

Your Exam Content Outline

The following outline describes the content of one of the South Carolina insurance examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weight assigned to each section 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.

South Carolina Producer's Examination for Accident and Health Insurance Series 19-02

100 questions – Two-hour time limit

1.0 Insurance Regulation 10%

1.1 Licensing

- Process (38-43-100)
- Types of licensees
 - Producer (38-43-10, 30)
 - Nonresident (38-43-70)
 - Temporary (38-43-102)
- Maintenance and duration (38-43-110)
 - Reinstatement (38-43-110(B))
 - Reporting of actions (38-43-247)
 - Change of address (38-43-107)
 - Assumed names (38-43-10(C))
 - Continuing education (38-43-106)
- Disciplinary actions
 - Cease and desist order (38-57-200, 230)
 - Hearings (38-3-170; 38-57-200)
 - Penalties (38-2-10–30, 38-43-130)

1.2 State regulation

- Director's general duties and powers (38-3-60, 110)
- Company regulation
 - Certificate of authority (38-5-80)
 - Solvency (38-5-120)
 - Rates (38-3-110)
 - Policy forms (38-61-20)
 - Unfair claims settlement practices (38-59-20)
 - Examination of books and records (38-13-10–30)
 - Appointment (38-43-40, 50)
 - Termination of appointment (38-43-55)
- Producer regulation
 - Records maintenance (38-43-250)
 - Failure to act as fiduciary (38-43-240)
 - Blank forms (38-43-260)
 - Sharing commissions (38-43-200)
 - Representing an unauthorized insurer (38-43-160–180)
- Unfair and prohibited practices
 - Misrepresentation (38-57-40)
 - False advertising (38-57-50)
 - Defamation (38-57-90)

- Boycott, coercion and intimidation (38-57-100)
- False financial statements (38-57-80)
- Unfair discrimination (38-55-50)
- Rebating (38-57-130)
- Twisting (38-57-60)
- Prohibited inducements (38-57-130, 150)
- Insurance fraud act (38-55-510–590)
- Consumer information privacy regulation (Reg 69-58 Sec 1–16)

1.3 Federal regulation

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

2.0 General Insurance 10%

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
 - Captive companies (Title 38, Ch 90)
- Private versus government insurers
- Authorized versus unauthorized 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
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 Health Insurance Basics 22%

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 benefits
Required notice to insured
Types of limited policies
 Accident-only including South Carolina
 minimum standards
 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 69-17)
 Life and Accident and Health Insurance
 Guaranty Association (38-29-130(5))

Sales presentations (Reg 69-34.1)
Outline of coverage (38-71-550)

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
Unfair discrimination (38-57-120(2))
Genetic testing (38-93-20)
Classification of risks
 Preferred
 Standard
 Substandard
 Declined

3.8 Considerations in replacing health insurance

Pre-existing conditions (38-71-730(4), 850;
Reg 69-34 Sec E(6))
Benefits, limitations and exclusions
Underwriting requirements
Producer liability for errors and omissions

4.0 Individual Health Insurance Policy General Provisions 11%

4.1 Required provisions (38-71-340)

Entire contract; changes (1)
Time limit on certain defenses (2)
Grace period (3)
Reinstatement (4)
Claim procedures (5-9)
Physical examinations and autopsy (10)
Legal actions (11)
Change of beneficiary (12)
Conformity with state statutes (13)

4.2 Optional provisions (38-71-370)

Change of occupation (1)
Misstatement of age (2)
Other insurance in this insurer (3)
Insurance with other insurers
 Expense-incurred benefits (4)
 Other benefits (5)
Unpaid premium (7)
Illegal occupation (8)
Intoxicants and narcotics (9)

4.3 Other general provisions

Right to examine (free look) (38-71-150)
Insuring clause
Consideration clause
Renewability clause

- Noncancelable
- Guaranteed renewable
- Conditionally renewable
- Renewable at option of insurer
- Nonrenewable (cancelable, term)
- Subrogation

5.0 Disability Income and Related Insurance 6%

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 (38-71-370(6))
- Other cash benefits
 - Accidental death and dismemberment
 - Rehabilitation benefit
 - Medical reimbursement benefit (nondisabling injury)
- Refund provisions
 - Return of premium
 - Cash surrender value
- 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
- Short-term disability (STD)
- Long-term disability (LTD)

5.5 Business disability insurance

- Disability buy-sell policy

5.6 Social Security disability

- Qualification for disability benefits
- Definition of disability

- Waiting period
- Disability income benefits

5.7 Workers compensation

- Eligibility
- Benefits

6.0 Medical Plans 10%

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
- Insureds versus subscribers/participants

6.2 Types of 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 (PCP) versus referral (specialty) physician
 - Emergency care
 - Hospital services
- Preferred provider organizations (PPOs) and point-of-service (POS) plans
 - General characteristics
 - In-network and out-of-network provider access
 - PCP referral

6.3 Cost containment in health care delivery

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

6.4 South Carolina eligibility requirements and offers (individual and/or group)

- Dependent child age limit (38-71-1330(5))
- Child enrollment; non-custodial parents (38-71-250)
- Full-time students (38-71-1330(5))
- Physically or mentally handicapped dependents (38-71-350, 780)
- Newborn child coverage (38-71-135, 140)
- Adopted and prospective adopted children (38-71-140(D), 143)

6.5 HIPAA (Health Insurance Portability and Accountability Act) requirements (38-71-840)

- Eligibility
- Guaranteed issue
- Pre-existing conditions (38-71-850)
- Creditable coverage (38-71-850)

Renewability (38-71-675, 870)

6.6 Health savings accounts (HSAs)

Definition

Eligibility

Contribution limits

7.0 Group Health Insurance 12%

7.1 Characteristics of group insurance

Group contract

Certificate of coverage

Experience rating versus community rating

7.2 Types of eligible groups

Employment-related groups

Individual employer groups

Associations (alumni, professional, other)

Customer groups (depositors, creditor-debtor, other)

7.3 Marketing considerations

Advertising

Regulatory jurisdiction/place of delivery

7.4 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 (Reg 69-43)

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

South Carolina continuation rules

(38-71-770)

7.5 Small employer medical plans

Definition of small employer (38-71-920, 1340)

Benefit plans offered

Health care center (HMO) plans

Small employer carrier plans

Eligibility of employees

Renewability

8.0 Dental Insurance 3%

8.1 Types of dental treatment

Diagnostic and preventive

Restorative

Oral surgery

Endodontics

Periodontics

Prosthodontics

Orthodontics

8.2 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

8.3 Employer group dental expense

Integrated deductibles versus stand-alone plans

Minimizing adverse selection

9.0 Insurance for Senior Citizens and Special Needs Individuals 14%

9.1 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

9.2 Medicare supplements (Reg 69-46)

Purpose (Sec 1)

Open enrollment (Sec 11)

Standardized Medicare supplement plans (Sec 8)

Core benefits (B)

Additional benefits (C)

South Carolina regulations and required provisions

Advertising (Sec 19)

Standards for marketing (Sec 20)

Permitted compensation arrangements

(Sec 16)

Appropriateness of recommended purchase

and excessive insurance (Sec 21)

Required disclosure provisions (Sec 17)

Guaranteed issue for eligible persons (Sec 12)

Reporting of multiple policies (Sec 22)

Buyer's guide (Sec 17(A)(6))

Right to return (Sec 17(A)(5))

Replacement (Sec 18, 23)

Benefit standards (Sec 8(A))

Pre-existing conditions (Sec 8(A)(1))

Outline of coverage (Sec 17(D))

Prohibited practices (Sec 20(B))

Medicare select (Sec 10)

9.3 Other options for individuals with Medicare

- Employer group health plans
 - Disabled employees
 - Employees with kidney failure
 - Individuals age 65 or older

- Medicaid
 - Eligibility
 - Benefits

9.4 Long-term care (LTC) insurance (Reg 69-44)

- LTC, Medicare and Medicaid compared
- Eligibility for benefits
- Levels of care
 - Skilled care
 - Intermediate care
 - Custodial care
 - Home health care (Reg 69-44 Sec 3(E))
 - Adult day care
 - Respite care
- Benefit periods
- Benefit amounts
- Optional benefits
 - Guarantee of insurability
 - Return of premium
- Qualified LTC plans
- Exclusions (Reg 69-44 Sec 3(B))
- Underwriting considerations
- South Carolina regulations and required provisions
 - Renewability (Reg 69-44 Sec 3(A), 4(A))
 - Outline of coverage (Reg 69-44 Sec 9)
 - Required disclosure provisions (Reg 69-44 Sec 4)
 - Replacement (Reg 69-44 Sec 5)
 - Inflation protection (Reg 69-44 Sec 3(F))

9.5 South Carolina Health Insurance Pool (38-74-10-90)

- Eligibility (38-74-30)
- Coverages and limits
- Exclusions
- Deductibles and coinsurance

10.0 Federal Tax Considerations for Health Insurance 2%

10.1 Personally-owned health insurance

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

10.2 Employer group health insurance

- Medical and dental expense
- Long-term care insurance
- Accidental death and dismemberment

10.3 Medical expense coverage for sole proprietors and partners

10.4 Business disability insurance

- Key person disability income
- Buy-sell policy

10.5 Health savings accounts (HSAs)