

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-302; Reg R590-101-4(A))
 - Termination of appointment (Reg R590-101-4(B))
 - 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 (31A-23a-417; 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 Viatical settlements

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))
 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)
 Guaranty association disclosure
 (31A-28-119(2-4); Reg R590-155-2, 3)
 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
 Declined

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)

4.6 Credit life insurance (individual versus group)

5.0 Life Insurance Policy Provisions, Options and Riders 5%

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 7%

9.1 Definitions of perils

Accidental injury
Sickness

9.2 Principal types of losses and benefits

Loss of income from disability
Medical expense
Dental expense
Long-term care expense

9.3 Classes of health insurance policies

Individual versus group
Private versus government
Limited versus comprehensive

9.4 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

9.5 Common exclusions from coverage

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))
Sales presentations
Outline of coverage (Reg R590-126-8)
Guaranty association disclosure (31A-28-119(2-4); Reg R590-155-2, 3)

Field underwriting

Nature and purpose
Disclosure of information about individuals
Application procedures
Requirements at delivery of policy
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))
- Classification of risks
 - Preferred
 - Standard
 - Substandard
 - Declined

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

- Pre-existing conditions
- Benefits, limitations and exclusions
- Underwriting requirements
- Licensee liability for errors and omissions

10.0 Individual Accident and Health Insurance Policy General Provisions 8%

10.1 Uniform required provisions

- 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)

10.2 Uniform optional provisions

- Change of occupation (31A-22-613(1))
- Misstatement of age (31A-22-613(2, 3))
- Coordination of benefits (31A-22-619)

10.3 Other general provisions

- Right to examine (free look) (31A-22-606)
- 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)
 - Noncancelable
 - Guaranteed renewable
 - Conditionally renewable
 - Renewable at option of insurer
 - Nonrenewable (cancelable, term)

11.0 Disability Income and Related Insurance 8%

11.1 Qualifying for disability benefits

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

11.2 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

11.3 Unique aspects of individual disability underwriting

- Occupational considerations
- Benefit limits
- Policy issuance alternatives

11.4 Group disability income insurance

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

11.5 Business disability insurance

- Key employee (partner) disability income
- Disability buy-sell policy

11.6 Social Security disability

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

11.7 Workers compensation

- Eligibility

12.0 Medical Plans 8%

12.1 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

12.2 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
 - 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

12.3 Cost containment in health care delivery

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

12.4 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)

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

12.5 HIPAA (Health Insurance Portability and Accountability Act) requirements

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

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

- Definition
- Eligibility
- Contribution limits
- Portability

13.0 Group Accident and Health Insurance 8%

13.1 Characteristics of group insurance

- Group contract

- Certificate of coverage
- Experience rating versus community rating

13.2 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)

13.3 Marketing considerations

- Advertising
- Regulatory jurisdiction/place of delivery

13.4 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 R590-131-1-9)
- 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)
 - Conversion rights for former spouse (31A-22-612)
 - Reinstatement of coverage for military personnel (31A-22-717)

13.5 Small employer medical plans

- Definition of small employer (31A-30-103(25))
- Basic coverage (31A-30-109; Reg R590-175-3)
- Availability of coverage (31A-30-103(13))
- Renewability of coverage (31A-30-107)
- Pre-existing conditions (31A-30-107.5)
- Participation requirements (31A-30-112)
- Open enrollment (Reg R590-176-1-11)

13.6 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)

13.7 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

14.0 Dental Insurance 2%

14.1 Categories of dental treatment

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

14.2 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

14.3 Employer group dental expense

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

15.0 Insurance for Senior Citizens and Special Needs Individuals 5%

15.1 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

15.2 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)
- Medicare Select (Reg R590-146-10)

15.3 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

15.4 Long-term care (LTC) policies

- 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
- Long term care partnership programs
- 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)

**15.5 Utah Comprehensive Health Insurance Pool
(31A-29-101–117, 119–123)**

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

**16.0 Federal Tax Considerations for Accident and
Health Insurance 3%**

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)