

Your Exam Content Outline

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

Louisiana Examination for Life, Health and Accident Insurance Series 14-03

150 questions – 2.5-hour time limit

1.0 Insurance Regulation 6%

1.1 Licensing

- Types of licensees (22:1547, 1962(F))
 - Individual producer (22:1542(6), 1546(A))
 - Business entity (22:1542(2), 1546(B))
 - Resident versus nonresident (22:1546, 1548, 1560)
 - Temporary (22:1553)
- Maintenance and duration
 - Expiration (22:1547(B))
 - Renewal (22:1547(C))
 - Change of address (22:1547(G))
 - Assumed names (22:1552)
 - Reporting of actions (22:1563)
 - Continuing education requirements (22:1573; Rule 10 Sec 703, 705)
- Disciplinary actions
 - Hearings (22:1968, 2191–2208)
 - Cease and desist order (22:1969)
 - License probation, suspension, revocation, or refusal to issue or renew (22:1554)
 - Penalties with or without suspension of license (22:1969, 1970)

1.2 State regulation

- Commissioner's general duties and powers (22:2, 1967)
- Company regulation
 - Certificate of authority (22:37, 65)
 - Unfair claims settlement practices (22:1964(14))
 - Appointment (22:1558)
 - Termination of appointment (22:1559)
- Producer regulation
 - Controlled business (22:1544(C))
 - Shared commissions (22:1557)
 - Payment to unlicensed entities (22:1562)
- Unfair trade practices (22:1964)
 - Misrepresentation (22:1964(1, 18))
 - False advertising (22:1964(2))
 - Defamation (22:1964(3))
 - Boycott, coercion and intimidation (22:1964(4))

- False financial statements (22:1964(5))
- Unfair discrimination (22:1964(7))
- Rebating (22:1964(8))
- Examination of books and records (22:1967, 1981, 1990)
- Insurance fraud (22:1964(13), 1921–1929)
- Privacy of Consumer Financial Information (Reg 76 Sec 9901–.9953)

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
 - Self insurers
 - Surplus lines
- Private versus government insurers
- Authorized versus unauthorized insurers
- Domestic, foreign and alien insurers
- Financial status (independent rating service)
- 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 Life Insurance Basics 13%

3.1 Insurable interest (22:852, 856, 901-2)

3.2 Personal uses of life insurance

Survivor protection
Estate creation
Cash accumulation
Liquidity
Estate conservation
Viatical settlements (22:1791–1805)

3.3 Determining amount of personal life insurance

Human life value approach
Needs approach
Types of information gathered
Determining lump-sum needs
Planning for income needs

3.4 Business uses of life insurance

Buy-sell funding
Key person
Executive bonuses

3.5 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
Regulation of variable products (SEC, FINRA and Louisiana) (22:1500; Reg 37:XIII.7705, .7715, .8309)

3.6 Premiums

Factors in premium determination
Mortality
Interest

Expense
Premium concepts
Net single premium
Gross annual premium
Premium payment mode

3.7 Producer responsibilities

Solicitation and sales presentations
Advertising (Reg 37:XIII.4101–.4123)
Prohibited advertising of Life and Health Insurance Guaranty Association (22:2098(A))
Illustrations (Reg 37:XIII.3301–.3323)
Policy summary
Guaranty association disclaimer (22:2098(B–D); Reg 37:XIII.901–.909)
Suitability
Life insurance policy cost comparison methods
Replacement (Reg 37:XIII.8901–.8925)
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
Delivery receipt requirements (22:931(A)(10)(b), (c))

3.8 Individual underwriting by the insurer

Information sources and regulation
Application
Producer report
Attending physician statement
Investigative consumer (inspection) report
Medical Information Bureau (MIB)
Medical examinations and lab tests including HIV (RL 40:1300.11, .13, .14)
Selection criteria and unfair discrimination (22:34, 1964(7))
Classification of risks
Preferred
Standard
Substandard

4.0 Life Insurance Policies 8%

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
- Group standard provisions (22:942)
- Conversion to individual policy (22:942(10–12))

4.6 Credit life insurance (individual versus group)

5.0 Life Insurance Policy Provisions, Options and Riders 13%

5.1 Standard provisions (22:931)

- Ownership
- Assignment (22:876)
- Entire contract (22:931(A)(3))
- Modifications
- Right to examine (free look) (22:931(A)(10))
- Payment of premiums
- Grace period (22:931(A)(1))
- Reinstatement (22:931(A)(9))
- Incontestability (22:931(A)(2))
- Misstatement of age (22:931(A)(4))
- Exclusions (22:931(B))
- Interest on life insurance proceeds (22:908)
- Settlement of death benefit (22:1811)
- Backdating of policies (22:904)

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
- Paid-up insurance

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 (Reg 37:XIII.1501–.1523)

- Conditions for payment
- Effect on death benefit

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 5%

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
 - Group versus individual annuities
- Personal uses
 - Individual retirement annuities (IRAs)
 - Tax-deferred growth
 - Retirement income
 - Education funds

Interest only income
Using tax advantage of exclusion ratio to fund purchase of other insurance

7.0 Federal Tax Considerations for Life Insurance and Annuities 2%

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 (including taxation issues)
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 2%

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 10%

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
Prescription drugs
Vision care

9.5 Common exclusions from coverage

9.6 Producer responsibilities in individual health insurance

Marketing requirements
Advertising (Rule 37:XI.1301-.1337)
Prohibited advertising of Life and Health Insurance Guaranty Association (22:2098(A))
Sales presentations
Guaranty association disclaimer (22:2098(B-D); Reg 37:XIII.901-.909)
Field underwriting
Nature and purpose
Disclosure of information about individuals
Application procedures
Requirements at delivery of policy (22:973(7)(b, c))

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 (RL 40:1300.11, .13, .14)
Unfair discrimination (22:34, 1022, 1964(7))
Genetic testing (22:1023; Reg 37:XIII.4511, .4513)
Classification of risks
Preferred
Standard
Substandard

9.8 Considerations in replacing health insurance

Pre-existing conditions (22:1006(E))
Pre-existing condition exclusion regulation (22:1006(E); Reg 37:XIII.9107(K),(L))

Benefits, limitations and exclusions
Underwriting requirements
Producer liability for errors and omissions

10.0 Individual Health Insurance Policy General Provisions 5%

10.1 Required provisions (22:975(A))

Entire contract; changes (22:975(A)(1))
Time limit on certain defenses (22:975(A)(13))
Grace period (22:977)
Reinstatement (22:975(A)(2))
Claim procedures (22:975(A)(3-7, 14); 22:1821, 1832-3)
Physical examinations and autopsy (22:975(A)(8))
Legal action (22:975(A)(11))
Consent of beneficiary (22:975(A)(10))
Cancellation by insured (22:975(A)(9))
Extension of time limits (22:975(A)(12))

10.2 Other provisions (22:975(B))

Change of occupation (22:975(B)(1))
Misstatement of age (22:975(B)(2))
Other insurance in this insurer (22:975(B)(3))
Insurance with other insurers (22:975(B)(4))
Unpaid premium (22:975(B)(6))
Cancellation (22:975(B)(7))
Conformity with state statutes (22:975(B)(8))
Illegal occupation (22:975(B)(9))
Intoxicants and narcotics (22:975(B)(10))

10.3 Other general provisions

Right to examine (free look) (22:975(7)(a))
Insuring clause
Consideration clause
Military suspense provision (RL 29:407)

11.0 Disability Income and Related Insurance 3%

11.1 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

11.2 Individual disability income insurance

Louisiana minimum benefit standards (22:990)
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 (22:975(B)(5))
Other cash benefits
Accidental death and dismemberment
Rehabilitation benefit
Medical reimbursement benefit (nondisabling injury)
Refund provisions
Return of premium
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 person 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
Benefits

12.0 Medical Plans 9%

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 (PCP) 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
- Retrospective review

12.4 Louisiana requirements (individual and/or group)

- Eligibility requirements
 - Dependent child age limit (22:1000(A)(1)(a)(vi), (2)(a))
 - Coverage of adopted children (22:1004)
 - Newborn child coverage (22:1024)
 - Physically or mentally handicapped dependents (22:1000(A)(2)(a), 215.2)
 - Full-time student age limit (22:1002-3)
 - Grandchildren coverage (22:1000(A)(1)(a)(vi), (2)(a))
- Benefit offers
 - Treatment for alcoholism and drug abuse (22:1025)
 - Speech, physical and occupational therapy services (22:1042)
 - Full coverage for mental disorders (22:1043)

12.5 HIPAA (Health Insurance Portability and Accountability Act) requirements

- Eligibility (22:1061, 1063)
- Guaranteed issue (22:1073)
- Pre-existing conditions (22:1062, 1072)
- Creditable coverage (22:1061(4), 1062(A-D), 1064)
- Renewability (22:1068, 1074)

12.6 Medical savings accounts (MSAs)

- Definition
- Eligibility
- Contribution limits

13.0 Group Health Insurance 6%

13.1 Characteristics of group insurance

- Group contract
- Certificate of coverage
- Experience rating versus community rating

13.2 Types of eligible groups

- Individual employer groups
- Multiple-Employer Trusts (METs) or Welfare Arrangements (MEWAs)
- Blanket (22:1000(A))
 - Associations (alumni, professional, other)

- Customer groups (depositors, creditor-debtor, other)
- Students

13.3 Marketing considerations

- Advertising
- Regulatory jurisdiction/acceptable place of delivery

13.4 Employer group health insurance

- Insurer underwriting criteria
 - Characteristics of group
 - Plan design factors
 - Administrative capability
- Eligibility for coverage
 - Annual open enrollment
 - Employee eligibility
 - Dependent eligibility
- Coordination of benefits provision (Reg 37:XIII .301–.319)
- 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 Louisiana specific rules (22:1068)
 - Conversion privilege (22:988, 1074(G)(4))
 - Reinstatement of coverage for military personnel (RL 29:407(D))

13.5 Small employer medical plans (22:1091-1094)

- Definition of small employer (22:1061(5)(e)(iii))
- Availability of coverage (guaranteed issue) (22:1067)
- Renewability of coverage (guaranteed issue) (22:1068)
- Disclosure requirements (22:1063, 1093)

14.0 Dental Insurance 2%

14.1 Types of dental plans

- Dental insurance
- Dental referral plans

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 10%

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 (22:1111)

Purpose (Reg 37:XIII.501)

Open enrollment (Reg 37:XIII.530)

Standardized Medicare supplement plans
(Reg 37:XIII.520)

Core benefits

Additional benefits

Louisiana regulations and required provisions

Standards for marketing (Reg 37:XIII.575)

Advertising (Reg 37:XIII.570; Rule
37:XI.101–.137)

Appropriateness of recommended purchase
and excessive insurance (Reg 37:XIII.580)

Outline of coverage (Reg 37:XIII.560(C))

Right to return (free look) (Reg
37:XIII.560(A)(5))

Replacement (Reg 37:XIII.565, .590)

Minimum benefit standards (Reg 37:XIII.515)

Guaranteed issue (Reg 37:XIII.535)

Required disclosure provisions
(Reg 37:XIII.560)

Permitted compensation (Reg 37:XIII.555)

Renewability and cancellation
(Reg 37:XIII.515(A)(1)(e))

Continuation and conversion requirements
(Reg 37:XIII.515(A)(1)(e))

Notice of Medicare benefit changes
(Reg 37:XIII.560(B))

Medicare Select (Reg 37:XIII.525)

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) insurance

(22:1181–1191; Reg 37:XIII.1901–.1961)

LTC, Medicare and Medicaid compared

Eligibility for benefits

Levels of care

Skilled care

Intermediate care

Custodial care

Home health care (Reg 37:XIII.1923)

Adult day care

Respite care

Benefit periods

Benefit amounts

Optional benefits

Guarantee of insurability

Return of premium

Qualified LTC plans

Exclusions

Underwriting considerations

Louisiana regulations and required provisions

Advertising (Reg 37:XIII.1941)

Standards for marketing (Reg 37:XIII.1943)

Outline of coverage (22:1186(G);
Reg 37:XIII.1955)

Suitability (Reg 37:XIII.1945)

Shoppers guide (Reg 37:XIII.1957)

Right to return (free look) (22:1186(F))

Replacement (Reg 37:XIII.1925, .1947)

Benefit standards (22:1186)

Benefit triggers (Reg 37:XIII.1951, .1953)

Required disclosure provisions (Reg
37:XIII.1913)

Nonforfeiture (Reg 37:XIII.1949)

Pre-existing conditions (22:1186(C))

Inflation protection (Reg 37:XIII.1919)

Unintentional lapse (Reg 37:XIII.1911)

15.5 Louisiana Health Insurance Association (22:1201–1215)

Eligibility (22:1207)

Coverages and limits (22:1213(A), (B))

Exclusions (22:1213(E))

Deductibles and coinsurance (22:1213(F)(4))

16.0 Federal Tax Considerations for Health Insurance 1%

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 Medical savings accounts (MSAs)