

YOUR EXAM CONTENT OUTLINE

for examinations on or after March 1, 2006.

If you do not receive all five pages of this outline, please contact Prometric.

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

Vermont Producer's Examination for Accident, Health and HMO

Series 14-27

100 questions – Two-hour time limit

1.0 Insurance Regulation 5%

1.1 Licensing

- Process (4800, 4813f)
- Types of licensees (4791)
 - Resident (4800(3)(A))
 - Nonresident (4800(3)(B); 4813h)
 - Temporary (4800(3)(D)(ii); 4813k)
- Maintenance and duration
 - Renewal and expiration (4798)
 - Address change (4800(3)(F))
 - Assumed business name (4813j)
 - Reporting of actions (4813o)
 - Continuing education requirements (4800a; Reg 2000-2 Sec 4)
- Disciplinary actions
 - Denial of license (4800(3)(E))
 - Cease and desist order (3661)
 - Suspension, revocation or nonrenewal (4804; 4806)
 - Penalties (3661(2); 4804(d))

1.2 State regulation

- Commissioner's general duties and powers (4726)
- Company regulation
 - Certificate of authority (3368)
 - Unfair claim settlement practices (4724(9); Reg 79-2 Sec 1-7)
 - Policy forms (3541)
 - Examination of records (3565)
 - Producer appointment (4798(c), 4813l)
 - Termination of appointment (4798(d), 4813m)
- Producer regulation
 - Acting without a license (4793)
 - Shared commissions (4796)

- Controlled business (4795)
- Unfair trade practices (4724)
 - Misrepresentation (4724(1, 11, 13))
 - False advertising (4724(2))
 - Defamation (4724(3))
 - Boycott, coercion and intimidation (4724(4))
 - False financial statements and entries (4724(5))
 - Illegal inducement (4724(6))
 - Unfair discrimination (4724(7))
 - Rebating (4724(8))
 - Failure to maintain complaint record (4724(10))
 - Failure to act as fiduciary (4724(12))
 - Nondisclosure of fees or charges (4724(14))
- Consumer privacy regulation (Reg H-01-1 Art II Sec 5-10)

1.3 Federal regulation

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

2.0 General Insurance 5%

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
 - Lloyd's associations
 - Risk retention groups
- 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
- Authority and powers 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
- 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
 - Hospital indemnity (income)
 - Credit disability
 - Blanket insurance (teams, passengers, other)
 - Prescription drugs
 - Vision care

3.5 Common exclusions from coverage

3.6 Producer responsibilities in individual health insurance

- Marketing requirements
 - Advertising (Reg 71-1)
 - Life and Health Insurance Guaranty Association (4164(e))
 - Sales presentations
 - Outline of coverage (Reg 80-1 Sec 8(B))
- 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 (4724(20))
- Unfair discrimination
- Genetic testing (RL 18 Sec 9331-9335)
- Classification of risks
 - Standard
 - Preferred
 - Substandard
 - Declined

3.8 Considerations in replacing health insurance

- Pre-existing conditions
- Pre-existing condition exclusion regulation (Reg 80-1 Sec 5(F))
- Benefits, limitations and exclusions
- Underwriting requirements

4.0 Health Insurance Policy General Provisions

(Non-group and Group) 11%

4.1 Uniform required provisions

- Entire contract; changes (4065(1), 4080(1))
- Certificate of insurance (4080(2))
- Time limit on certain defenses (4065(2))
- Grace period (4065(3))
- New employees (4080(3))
- Part-time employees (4080(4), 4080a(a)(1))
- Reinstatement (4065(4))
- Claim procedures (4065(5-9); Reg 93-4)
- Physical examinations and autopsy (4065(10))
- Legal actions (4065(11))
- Change of beneficiary (4065(12))

4.2 Optional provisions (4066)

- Change of occupation (4066(1))
- Misstatement of age (4066(2))
- Other insurance in this insurer (4066(3))
- Insurance with other insurers

- Expense-incurred basis (4066(4))
- Other benefits (4066(5))
- Unpaid premium (4066(7))
- Cancellation (4066(8); Reg 91-4B Sec 3(10))
- Conformity with state statutes (4066(9))
- Illegal occupation (4066(10))

4.3 Other general provisions

- Right to examine (free look) (4063(8))
- Insuring clause
- Consideration clause
- Renewability clause
 - Noncancelable
 - Guaranteed renewable
 - Conditionally renewable
 - Renewable at option of insurer
 - Nonrenewable (cancelable, term)
- Reduction in coverage

5.0 Disability Income and Related Insurance 11%

5.1 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

5.2 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 (4066(6))
- Other cash benefits
 - Accidental death and dismemberment
 - Rehabilitation benefit
 - Medical reimbursement benefit (nondisabling injury)
- 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
- Disability

5.5 Social Security disability

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

5.6 Workers compensation

- Eligibility
- Benefits

6.0 Medical Plans 12%

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

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

6.3 Common health care plans (non-group) (4080b(e); Reg 93-5 Sec 7)

- Standards
- Policy provisions

6.4 Cost containment in health care delivery

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

6.5 Vermont eligibility requirements (non-group and/or group)

- Dependent child age limit (4063(3))
- Adopted child coverage (4100c)
- Child coverage; noncustodial parents (4100b)
- Disabled child coverage (4089d)
- Newborn child coverage (4092)
- Civil unions (RL 15 Sec 1201)

- 6.6 HIPAA (Health Insurance Portability and Accountability Act) requirements**
 - Eligibility
 - Guaranteed issue
 - Pre-existing conditions
 - Creditable coverage
 - Renewability
- 6.7 Medical savings accounts (MSAs)**
 - Definition
 - Eligibility
 - Contribution limits
- 7.0 Health Maintenance Organizations (HMOs) 10%**
 - 7.1 General characteristics**
 - Combined health care delivery and financing
 - In network versus out of network
 - Limited service area
 - Limited choice of providers
 - Gatekeeper concept
 - Copayments
 - Prepaid basis
 - 7.2 HMO Services**
 - Preventive care services
 - Well-child care
 - Immunizations
 - Routine physical examinations
 - Wellness programs
 - Physician services
 - Primary care physician (PCP)
 - Referral (specialty) physician
 - Emergency care
 - Urgent care center
 - Hospital emergency room
 - Hospital services
 - Skilled nursing facility services
 - Home health care (4096)
 - Family planning services
 - Mental health/substance abuse benefits
 - Prescription drugs
 - Additional plans and services
 - Dental services
 - Vision care
- 8.0 Group Health Insurance 10%**
 - 8.1 Characteristics of group insurance**
 - Group contract
 - Certificate of coverage
 - Experience rating versus community rating
 - 8.2 Types of eligible groups**
 - Employment-related groups
 - Individual employer groups
 - Multiple-Employer Trusts (METs) or Welfare Arrangements (MEWAs)
 - Exempt associations (alumni, professional, other)
 - Customer groups (depositors, creditor-debtor, other)
 - Trusts (unions, employers)
- 8.3 Marketing considerations**
 - Advertising
 - Regulatory jurisdiction/place of delivery
- 8.4 Employer group health insurance**
 - Vermont underwriting requirements (4079)
 - Insurer underwriting criteria
 - Characteristics of group
 - Plan design factors
 - Persistency factors
 - Administrative capability
 - Eligibility for coverage
 - Open enrollment
 - Employee eligibility (4080(4))
 - Dependent eligibility
 - Coordination of benefits provision
 - Change of insurance companies or loss of coverage
 - Coinsurance and deductible carryover
 - No-loss no-gain
 - Events that terminate coverage
 - Extension of benefits (4091e)
 - Continuation of coverage under COBRA and Vermont specific rules
 - Conversion privilege (4090d–g)
- 8.5 Small employer group medical plans**
 - Definition of small employer (4080a(a)(1))
 - Common health care plans (4080a(e); Reg 91-4B Sec 5)
 - Availability of coverage (4080a(d))
 - Renewability of coverage (Reg 91-4B Sec 5(2(a)))
 - Prohibited marketing practices (Reg 91-4B Sec 4)
 - Pre-existing conditions (4080a(g); Reg 91-4B Sec 5(2(b)))
 - Participation requirements (4080a(a)(l))
- 9.0 Dental Insurance 3%**
 - 9.1 Types of dental treatment**
 - Diagnostic and preventive
 - Restorative
 - Oral surgery
 - Endodontics
 - Periodontics
 - Prosthodontics
 - Orthodontics
 - 9.2 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

9.3 Employer group dental expense

Minimizing adverse selection

10.0 Insurance for Senior Citizens and Special Needs

Individuals 12%

10.1 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

10.2 Medicare supplements (Reg H-05-2 Sec 1–25)

Purpose (Reg H-05-2 Sec 1)

Open enrollment (Reg H-05-2 Sec 11)

Standardized Medicare supplement plans

(Reg H-05-2 Sec 8, 9)

Core benefits (Reg H-05-2 Sec 8(B))

Additional benefits (Reg H-05-2 Sec 8(C))

Vermont regulations and required provisions

Standards for marketing (Reg H-05-2 Sec 20)

Advertising (Reg H-05-2 Sec 19)

Appropriateness of recommended purchase

(Reg H-05-2 Sec 21)

Buyer's guide (Reg H-05-2 Sec 17(A)(6))

Outline of coverage (Reg H-05-2 Sec 17(D))

Right to return (Reg H-05-2 Sec 17(A)(5))

Pre-existing conditions

(Reg H-05-2 Sec 8(A)(1))

Duplication of Medicare benefits

(Reg H-05-2 Sec 21(B))

Replacement (Reg H-05-2 Sec 18, 23)

Required disclosure provisions

(Reg H-05-2 Sec 17)

Permitted compensation arrangements

(Reg H-05-2 Sec 16)

Renewability and cancellation

(Reg H-05-2 Sec 8(A)(5))

Continuation and conversion requirements

(Reg H-05-2 Sec 8)

Notice of change (Reg H-05-2 Sec 17(B))

Medicare Select (Reg H-05-2 Sec 10)

10.3 Other options for individuals with Medicare

Employer group health plans

Disabled employees

Employees with kidney failure

Individuals age 65 and older

Medicaid

Eligibility

Benefits

10.4 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

Guarantee of insurability

Return of premium

Qualified LTC plans

Exclusions (Reg 91-1 Sec 6(B))

Underwriting considerations

Vermont regulations and required provisions

Standards for marketing (Reg 91-1 Sec 16)

Shopper's/Buyer's guide

(8098; Reg 91-1 Sec 20)

Outline of coverage (8090; Reg 91-1 Sec 19)

Appropriateness of recommended purchases

(Reg 91-1 Sec 17)

Right to return (free look) (8089)

Replacement (Reg 91-1 Sec 6(E), 11)

Benefit standards (8085)

Prohibited policy provisions

(8086, 8087; Reg 91-1 Sec 18)

Renewal considerations (Reg 91-1 Sec 6(A))

Continuation or conversion

(Reg 91-1 Sec 6(D))

Inflation protection (Reg 91-1 Sec 10)

Pre-existing conditions (8086)

11.0 Federal Tax Considerations for Health

Insurance 9%

11.1 Personally-owned health insurance

Disability income insurance

Medical expense insurance

Long-term care insurance

11.2 Employer group health insurance

Disability income (STD, LTD)

Medical and dental expense

Long-term care insurance

Accidental death and dismemberment

11.3 Medical expense coverage for sole proprietors and partners

11.4 Medical savings accounts (MSAs)