

Your Exam Content Outline

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

Vermont Producer's Examination for Accident, Health and HMO Series 14-27

100 questions – Two-hour time limit

All citations are Vermont Insurance Statutes Title 8, unless otherwise noted. When preceded by "Reg" refer to Vermont Department Regulations, when preceded by "Bul" refer to Vermont Department Bulletins.

1.0 Insurance Regulation 5%

1.1 Licensing

- Process (4800; 4813f)
- Types of licensees (4791)
 - Resident (4800(3)(A))
 - Nonresident (4800(3)(B); 4813h)
 - Temporary (4800(3)(D)(ii); 4813k)
- Maintenance and duration
 - Renewal and expiration (4798)
 - Address change (4800(3)(F))
 - Assumed business name (4813j)
 - Reporting of actions (4813o)
 - Continuing education requirements (4800a; Reg 2000-2 Sec 4)
- Disciplinary actions
 - Denial of license (4800(3)(E))
 - Cease and desist order (3661)
 - Suspension, revocation or nonrenewal (4804; 4806)
 - Penalties (3661(a)(2); 4804(d))

1.2 State regulation

- Commissioner's general duties and powers (4726; 4804)
- Company regulation
 - Certificate of authority (3368)
 - Unfair claim settlement practices (4724(9); Reg 79-2 Sec 1-7)
 - Policy forms (3541)
 - Examination of records (3565)
 - Producer appointment (4798(c); 4813l)
 - Termination of appointment (4798(d); 4813m)
- Producer regulation
 - Acting without a license (4793; 4813c)
 - Shared commissions (4796)
 - Trust accounts — anti-commingling (Reg 95-1; 4724(12))
 - Controlled business (4795)

- Duties (4813c)
- Unfair trade practices (4724)
- Misrepresentation (4724(1, 11, 13))
- False advertising (4724(2))
- Defamation (4724(3))
- Boycott, coercion and intimidation (4724(4))
- False financial statements and entries (4724(5))
- Illegal inducement (4724(6))
- Unfair discrimination (4724(7))
- Rebating (4724(8))
- Failure to maintain complaint record (4724(10))
- Failure to act as fiduciary (4724(12); Reg 95-1)
- Unsuitability (4724(16))
- Nondisclosure of fees or charges (4724(14))
- Consumer privacy regulation (IH-2001-01)

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
 - 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 producers
Express
Implied
Apparent

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
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 11%

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
Catamount health (4080f, Reg H-2006-01)
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)
Blanket insurance (schools, passengers, others)
Prescription drugs
Vision care/hearing care

3.5 Common exclusions from coverage

3.6 Producer responsibilities in individual health insurance

Marketing requirements
Advertising (Reg 71-1)
Sales presentations
Outline of coverage (Reg 80-1 Sec 8(B))
Field underwriting
Nature and purpose
Disclosure of information about individuals
Application procedures
Requirements at delivery of policy
Common situations for errors/omissions
Life and Health Insurance Guaranty Association (4164(e))

3.7 Individual underwriting by the insurer

Underwriting criteria
Sources of underwriting information
Application
Producer report
Attending physician statement
Investigative consumer (inspection) report (4724(7))
Medical Information Bureau (MIB)
Medical examinations and lab tests including HIV (4724(20))
Unfair discrimination
Genetic testing (Title 18 Sec 9331-9335)
Classification of risks
Standard
Preferred
Substandard

3.8 Considerations in replacing health insurance

Pre-existing conditions
Pre-existing condition exclusion regulation (Reg 80-1 Sec 5(F), 6(E))
Benefits, limitations and exclusions
Underwriting requirements

4.0 Health Insurance Policy General Provisions (Non-group and Group) 11%

4.1 Uniform required provisions

Entire contract; changes (4065(1), 4080(1))
Certificate of insurance (4080(2))
Time limit on certain defenses (4065(2))
Grace period (4065(3))
New employees (4080(3))
Part-time employees (4080(5), 4080a(a)(1))
Reinstatement (4065(4))
Claim procedures (4065(5-9); Reg 93-4)
Physical examinations and autopsy (4065(10))
Legal actions (4065(11))
Change of beneficiary (4065(12))

4.2 Optional provisions (4066)

Change of occupation (4066(1))
Misstatement of age (4066(2))
Other insurance in this insurer (4066(3))
Insurance with other insurers

- Expense-incurred basis (4066(4))
- Other benefits (4066(5))
- Unpaid premium (4066(7))
- Cancellation (4066(8); Reg 91-4B Sec 3(10))
- Conformity with state statutes (4066(9))
- Illegal occupation (4066(10))

4.3 Other general provisions

- Right to examine (free look) (4063(8))
- Insuring clause
- Consideration clause
- Renewability clause
 - Noncancelable
 - Guaranteed renewable
 - Conditionally renewable
 - Renewable at option of insurer
 - Nonrenewable (cancelable, term)
- Reduction in coverage

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 (4066(6))

Other cash benefits

- Accidental death and dismemberment
- Rehabilitation benefit
- Medical reimbursement benefit (nondisabling injury)

Exclusions (Bul HCA 127)

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

5.5 Social Security disability

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

5.6 Workers compensation

- Eligibility
- Benefits

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
- Managed care versus non-managed care
- Expense based versus indemnity based

6.2 Types of providers and plans

- Major medical insurance
 - Characteristics
 - Common limitations
 - Exclusions from coverage
 - Provisions affecting cost to insured
- Health maintenance organizations (HMOs)
- Preferred provider organizations (PPOs)
 - General characteristics
 - Open or closed network
 - Types of parties to the provider contract
- Exclusive provider organizations (EPOs)
 - General characteristics
 - Open or closed network
- Point-of-service (POS) plans
 - Nature and purpose
 - Non-network provider access (open-ended HMO)
 - PCP referral (gatekeeper PPO)
 - Indemnity plan features

6.3 Common health care plans (non-group/individual) (4080b(e); Reg 93-5 Sec 7)

- Standards
- Policy provisions

6.4 Cost containment in health care delivery

- Cost-saving services
 - Preventive care
 - Hospital outpatient benefits
 - Alternatives to hospital services
- Utilization management (Rule 10)
 - Prospective review
 - Retrospective review
 - Concurrent review

6.5 Vermont eligibility requirements (non-group and/or group)

- Dependent child age limit (4063(3), 4089d)
- Adopted child coverage (4100c)
- Child coverage; noncustodial parents (4100b)
- Disabled child coverage (4089d)
- Newborn child coverage (4092)

Civil unions (Title 15 Sec 1201, 4063a,
Reg IH-2001, Bul HCA 110)

6.6 HIPAA (Health Insurance Portability and Accountability Act) requirements

Eligibility
Guaranteed issue
Pre-existing conditions
Creditable coverage
Renewability

6.7 Medical Savings Accounts (MSAs), Health Savings Accounts (HSAs) and High Deductible Health Plans (HDHPs)

Definition
Eligibility
Contribution limits

7.0 Health Maintenance Organizations (HMOs) 10%

7.1 General characteristics

Combined health care delivery and financing
In network versus out of network
 Limited service area
 Limited choice of providers
Gatekeeper concept
Copayments
Prepaid basis

7.2 HMO Services

Preventive care services
 Well-child care
 Immunizations
 Routine physical examinations
 Wellness programs
Physician services
 Primary care physician (PCP)
 Referral (specialty) physician
Emergency care
 Urgent care center
 Hospital emergency room
Hospital services
Skilled nursing facility services
Home health care (4096)
Family planning services
Mental health/substance abuse benefits
Prescription drugs
Additional plans and services
 Dental services
 Vision care/hearing care

8.0 Group Health Insurance 10%

8.1 Characteristics of group insurance

Group contract
Certificate of coverage
Experience rating versus community rating

8.2 Types of eligible groups

Employment-related groups
 Individual employer groups
 Multiple-Employer Trusts (METs)
Exempt associations (alumni, professional, other)

Trusts (unions, employers)

8.3 Marketing considerations

Advertising
Regulatory jurisdiction/place of delivery

8.4 Employer group health insurance

Vermont underwriting requirements (4079)
Insurer underwriting criteria
 Characteristics of group
 Plan design factors
 Persistency factors
 Administrative capability
Eligibility for coverage
 Open enrollment
 Employee eligibility (4080(5))
 Dependent eligibility
Coordination of benefits provision
Change of insurance companies or loss of coverage
 Coinsurance and deductible carryover
 No-loss no-gain
 Events that terminate coverage
 Extension of benefits (4091e)
Continuation of coverage under COBRA and
 Vermont specific rules, VIPER
Conversion privilege (8 s 4090a-g)

8.5 Small employer group medical plans

Definition of small employer (4080a(a)(1))
Common health care plans (4080a(e);
 Reg 91-4B Sec 5)
Availability of coverage (4080a(d))
Renewability of coverage (Reg 91-4B Sec 5(2(a))
Prohibited marketing practices (Reg 91-4B Sec 4)
Pre-existing conditions (4080a(g);
 Reg 91-4B Sec 5(2(b))
Participation requirements (4080a(a)(I))

9.0 Dental Insurance 2%

9.1 Types of dental treatment

Diagnostic and preventive
Restorative
Oral surgery
Endodontics
Periodontics
Prosthodontics
Orthodontics

9.2 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

9.3 Employer group dental expense

Minimizing adverse selection

10.0 Insurance for Senior Citizens and Special Needs Individuals 15%

10.1 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

10.2 Medicare supplements

(Reg H-2009-04 Sec 1-25)

- Purpose (Reg H-2009-04 Sec 1)
- Open enrollment (Reg H-2009-04 Sec 11)
- Standardized Medicare supplement plans (Reg H-2009-04 Sec 8, 9)
 - Core benefits (Reg H-2009-04 Sec 8(B))
 - Additional benefits (Reg H-2009-04 Sec 8(C))
- Vermont regulations and required provisions
 - Standards for marketing (Reg H-2009-04 Sec 20)
 - Advertising (Reg H-2009-04 Sec 19)
 - Appropriateness of recommended purchase (Reg H-2009-04 Sec 21)
 - Buyer's guide (Reg H-2009-04 Sec 17(A)(6))
 - Outline of coverage (Reg H-2009-04 Sec 17(D))
 - Right to return (Reg H-2009-04 Sec 17(A)(5))
 - Pre-existing conditions (Reg H-2009-04 Sec 8(A)(1), Sec 8.1(A)(1))
 - Duplication of Medicare benefits (Reg H-2009-04 Sec 21(B))
 - Replacement (Reg H-2009-04 Sec 18, 23)
 - Required disclosure provisions (Reg H-2009-04 Sec 17)
 - Permitted compensation arrangements (Reg H-2009-04 Sec 16)
 - Renewability and cancellation (Reg H-2009-04 Sec 8(A)(5), Sec 8.1(A)(5))
 - Continuation and conversion requirements (Reg H-2009-04 Sec 8(A)(5), Sec 8.1(A)(5))
 - Notice requirements (Reg H-2009-04 Sec 17(B))
- Medicare Select (Reg H-2009-04 Sec 10)

10.3 Other options for individuals with Medicare

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

10.4 Long-term care (LTC) insurance

- 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
- Benefit amounts
- Optional benefits
 - Guarantee of insurability
 - Return of premium
- Qualified LTC plans
- Exclusions (8085(b), Reg H-2009-01 Sec 6(B))
- Underwriting considerations
- Vermont regulations and required provisions
 - Standards for marketing (Reg H-2009-01 Sec 9, 23)
 - Shopper's/Buyer's guide (8098; Reg H-2009-01 Sec 33)
 - Outline of coverage (8090; Reg H-2009-01 Sec 32)
 - Appropriateness of recommended purchases (Reg H-2009-01 Sec 24)
 - Right to return (free look) (8089)
 - Replacement (Reg H-2009-01 Sec 14)
 - Benefit standards (8085)
 - Prohibited policy provisions (8086, 8087; Reg H-2009-01 Sec 6, 25)
 - Renewal considerations (Reg H-2009-01 Sec 7(B), 8(B))
 - Continuation or conversion (Reg H-2009-01 Sec 6(D))
 - Inflation protection (Reg H-2009-01 Sec 13)
 - Pre-existing conditions (8086; Reg H-2009-01 Sec 25)
 - Nonforfeiture requirements (8095; Reg H-2009-01 Sec 28)

11.0 Federal Tax Considerations for Health Insurance 9%

11.1 Personally-owned health insurance

- Disability income insurance
- Medical expense insurance
- Long-term care insurance

11.2 Employer group health insurance

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

11.3 Medical expense coverage for sole proprietors and partners

11.4 Medical savings accounts (MSAs)