Your Exam Content Outline

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.

Arizona Examination for Life Insurance Producer Series 13-32
100 questions – 2-hour time limit
Effective July 1, 2017

1.0 Insurance Regulation 5%

1.1 Licensing

License application requirements (20-285)
Number of exam attempts (20-284)(H))
Licensing eligibility/lawful presence (41-1080)

Types of licensees

Producers (20-281(5), 286)
Nonresidents (20-281(11))
Adjusters (20-321)

Life Settlement Broker (ARS 20-3202)
Business entities (20-281(1), 285(D, E), 290(B))

Surplus lines brokers (20-407, 411)
Temporary (20-294)

Vending machines (20-293)
Lines of producer license authority (20-286, (A), 321 331, 332, 411, 411.01, 1580, 1693.01,2662)

Fingerprinting requirements (20-142(E), 285(E), 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 contact information (20-286(C))

Change of business information (20-286(C))

Report of actions (20-301)

Continuing education (20-2902, 2903)

Disciplinary actions

Denial, suspension, revocation or refusal to renew; civil penalties (20-295, 296)

Cease and desist order (20-292)

1.2 State regulation

Acts constituting insurance transaction (20-106, 282, 401.01)
Negotiate (20-281(10))
Sell (20-281(14))
Solicit (20-281(15))

Payment of premiums (20-191)
Certificate of authority (20-217(A))
Identification of Producer (20-229)

Producer regulation

Sharing commissions (20-298)
Place of business and records (20-157, 290; AZ Const Art 14 s 16)

Unfair practices and frauds

Unfair trade practices (20-442)
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)
Gender discrimination (Rule R20-6-207)

Rebating (20-449–451)
1.3 Federal regulation

Affordable Care Act (45 CFR 144, 146, 147, 148, 150, 154, 155, 156, 157, 164 and 170; and 42 USC 300gg-300gg-91)
Mental Health Parity and Addiction Equity Act (45 CFR Parts 146 and 147)
Genetic Information Nondiscrimination Act (45 CFR Parts 144, 146, and 148; 45 CFR Parts 160 and 164; and 29 CFR Part 2590)
Violent Crime Control and Law Enforcement Act (20-489; 18 USC 1033, 1034; 15 USC 6101-6108; ARS 44-1282)
Fair Credit Reporting Act (15 USC 1681–1681d)
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)
Gramm-Leach-Bliley Act (20-2121; Public Law 106-102)

2.2 Insurers

Types of insurers
- Mutual, stock, fraternal (20-702, -703)
- Captive insurance companies (20-1098)
- Stock companies
- Mutual companies
- Fraternal benefit societies
- Reciprocals (20-761,-762)
- Risk retention groups (20-2401(10), 15 USC SS 3901, 3902)
- Lloyd's associations (20-1021)
- Hospital, medical, dental, optometric service corporations (ARS 20-821 et seq)
- Health care service organizations (ARS 20-1051 et seq; AAC R20-6-1901 et seq; AAC R20-6-405)

Private versus government insurers
Authorized versus unauthorized insurers
Domestic, foreign and alien insurers (20-201, 203, 204)

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
  Personal contract
  Aleatory 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
  Prescriptions

3.3 Classes of health insurance policies
  Individual versus group
  Small group versus large group
  Qualified health plan
  Marketplace plans
  Stand-alone dental plans
  Private versus government
  Limited versus comprehensive

3.4 Limited policies
  Limited perils and amounts

Required notice to insured
Types of limited policies
  Excepted benefits (45 CFR 148.220)
  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

Privacy and security (ARS 20-2101 et seq; AND 45 CFR 155.260)
Marketing requirements
  Insurable interest (20-1104, 20-1106, 20-1107, 20-1370)
  Advertising Requirements (R20-6-201, R20-6-201.01, R20-6-201.02)
  Sales presentations
  Summary of benefits and coverage (45 CFR Part 147)
Life and Disability Insurance Guaranty Fund (20-683)
Field underwriting
Insurer 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
Guaranteed availability (45 CFR 147.104)
Sources of underwriting information
  Application
  Producer report
  Medical Information Bureau (MIB)
Medical examinations and lab tests (including HIV consent) (20-448.01; Rule R20-6-1203, 1204)(Bul 2003-5, 9)

Policy Delivery
Effective date of coverage
QHP rating factors (45 CFR 147.102)

Unfair discrimination (20-448)
Genetic testing (20-448(D), (E), 448.02)

Classification of risks
Preferred
Standard
Substandard
Certificate of Authority (20-206(A))

3.8 Considerations in replacing health insurance
Guaranteed renewable (ARS 20-1380; 45 CFR 148.122 AND 146.152)
Termination of coverage (45 CFR 155.430)
Special enrollment period/late enrollment (45 CFR 155.420; ARS 20-2301)
Open enrollment (45 CFR 155.410)
Grace period (ARS 20-1347; 45 CFR 156.270)
Reinstatement (ARS 20-1348; 45 CFR 155.430)
Discontinuation (45 CFR 147.106)
Pre-existing conditions
Benefits, limitations and exclusions
Underwriting requirements
Producer’s liability for errors and omissions
Life and disability insurance Guaranty Fund (20-283(A))

4.0 Individual Disability (Accident and Health) Insurance Policy General Provisions 12%

4.1 Uniform required provisions
Essential health benefits (45 CFR 156)
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)
Time of payment claims (20-1352)
Payment of claims (20-1353)
Notice of claim
Proof of Loss (20-1351)
Physical examinations and autopsy (20-1354)

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 (20-1362)
Cancellation (20-1364)
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 (20-1380)
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
    Indemnity
5.2 Individual disability income insurance

Basic total disability plan
- Income benefits (monthly indemnity)
- Elimination and benefit periods
- Waiver of premium feature
- Probationary period

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
- Permanent 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

- Expense reimbursement/indemnity versus prepaid basis
- Specified coverage versus comprehensive coverage
- Minimum essential coverage (45 CFR 156.600, 602, 604; 45 CFR §155.605)
- Schedule of benefits
- In- and out-of-network benefits
- On- and off-marketplace plans
- Grandfathered (45 CFR 147.140) versus transition plan
- Unusual/reasonable/customary charges
- Broad versus narrow provider network
- Insureds versus subscribers/participants
- Prepaid
- Essential health benefits coverage versus excepted benefits
- Dependents
- Healthcare appeal rights
- Role of the federal health insurance marketplace (healthcare.gov)

6.2 Types of providers and plans

- Health care services organizations (HCSOs)-pre-paid health care
General characteristics

Essential health benefits

Basic health care services (AAC R20-6-1904)

Preventive care services

Primary care physician versus referral (specialty) physician

Emergency care

Hospital services

Other basic services

In-network providers

Network exception (AAC R20-6-1910)

Cost-share

Maximum out of pocket (MOOP)

Preferred provider organizations (PPOs)

General characteristics

Essential health benefits

Reimbursement methodology

Cost-share differences in- versus out-of-network services

Maximum out of pocket (MOOP)

Provider network

Types of parties to the provider contract

Point-of-service (POS) plans-Combination HCSO & PPO policies

Nature and purpose

In- and Out-of-network provider access

Cost-share differences in- versus out-of-network services

PCP referral (gatekeeper PPO)

Indemnity plan features

6.3 Cost containment in health care delivery

Cost-saving services

Open enrollment period

Preventive care

Hospital outpatient benefits

Alternatives to hospital services

Preauthorization 2nd opinion

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), 2321, 20-1057)

Child coverage; non-custodial parents (20-1692.03)

Physically or mentally handicapped dependent coverage (20-1342.01, 1407)

Rating criteria health insurance policies (45 CFR 147.102)

6.5 Marketing Considerations

Advertising (Rule R20-6-201)

Regulatory jurisdiction/place of delivery

Disclosure form (20-2323)

Summary of benefits & coverages

7.0 Group Accident and Health Insurance 10%

7.1 Characteristics of group insurance

Small group versus large group (ARS 20-2301 et seq; 45 CFR)

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

Summary of benefits & coverages

7.4 Large 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 R20-6-214)
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 group coverage under COBRA
   Conversion (20-1408)
   Continuation of individual coverage (20-1377)
   Reinstatement of coverage for military personnel (20-1408(L-N))
   Special enrollment period (45 CFR 155.420)
   Open enrollment
   Loss of minimum essential coverage

7.5 Small group disability (accident and health) insurance
Definition of small employer (20-2301(A)(21))
Accountable Health Plan (20-2301(A)(1))
Health benefits plan (20-2301(A)(11))
Small employer (20-2301(A)(11))
Late Enrollee (20-2301(A)(15))
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 (20-2341)

7.6 Privacy (20-1379)
Insurance information & privacy protection (ARS 20-2101 et seq)
Customer information security (AAC R20-6-2101 - 2104)
HIPAA privacy protections
Electronic notices (ARS 20-239; ARS 44-7001 - 7052)
Affordable Care Act privacy protections (45 CFR 155.260)

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/PPO Dental Plans
Stand-Alone Dental Plans (SADP) (45 CFR 155.1065)
Essential pediatric dental benefit
Role of the federal health insurance marketplace on dental insurance
Group versus individual dental insurance
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 (R1801), (ARS 20-2001)
Characteristics
Basic services (R20-6-1806)
Exclusions
Limitations

9.0 Insurance for Senior Citizens and Special Needs Individuals 16%

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
   Late enrollment penalty
   Medicare savings programs (QMB, SLMB)
   Medicare marketing restrictions

9.2 Medicare supplements (Rule R20-6-1101)
Purpose
Open enrollment
Rating of supplemental plans
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
Required communications to LTC applicants
   Outline of Coverage (ARS 20-1691.06; Rule R20-6-1022)
   Shopper’s Guide (Rule R20-6-1023)
   Personal Worksheet (Rule R20-6-1018 and Appendix A)
   Rating Practices (Rule R20-6-1008(B1-6), (E) and (F))

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
Long term care partnership program
(ADOI Bulletin 2009-05)
Standards for marketing (Rule R20-6-1017)
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(12), 1691.03(G))
Contestable periods (20-1691.10)
Nonforfeiture (Rule R20-6-1019)
Nonforfeiture benefit triggers (Rule R20-6-1020)
Producer long term care partnership training (20-1691.12)

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
Deductibility of premiums

10.5 Health Reimbursement Arrangements (HRAs)
Flexible Spending Accounts (FSAs)

Definition
Eligibility
Contribution limits

Health Savings Accounts (HSAs)

Definition
Eligibility
Contribution limits

10.0 Federal Tax Considerations for Disability (Accident and Health) Insurance 5%

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)