

Your Exam Content Outline

The following outline describes the content of one of the South Dakota 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.

Series 10-42 South Dakota Producer's Exam for Accident and Health or Sickness Insurance

100 questions – Two-hour time limit

1.0 Insurance Regulation 11%

1.1 Licensing

- Process (58-30-145, 148)
- Types of licensees
 - Producers (58-30-142, 175)
 - Business entities (58-30-149)
 - Nonresident producers (58-30-100, 159, 160)
 - Temporary (58-30-165, 166)
- Maintenance and duration
 - Renewal (58-30-74, 120, 121)
 - Termination (58-30-112)
 - Change of address (58-30-157, 162)
 - Assumed business name (58-30-164)
 - Reporting of actions (58-30-193)
 - Continuing education (58-30-116, 120; Reg 20:06:18:01–04, 09–10, 12–13, 18)
- Disciplinary actions
 - Cease and desist order (58-4-7)
 - Suspension, revocation and refusal to issue or renew (58-30-108, 110, 167)
 - Right to hearing (58-30-168)
 - Penalties and fines (58-4-28.1; 58-30-133, 167, 170)

1.2 State regulation

- Director's general duties and powers (58-2-22)
- Company regulation
 - Certificate of authority (58-6-1)
 - Solvency (58-6-23; Reg 20:06:23:02)
 - Appointment (58-30-175–192)
 - Unfair claims settlement practices (58-33-67)
- Producer regulation
 - Reporting of felonies and crimes of moral turpitude (58-30-194)
 - Commissions (58-30-171–174)
 - Loans (58-30-140)
 - Influence of witnesses (58-30-196)
- Unfair trade practices
 - Rebating (58-33-14, 24, 25)
 - Misrepresentation (58-33-5, 6, 37)
 - False advertising (58-33-5, 6)
 - Twisting (58-33-8)
 - Illegal inducement (58-33-11, 15, 24)

- Boycott, coercion or intimidation (58-33-32)
- Charges for extra services (58-33-36)
- Defamation of insurer (58-33-7)
- Unfair discrimination (58-11-55; 58-33-13.1, 26)

- Examination of books and records (58-3-5; 58-30-91; Reg 20:06:01:05–.01)
- Producer appointment (58-30-6, 175)
- Termination of appointment (58-30-8, 180)
- Insurance fraud regulation (58-4A-1–17)
- Privacy of consumer financial information (Reg 20:06:45:01–26)

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
 - Reciprocal
 - Lloyd's associations
 - Surplus lines
 - Risk retention groups
- Risk purchasing groups
- 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 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 (Reg Ch. 20:06:14)

Advertising (Reg Ch. 20:06:10:02–20)

Prohibited advertising of Life and Health

Insurance Guaranty Association

(58-29C-62)

Sales presentations

Guaranty association disclaimer (58-29C-62)

Field underwriting

Nature and purpose

Disclosure of information about individuals

Application procedures

Requirements at delivery of policy (including

receipt requirement) (58-17-11.1)

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)

Medical Information Bureau (MIB)

Medical examinations and lab tests

(including HIV consent) (Bul 87-1)

Unfair discrimination (58-33-13)

Classification of risks

Preferred

Standard

Substandard

Declined

3.8 Considerations in replacing health insurance

Pre-existing conditions

Benefits, limitations and exclusions

Underwriting requirements

Producer liability for errors and omissions

4.0 Individual Health Insurance Policy General Provisions 12%

4.1 Uniform required provisions

Inconsistent provisions (58-17-13)

Entire contract; changes (58-17-14)

Time limit on certain defenses (58-17-15)

Incontestability (58-17-16)

Grace period (58-17-17)

Renewal (58-17-18)

Reinstatement (58-17-19)

Claim procedures (58-17-21–27)

Physical examinations and autopsy (58-17-28)

Legal actions (58-17-29)

Change of beneficiary (58-17-30)

4.2 Uniform optional provisions

Change of occupation (58-17-32)

Misstatement of age (58-17-33)

Unpaid premiums (58-17-37)

Conformity with state statutes (58-17-38)

Illegal occupation (58-17-39)

4.3 Other general provisions

- Right to examine (free look) (58-17-11)
- Insuring clause
- Consideration clause (58-17-4)
- Renewability clause
 - Noncancelable
 - Guaranteed renewable
 - Conditionally renewable (58-17-82)
 - Renewable at option of insurer (58-17-9)
 - Nonrenewable (cancelable, term)

5.0 Disability Income and Related Insurance 7%

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 (58-17-34–36)
- 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

- 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 13%

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 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
 - Non-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

6.4 South Dakota requirements (individual and group)

- Eligibility requirements
 - Family coverage (58-17-2)
 - Physically handicapped or mentally retarded coverage (58-17-30.1)

Newborn child coverage (58-17-30.2–30.4)
Risk pool for eligible individuals (58-17-68,
70, 85, 113–142)

Benefit offers

Alcoholism treatment coverage and benefit
limitations (58-17-30.5–30.7)

Coordination of benefits provision

6.5 HIPAA (Health Insurance Portability and Accountability Act) requirements

Eligibility

Guaranteed issue

Pre-existing conditions

Creditable coverage

Renewability

7.0 Group Health Insurance 13%

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

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

Associations (alumni, professional, other)

Customer groups (depositors, creditor-debtor,
other)

Risk pool eligibility (58-17-115–143;
Reg Ch. 20:06:48:01–21)

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

Change of insurance companies or loss of coverage

Events that terminate coverage

Extension of benefits

Continuation of coverage under COBRA and

South Dakota specific rules

(58-18-7, 7.5; HB 1318)

Conversion on divorce (58-17-2.2)

7.5 Small employer medical plans

Definition of small employer (58-18B-1(11))

Benefit plans offered (58-18B-20)

Availability of coverage (58-18B-23, 37)

Prohibited activities (58-18B-38, 44)

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 17%

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

Purpose

Open enrollment

Standardized Medicare supplement plans

Core benefits

Additional benefits

South Dakota regulations and required provisions

Delivery of buyer's guide (Reg 20:06:13:28)

Delivery of outline of coverage

(Reg 20:06:13:37)

Replacement requirements (58-17A-14;

Reg 20:06:13:32–33)

Notice of replacement (Reg 20:06:13:35)

Refund (Reg 20:06:13:45)

Pre-existing conditions (58-17A-3, 3.1)

Overinsurance prohibited (Reg 20:06:13:43)

- Determination of suitability (Reg 20:06:13:43.02)
- Misrepresentation — unfair or deceptive trade practices (Reg 20:06:13:43.01)
 - Failure to provide forms (Reg 20:06:13:44)
- Marketing practices prohibited (Reg 20:06:13:58)
- Right to examine (free look) (Reg 20:06:13:31.03)
- Group plans
 - Duplication of coverage prohibited (Reg 20:06:13:53)
 - Cancellation or nonrenewal (Reg 20:06:13:60)
- Medicare SELECT (Reg 20:06:13:63–76)

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

- Eligibility for benefits
- Levels of care
 - Home health care
 - Adult day care
 - Respite care
 - Assisted living facilities
- Benefit periods
- LTC partnerships (28-6-37, 38; Reg 20:06:21:76–81)
- Benefit amounts
- Optional benefits
 - Guarantee of insurability
 - Return of premium
- Qualified LTC plans
- Exclusions (Reg 20:06:21:04)
- Underwriting considerations
- South Dakota regulations and required provisions
 - Advertising (58-17B-12)
 - Standards for marketing (Reg 20:06:21:31–33)
 - Outline of coverage (58-17B-10)
 - Right to return (free look) (58-17B-9)
 - Cost-of-living adjustments (58-17B-13; Reg 20:06:21:06)
 - Pre-existing conditions (58-17B-6)
 - Activities of daily living (ADLs) (Reg 20:06:21:01(1))
 - Appropriateness of recommended purchase or replacement (Reg 20:06:21:53)
 - Shoppers guide (Reg 20:06:21:54)
 - Suitability (Reg 20:06:21:53.01–.05)
 - Rate stabilization (Reg 20:06:21:06.01)

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

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

10.3 Medical expense coverage for sole proprietors and partners