

Your Exam Content Outline

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

Vermont Producer's Examination for Accident, Health and HMO Series 14-27

100 questions – Two-hour time limit

1.0 Insurance Regulation 5%

1.1 Licensing

- Process (4800; 4813f)
- Types of licensees (4791)
 - Resident (4800(3)(A))
 - Nonresident (4800(3)(B); 4813h)
 - Temporary (4800(3)(D)(ii); 4813k)
- Maintenance and duration
 - Renewal and expiration (4798)
 - Address change (4800(3)(F))
 - Assumed business name (4813j)
 - Reporting of actions (4813o)
 - Continuing education requirements (4800a; Reg 2000-2 Sec 4)
- Disciplinary actions
 - Denial of license (4800(3)(E))
 - Cease and desist order (3661)
 - Suspension, revocation or nonrenewal (4804; 4806)
 - Penalties (3661(2); 4804(d))

1.2 State regulation

- Commissioner's general duties and powers (4726; 4804)
- Company regulation
 - Certificate of authority (3368)
 - Unfair claim settlement practices (4724(9); Reg 79-2 Sec 1-7)
 - Policy forms (3541)
 - Examination of records (3565)
 - Producer appointment (4798(c); 4813l)
 - Termination of appointment (4798(d); 4813m)
- Producer regulation
 - Acting without a license (4793; 4813c)
 - Shared commissions (4796)
 - Trust accounts — anti-commingling (Reg 95-1; 4724(12))
 - Controlled business (4795)
 - Duties (4813c)
- Unfair trade practices (4724)
 - Misrepresentation (4724(1, 11, 13))
 - False advertising (4724(2))

- Defamation (4724(3))
- Boycott, coercion and intimidation (4724(4))
- False financial statements and entries (4724(5))
- Illegal inducement (4724(6))
- Unfair discrimination (4724(7))
- Rebating (4724(8))
- Failure to maintain complaint record (4724(10))
- Failure to act as fiduciary (4724(12); Reg 95-1)
- Unsuitability (4724(16))
- Nondisclosure of fees or charges (4724(14))
- Consumer privacy regulation (IH-2001-01)

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
 - 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 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
- 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 12%

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
 - 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 71-1)
- Life and Health Insurance Guaranty Association (4164(e))
- Sales presentations
- Outline of coverage (Reg 80-1 Sec 8(B))
- 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 including HIV (4724(20))
- Unfair discrimination
- Genetic testing (RL 18 Sec 9331-9335)
- Classification of risks
 - Standard
 - Preferred
 - Substandard
 - Declined

3.8 Considerations in replacing health insurance

- Pre-existing conditions
- Pre-existing condition exclusion regulation (Reg 80-1 Sec 5(F))
- Benefits, limitations and exclusions
- Underwriting requirements

4.0 Health Insurance Policy General Provisions (Non-group and Group) 11%

4.1 Uniform required provisions

- Entire contract; changes (4065(1), 4080(1))
- Certificate of insurance (4080(2))
- Time limit on certain defenses (4065(2))
- Grace period (4065(3))
- New employees (4080(3))
- Part-time employees (4080(4), 4080a(a)(1))
- Reinstatement (4065(4))
- Claim procedures (4065(5-9); Reg 93-4)
- Physical examinations and autopsy (4065(10))
- Legal actions (4065(11))
- Change of beneficiary (4065(12))

4.2 Optional provisions (4066)

- Change of occupation (4066(1))
- Misstatement of age (4066(2))
- Other insurance in this insurer (4066(3))
- Insurance with other insurers
 - Expense-incurred basis (4066(4))
 - Other benefits (4066(5))
- Unpaid premium (4066(7))
- Cancellation (4066(8); Reg 91-4B Sec 3(10))
- Conformity with state statutes (4066(9))

Illegal occupation (4066(10))

4.3 Other general provisions

Right to examine (free look) (4063(8))

Insuring clause

Consideration clause

Renewability clause

Noncancelable

Guaranteed renewable

Conditionally renewable

Renewable at option of insurer

Nonrenewable (cancelable, term)

Reduction in coverage

5.0 Disability Income and Related Insurance 11%

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 (4066(6))

Other cash benefits

Accidental death and dismemberment

Rehabilitation benefit

Medical reimbursement benefit (nondisabling injury)

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

Disability

5.5 Social Security disability

Qualification for disability benefits

Definition of disability

Waiting period

Disability income benefits

5.6 Workers compensation

Eligibility

Benefits

6.0 Medical Plans 12%

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

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)

Preferred provider organizations (PPOs)

General characteristics

Open or closed network

Types of parties to the provider contract

Exclusive provider organizations (EPOs)

General characteristics

Open or closed network

Point-of-service (POS) plans

Nature and purpose

Non-network provider access (open-ended HMO)

PCP referral (gatekeeper PPO)

Indemnity plan features

6.3 Common health care plans (non-group) (4080b(e); Reg 93-5 Sec 7)

Standards

Policy provisions

6.4 Cost containment in health care delivery

Cost-saving services

Preventive care

Hospital outpatient benefits

Alternatives to hospital services

Utilization management

Prospective review

Concurrent review

6.5 Vermont eligibility requirements (non-group and/or group)

Dependent child age limit (4063(3))

Adopted child coverage (4100c)

Child coverage; noncustodial parents (4100b)

Disabled child coverage (4089d)

Newborn child coverage (4092)

Civil unions (RL 15 Sec 1201)

6.6 HIPAA (Health Insurance Portability and Accountability Act) requirements

Eligibility

Guaranteed issue

Pre-existing conditions

Creditable coverage

Renewability

6.7 Medical Savings Accounts (MSAs), Health Savings Accounts (HSAs) and High Deductible Health Plans (HDHPs)

Definition

Eligibility

Contribution limits

7.0 Health Maintenance Organizations (HMOs) 10%

7.1 General characteristics

Combined health care delivery and financing

In network versus out of network

Limited service area

Limited choice of providers

Gatekeeper concept

Copayments

Prepaid basis

7.2 HMO Services

Preventive care services

Well-child care

Immunizations

Routine physical examinations

Wellness programs

Physician services

Primary care physician (PCP)

Referral (specialty) physician

Emergency care

Urgent care center

Hospital emergency room

Hospital services

Skilled nursing facility services

Home health care (4096)

Family planning services

Mental health/substance abuse benefits

Prescription drugs

Additional plans and services

Dental services

Vision care

8.0 Group Health Insurance 10%

8.1 Characteristics of group insurance

Group contract

Certificate of coverage

Experience rating versus community rating

8.2 Types of eligible groups

Employment-related groups

Individual employer groups

Multiple-Employer Trusts (METs) or Welfare

Arrangements (MEWAs)

Exempt associations (alumni, professional, other)

Customer groups (depositors, creditor-debtor, other)

Trusts (unions, employers)

8.3 Marketing considerations

Advertising

Regulatory jurisdiction/place of delivery

8.4 Employer group health insurance

Vermont underwriting requirements (4079)

Insurer underwriting criteria

Characteristics of group

Plan design factors

Persistency factors

Administrative capability

Eligibility for coverage

Open enrollment

Employee eligibility (4080(4))

Dependent eligibility

Coordination of benefits provision

Change of insurance companies or loss of coverage

Coinsurance and deductible carryover

No-loss no-gain

Events that terminate coverage

Extension of benefits (4091e)

Continuation of coverage under COBRA and

Vermont specific rules

Conversion privilege (4090d-g)

8.5 Small employer group medical plans

Definition of small employer (4080a(a)(1))

Common health care plans (4080a(e);

Reg 91-4B Sec 5)

Availability of coverage (4080a(d))

Renewability of coverage (Reg 91-4B Sec 5(2(a))

Prohibited marketing practices (Reg 91-4B Sec 4)

Pre-existing conditions (4080a(g);

Reg 91-4B Sec 5(2(b))

Participation requirements (4080a(a)(l))

9.0 Dental Insurance 3%

9.1 Types of dental treatment

Diagnostic and preventive

Restorative

Oral surgery

Endodontics

Periodontics

Prosthodontics

Orthodontics

9.2 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

9.3 Employer group dental expense

Minimizing adverse selection

10.0 Insurance for Senior Citizens and Special Needs Individuals 12%

10.1 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

**10.2 Medicare supplements
(Reg H-05-2 Sec 1–25)**

- Purpose (Reg H-05-2 Sec 1)
- Open enrollment (Reg H-05-2 Sec 11)
- Standardized Medicare supplement plans (Reg H-05-2 Sec 8, 9)
 - Core benefits (Reg H-05-2 Sec 8(B))
 - Additional benefits (Reg H-05-2 Sec 8(C))
- Vermont regulations and required provisions
 - Standards for marketing (Reg H-05-2 Sec 20)
 - Advertising (Reg H-05-2 Sec 19)
 - Appropriateness of recommended purchase (Reg H-05-2 Sec 21)
 - Buyer's guide (Reg H-05-2 Sec 17(A)(6))
 - Outline of coverage (Reg H-05-2 Sec 17(D))
 - Right to return (Reg H-05-2 Sec 17(A)(5))
 - Pre-existing conditions (Reg H-05-2 Sec 8(A)(1))
 - Duplication of Medicare benefits (Reg H-05-2 Sec 21(B))
 - Replacement (Reg H-05-2 Sec 18, 23)
 - Required disclosure provisions (Reg H-05-2 Sec 17)
 - Permitted compensation arrangements (Reg H-05-2 Sec 16)
 - Renewability and cancellation (Reg H-05-2 Sec 8(A)(5))
 - Continuation and conversion requirements (Reg H-05-2 Sec 8)
 - Notice of change (Reg H-05-2 Sec 17(B))
- Medicare Select (Reg H-05-2 Sec 10)

10.3 Other options for individuals with Medicare

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

10.4 Long-term care (LTC) insurance

- LTC, Medicare and Medicaid compared
- 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 (Reg 91-1 Sec 6(B))
- Underwriting considerations
- Vermont regulations and required provisions
 - Standards for marketing (Reg 91-1 Sec 16)
 - Shopper's/Buyer's guide (8098; Reg 91-1 Sec 20)
 - Outline of coverage (8090; Reg 91-1 Sec 19)
 - Appropriateness of recommended purchases (Reg 91-1 Sec 17)
 - Right to return (free look) (8089)
 - Replacement (Reg 91-1 Sec 6(E), 11)
 - Benefit standards (8085)
 - Prohibited policy provisions (8086, 8087; Reg 91-1 Sec 18)
 - Renewal considerations (Reg 91-1 Sec 6(A))
 - Continuation or conversion (Reg 91-1 Sec 6(D))
 - Inflation protection (Reg 91-1 Sec 10)
 - Pre-existing conditions (8086)

11.0 Federal Tax Considerations for Health Insurance 9%

11.1 Personally-owned health insurance

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

11.2 Employer group health insurance

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

11.3 Medical expense coverage for sole proprietors and partners

11.4 Medical savings accounts (MSAs)