

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
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

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
- 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

- 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

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)

10.0 Disability Income and Related Insurance 5%

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 Business disability insurance

Key employee (partner) disability income

Disability buy-sell policy

10.6 Social Security disability

Qualification for disability benefits

Definition of disability

Waiting period

Disability income benefits

10.7 Workers compensation

Eligibility

11.0 Medical Plans 8%

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)

- 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)

12.0 Group Accident and Health Insurance 7%

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
- 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)
- 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

7.8 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 5%

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 supplements

- 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 Select (Reg R590-146-10)

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 5%

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)