

Your Exam Content Outline

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

Louisiana Examination for Health and Accident Insurance Series 14-02

100 questions – Two-hour time limit

1.0 Insurance Regulation 10%

1.1 Licensing

- Types of licensees (22:1547, 1962(F))
 - Individual producer (22:1542(6), 1546(A))
 - Business entity (22:1542(2), 1546(B))
 - Resident versus nonresident (22:1546, 1548, 1560)
 - Temporary (22:1553)
- Maintenance and duration
 - Expiration (22:1547(B))
 - Renewal (22:1547(C))
 - Change of address (22:1547(G))
 - Assumed names (22:1552)
 - Reporting of actions (22:1563)
 - Continuing education requirements (22:1573; Rule 10 Sec 703, 705)
- Disciplinary actions
 - Hearings (22:1968, 2191–2208)
 - Cease and desist order (22:1969)
 - License probation, suspension, revocation, or refusal to issue or renew (22:1554)
 - Penalties with or without suspension of license (22:1969, 1970)

1.2 State regulation

- Commissioner's general duties and powers (22:2, 1967)
- Company regulation
 - Certificate of authority (22:37, 65)
 - Unfair claims settlement practices (22:1964(14))
 - Appointment (22:1558)
 - Termination of appointment (22:1559)
- Producer regulation
 - Controlled business (22:1544(C))
 - Shared commissions (22:1557)
 - Payment to unlicensed entities (22:1562)
- Unfair trade practices (22:1964)
 - Misrepresentation (22:1964(1, 18))
 - False advertising (22:1964(2))
 - Defamation (22:1964(3))
 - Boycott, coercion and intimidation (22:1964(4))

- False financial statements (22:1964(5))
- Unfair discrimination (22:1964(7))
- Rebating (22:1964(8))
- Examination of books and records (22:1967, 1981, 1990)
- Insurance fraud (22:1964(13), 1921–1929)
- Privacy of Consumer Financial Information (Reg 76 Sec 9901–.9953)

1.3 Federal regulation

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

2.0 General Insurance 8%

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
 - Self insurers
 - Surplus lines
- Private versus government insurers
- Authorized versus unauthorized insurers
- Domestic, foreign and alien insurers
- Financial status (independent rating service)
- 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 17%

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
Prescription drugs
Vision care

3.5 Common exclusions from coverage

3.6 Producer responsibilities in individual health insurance

Marketing requirements
Advertising (Rule 37:XI.1301–.1337)
Prohibited advertising of Life and Health Insurance Guaranty Association (22:2098(A))
Sales presentations

Guaranty association disclaimer (22:2098(B–D); Reg 37:XIII.901–.909)

Field underwriting

Nature and purpose
Disclosure of information about individuals
Application procedures
Requirements at delivery of policy (22:973(7)(b, c))

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 consent (RL 40:1300.11, .13, .14)

Unfair discrimination (22:34, 1022, 1964(7))
Genetic testing (22:1023; Reg 37:XIII.4511, .4513)

Classification of risks

Preferred
Standard
Substandard

3.8 Considerations in replacing health insurance

Pre-existing conditions (22:1006(E))
Pre-existing condition exclusion regulation (22:1006(E); Reg 37:XIII.9107(K),(L))
Benefits, limitations and exclusions
Underwriting requirements
Producer liability for errors and omissions

4.0 Individual Health Insurance Policy General Provisions 9%

4.1 Required provisions (22:975(A))

Entire contract; changes (22:975(A)(1))
Time limit on certain defenses (22:975(A)(13))
Grace period (22:977)
Reinstatement (22:975(A)(2))
Claim procedures (22:975(A)(3–7, 14); 22:1821, 1832-3)
Physical examinations and autopsy (22:975(A)(8))
Legal action (22:975(A)(11))
Consent of beneficiary (22:975(A)(10))
Cancellation by insured (22:975(A)(9))
Extension of time limits (22:975(A)(12))

4.2 Other provisions (22:975(B))

Change of occupation (22:975(B)(1))
Misstatement of age (22:975(B)(2))
Other insurance in this insurer (22:975(B)(3))
Insurance with other insurers (22:975(B)(4))
Unpaid premium (22:975(B)(6))
Cancellation (22:975(B)(7))
Conformity with state statutes (22:975(B)(8))
Illegal occupation (22:975(B)(9))
Intoxicants and narcotics (22:975(B)(10))

4.3 Other general provisions

- Right to examine (free look) (22:975(7)(a))
- Insuring clause
- Consideration clause
- Military suspense provision (RL 29:407)

5.0 Disability Income and Related Insurance 5%

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

- Louisiana minimum benefit standards (22:990)
- 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 (22:975(B)(5))
- Other cash benefits
 - Accidental death and dismemberment
 - Rehabilitation benefit
 - Medical reimbursement benefit (nondisabling injury)
- Refund provisions
 - Return of premium
- 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

- Key person disability income
- 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 17%

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 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 (PCP) 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

6.3 Cost containment in health care delivery

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

6.4 Louisiana requirements (individual and/or group)

- Eligibility requirements
 - Dependent child age limit (22:1000(A)(1)(a)(vi), (2)(a))
 - Coverage of adopted children (22:1004)
 - Newborn child coverage (22:1024)
 - Physically or mentally handicapped dependents (22:1000(A)(2)(a), 215.2)
 - Full-time student age limit (22:1002-3)

Grandchildren coverage
(22:1000(A)(1)(a)(vi), (2)(a))

Benefit offers

Treatment for alcoholism and drug abuse
(22:1025)

Speech, physical and occupational therapy
services (22:1042)

Full coverage for mental disorders (22:1043)

**6.5 HIPAA (Health Insurance Portability and
Accountability Act) requirements**

Eligibility (22:1061, 1063)

Guaranteed issue (22:1073)

Pre-existing conditions (22:1062, 1072)

Creditable coverage (22:1061(4), 1062(A–D),
1064)

Renewability (22:1068, 1074)

6.6 Medical savings accounts (MSAs)

Definition

Eligibility

Contribution limits

7.0 Group Health Insurance 10%

7.1 Characteristics of group insurance

Group contract

Certificate of coverage

Experience rating versus community rating

7.2 Types of eligible groups

Individual employer groups

Multiple-Employer Trusts (METs) or Welfare
Arrangements (MEWAs)

Blanket (22:1000(A))

Associations (alumni, professional, other)

Customer groups (depositors, creditor-debtor,
other)

Students

7.3 Marketing considerations

Advertising

Regulatory jurisdiction/acceptable place of delivery

7.4 Employer group health insurance

Insurer underwriting criteria

Characteristics of group

Plan design factors

Administrative capability

Eligibility for coverage

Annual open enrollment

Employee eligibility

Dependent eligibility

Coordination of benefits provision

(Reg 37:XIII .301–.319)

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

Louisiana specific rules (22:1068)

Conversion privilege (22:988, 1074(G)(4))

Reinstatement of coverage for military
personnel (RL 29:407(D))

**7.5 Small employer medical plans (22:1091-
1094)**

Definition of small employer (22:1061(5)(e)(iii))

Availability of coverage (guaranteed issue)
(22:1067)

Renewability of coverage (guaranteed issue)
(22:1068)

Disclosure requirements (22:1063, 1093)

8.0 Dental Insurance 3%

8.1 Types of dental plans

Dental insurance

Dental referral plans

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 18%**

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 (22:1111)

Purpose (Reg 37:XIII.501)

Open enrollment (Reg 37:XIII.530)

Standardized Medicare supplement plans
(Reg 37:XIII.520)

Core benefits

Additional benefits

Louisiana regulations and required provisions

Standards for marketing (Reg 37:XIII.575)

Advertising (Reg 37:XIII.570; Rule
37:XI.101–.137)

- Appropriateness of recommended purchase and excessive insurance (Reg 37:XIII.580)
- Outline of coverage (Reg 37:XIII.560(C))
- Right to return (free look) (Reg 37:XIII.560(A)(5))
- Replacement (Reg 37:XIII.565, .590)
- Minimum benefit standards (Reg 37:XIII.515)
- Guaranteed issue (Reg 37:XIII.535)
- Required disclosure provisions (Reg 37:XIII.560)
- Permitted compensation (Reg 37:XIII.555)
- Renewability and cancellation (Reg 37:XIII.515(A)(1)(e))
- Continuation and conversion requirements (Reg 37:XIII.515(A)(1)(e))
- Notice of Medicare benefit changes (Reg 37:XIII.560(B))
- Medicare Select (Reg 37:XIII.525)

9.3 Other options for individuals with Medicare

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

9.4 Long-term care (LTC) insurance (22:1181-1191; Reg 37:XIII.1901-.1961)

- LTC, Medicare and Medicaid compared
- Eligibility for benefits
- Levels of care
 - Skilled care
 - Intermediate care
 - Custodial care
 - Home health care (Reg 37:XIII.1923)
 - Adult day care
 - Respite care
- Benefit periods
- Benefit amounts
- Optional benefits
 - Guarantee of insurability
 - Return of premium
- Qualified LTC plans
- Exclusions
- Underwriting considerations
- Louisiana regulations and required provisions
 - Advertising (Reg 37:XIII.1941)
 - Standards for marketing (Reg 37:XIII.1943)
 - Outline of coverage (22:1186(G); Reg 37:XIII.1955)
 - Suitability (Reg 37:XIII.1945)
 - Shoppers guide (Reg 37:XIII.1957)
 - Right to return (free look) (22:1186(F))
 - Replacement (Reg 37:XIII.1925, .1947)
 - Benefit standards (22:1186)
 - Benefit triggers (Reg 37:XIII.1951, .1953)
 - Required disclosure provisions (Reg 37:XIII.1913)
 - Nonforfeiture (Reg 37:XIII.1949)

- Pre-existing conditions (22:1186(C))
- Inflation protection (Reg 37:XIII.1919)
- Unintentional lapse (Reg 37:XIII.1911)

9.5 Louisiana Health Insurance Association (22:1201-1215)

- Eligibility (22:1207)
- Coverages and limits (22:1213(A), (B))
- Exclusions (22:1213(E))
- Deductibles and coinsurance (22:1213(F)(4))

10.0 Federal Tax Considerations for Health Insurance 3%

10.1 Personally-owned health insurance

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

10.2 Employer group health insurance

- Disability income (STD, LTD)
 - Benefits subject to FICA
- Medical and dental expense
- Long-term care insurance
- Accidental death and dismemberment

10.3 Medical expense coverage for sole proprietors and partners

10.4 Business disability insurance

- Key person disability income
- Buy-sell policy

10.5 Medical savings accounts (MSAs)