

# Your Exam Content Outline

The following outline describes the content of one of the New Hampshire insurance examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weight assigned to each section 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.

## Producer's Accident and Health Insurance Series 12-62

**100 questions – 2 hour time limit**

### 1.0 Insurance Regulation 16%

#### 1.1 Licensing

- Process (402-J:5, 6)
  - Types of licensees
    - Producer (402-J:2, 14)
    - Producer with appointment (402-J:14)
    - Business entity (402-J:6)
    - Financial institutions (406-C:1–19)
    - Resident versus nonresident (402-J:8, 16)
    - Temporary (402-J:11)
  - Maintenance and duration
    - Renewal (402-J:7(II–IV))
    - Change of address (402-J:7(VI))
    - Reporting of actions (402-J:17)
    - Assumed names (402-J:10)
    - Continuing education requirements (Reg 1302.03, 1302.04, 1304.03)
  - Disciplinary actions
    - Cease and desist order (417:12)
    - Denial, suspension or revocation (402:49; 402-J:12)
    - Penalties and fines (400-A:15(III); 402:42, 48; 402-J:12(IV); 417:10, 13)
- #### 1.2 State regulation
- Commissioner's general duties and powers (400-A:3, 15; 417:5, 14)
  - Company regulation
    - Producer appointment (402-J:14)
    - Termination of appointment (402-J:15)
  - Producer regulation
    - Acting without a license (402-J:3,13)
    - Commissions (402-J:13)
    - Conversion of funds by producer (402:53)
    - Referrals (402:16-B)
    - Controlled business (402:74)
    - Fiduciary requirements (Reg 4301.01–4301.09)
    - License to transact business (402:12)
    - Unfair claim settlement practices (417:4(XV); Reg 1001.01–.11, Reg 1002.01–.20)
  - Unfair insurance trade practices
    - Misrepresentation (402:46; 417:4(I, II))
    - Twisting (402:47; 417:4(I))
    - False information and advertising (417:4(III))

- Defamation (417:4(IV))
- Boycott, coercion and intimidation (417:4(V))
- Illegal inducement (417:4(VII))
- Unfair discrimination (417:4(VIII))
- Rebating (402:39–41; 417:4(IX))
- Examination of books and records (400-A:37)
- Insurance fraud regulation (400-A:36-b(II); 417:23; RL 638:20)
- Consumer privacy regulation (Reg 3001–3006)

#### 1.3 Federal regulation

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

### 2.0 General Insurance 13%

#### 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
  - Surplus lines
- 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

## 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)

### 3.5 Common exclusions from coverage (415-A:5)

### 3.6 Producer responsibilities in individual health insurance

- Marketing requirements
  - Advertising (Reg 2601–2604)
  - Life and Health Insurance Guaranty Association (408-B:19(I))
  - Sales presentations
  - Outline of coverage (415-A:4; Reg 1901.06)
  - Guaranty association disclaimer (408-B:19(II–IV))
- 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
  - Medical Information Bureau (MIB)
  - Medical examinations and lab tests including HIV (417:4(XIX); Reg 1103.01, .02)
- Unfair discrimination (415:15)
- Classification of risks
  - Preferred
  - Standard
  - Substandard

### 3.8 Considerations in replacing health insurance (Reg 1901.07)

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

### 3.9 New Hampshire mandated provisions

## 4.0 Individual Health Insurance Policy General Provisions 9%

### 4.1 Required provisions

- Entire contract; changes (415:6(I)(1))
- Time limit on certain defenses (415:6(I)(2))
- Grace period (415:6(I)(3))
- Reinstatement (415:6(I)(4))
- Claim procedures (415:6(I)(5–9))
- Physical examinations and autopsy (415:6(I)(10))
- Legal actions (415:6(I)(11))
- Change of beneficiary (415:6(I)(12))
- Loss of time benefits (415:6(I)(13))
- Refund upon cancellation (415:6(I)(14))

### 4.2 Other provisions

- Change of occupation (415:6(II)(1))
- Misstatement of age (415:6(II)(2))
- Other insurance in this insurer (415:6(II)(3))
- Insurance with other insurers
  - Expense-incurred basis (415:6(II)(4))
  - Other than expense-incurred basis (415:6(II)(5))
- Unpaid premium (415:6(II)(7))
- Cancellation; refusal to renew (415:6(II)(8))
- Conformity with state statutes (415:6(II)(9))

### 4.3 Other general provisions

- Right to examine (free look) (Reg 401.04(f), 1901.06(a)(11))
- Insuring clause
- Consideration clause
- Renewability clause (Reg 1901.05)
  - Noncancelable
  - Guaranteed renewable
  - Conditionally renewable
  - Renewable at option of insurer
  - Nonrenewable (cancelable, term)
- Military suspense provision (Reg 1901.05(a)(7))

## 5.0 Disability Income and Related Insurance 9%

## 5.1 Qualifying for disability benefits

- Inability to perform duties
  - Own occupation
  - Any occupation
- 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 (415:6(II)(6))
- 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

- 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 10%

### 6.1 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

### 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 versus referral (specialty) physician
  - Emergency care
  - Urgent 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 New Hampshire requirements (individual and group)

- Eligibility requirements
  - Newborn children (415:22)
  - Adopted children (415:22-a)
  - Child enrollment; noncustodial parents (RL 161-H:2)
- Benefit offers
  - Maternity coverage (415:6-d)

### 6.5 HIPAA (Health Insurance Portability and Accountability Act) requirements

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

### 6.6 Patient Protection and Affordable Care Act

- Preexisting conditions
- Premium Assistance Program
- Metal Levels
- Shop versus Individual
- Essential Benefits
- Cost Sharing
  - No Limits
  - QHP
  - Certification
- Insurance exchanges
- Annual and lifetime dollar limits

## 7.0 Group Health Insurance 10%

### 7.1 Characteristics of group insurance

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

## 7.2 Types of eligible groups

- Individual employer groups (Bulletin INs. 08-068-AB)

## 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
  - Administrative capability
- Eligibility for coverage
  - Employee eligibility
  - Part-time employees (415:18(I)(q))
  - Dependent eligibility
- Coordination of benefits provision (Reg 1904.05-.07)
- Change of insurance companies or loss of coverage
  - No-loss no-gain
  - Events that terminate coverage
  - Extension of benefits
  - Cancellation or nonrenewal (415:18-b)
  - Continuation of coverage under COBRA and New Hampshire specific rules (415:18(VII)(g))
  - Conversion privilege (415:18(VII)(a-b); Reg 1901.06(a)(11))

## 7.5 Small employer group medical plans

- Definition of small employer (420-G:2(XVI))
- Renewability of coverage (420-G:6)
- Participation requirements (420-G:9)
- Open enrollment and late enrollment (420-G:8)
- Prohibited underwriting practices (420-G:4(I)(b), 5)

## 7.6 Regulation of employer group insurance

- Age Discrimination in Employment Act (ADEA)
  - Applicability to employers and workers
  - Permitted reductions in insured benefits
  - Permitted increases in employee contributions
  - Requirements for medical expense coverage
- Relationship with Medicare
  - Medicare secondary coverage rules
  - Medicare carve-outs and supplements

## 8.0 Dental Insurance 2%

### 8.1 Types of dental treatment

- Diagnostic and preventive
- Restorative
- Oral surgery
- Endodontics
- Periodontics
- Prosthodontics
- Orthodontics

### 8.2 Indemnity 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
- ACA Considerations (Stand Alone Dental Plans)
- Minimizing adverse selection

## 9.0 Insurance for Senior Citizens and Special Needs Individuals 13%

### 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 (Reg 1905.01)
- Open enrollment (Reg 1905.10)
- Standardized Medicare supplement plans (Reg 1905.08)
  - Core benefits
  - Additional benefits
- New Hampshire regulations and required provisions
  - Standards for marketing (Reg 1905.19)
  - Advertising (Reg 1905.06, .18)
  - Appropriateness of recommended purchase and excessive insurance (Reg 1905.20)
  - Guaranteed issue for eligible persons (Reg 1905.11)
  - Buyer's guide (Reg 1905.16(a)(6))
  - Outline of coverage (Reg 1905.16(d))
  - Right to return (free look) (Reg 1905.16(a)(5))
  - Replacement (Reg 1905.17, .22)
  - Required disclosure provisions (Reg 1905.16)
  - Permitted compensation (Reg 1905.15)
  - Notice of change (Reg 1905.16(b))
  - Benefit standards (Reg 1905.07)
  - Prohibited practices (Reg 1905.22)
- Medicare Select (Reg 1905.09)

### 9.3 Other options for individuals with Medicare

- Employer group health plans
  - Employees with disabilities and their covered spouses
  - 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
  - Skilled care
  - Intermediate care
  - Custodial care
  - Home health care
  - Adult day care
  - Respite care
- Benefit periods
- Benefit amounts
- Optional benefits
  - Inflation protection
  - Guarantee of insurability
  - Return of premium
- Qualified LTC plans
- Partnership plans (Ins 3602)
- Exclusions
- Underwriting considerations
- New Hampshire regulations and required provisions
  - Outline of coverage (415-D:8)
  - Right to return (free look) (415-D:7)
  - Benefit standards (415-D:3(V), 5)
  - Continuation of coverage/conversion (415-D:6)

## **10.0 Federal Tax Considerations for Health Insurance 6%**

### **10.1 Personally-owned health insurance**

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

### **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

### **10.3 Medical expense coverage for sole proprietors and partners**

### **10.4 Business disability insurance**

- Key person disability income
- Buy-sell policy

### **10.5 ACA Tax implications and penalties**