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 Accident and Health or Sickness Insurance Producer |
|-----------------------------|-----------------------------|
| Series 13-32                | Change of business information (20-286(C)) |
| 100 questions – 2-hour time limit |
| Effective July 1, 2018 |

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)
- 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))

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)
Prohibited inducements (20-452)
Fees (20-465)
Unfair claims settlement practices (20-461; Rule R20-6-801)
Claims payment (20-462)
Insurance fraud (20-463, 466-466.04)
Insurance information and privacy protection (20-2101–2122)

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)

2.0 General Insurance  7%
2.1 Concepts
Insurance, definition of (20-103)
Risk management key terms
Risk
Exposure
Hazard
Peril
Loss
Methods of handling risk
Avoidance
Retention
Sharing
Reduction
Transfer
Managed care
Utilization review
Elements of insurable risks
Adverse selection
Law of large numbers
Reinsurance

2.2 Insurers
Types of insurers
Mutual, stock, fraternal (20-702, -703)
Captive insurance insurers (20-1098)
Stock insurers
Mutual insurers
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

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 (R20-6-201,201.01,201.02)
  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)
4.0 Individual Disability (Accident and Health) Insurance Policy General Provisions 13%

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)

5.0 Disability Income and Related Insurance 7%

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

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

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 11%

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)

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)