

Your Exam Content Outline

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

Oregon Producer's Examination for Life and Health Insurance Series 12-03

150 questions – 2.5-hour time limit

1.0 Insurance Regulation 5%

1.1 Licensing

Purpose

Process (ORS 744.058, .059, .062)

Types of licensees

Producers (ORS 744.052, .053)

Consultants (ORS 744.605, .609, .626;
OAR 836-071-0150)

Adjusters (ORS 744.531)

Nonresidents (ORS 744.063)

Temporary (ORS 744.073)

Maintenance and duration

Renewal and nonrenewal (ORS 744.072, .074)

Continuing education requirements (ORS
744.072(4); OAR 836-071-0215–0250)

Reinstatement (ORS 744.018, .072(6))

Assumed business name (ORS 744.028(2),
.068)

Change of address or telephone number
(ORS 744.028(1), .068)

Reporting of actions (ORS 744.089)

Disciplinary actions

Cease and desist orders (ORS 731.252)

License probation, suspension, revocation or
refusal to issue or renew (ORS 744.074)

Civil penalty (ORS 731.988)

Criminal penalty (ORS 731.992)

1.2 State regulation

Director's general duties and powers
(ORS 731.236)

Company regulation

Solvency (ORS 731.554(6))

Producer appointment (ORS 744.078)

Termination of appointment (ORS 744.079,
.081)

Unfair claim settlement practices

(ORS 746.230; OAR 836-080-0205–0250)

Producer regulation

Fiduciary and trust account responsibilities
(ORS 744.083; OAR 836-074-0020–0050)

Place of business/records maintenance
(ORS 744.068)

Controlled business (ORS 746.065, .160)
Shared commissions (ORS 744.076, .077;
OAR 836-071-0269–0277)

Unfair trade practices

Misrepresentation (ORS 746.075, .100)

False advertising (ORS 746.110;
OAR 836-080-0155)

Rebating (ORS 746.045)

Unfair discrimination (ORS 746.015;

OAR 836-081-0005, 0010, 0020, 0030)

Illegal inducement (ORS 746.035)

Suitability (OAR 836-080-0001–0043,
836-080-0090)

Examination of records (ORS 744.068(2, 3))

Privacy of Consumer Information (ORS 746.620,
.630, .665)

1.3 Federal regulation

Fair Credit Reporting Act (15 USC 1681–1681d)

Fraud and false statements including 1033 waiver
(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

Reciprocals

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 producer
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 Life Insurance Basics 10%

3.1 Insurable interest (ORS 743.024, .027, .030)

3.2 Personal uses of life insurance

Survivor protection
Estate creation
Cash accumulation
Liquidity
Estate conservation

3.3 Life settlements (ORS 744.319–.323, .326, .328; OAR 836-014-0200–0330)

3.4 Determining amount of personal life insurance

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

3.5 Business uses of life insurance

Buy-sell funding
Key person
Executive bonuses
Deferred compensation funding

3.6 Classes of life insurance policies

Group versus individual
Ordinary versus industrial (home service)
Permanent versus term
Participating versus nonparticipating
Fixed versus variable life insurance and annuities
including regulation of variable products
(SEC, FINRA, and Oregon) (ORS 733.220)

3.7 Premiums

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

3.8 Licensee responsibilities

Solicitation and sales presentations
(OAR 836-051-0005–0020)
Advertising
Oregon Life and Health Insurance Guaranty
Association (ORS 734.750–.890)
Illustrations (OAR 836-051-0500–0600)
Policy summary
Buyer's guide
Life insurance policy cost comparison methods
Replacement (ORS 746.085; OAR 836-080-0001–
0005, 0014, 0022, 0029, 0034 – 0043)
Use and disclosure of insurance information
Field underwriting
Notice of information practices
Application procedures
Delivery
Policy review
Effective date of coverage
Premium collection
Statement of good health

3.9 Individual underwriting by the insurer

Information sources and regulation
Application
Attending physician statement
Investigative consumer (inspection) report
Medical Information Bureau (MIB)
Medical examinations and lab tests (including
HIV consent) (OAR 836-050-0250)
Selection criteria and unfair discrimination
(OAR 836-081-0005, 0010)
Classification of risks
Preferred
Standard
Substandard

4.0 Life Insurance Policies 10%

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

Adjustable life

Universal life

4.4 Specialized policies

Joint life (first-to-die)

Juvenile life

4.5 Group life insurance

Characteristics of group plans

Group underwriting requirements

Conversion to individual policy

(ORS 743.333–.339)

4.6 Credit life insurance (individual versus group)

5.0 Life Insurance Policy Provisions, Options and Riders 7%

5.1 Standard provisions

Ownership

Assignment (ORS 743.043)

Entire contract (ORS 743.174)

Modifications

Right to examine (free look)

Payment of premiums (ORS 743.162)

Grace period (ORS 743.165)

Reinstatement (ORS 743.171–.189)

Incontestability (ORS 743.168)

Misstatement of age and gender (ORS 743.180)

Exclusions

Suicide exclusion

Medical examination; autopsy

Prohibited provisions including backdating
(ORS 743.225)

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

One-year term option

Paid-up additions

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 (ORS 743.154; OAR 836-051-0300–0380, 836-052–0646)

Qualifying events

Disclosure

Effect of benefit payment

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 11%

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 including group versus individual annuities
- Personal uses
 - Individual retirement annuities (IRAs)
 - Tax-deferred growth
 - Retirement income
 - Education funds
 - Living benefit riders

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
 - Amounts received by beneficiary
- Roth IRAs
 - Contributions and limits
 - Distributions

7.5 Rollovers and transfers (IRAs and qualified plans) and suitability

7.6 Section 1035 exchanges and suitability

8.0 Qualified Plans 3%

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)
- Self-employed plans (HR 10 or Keogh plans)
- Profit-sharing and 401(k) plans

- SIMPLE plans
- 403(b) tax-sheltered annuities (TSAs)

9.0 Health Insurance Basics 3%

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)
 - Prescription drugs
 - Vision care

9.5 Common exclusions from coverage

9.6 Producer responsibilities in individual health insurance

- Marketing requirements
 - Advertising (OAR 836-020-0200–0305)
 - Oregon Life and Health Insurance Guaranty Association (ORS 734.750–.890)
 - Sales presentations
 - Outline of coverage (OAR 836-020-0305)
- 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 consent) (OAR 836-050-0250)
- Unfair discrimination
- Classification of risks
 - Preferred
 - Standard
 - Substandard

9.8 Considerations in replacing health insurance (ORS 743.766(2,3))

- Pre-existing conditions
- Benefits, limitations and exclusions
- Producer liability for errors and omissions

10.0 Individual Health Insurance Policy General Provisions 4%

10.1 Uniform required provisions

- Incontestability (ORS 743.414, .472)
- Grace period (ORS 743.417)
- Reinstatement (ORS 743.420)
- Claim procedures (ORS 743.423-.435)

10.2 Uniform optional provisions

- Change of occupation (ORS 743.450)
- Misstatement of age (ORS 743.453)

10.3 Other general provisions

- Right to examine (free look) (ORS 743.492)
- Insuring clause (ORS 743.405)
- Consideration clause
- Entire contract; changes (ORS 743.411)
- Physical examinations and autopsy (ORS 743.411, .438)
- Legal actions (ORS 743.441)
- Change of beneficiary (ORS 743.444)
- Unpaid premium (ORS 743.468)
- Conformity with state statutes (ORS 743.474)
- Illegal occupation (ORS 743.477)
- Renewability clause (ORS 743.495, .498, .766(5))
 - Noncancelable
 - Guaranteed renewable
 - Conditionally renewable
 - Renewable at option of insurer
 - Nonrenewable (cancelable, term)

11.0 Disability Income and Related Insurance 2%

11.1 Qualifying for disability benefits

- Inability to perform duties
 - Own occupation
 - Any occupation
- 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 (ORS 743.465)

- 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

- Short-term disability (STD)
- Long-term disability (LTD)

11.5 Business disability insurance

- Key employee (partner) 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

12.0 Medical Plans 9%

12.1 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

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 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

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 Oregon requirements (individual and group)

- Eligibility requirements
 - Newborn child coverage (ORS 743A.090)
 - Dependent child age limit (ORS 743.405(3))
 - Coverage for adopted children (ORS 743A.090)
- Benefit offers
 - Alcoholism treatment (ORS 743A.160)

12.5 HIPAA (Health Insurance Portability and Accountability Act) requirements

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

12.6 Health Savings Accounts (HSAs) and Health Reimbursement Accounts (HRAs)

- Definition
- Eligibility
- Contribution limits
- Portability

13.0 Group Health Insurance 11%

13.1 Characteristics of group insurance

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

13.2 Types of eligible groups

- Employment-related groups
 - Individual employer groups
 - Multiple-Employer Trusts (METs) or Welfare Arrangements (MEWAs)
- Associations (alumni, professional, 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
 - Persistency factors
 - Administrative capability
- Eligibility for insurance
 - Employee eligibility
 - Dependent eligibility
- Coordination of benefits provision (OAR 836-020-0770-0806)

- 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 Oregon rules (ORS 743.610; OAR 836-052-0860)
 - Conversion rights for former spouse (ORS 743.600-.602)

13.5 Small employer medical plans

- Definition of small employer (ORS 743.730)
- Basic coverage (ORS 743.730(4), .736)
- Availability of coverage (ORS 743.752)
- Renewability of coverage (ORS 743.737(5))
- Pre-existing conditions (ORS 743.730(27), .737(1-3), .754)
- Participation requirements (ORS 743.737(7))
- Open enrollment

14.0 Dental Insurance 2%

14.1 Categories of dental treatment

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

14.2 Indemnity plans

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

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 9%

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 (OAR 836-052-0103)
- Open enrollment (OAR 836-052-0138)
- Standardized Medicare supplement plans
 - Core benefits (OAR 836-052-0133)
 - Additional benefits
- Oregon regulations and required provisions
 - Standards for marketing (OAR 836-052-0175)
 - Advertising (ORS 743.687; OAR 836-052-0170)
 - Appropriateness of recommended purchase and excessive insurance (OAR 836-052-0180)
 - Right to return (free look) (ORS 743.686)
 - Replacement (ORS 743.013; OAR 836-052-0165, 0190)
 - Pre-existing conditions (OAR 836-052-0165, 0190)
 - Required disclosure provisions (ORS 743.685; OAR 836-052-0160)
 - Outline of coverage (ORS 743.685(2); OAR 836-052-0160, 0190)
 - Buyer's guide (ORS 743.685(6))
 - Permitted compensation (OAR 836-052-0156)
- Medicare SELECT (OAR 836-052-0139)

15.3 Other options for individuals with Medicare

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

15.4 Long-term care (LTC) policies

- 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

- Oregon regulations and required provisions
 - Standards for marketing (OAR 836-052-0706)
 - Advertising (OAR 836-052-0696)
 - Shopper's guide (OAR 836-052-0786)
 - Outline of coverage (ORS 743.655(7); OAR 836-052-0776)
 - Appropriateness of recommended purchase
 - Right to return (free look) (ORS 743.655(6))
 - Replacement (OAR 836-052-0626, 0736)
 - Renewal provisions
 - Continuation or conversion
 - Required disclosure provisions (OAR 836-052-0716)
 - Inflation protection
 - Pre-existing conditions (ORS 743.655(3))
 - Protection against unintentional lapse
 - Prohibited provisions

15.5 Oregon Medical Insurance Pool (ORS 735.600 – .650)

- Eligibility (ORS 735.615)
- Coverages and limits (ORS 735.625)
- Exclusions
- Deductibles and coinsurance

16.0 Federal Tax Considerations for Health Insurance 4%

16.1 Personally-owned health insurance

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

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

16.5 Health Savings Accounts (HSAs) and Health Reimbursement Accounts (HRAs)