306(3))
- Texas regulations and required provisions
 - Prohibited policy provisions (TAC 3.3305)
 - Minimum benefit standards (TAC 3.3306)
 - Required disclosure provisions (TAC 3.3308)
 - Replacement (TAC 3.3309)
 - Guaranteed issue (TAC 3.3312)
 - Advertising (TAC 3.3313)
 - Permitted compensation arrangements (TAC 3.3317)
 - Standards for marketing (TAC 3.3319)
 - Appropriateness of recommended purchase (TAC 3.3320)
- Medicare Select (TAC 3.3325)

16.3 Other options for individuals with Medicare

- Employer group health plans
 - Disabled employees
 - Employees with kidney failure
 - Individuals age 65 and older
- Medicaid
 - Eligibility
 - Benefits

**16.4 Long-term care (LTC) insurance
(Ins. 1651.003; TAC 3.3801–.3807, .3810, .3812, .3815, 3818–.3850)**

- 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
 - Guarantee of insurability
 - Return of premium
- Qualified LTC plans
- Cancellation (TAC 3.3823)
- Exclusions (TAC 3.3826)
- Indemnity versus reimbursement
- Waiver of premium
- Underwriting considerations
- Texas regulations and required provisions
 - Required disclosure provisions (TAC 3.3829)
 - Replacement (TAC 3.3830)
 - Requirement to offer inflation protection (TAC 3.3820)
 - Requirement to offer nonforfeiture benefits (TAC 3.3844)
 - Outline of coverage (TAC 3.3832)
 - Advertising (TAC 3.3838)
 - Standards for marketing (TAC 3.3839)
 - Shopper's guide (TAC 3.3840)

- Appropriateness of recommended purchase (TAC 3.3842)
- Pre-existing conditions provisions (TAC 3.3824)
- Unintentional lapse (TAC 3.3841)
- Guaranteed renewability (TAC 3.3807)

17.0 Federal Tax Considerations for Health Insurance 3%

17.1 Personally-owned health insurance

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

17.2 Employer group health insurance

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

17.3 Medical expense coverage for sole proprietors and partners

17.4 Business disability insurance

- Key person disability income
- Buy-sell policy

17.5 Special savings plans

- Health Savings Accounts
- Health Reimbursement Accounts
- Flexible Spending Accounts
- Consumer-Driven Plans

18.0 Additional Considerations for Life and Health Insurance Counselors 10%

18.1 Duties of financial services professionals

- Introduce planning concepts and gather information
- Identify and clarify client objectives
- Analyze present financial position and alternatives
- Prepare and present recommendations
- Assist with plan implementation
- Review and revise plan periodically

18.2 Economic considerations in personal finance

- Buying and selling decisions
 - Supply
 - Demand
 - Changes in the market
- Production process
 - Inputs
 - Outputs
 - Consumption
 - Short-run versus long-run adjustments
 - Economies of scale
- Types of market structures
 - Perfect competition
 - Pure monopoly
 - Monopolistic competition
 - Oligopoly
- Market success and failure
 - Competitive markets

- Reasons for market failure
- Remedies for market failure
- Economic regulation
 - Antitrust law
 - Monopoly regulation
 - Rate regulation
 - Banking
 - Insurance
- Components of Gross National Product (GNP)
 - Personal consumption expenditures
 - Gross private domestic investment
 - Government purchases of goods and services
 - Net exports of goods and services
- Consumer Price Index (CPI)
- Business cycle
 - Expansion
 - Downturn
 - Recession
 - Recovery
- Employment
- Types of unemployment
 - Frictional
 - Seasonal
 - Cyclical
 - Structural
- Functions of money
 - Medium of exchange
 - Unit of account
 - Store of value
- Flow of funds and interest rates
 - Monetary control — Federal Reserve System
 - Supply and demand for loans
 - Interest rate determination
- Savings
- Investments
- International trade and investments

18.3 Common financial needs and objectives of clients

- Protection against risks
 - Major health care expenses
 - Loss of income or property
 - Liability losses
- Income tax reduction
- Capital accumulation
 - Emergencies
 - Major purchases
 - Education
 - Retirement
 - Other purposes
- Managing personal assets at death
 - Choosing and arranging for an executor
 - Choosing and arranging for a guardian
 - Reducing estate taxes and settlement costs
 - Meeting obligations of the estate
 - Providing financial support for dependents
 - Deciding and arranging for transfers to heirs
 - Planning for the disposition of business interests

18.4 Insurance purchase decisions

- Large loss principle
- Use of cost-sharing devices
- Considerations affecting the choice of insurers

18.5 Income tax planning

- The federal income tax
- Basic tax saving techniques

18.6 Retirement considerations

- Life expectancy
- Income requirements
- Sources of non-earned income
- Purchasing power risk (inflation)
- Time value of money

18.7 Estate planning

- The federal estate tax
 - Gross estate
 - Adjusted gross estate
 - Taxable estate
 - Marital deduction
 - Charitable bequests
 - Unified estate and gift tax credit
 - Generation-skipping transfer tax
- Methods of estate transfer
 - Probate estate
 - Will substitutes

18.8 Arranging life insurance

- Beneficiaries when policy is owned by the insured
 - Insured's estate
 - Third-party beneficiaries
 - Revocable unfunded life insurance trust
- Policies owned by other individuals
- Policies owned by irrevocable trusts
- Gifts of life insurance

18.9 Texas community property rights in life insurance

- Spouse's rights in policy during insured's lifetime
- Surviving spouse's interest in life insurance proceeds
 - Effect of death of noninsured spouse
 - Effect of divorce
 - Policy as spouse's separate property
 - Death proceeds payable to surviving spouse as named beneficiary
 - Interest of spouse versus other interest in death proceeds
 - Spouse versus named beneficiary
 - Spouse versus insured's estate
 - Premiums paid with separate funds and community funds
 - Previous dissolution of community
 - Simultaneous deaths of insured and spouse