

Your Exam Content Outline

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

Oregon Producer's Examination for Life and Health Insurance Series 12-03

150 questions – 2.5-hour time limit

PLEASE NOTE: All code and RL references refer to ORS, unless otherwise noted.

1.0 Insurance Regulation 6%

1.1 Licensing

- Purpose
 - Process (744.058, .059, .062)
 - Types of licensees
 - Producers (744.052, .053)
 - Consultants (744.605, .609, .626; OAR 836-071-0150)
 - Adjusters (744.531)
 - Nonresidents (744.063)
 - Temporary (744.073)
 - Maintenance and duration
 - Renewal and nonrenewal (744.072, .074)
 - Continuing education requirements (744.072(4); OAR 836-071-0215–0250)
 - Reinstatement (744.018, .072(6))
 - Assumed business name (744.028(2), .068)
 - Change of address or telephone number (744.028(1), .068)
 - Reporting of actions (744.089)
 - Disciplinary actions
 - Cease and desist orders (731.252)
 - License probation, suspension, revocation or refusal to issue or renew (744.074)
 - Civil penalty (731.988)
 - Criminal penalty (733.992)
- #### 1.2 State regulation
- Director's general duties and powers (731.236)
 - Company regulation
 - Solvency (731.554(6))
 - Producer appointment (744.078)
 - Termination of appointment (744.079, .081)
 - Unfair claim settlement practices (746.230; OAR 836-080-0205–0250)
 - Producer regulation
 - Fiduciary and trust account responsibilities (744.083; OAR 836-074-0020–0050)
 - Place of business/records maintenance (744.068)

- Controlled business (746.065, .160)
- Shared commissions (744.076, .077; OAR 836-071-0269–0277)
- Unfair trade practices
 - Misrepresentation (746.075, .100)
 - False advertising (746.110; OAR 836-080-0155)
 - Rebating (746.045)
 - Unfair discrimination (746.015; OAR 836-081-0005 and 0010)
 - Illegal inducement (746.035)
- Examination of records (744.068(2, 3))
- Privacy of Consumer Information (746.620)

1.3 Federal regulation

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

2.0 General Insurance 6%

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 11%

3.1 Insurable interest (743.024, .027, .030)

3.2 Personal uses of life insurance

Survivor protection

Estate creation

Cash accumulation

Liquidity

Estate conservation

3.3 Viatical settlements (744.319–.328; OAR 836-014-0200–0330)

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

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, NASD, and Oregon) (733.220)

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

(OAR 836-051-0005–0020)

Advertising

Oregon Life and Health Insurance Guaranty

Association (734.750–.890)

Illustrations (OAR 836-051-0500–0600)

Policy summary

Buyer's guide

Life insurance policy cost comparison methods

Replacement (746.085;

OAR 836-080-0001–.0043)

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

Attending physician statement

Investigative consumer (inspection) report

Medical Information Bureau (MIB)

Medical examinations and lab tests (including

HIV consent) (OAR 836-050-0250)

Selection criteria and unfair discrimination

(31A-23a-402(3))

Classification of risks

Preferred

Standard

Substandard

4.0 Life Insurance Policies 10%

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
Group underwriting requirements
Conversion to individual policy (743.333–.339)

4.6 Credit life insurance (individual versus group)

5.0 Life Insurance Policy Provisions, Options and Riders 7%

5.1 Standard provisions

Ownership
Assignment (743.043)
Entire contract (743.174)
Modifications
Right to examine (free look)
Payment of premiums (743.162)
Grace period (743.165)
Reinstatement (743.171–.189)
Incontestability (743.168)
Misstatement of age and gender (743.180)
Exclusions
Suicide exclusion
Medical examination; autopsy
Prohibited provisions including backdating (743.225)

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 (743.154; OAR 836-051-0300–0380, 052–0588)

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 5%

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
 - 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 3%

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
- 403(b) tax-sheltered annuities (TSAs)

9.0 Health Insurance Basics 3%

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 Producer responsibilities in individual health insurance

- Marketing requirements
 - Advertising (OAR 836-020-2000-0305)
 - Oregon Life and Health Insurance Guaranty Association (734.750-.890)
 - Sales presentations
 - Outline of coverage (OAR 836-020-0305)
- 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
 - Producer report
 - Attending physician statement
 - Investigative consumer (inspection) report
 - Medical Information Bureau (MIB)
 - Medical examinations and lab tests (including HIV consent) (OAR 836-050-0250)
- Unfair discrimination

- Classification of risks

 - Preferred
 - Standard
 - Substandard

9.8 Considerations in replacing health insurance (743.766(2,3))

- Pre-existing conditions
- Benefits, limitations and exclusions
- Producer liability for errors and omissions

10.0 Individual Health Insurance Policy General Provisions 2%

10.1 Uniform required provisions

- Incontestability (743.414, .472)
- Grace period (743.417)
- Reinstatement (743.420)
- Claim procedures (743.423–.435)

10.2 Uniform optional provisions

- Change of occupation (743.450)
- Misstatement of age (743.453)

10.3 Other general provisions

- Right to examine (free look) (743.492)
- Insuring clause (743.405)
- Consideration clause
- Entire contract; changes (743.411)
- Physical examinations and autopsy (743.411, .438)
- Legal actions (743.441)
- Change of beneficiary (743.444)
- Unpaid premium (743.468)
- Conformity with state statutes (743.474)
- Illegal occupation (743.477)
- Renewability clause (743.495, .498, .766(5))
 - Noncancelable
 - Guaranteed renewable
 - Conditionally renewable
 - Renewable at option of insurer
 - Nonrenewable (cancelable, term)

11.0 Disability Income and Related Insurance 4%

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 (743.465)
- 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

- 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 9%

12.1 Medical plan concepts

- Fee-for-service basis versus prepaid basis
- 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 Oregon requirements (individual and group)

- Eligibility requirements
 - Newborn child coverage (743.707)
 - Dependent child age limit (743.405(3))
 - Coverage for adopted children (743.707)
- Benefit offers
 - Alcoholism treatment (743.412)

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 Health Insurance 11%

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)

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
 - Employee eligibility
 - Dependent eligibility
- Coordination of benefits provision (OAR 836-020-0770-0805)
- Change of insurance companies or loss of coverage
 - No-loss no-gain
 - Events that terminate coverage
 - Extension of benefits
 - Continuation of coverage under COBRA and Oregon rules (743.610; OAR 836-052-0860)

- Conversion rights for former spouse (763.600-.602)

13.5 Small employer medical plans

- Definition of small employer (743.730)
- Basic coverage (743.730(4), .736)
- Availability of coverage (743.752)
- Renewability of coverage (743.737(5))
- Pre-existing conditions (743.730(27), .737(1-3), .754)
- Participation requirements (743.737(7))
- Open enrollment

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
- Exclusions
- Limitations

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 9%

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 (OAR 836-052-0103)
- Open enrollment (OAR 836-052-0138)
- Standardized Medicare supplement plans
 - Core benefits (OAR 836-052-0133)
 - Additional benefits
- Oregon regulations and required provisions

- Standards for marketing (OAR 836-052-0175)
- Advertising (736.687; OAR 836-052-0170)
- Appropriateness of recommended purchase and excessive insurance (OAR 836-052-0180)
- Right to return (free look) (743.686)
- Replacement (743.013; OAR 836-052-0165, 0190)
- Pre-existing conditions
- Required disclosure provisions (743.685; OAR 836-052-0160)
- Outline of coverage (743.685(2); OAR 836-052-0160, 0190)
- Buyer's guide (743.685(6))
- Permitted compensation (OAR 836-052-0156)
- Medicare SELECT (OAR 836-052-0139)

15.3 Other options for individuals with Medicare

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

15.4 Long-term care (LTC) policies

- 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
- Oregon regulations and required provisions
 - Standards for marketing (OAR 836-052-0640)
 - Advertising (OAR 836-052-0620)
 - Shopper's guide (OAR 836-052-0610)
 - Outline of coverage (743.655(6); OAR 836-052-0600)
 - Appropriateness of recommended purchase
 - Right to return (free look) (743.655(5))
 - Replacement (OAR 836-052-0575, 0615)
 - Renewal provisions
 - Continuation or conversion
 - Required disclosure provisions (OAR 836-052-0605)
 - Inflation protection
 - Pre-existing conditions (743.655(3))
 - Protection against unintentional lapse
 - Prohibited provisions

15.5 Oregon Medical Insurance Pool (735.600–.650)

- Eligibility
- Coverages and limits
- Exclusions
- Deductibles and coinsurance

16.0 Federal Tax Considerations for Health Insurance 4%

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) and Health Reimbursement Accounts (HRAs)