

# Your Exam Content Outline

The following outline describes the content of one of the New Mexico 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.

## New Mexico Examination for Accident and Health or Sickness Insurance Producer Series 18-26

**100 questions – Two-hour time limit**  
**Effective April 29, 2022**

### 1.0 Insurance Regulation 10% (10 Items)

#### 1.1 Licensing

Process (59A-11-2, 3, 59A-12-12; Reg 13.4.2.8, .9)

Types of licensees (Reg 13.4.2.7, .11)

Insurance Producers (59A-12-2)

Brokers (59A-12-3)

Consultants (59A-11A-1-8)

Nonresident (59A-12-25) (59A-11-24)

Temporary (59A-11-4; 59A-12-19; Reg 13.4.2.12)

Maintenance and duration

Expiration and renewal (59A-11-10, 11; Reg 13.4.2.17, .18)

Address change (59A-12-17) (59A-11-24)

Continuing education (59A-12-26; Reg 13.4.7.9, .12)

Disciplinary actions

Suspension, revocation, or refusal to renew (59A-11-8, 10, 14-16, 18)

Cease and desist orders (59A-16-27)

Penalties and fines (59A-1-18, 59A-11-17, 21)

#### 1.2 State regulation

Superintendent's general duties and powers (59A-2-8-10)

Company regulation

Certificate of authority (59A-5-10)

Unfair claim settlement practices (59A-16-20)

Complaint record (59A-16-22)

Appointment of Insurance Producer (59A-11-12; Reg 13.4.2.17)

Termination of Insurance Producer appointment (59A-11-13; Reg 13.4.2.29)

Insurance Producer regulation

Shared commissions (59A-12-24)

Fiduciary duties (59A-12-22)

Prohibited premiums or charges (59A-16-24)

Unfair trade practices

Misrepresentation (59A-16-4, 23)

False advertising (59A-16-4, 5)

Twisting (59A-16-6)

Defamation (59A-16-10)

Unfair discrimination (59A-16-12, 13, 17(D))

Rebating (59A-16-16-18)

Boycott, coercion, or intimidation (59A-16-19)

Examination of books and records (59A-4-3, 4)

Insurance Fraud Act (59A-16C-1-16)

Consumer information privacy (59A-2-9.3; Reg 13.1.3.1-.28)

#### 1.3 Federal regulation

Fair Credit Reporting Act (15 USC 1681-1681d)

Fraud and false statements (18 USC 1033, 1034)

### 2.0 General Insurance 10% (10 Items)

#### 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
- Reinsurance

## 2.2 Insurers

### Types of insurers

- Stock companies
- Mutual companies
- Fraternal benefit societies
- Risk retention groups

- Private versus government insurers
- Authorized versus unauthorized insurers
- Domestic, foreign and alien insurers
- Financial status (independent rating service)
- Marketing (distribution) systems

## 2.3 Insurance Producers and general rules of agency

- Insurer as principal
- Insurance Producer/insurer relationship
- Authority and powers of Insurance 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
- 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 13% (13 Items)

### 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)  
Prescription drugs  
Vision care

### **3.5 Common exclusions from coverage**

### **3.6 Insurance Producer responsibilities in individual health insurance**

Marketing requirements  
Advertising (Reg 13.10.4.6-.23)  
Prohibited advertising of Life and Health Insurance Guaranty Association (59A-42-13(E))  
Sales presentations  
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  
Insurance Producer report  
Attending physician statement  
Investigative consumer (inspection) report  
Medical Information Bureau (MIB)  
Medical examinations and lab tests (including HIV consent) (RL 24-21-2(c))  
Unfair discrimination (59A-16-11, 12.1, 13.2)  
Genetic testing (RL 24-21-3-5)  
Classification of risks  
Preferred  
Standard  
Substandard

### **3.8 Considerations in replacing health insurance**

Pre-existing conditions  
Benefits, limitations and exclusions

Underwriting requirements  
Insurance Producer liability for errors and omissions

## **4.0 Individual Health Insurance Policy General Provisions 12% (12 Items)**

### **4.1 Required provisions**

Entire contract; changes (59A-22-4)  
Time limit on certain defenses; pre-existing condition exclusions (59A-22-5)  
Grace period (59A-22-6)  
Reinstatement (59A-22-7)  
Claim procedures (59A-22-8-12)  
Physical examinations and autopsy (59A-22-13)  
Legal actions (59A-22-14)  
Change of beneficiary (59A-22-15)

### **4.2 Optional provisions**

Change of occupation (59A-22-17)  
Misstatement of age (59A-22-18)  
Other insurance with same insurer (59A-22-19)  
Other insurance with different insurer  
Expense-incurred benefits (59A-22-20)  
Other benefits (59A-22-21)  
Unpaid premium (59A-22-23)  
Cancellation (59A-22-24)  
Conformity with state statutes (59A-22-25)

### **4.3 Other general provisions**

Insuring clause  
Consideration clause  
Renewability clause  
Noncancelable  
Guaranteed renewable  
Conditionally renewable  
Renewable at option of insurer  
Nonrenewable (cancelable, term)

## **5.0 Disability Income and Related Insurance 9% (9 Items)**

### **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

Loss-of-time benefit adjustment (59A-22-22)

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 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 15% (15 Items)**

## **6.1 Medical plan concepts**

Fee-for-service basis versus prepaid basis vs. expense basis

Expense based basis versus indemnity

Specified coverages versus comprehensive care

Benefit schedule versus usual/reasonable/customary charges

Any provider versus limited choice of providers

Insureds versus subscribers/participants

Qualified Health Plans

EPOs

HDHPs

## **6.2 Types of providers and plans**

Limited Benefits Insurance

Indemnity plan features

Excepted Benefits Plans

Hospital Indemnity Insurance

Accident only insurance

Specified Disease

Major medical insurance (comprehensive coverage)

Characteristics

Participating vs Non-Participating providers  
Deductibles, Copay and Coinsurance  
Emergency care  
Preventive Care Services  
Common limitations  
Provisions affecting cost to insured

#### Qualified Health Plans (QHPs)

General characteristics

#### EHBs

CSR and APTCs  
Special Enrollment Periods  
Preventive Care Services  
Maximum out of Pocket,  
Open Enrollment Period  
Preexisting Exclusions

#### Health maintenance organizations (HMOs) (§59A-46)

General characteristics  
Primary care physician versus referral (specialty) physician  
Hospital services  
Other basic services

#### Preferred provider organizations (PPOs) (§59A-22A)

General characteristics  
Open panel or closed panel  
Types of parties to the provider contract

#### Point-of-service (POS) plans

Nature and purpose  
PCP referral (gatekeeper PPO)  
HDHP plans  
Features and purpose  
Exclusive Provider Organization Plans  
Features and purpose

### 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

Grievance procedures

Network Adequacy

### 6.4 New Mexico eligibility requirements and benefit offers (individual and group)

Dependent child age limit (§59A-22-30.1

Continued coverage of handicapped children (59A-22-33)

Newborn child coverage (59A-22-34)

Adopted child coverage (59A-22-34.1)

Child enrollment; noncustodial parents (59A-22-34.2)

Home health care coverage (59A-22-36)

Managed Health Care Rule (Reg 13.10.13.8-.12)

Mental health parity (59A-23E-18)

Women's health care benefits

Patient Protection Act (59A-57-3)

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

Eligibility

Guaranteed issue

Pre-existing conditions

Creditable coverage

Renewability

### 6.6 Medical savings accounts (MSAs), Flexible savings accounts (FSAs), Health savings accounts (HSAs), Health reimbursement accounts (HRAs)

Definition

Eligibility

Contribution limits

## 7.0 Group Health Insurance 13% (13 Items)

### 7.1 Characteristics of group insurance

Group contract

Certificate of coverage

Experience rating versus community rating

### 7.2 Types of eligible groups

Employment-related groups (§59A-23-3A.1)

Individual employer groups  
Multiple-Employer Trusts (METs) or  
Welfare Arrangements (MEWAs) (Reg  
13.9.4)

Associations (alumni, professional, other)  
(§59A-23-3A.2)

Customer groups (depositors, creditor-debtor,  
other)

### **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

Persistency factors

Administrative capability

Eligibility for insurance

Annual open enrollment

Employee eligibility

Dependent eligibility

Coordination of benefits provision

Subrogation

Change of insurance companies or loss of  
coverage

Coinsurance and deductible carryover

No-loss no-gain

Events that terminate coverage

Extension of benefits (Reg 13.10.5.10)

Continuation of coverage under COBRA and  
New Mexico specific rules (59A-18-16)

Conversion privilege (59A-18-16)

### **7.5 Small employer medical plans**

Definition of small employer (59A-23C-3(N))

Rate and renewability (59A-23C-6)

Pre-existing condition exclusion (§59A-23E-  
3)

## **8.0 Dental Insurance 3% (3 Items)**

### **8.1 Types of dental treatment**

Diagnostic and preventive

Restorative

Oral surgery

Endodontics

Periodontics

Prosthodontics

Orthodontics

### **8.2 Dental plan types**

#### **Indemnity plan features**

#### **Indemnity vs. expense based 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

### **8.3 Employer group dental expense**

Integrated deductibles versus stand-alone  
plans

Minimizing adverse selection

## **9.0 Insurance for Senior Citizens and Special Needs Individuals 12% (12 Items)**

### **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** (Reg 13.10.25, §59A-24A)

- Purpose
- Open enrollment
- Standardized Medicare supplement plans
  - Core benefits
  - Additional benefits
- New Mexico regulations and required provisions
  - Advertising
  - Standards for marketing
  - Permitted compensation arrangements
  - Suitability for recommended purchase
  - Required disclosure provisions
  - Outline of coverage (59A-24A-9)
  - Right to return (free look) (59A-24A-10)
  - Replacement
  - Benefit standards
  - Pre-existing conditions (59A-24A-4(B))
  - Guaranteed issue
  - Prohibited provisions (59A-24A-4)
- Medicare SELECT (Reg 13.10.25.16)

**9.3 Other options for individuals with Medicare**

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

**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
  - Guarantee of insurability
  - Return of premium
- Qualified LTC plans
- Exclusions
- Underwriting considerations
- New Mexico regulations and required provisions
  - Advertising (59A-23A-11; Reg 13.10.15.36)
  - Standards for marketing (Reg 13.10.15.36, .49-.53)
  - Prohibited marketing practices (Reg 13.10.15.38)
  - Suitability of recommended purchase (Reg 13.10.15.40, .52)
  - Required disclosure provisions (Reg 13.10.15.19, .50-.53)
  - Outline of coverage (Reg 13.10.15.45, .46)
  - Shoppers guide (Reg 13.10.15.47)
  - Right to return (free look) (59A-23A-6(E))
  - Replacement (Reg 13.10.15.25, .42)
  - Policy standards (59A-23A-6)
  - Benefit triggers (Reg 13.10.15.44)
  - Pre-existing conditions (59A-23A-7)
  - Inflation protection (Reg 13.10.15.24)
  - Nonforfeiture benefit offer (Reg 13.10.15.43)
  - Unintentional lapse (Reg 13.10.15.17)
  - Penalties (Reg 13.10.15.48)

**10.0 Federal Tax Considerations for Accident and Health Insurance 3% (3 Items)**

**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)

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 Medical savings accounts (MSAs), Flexible spending accounts (FSAs), Health savings accounts (HSAs), Health reimbursement accounts (HRAs)**