

Your Exam Content Outline

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

Utah Consultant's Examination for Life, Accident and Health Insurance Series 17-09

150 questions – 2.5-hour time limit

1.0 Insurance Regulation 8%

1.1 Licensing

- Purpose (31A-23a-101)
- Process (31A-23a-103-105, 107, 302)
- Types of licensees (31A-23a-106, 203, 401)
 - Producers
 - Consultants
 - Adjusters
 - Nonresidents (31A-23a-109)
- Maintenance and duration
 - Renewal (31A-23a-105)
 - Continuing education requirements (31A-23a-202; Reg R590-142-1 through 10)
 - Reinstatement (31A-23a-111(2), 113)
 - Assumed name (31A-23a-110(2))
 - Change of address or telephone number (31A-23a-412(1)(c))
 - Reporting of actions (31A-23a-105(2)(b))
- Disciplinary actions
 - License termination, suspension, or revocation (31A-2-308(10)(a); 31A-23a-111)
 - Probation (31A-23a-112)
 - Monetary forfeiture (fines) (31A-2-308)

1.2 State regulation

- Commissioner's general duties and powers (31A-2-201)
- Company regulation
 - Solvency (31A-4-105, 105.5)
 - Rates (31A-19a-201-203)
 - Policy forms (31A-21-201-203)
 - Producer appointment (31A-23a-115; Reg R590-244-1-14)
 - Termination of appointment (Reg R590-244-1-14)
 - Unfair claim settlement practices (31A-26-303; Reg R590-190-192)
- Producer regulation
 - Fiduciary and trust account responsibilities (31A-23a-409)
 - Place of business/records maintenance (31A-23a-412)
 - Controlled business (31A-23a-502)

- Shared commissions (31A-23a-504)
 - Unfair marketing practices (Reg R590-154)
 - Misrepresentation (31A-21-105; 31A-23a-402(1))
 - False advertising (31A-23a-402(1))
 - Rebating (31A-23a-402(2))
 - Unfair discrimination (31A-23a-402(3))
 - Boycott, coercion or intimidation (31A-23a-402(4))
 - Illegal inducement (Reg R590-154-11)
 - Examination of records (31A-2-203-205; 31A-23a-412)
 - Privacy of Consumer Information (Reg R590-206)
 - Insurance fraud regulation (31A-31-103-106)
 - Personal liability for unpaid claims (31A-15-105)
- #### 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
 - Reciprocal
 - 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 7%

3.1 Insurable interest (31A-21-104)

3.2 Personal uses of life insurance

Survivor protection
Estate creation
Cash accumulation
Liquidity
Estate conservation

3.3 Life settlements (including stranger originated life insurance)

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
Split dollar plans
Change of insured provision

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 Utah) (31A-5-217, 217.5;
31A-23a-206)

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
(Reg R590-79-1-8)
Advertising (Reg R590-130-4-16)
Utah Life and Health Insurance Guaranty
Association (31A-28-119(1-4);
Reg R590-155-2, 3)
Illustrations (31A-22-631;
Reg R590-177-1-13)
Policy summary (31A-22-631;
Reg R590-79-4(F), 5)
Buyer's guide (Reg R590-79-4(A), 5)
Life insurance policy cost comparison methods
Suitability (R590-230
(R590-230)
Need for variable license to recommend
termination of a variable product
(R590-133)
Replacement (Reg R590-93-1-12)
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
Licensee report
Attending physician statement
Investigative consumer (inspection) report
Medical Information Bureau (MIB)
Medical examinations and lab tests (including
HIV consent) (Reg R590-132-3)
Selection criteria and unfair discrimination
(31A-23a-402(3))
Classification of risks

Preferred
Standard
Substandard

Fixed-period installments
Fixed-amount installments
Life income
 Single life
 Joint and survivor

4.0 Life Insurance Policies 7%

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
Types of plan sponsors
Group underwriting requirements
Conversion to individual policy (31A-22-517-519)

5.0 Life Insurance Policy Provisions, Options and Riders 10%

5.1 Standard provisions

Ownership
Assignment (31A-22-412)
Entire contract (31A-22-424)
Modifications
Right to examine (free look) (31A-22-423)
Payment of premiums
Grace period (31A-22-402)
Reinstatement (31A-22-407)
Incontestability (31A-22-403)
Misstatement of age and gender (31A-22-405)
Exclusions
 Suicide exclusion (31A-22-404)
 Medical examination; autopsy (31A-22-417)
 Prohibited provisions including backdating (31A-22-401)

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

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

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 8%

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

Guaranteed living benefit rider

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

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 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)

Self-employed plans (HR 10 or Keogh plans)

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 of life insurance distributions

9.0 Accident and Health Insurance Basics 12%

9.1 Definitions of perils

Accidental injury (R590-126, 233)

Sickness, medical necessity and emergency (31A-22-627)

9.2 Principal types of losses and benefits

Loss of income from disability (R590-126, 233)

Medical expense

Dental expense

Long-term care expense

9.3 Classes of health insurance policies

Individual versus group

Private versus government

Self-funded vs fully insured

Limited versus comprehensive

Employer group versus association group

9.4 Limited policies (R590-126)

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 (R590-126)

9.6 Licensee responsibilities in individual health insurance

Marketing requirements

Advertising (Reg R590-130-4-16)

Utah Life and Health Insurance Guaranty

Association (31A-28-119(1-4); R590-155)

Sales presentations

Outline of coverage (Reg R590-126-8, 233-8)

Compensation disclosure (31A-23a-501)

Field underwriting

Nature and purpose

Employee waiver form (31A-22-635;
R590-247)
Disclosure of information about individuals
(R590-126, 233)
Application procedures
Requirements at delivery of policy
Utah individual and small employer health
insurance application (R590-247)
Common situations for errors/omissions

9.7 Individual underwriting by the insurer

Underwriting criteria
Sources of underwriting information
Application
Licensee report
Attending physician statement
Investigative consumer (inspection) report
Medical Information Bureau (MIB)
Medical examinations and lab tests (including
HIV consent) (Reg R590-132-3)
Unfair discrimination (31A-23a-402(3))
Genetic Information and Nondiscrimination Act
of 2008 (GINA)
Classification of risks
Preferred
Standard
Substandard

9.8 Considerations in replacing accident and health insurance (Reg R590-126-9, 233)

Pre-existing conditions (31A-22-605.1)
Benefits, limitations and exclusions
Underwriting requirements
Licensee liability for errors and omissions
Required notification

9.9 Other required, uniform and general provisions (R590-126, 133)

Incontestability (31A-22-609)
Grace period (31A-22-607)
Reinstatement (31A-22-608)
Claim procedures (31A-21-312; 31A-22-614;
31A-26-301; Reg R590-192-1-14)
Change of occupation (31A-22-613(1))
Misstatement of age (31A-22-613(2,3))
Coordination of benefits (31A-22-619)
Right to examine (free look) (31A-22-606)
Rights of spouse (31A-22-612)
Insuring clause
Consideration clause
Entire contract; changes
Physical examinations and autopsy
Legal actions
Change of beneficiary
Unpaid premium
Conformity with state statutes
Illegal occupation
Renewability clause (31A-30-107;
Reg R590-126-5; Reg R590-233)
Noncancelable
Guaranteed renewable

Conditionally renewable
Renewable at option of insurer
Nonrenewable (cancelable, term)

9.10 Federal Health Reform (Patient Protection and Affordability Care Act)

9.11 Utah Health Exchange

10.0 Disability Income and Related Insurance 2%

10.1 Qualifying for disability benefits

Inability to perform duties
Own occupation
Any occupation
Loss of income (income replacement contracts)
Definition of total disability (R590-126-3)
Presumptive disability
Requirement to be under physician care

10.2 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
Other cash benefits
Accidental death and dismemberment
Rehabilitation benefit
Medical reimbursement benefit
(nondisabling injury)
Refund provisions
Return of premium
Cash surrender value
Exclusions

10.3 Unique aspects of individual disability underwriting

Occupational considerations
Benefit limits
Policy issuance alternatives

10.4 Group disability income insurance

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

10.5 Social Security disability

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

11.0 Medical Plans 10%

11.1 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
- Defined contribution plans (31A-30-201–208)

11.2 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
 - Limited health plans (31A-8-101(6))
 - Open panel or closed panel
 - Types of parties to the provider contract
 - Utah Net Care Plan (31A-22-724)
- Point-of-service (POS) plans
 - Nature and purpose
 - Out-of-network provider access (open-ended HMO)
 - PCP referral (gatekeeper PPO)
 - Indemnity plan features

11.3 Cost containment in health care delivery

- Cost-saving services
 - Preventive care
 - Hospital outpatient benefits
 - Alternatives to hospital services
 - Maternity stay minimum limits (31A-22-610.2)
- Utilization management
 - Prospective review
 - Concurrent review

11.4 Utah requirements (individual and group)

- Eligibility requirements
 - Newborn child coverage (31A-22-610)
 - Dependent child age limit (31A-22-610.5)
 - Court ordered dependency coverage (31A-22-610.5)
 - Eligibility of dependent children not based solely on residency (31A-22-718)
 - Policy extension for handicapped children (31A-22-611)
 - Adoptions (31A-22-610.1)
 - Federal health care reform required dependent coverage

Benefit offers

- Substance abuse coverage (31A-22-715)

11.5 HIPAA (Health Insurance Portability and Accountability Act) requirements

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

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

- Definition
- Eligibility
- Contribution limits
- Portability

11.7 HIPUtah (31A-29-101–107, 119–123)

- Federal HIPUtah
- Eligibility (31A-29-111)
- Coverages and limits (31A-29-113)
- Exclusions (31A-29-113)
- Deductibles and coinsurance (31A-29-114)

11.8 Uniform health benefit plan information card (31A-22-635; Reg R590-257)

11.9 Federal Health Care Reform (Patient Protection and Affordable Care Act)

12.0 Group Accident and Health Insurance 11%

12.1 Characteristics of group insurance

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

12.2 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, creditor-debtor, other)
- Discretionary groups

12.3 Marketing considerations

- Advertising
- Unfair inducements
- Regulatory jurisdiction/place of delivery

12.4 Employer group health insurance

- Insurer underwriting criteria
 - Characteristics of group
 - Plan design factors
 - Persistency factors
 - Administrative capability
- Eligibility for insurance
 - Annual open enrollment
 - Employee eligibility
 - Dependent eligibility
- Coordination of benefits provision (Reg R590-131)
- Change of insurance companies or loss of coverage
 - Coinsurance and deductible carryover
 - No-loss no-gain

- Events that terminate coverage
- Extension of benefits
- Continuation of coverage under COBRA and Utah Mini-COBRA (31A-22-722)
- Conversion rights (31A-22-723)
- Reinstatement of coverage for military personnel (31A-22-717)

12.5 Small employer medical plans

- Definition of small employer (31A-1-301)
- Basic coverage (31A-22-613.5; Reg R590-175)
- Availability of coverage (31A-30-108)
- Benefit choices (31A-30-109)
- Defined contribution arrangement market (31A-30, Part 2)
- Renewability of coverage (31A-30-107)
- Pre-existing conditions (31A-22-605.1)
- Participation requirements (31A-30-112)
- Surcharge for charging carriers (31A-30-106.7)
- Open enrollment (Reg R590-176)
- Rating of small employer plans (31A-30; Reg R590-167)

12.6 Regulation of employer group insurance plans

- Employee Retirement Income Security Act (ERISA)
 - Applicability
 - Fiduciary responsibilities
 - Reporting and disclosure
- 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
- Civil Rights Act/Pregnancy Discrimination Act
 - Applicability
 - Guidelines
- Relationship with Medicare
 - Medicare secondary rules
 - Medicare carve-outs and supplements
- Nondiscrimination rules (highly-compensated)

12.7 Types of funding and administration

- Conventional fully-insured plans
- Fully self-funded (self-administered) plans
 - Characteristics
 - Conditions suitable for self-funding
 - Benefits suitable for self-funding

12.8 Utah Health Exchange (31A-30-201–208; 31A-42; 63M-1-2501–2506)

13.0 Dental Insurance 1%

13.1 Categories of dental treatment

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

13.2 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

13.3 Employer group dental expense

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

14.0 Medicare 4%

14.1 Medicare standard policies

- 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

14.2 Medicare supplement

- Purpose
- Open enrollment (Reg R590-146-11)
- Standardized Medicare supplement plans
 - Core benefits (Reg R590-146-8(B))
 - Additional benefits (Reg R590-146-8(C))
- Utah regulations and required provisions
 - Standards for marketing (Reg R590-146-20)
 - Advertising (Reg R590-146-19)
 - Appropriateness of recommended purchase and excessive insurance (Reg R590-146-21)
 - Right to return (free look) (31A-22-620(6))
 - Replacement (Reg R590-146-18, 23)
 - Pre-existing conditions (Reg R590-146-23)
 - Required disclosure provisions (Reg R590-146-17)
 - Outline of coverage (Reg R590-146-17(C))
 - Guide to Health Insurance for People with Medicare (Reg R590-146-17(A)(6)(a))
 - Permitted compensation (Reg R590-146-16)
 - New plans effective June 1, 2010 (Reg R590-146)
- Medicare Advantage

14.3 Other options for individuals with Medicare

- Employer group health plans
 - Disabled employees
 - Employees with kidney failure (End Stage Renal Disease) (ESRD)

Individuals age 65 and older
Medicaid
Eligibility
Benefits

14.4 Medicare Improvements for Patients and Providers Act of 2008 (MIPPA)

15.0 Long-Term Care Insurance 4%

15.1 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
Federal reform — CLASS ACT
Benefit periods
Benefit amounts
Optional benefits
Guarantee of insurability
Return of premium
Qualified LTC plans
Exclusions
Underwriting considerations
Utah regulations and required provisions
Standards for marketing (Reg R590-148-18)
Advertising (Reg R590-148-20)
Shopper's guide (Reg R590-148-16)
Outline of coverage (31A-22-1409;
Reg R590-148-15)
Appropriateness of recommended purchase
(Reg R590-148-17)
Right to return (free look) (31A-22-1408)
Replacement (Reg R590-148-6(6))
Renewal provisions (Reg R590-148-6(1))
Continuation or conversion
(Reg R590-148-10)
Required disclosure provisions
(Reg R590-148-6)
Inflation protection (Reg R590-148-13)
Pre-existing conditions (31A-22-1406;
Reg R590-148-6(3))
Protection against unintentional lapse
(Reg R590-148-11)
Prohibited provisions (31A-22-1405, 1407)
Rate disclosure form

16.0 Federal Tax Considerations for Accident and Health Insurance 1%

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)