

Your Exam Content Outline

For examinations on and after July 1, 2007

If you do not receive all five pages of this outline, please contact Prometric.

The following outline describes the content of one of the Arizona 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 13-32 Exam for Accident and Health or Sickness Insurance Producer

100 questions – Two-hour time limit

1.0 Insurance Regulation 5%

1.1 Licensing

- License application requirements (20-285)
 - Licensing time frames (Rule R20-6-708)
 - Types of licensees
 - Producers (20-281(5), 286)
 - Nonresidents (20-281(11))
 - Adjusters (20-321)
 - Managing general agents (MGAs) (20-311, 311.01)
 - Business entities (20-281(1), 285(D, E), 290(B))
 - Surplus lines brokers (20-407, 411)
 - Temporary (20-294)
 - Vending machines (20-293)
 - Fingerprinting requirements (20-142(E), 285(F), 286(C), 289(D))
 - Assumed business name (20-297)
 - Maintenance and duration
 - Expiration, surrender and renewal (20-289)
 - Inactive license status during military service (20-289.01)
 - Change of address (20-286(C))
 - Report of actions (20-301)
 - Continuing education (20-300(B), 2902, 2903)
 - Disciplinary actions
 - Denial, suspension, revocation or refusal to renew (20-295, 296)
 - Cease and desist order (20-292)
 - Civil penalties (20-295(F, G))
- #### 1.2 State regulation
- Acts constituting insurance transaction (20-106)
 - Negotiate (20-281(10))
 - Sell (20-281(14))
 - Solicit (20-281(15))
 - Director's general duties and powers (20-142, 156-157)
 - Company regulation
 - Solvency (20-169; Rule R20-6-308)
 - Unfair claims settlement practices (20-461; Rule R20-6-801)
 - Claims payment (20-462)

- Examination of insurer's records (20-156-157; Rule R20-6-1702)
 - Payment of commissions (20-298)
 - Producer regulation
 - Sharing commissions (20-298)
 - Place of business and records (20-290)
 - Unfair practices and frauds
 - Misrepresentation (20-443, 443.01, 447; Rule R20-6-801(D))
 - False or deceptive advertising (20-444)
 - Defamation of insurer (20-445)
 - Boycott, coercion or intimidation (20-446)
 - False financial statements (20-447)
 - Unfair discrimination (20-448)
 - Unfair sex discrimination (Rule R20-6-209)
 - Rebating (20-449-451)
 - Prohibited inducements (20-452)
 - Insurance information and privacy protection (20-2101-2122)
 - Insurance fraud (20-463, 466-466.04)
- #### 1.3 Federal regulation
- Fair Credit Reporting Act (15 USC 1681-1681d)
 - Fraud and false statements including 1033 waiver (18 USC 1033, 1034)
 - Telemarketing Sales Rule (16 CFR 310; 15 USC 6101-6108; A.R.S. 44-1282)
 - CAN-SPAM Act of 2003 (15 USC 7701; 18 USC 1037)

2.0 General Insurance 7%

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

- Captive insurance companies
- Stock companies
- Mutual companies
- Fraternal benefit societies
- Reciprocal
- Risk retention groups
- Lloyd's associations

Private versus government insurers

Authorized versus unauthorized insurers

Domestic, foreign and alien insurers

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
- 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 Disability (Accident and Health) Insurance Basics 18%

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 (Rule R20-6-201)
- Sales presentations

Life and Disability Insurance Guaranty Fund (20-683)

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 (20-2107)
- Medical Information Bureau (MIB)
- Medical examinations and lab tests (including HIV consent) (20-448.01; Rule R20-6-1203, 1204)(Bul 2003-5, 9)
- Unfair discrimination (20-448)
- Genetic testing (20-448(D), (E), 448.02)
- Classification of risks
 - Preferred
 - Standard
 - Substandard
 - Declined

3.8 Considerations in replacing health insurance

- Pre-existing conditions
- Benefits, limitations and exclusions
- Underwriting requirements
- Producer's liability for errors and omissions

4.0 Individual Disability (Accident and Health) Insurance Policy General Provisions 15%

4.1 Uniform required provisions

- Entire contract; changes (20-1345)
- Time limit on certain defenses (20-1346)
- Grace period (20-1347)
- Reinstatement (20-1348)
- Claim procedures (20.1349-53)
- Physical examinations and autopsy (20-1354)

Legal actions (20-1355)
Change of beneficiary (20-1356)

4.2 Uniform optional provisions

Change of occupation (20-1358)
Misstatement of age (20-1359, 1373)
Other insurance in this insurer (20-1360)
Insurance with other insurers
Expense-incurred basis (20-1361)
Other benefits (20-1362)
Unpaid premium (20-1364)
Cancellation (20-1365)
Conformity with state statutes (20-1366)
Illegal occupation (20-1367)
Intoxicants and narcotics (20-1368)

4.3 Other general provisions

Right to examine (free look) (Rule R20-6-501)
Insuring clause
Consideration clause
Renewability clause
Noncancelable
Guaranteed renewable
Conditionally renewable
Renewable at option of insurer
Nonrenewable (cancelable, term)
Guaranteed issue (20-1379)

5.0 Disability Income and Related Insurance 10%

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 (20-1363)
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 employee (partner) disability income
Business overhead expense policy
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 (RL 23-901, 23-901.01)
Benefits (RL 23-1021)

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
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 care services 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

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 Arizona eligibility requirements (individual and group)

- Dependent child age limit (20-1342(A.3))
- Newborn child coverage (20-1342(A.3))
- Coverage of adopted children (20-1342(A.3, 11, 12), 1692, 2321)
- Child coverage; non-custodial parents (20-1692.03)
- Physically or mentally handicapped dependent coverage (20-1342.01, 1407)

7.0 Group Disability (Accident and Health) Insurance 10%

7.1 Characteristics of group insurance

- Group contract
- Certificate of coverage (20-1402(A)(2))
- Experience rating versus community rating

7.2 Types of eligible groups (20-1401)

- Employment-related groups
 - Individual employer groups
 - Multiple-Employer Trusts (METs) or Welfare Arrangements (MEWAs)
- Associations (alumni, professional, other)
- Customer groups (depositors, creditor-debtor, other)

7.3 Marketing considerations

- Advertising (Rule R20-6-201)
- Regulatory jurisdiction/place of delivery
- Disclosure form (20-2323)

7.4 Employer group disability (accident and health) insurance

- Insurer underwriting criteria
 - Characteristics of group
 - Plan design factors
- Eligibility for coverage
 - Annual open enrollment
 - Employee eligibility
 - Dependent eligibility
- Coordination of benefits provision (Rule R20-6-217)
- Change of insurance companies or loss of coverage
 - Coinurance and deductible carryover
 - No-loss no-gain
 - Events that terminate coverage
 - Extension of benefits
 - Continuation of coverage under COBRA and Arizona specific rules (20-1377)
 - Conversion privilege (20-1377, 1408)
 - Reinstatement of coverage for military personnel (20-1408(L))

7.5 Small group disability (accident and health) insurance

- Definition of small employer (20-2301(A)(22))
- Availability and eligibility (20-2304, 2307, 2308)
- Prohibited marketing practices (20-2313)
- Renewability (20-2309)
- Guaranteed issue (20-2304)
- Limitations on exclusion from coverage
 - Pre-existing conditions (20-2301(A)(20), 2310(B))
 - Credit for prior coverage (20-2310)
- Small business health insurance plans — mandatory coverage exception (20-2344)

7.6 HIPAA (Health Insurance Portability and Accountability Act) requirements (20-1379)

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

8.0 Dental Insurance 5%

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 Prepaid dental plans

- Characteristics
- Basic services (R20-6-1806)
- Exclusions
- Limitations

8.4 Preferred Provider Organization (PPO) Dental Plan

9.0 Insurance for Senior Citizens and Special Needs Individuals 12%

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 (Rule R20-6-1101)

- Purpose
- Open enrollment
- Standardized Medicare supplement plans
 - Core benefits
 - Additional benefits
- Arizona regulations and required provisions
 - Standards for marketing
 - Advertising
 - Appropriateness of recommended purchase and excessive insurance
 - Guide to health insurance
 - Outline of coverage
 - Right to return
 - Replacement
 - Minimum benefit standards
 - Required disclosure provisions
 - Permitted compensation arrangements
 - Renewability and cancellation
 - Continuation and conversion requirements
 - Notice of change
- Medicare SELECT

9.3 Other options for individuals with Medicare

- Employer group health plans
 - Disabled employees
 - Employees with kidney failure
 - Individuals age 65 and older
- Arizona Health Care Cost Containment System (AHCCCS)
 - Eligibility (RL 36-2901(6), 2901.03, .05)
 - Benefits (RL 36-2907)

9.4 Long-term care (LTC) insurance

- LTC, Medicare and AHCCCS compared
- Eligibility for benefits
- Levels of care
 - Skilled care
 - Intermediate care
 - Custodial care
 - Home health care (Rule R20-6-1004(I))
 - Adult day care
 - Respite care
- Benefit periods (20-1691.03(C))
- Benefit amounts
- Optional benefits
 - Guarantee of insurability
 - Return of premium
- Qualified LTC plans
- Exclusions (Rule R20-6-1004(B)(1)-(4))
- Underwriting considerations
- Arizona regulations and required provisions

- Standards for marketing (Rule R20-6-1017)
- Advertising (A.R.S. § 20-1110(E))
- Shopper's guide (Rule R20-6-1023)
- Outline of coverage (20-1691.06; Rule R20-6-1022)
- Right to return (free look) (20-1691.07)
- Replacement (Rule R20-6-1004(F), 1010)
- Prohibited policy provisions (20-1691.05; Rule R20-6-1004(B), 1011)
- Renewal considerations (Rule R20-6-1004(A))
- Cancellation (20-1691.03(A))
- Unintentional lapse (Rule R20-6-1005)
- Suitability (Rule R20-6-1018)
- Premium increase (Rule R20-6-1004(G), 1008)
- Continuation of benefits (Rule R20-6-1004(E))
- Inflation protection (Rule R20-6-1006)
- Required disclosure provisions (Rule R20-6-1007)
- Pre-existing conditions (20-1691(11), 1691.03(G))
- Contestable periods (20-1691.10)
- Nonforfeiture (Rule R20-6-1019)
- Benefit triggers (Rule R20-6-1020)

10.0 Federal Tax Considerations for Disability (Accident and Health) Insurance 6%

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
- Section 125 plans

10.3 Medical expense coverage for sole proprietors and partners

10.4 Business disability insurance

- Key person disability income
- Buy-sell policy

10.5 Health Reimbursement Arrangements (HRAs)

- Flexible Spending Accounts (FSAs)
 - Definition
 - Eligibility
 - Contribution limits
- Health Savings Accounts (HSAs)
 - Definition
 - Eligibility
 - Contribution limits
- Medical Savings Accounts (MSAs)
 - Definition
 - Eligibility
 - Contribution limits