

**Maryland Adviser Life and Health
State and General Sections
Series 20-11 & 20-12
80 scored questions (plus 10 unscored)**

**Adviser Life and Health State Section
Series 20-12
15 questions- 30-minute time limit**

1.0 Insurance Regulation

1.1 Licensing

30% (3 items)

General Provisions and Definitions

Purpose

Process (*Insurance Article Annotated Code- Sec. 10-118(b)(2); Sec. 10.109;*

Sec. 10-103(c)(1))

Initial Licensure Qualifications

Examination

License fee & application

Types of licensees (*Insurance Article Annotated Code- Sec. 1-101(u)(1))*

Producers

Advisers

Nonresidents

Business entities

Exceptions

Maintenance (*Insurance Article Annotated Code- Sec. 10- 211(e)(2)(i); Sec. 10-115;*

Sec. 10-1-05; Sect. 10- 116(a)(2)(i);))

Duration and termination

Address and/or name changes

Assumed names

Requirement to report felony convictions

Requirement to report other states actions

Continuing education

Appointment procedures (*Insurance Article Annotated Code- Sec. 1-101; Sec. 10- 118;*

Sec. 27-209)

Producer's contract with insurer versus producer's appointment with insurer

Producer's appointment versus agency's appointment

Solicitation prior to appointment

Appointment requirement after becoming licensed

Acknowledgment of appointment/notice to producer

Requirement to cease solicitation

Termination of appointment/notice to producer

Termination of license without active appointment

Disciplinary actions (*Insurance Article Annotated Code- Sec. 1-301; Sec.*

10- 126(e); Sec. 27-202)

Probation, suspension, revocation or refusal to issue or renew

Cease and desist order

Penalties

Hearings/Notice of Hearings

Fraud (*Insurance Article Annotated Code- Sec. 27- 216(a)(1)(i); Sec. 2-401)*

1.2 State regulation

20% (2 items)

State Corporation Commission's general duties and powers (*Insurance Article Annotated Code- Sec. 2-102(a); Sec. 2-103(a)(4); Sec. 2-204(b)(1); 16-601;*

Sec. 1-301; Sec. 2- 101; Sec. 10-126)
 Insurer Regulation (*Insurance Article Annotated Code- Sec. 15-204(B);*
Sec. 15-208(A)(1); Sec. 15-211(A); Sec. 18-105(1); Sec. 18- 106(b)(1);
Sec. 27-501(a)(1))
 Forms
 Unfair Claims Settlement Practices
 Certificate of Authority
 Producer regulation (*Insurance Article Annotated Code- Sec. 27-209; Sec. 10-105;*
COMAR- Sec. 31.03.03)
 Acting for an unlicensed insurer
 Record retention
 Activities of unlicensed individuals
 Payment and sharing of commissions
 Charging of fees
 Illegal compensation; exceptions
 Fiduciary capacity
 Responsibility of trust accounts
 Unfair trade practices (*Insurance Article Annotated Code- Sec. 27-304; Sec. 27-213;*
Sec. 27-305(a); Sec. 27-504(b)(1); COMAR- Sec. 31.15.02.12; Sec.31.15.02.18(A);
Sec. 31.15.02.02; Sec.31.15.02.03(B))
 Misrepresentation
 False advertising
 Defamation
 Notice of Adverse Underwriting Decisions
 False statements and entries
 Rebating
 Twisting
 Referrals
 Insurance information and privacy protection

1.3 State Insurance Requirements (Specific to Life Insurance)

10% (1 items)

Policy Replacement (*COMAR- Sec. 31.09.05.10)*
 Definitions
 Provisions and Disclosure
 Group Life (*Insurance Article Annotated Code- Sec. 17-201(a); Sec. 17-202(b);*
Sec. 17-209(a)(2)(i)(ii))
 Eligibility
 Dependent Coverage
 Standard Provisions
 Conversion
 Assignment of Proceeds
 Life and Health Insurance Guaranty Corporation (*Insurance Article Annotated Code-*
Sec. 9-405(a)(2); Sec. 9-409(b); Sec. 9-402)

1.4 Providers (Specific to Accident and Health Insurance)

10% (1 items)

Types of Providers
 Insurers (Annotated Code- Sec. 1-101)
 Non Profits Health Service Plans (*Insurance Article Annotated Code-*
Sec. 14-101 and 14- 102)
 Health Maintenance Organizations (HMOs) (*COMAR Sec. 31.12.07.02(B)(3);*
Health General Article Annotated Code-Title 19 Subtitle 7- Sec. 19-701;
Sec. 19-705)
 Maryland Health Insurance Plan (*Insurance Article Annotated Code-Sec.*
14- 501(h), 14- 502; Sec. 14-505)

1.5 Plan requirements (Specific to Accident and Health Insurance)

20% (2 items)

Eligibility requirements

- Dependent child age limit
- Coverage for adopted children
- Newborn child coverage
- Medical child support coverage
- Intellectual disability and physical handicap dependent coverage

Mandated or Required Offers (*Insurance Article Annotated Code- Sec. 15-407, 15- 408, 15-409; Sec. 15-801, 15-802, 15-810, 15-839*)

Mandated or Required Benefits (*COMAR Sec. 31.10.06.08(B)(12); Insurance Article Annotated Code- Sec. 15-804(3); Sec. 15- 802, 15-838, 15- 841*)

Other Requirements

Small Employer Health Insurance (*Insurance Article Annotated Code- Sec. 15-1204 (special note)(b); Sec. 15-1205; Sec. 15-1208(C); Sec. 15- 1201(e)*)

Medicare Supplement Insurance (*Insurance Article Annotated Code- Sec. 15-901; Sec. 15-906; Sec. 15-909; Sec. 15-910*)

- Purpose and Definitions
- Minimum Standards and Provisions
- Eligibility
- Disclosure and Marketing

Maryland Health Benefit Exchange

- SHOP vs. Individual Exchange
- Open Enrollment/Special Enrollment
- Employer Choice Options in SHOP Exchange
- Mandated Referrals

1.6 Insurance for Senior Citizens and Special Needs Individuals

10% (1 item)

Maryland Long-Term Care (LTC) regulations and required provisions (*Tax General Article 10-710 - Sec. 10-718; Insurance Article Annotated Code- Sec. 18-101; Sec. 18- 104; Sec. 18-105*)

- Standards for marketing
- Advertising
- Consumer guide
- Outline of coverage
- Suitability including personal worksheet
- Right to return (free look)
- Replacement
- Renewal considerations
- Continuation of benefits
- Required disclosure provisions
- Incontestability
- Inflation protection
- Unintentional lapse
- Pre-existing conditions
- Nonforfeiture benefit
- Benefit triggers

Long-Term Care (LTC) Insurance

- Deductibility of Premiums for LTC Insurance for State Income Tax Purposes

Maryland Medicare Supplement regulations and required provisions

- Standards for marketing
- Advertising
- Appropriateness of recommended purchase and excessive insurance
- Buyer's guide
- Outline of coverage
- Right to return (free look)
- Replacement
- Prohibited policy provisions

Minimum benefit standards
Required disclosure provisions
Pre-existing conditions
Permitted compensation
Guaranteed issue for eligible persons
Continuation and conversion requirements
Medicare SELECT

**Adviser Life and Health General Section
Series 20-11**

75 questions- 90-minute time limit

- 2.0 Life Insurance Policies** **13% (9 items)**
- 2.1 Term life insurance**
- Level term
 - Annual renewable term
 - Level premium term
 - Convertible Term
 - Decreasing term
 - Increasing term
 - Return of premium
- 2.2 Whole life insurance**
- Ordinary whole life
 - Continuous premium (straight life)
 - Limited payment
 - Interest sensitive/current assumption
 - Indexed life
 - Equity indexed life
 - Graded Premium
 - Single premium
 - Variable whole life
 - Variable universal life
- 2.3 Flexible premium policies**
- Adjustable life
 - Universal life
- 2.4 Specialized policies**
- Family (Family Protection and Family Plan)
 - Joint life (first-to-die)
 - Survivorship life (second-to-die)
 - Juvenile/student life
- 2.5 Group life insurance**
- Characteristics of group plans
 - Types of eligible groups
 - Employer/employee
 - Debtor groups
 - Labor union groups
 - Trust
 - Associations
 - Group underwriting requirements
 - Benefit payments
 - Covered dependents
 - Lives covered
 - Conversion to individual policy
 - Contributory vs. noncontributory
- 2.6 Credit life insurance (individual versus group)**
- 3.0 Life Insurance Policy Provisions, Options and Riders** **9% (6 items)**
- 3.1 Standard provisions**
- Ownership
 - Assignment
 - Entire contract
 - Right to examine (free look)
 - Payment of premiums
 - Grace period

- Reinstatement
- Incontestability
- Misstatement of age and misstatement of gender
- Exclusions
- Suicide
- War clause
- Interest on proceeds
- Prohibited provisions including backdating

3.2 Beneficiaries

- Designation options
 - Individuals
 - Classes
 - Estates
 - Minors
 - Trusts
- Succession
- Revocable versus irrevocable
- Annulment or divorce
- Common disaster clause
- Spendthrift clause
- Facility of Payment Clause

3.3 Settlement options

- Cash payment
- Interest only
- Fixed-period installments
- Fixed-amount installments
- Life income
 - Single life
 - Joint and survivor

3.4 Nonforfeiture options

- Cash surrender value
- Extended term
- Reduced paid-up insurance

3.5 Policy loans

- Cash loans
- Automatic premium loans
- Withdrawals or partial surrenders
- Educational loans
- Automatic Option Required

3.6 Dividend options

- Cash payment
- Reduction of premium payments
- Accumulation at interest
- One-year term option
- Paid-up additions
- Paid-up insurance

3.7 Disability riders

- Waiver of premium
- Waiver of cost of insurance
- Disability income benefit
- Payor benefit life/disability (juvenile insurance)

3.8 Accelerated benefit provision/rider

- Conditions for payment
 - Diagnosis of terminal illness
 - Diagnosis of catastrophic illness
 - Permanent confinement

- Inability to perform ADLs
- Disclosure
 - Written disclosure required
 - Effect on death benefit
 - Cash value
 - Loans and loan interest
 - Tax consequences
 - Premium

3.9 Riders covering additional insureds

- Spouse/other-insured term rider
- Children's term rider
- Family term rider

3.10 Riders affecting the death benefit amount

- Accidental death
- Guaranteed insurability
- Cost of living
- Return of premium

4.0 Annuities

13% (9 items)

4.1 Annuity principles and concepts

- Accumulation period versus annuity period
- Owner, annuitant and beneficiary
- Insurance aspects of annuities
- Suitability

4.2 Immediate versus deferred annuities

- Single premium immediate annuities (SPIAs)
- Deferred annuities
 - Premium payment options
 - Nonforfeiture
 - Surrender charges
 - Bail-out provisions
 - Death benefits

4.3 Annuity (benefit) payment options

- Life contingency options
 - Pure life versus life with guaranteed minimum
 - Single life versus multiple life
- Annuities certain (types)
 - Installments for a fixed period
 - Installments for a fixed amount

4.4 Annuity products

- Fixed annuities
 - General account assets
 - Interest rate guarantees (minimum versus current)
 - Level benefit payment amount
- Variable Annuities
 - General Account Assets
 - Guarantees
 - Level Benefit Payment Amount
- Equity indexed annuities
- Market value adjusted annuities (modified guaranteed annuities)

4.5 Uses of annuities

- Lump-sum settlements
- Qualified retirement plans including group versus individual
- Personal uses
 - Individual retirement plans
 - Tax-deferred growth

- Retirement income
- Education funds
- Charitable gift annuity
- Suitability in Annuity Transactions

5.0 Federal Tax Considerations for Life Insurance and Annuities

10% (7 items)

5.1 Taxation of personal life insurance

- Amounts available to policyowner
 - Cash value increases
 - Dividends
 - Policy loans
 - Surrenders

- Amounts received by beneficiary
 - General rule and exceptions
 - Settlement options
- Values included in insured's estate

5.2 Modified endowment contracts (MECs)

- Modified endowment versus life insurance
- Seven-pay test
- Distributions

5.3 Taxation of non-qualified annuities

- Individually-owned
 - Accumulation phase (tax issues related to withdrawals)
 - Annuity phase and the exclusion ratio
 - Distributions at death

- Corporate-owned

5.4 Taxation of individual retirement accounts (IRAs)

- Traditional IRAs
 - Contributions and deductible amounts
 - Premature distributions (including taxation issues)
 - Annuity phase benefit payments
 - Values included in the annuitant's estate
 - Amounts received by beneficiary

- Roth IRAs

- Contributions and limits
 - Distributions

5.5 Rollovers and transfers (IRAs and qualified plans)

5.6 Section 1035 exchanges

6.0 Qualified Plans

3% (2 items)

6.1 General requirements

6.2 Federal tax considerations

- Tax advantages for employers and employees
- Taxation of distributions (age-related)

6.3 Plan types, characteristics and purchasers

- Simplified employee pensions (SEPs)
- Self-employed plans (HR 10 or Keogh plans)
- Profit-sharing and 401(k) plans
- SIMPLE plans
- 403(b) tax-sheltered annuities (TSAs)

7.0 Health Insurance Basics

5% (4 items)

7.1 Definitions of perils

- Accidental injury
- Sickness

7.2 Principal types of losses and benefits

- Loss of income from disability
- Medical expense
- Dental expense
- Long-term care expense
- Vision
- Prescription
- AD&D (Accidental Death and Dismemberment)
- Specified Disease

7.3 Classes of health insurance policies

- Individual versus group
- Private versus government
- Limited versus comprehensive

7.4 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
 - Critical illness (specified conditions)
 - Short-term medical

7.5 Common exclusions from coverage

- Pre-existing conditions
- Intentionally self-inflicted injuries
- War or act of war
- Elective cosmetic surgery
- Conditions covered by workers compensation
- Government plans
- Participation in a felony or illegal occupation

7.6 Producer responsibilities in individual health insurance

- Marketing requirements
 - Advertising
 - Prohibited Advertising of Life and Health Insurance
 - Maryland Life, Accident and Sickness Insurance Guaranty Association
 - Sales presentations
- Field underwriting
 - Nature and purpose
 - Application procedures
 - Requirements at delivery of policy
- Errors and Omissions
- Notification of Medicare eligibility

7.7 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 consent)
- Unfair discrimination

- Discrimination against victims of domestic violence
- Genetic information privacy
- Classification of risks
 - Preferred
 - Standard
 - Substandard
 - Declined

7.8 Considerations in replacing health insurance

- Pre-existing conditions
- Pre-existing condition exclusion
- Benefits, limitations and exclusions
- Underwriting requirements

8.0 Disability Income and Related Insurance

11% (8 items)

8.1 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

8.2 Individual disability income insurance

- Basic total disability plan
 - Income benefits (monthly indemnity)
 - Elimination and benefit periods
 - Waiver of premium benefit
- Partial Disability Insurance
 - Income Benefits (Monthly Indemnities)
 - Elimination and Benefit Periods
 - Waiver of Premium Benefit
- Coordination with Social Insurance
 - 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
 - Annual renewable term rider
 - Relation of earnings to insurance
 - Change of occupation
- Other cash benefits
 - Accidental death and dismemberment
 - Rehabilitation benefit
 - Medical reimbursement benefit (nondisabling injury)
- Refund provisions
 - Return of premium
 - Cash value benefit
- Exclusions
- Waiver of Premium

8.3 Unique aspects of individual disability underwriting

- Occupational considerations
- Benefit limits
- Policy issuance alternatives

8.4 Group disability income insurance

- Group versus individual plans
- Short-term disability (STD)
- Long-term disability (LTD)

8.5 Business disability insurance

- Key employee (partner) disability income
- Business overhead expense policy
- Business Disability buyout policy

8.6 Social Security disability

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

8.7 Workers compensation

- Eligibility
- Benefits

9.0 Medical Plans

11% (8 items)

9.1 Medical plan concepts

- Fee-for-service basis versus prepaid basis
- Prepaid Basis
- Specified coverages versus comprehensive care
- Comprehensive Care
- Benefit schedule versus usual/reasonable/customary charges
- Usual - Reasonable - Customary Charges
- Any provider versus limited choice of providers
- Limited Choice of Providers
- Insureds versus subscribers/participants

9.2 Types of providers and plans

- Insurers
- Nonprofits Health Service Plans
- Major medical insurance (insurers)
 - Characteristics
 - Common limitations
 - Common exclusions from coverage
 - Deductibles
 - Coinsurance feature
 - Stop-loss feature
 - Maximum benefits
- Fixed Indemnity
- Health services plans
 - Definitions
 - Plans offered
 - Other services
 - Qualified providers
 - Choice of provider or pharmacy
 - Provider panels
 - Disclosure of benefits
 - Subscribers
- Health maintenance organizations (HMOs)
 - Combined health care delivery and financing
 - Limited service area/out of area benefits
 - Limited choice of providers
 - Gatekeeper concept
 - Copayments
 - Prepaid basis

- Preventive care services
- Primary care physician versus referral (specialty) physician
- Emergency care
- Hospital services
- Other basic services
- Subscribers
- High Risk Pool
- Preferred provider organizations (PPOs)
 - General characteristics
 - Open panel or closed panel
- Point-of-service (POS) plans
 - Nature and purpose
 - Out-of-network provider access (open-ended HMO)
 - PCP referral
 - Indemnity plan features
- TRI-CARE

9.3 Cost containment in health care delivery

- Cost-saving services
 - Preventive care
 - Outpatient ambulatory services
 - Alternatives to hospital services
- Utilization management
 - Prospective review
 - Concurrent review
- Coordination of Benefits

9.4 HIPAA (Health Insurance Portability and Accountability Act) requirements

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

9.5 Health Savings Accounts (HSAs) and Health Reimbursement Accounts (HRAs)

- Definition
- Eligibility
- Contribution limits

9.6 Patient Protection and Affordable Care Act

- Coverage of Children to Age 26
- Preventative Care
- Pre-existing Conditions
- Lifetime and Annual Limits
- Grandfathered vs. Non-Grandfathered Plans
- Rescissions
- Essential Health Benefits
- Metal Levels
- SHOP Payment and Billing
- Internal Appeal and External Review
- Subsidies/Tax Credits
- Penalties and Fines

10.0 Group Health Insurance

3% (2 items)

10.1 Characteristics of group insurance

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

10.2 Defined groups

- Employer
- Creditor
- Labor union
- Multiple Employer Trust
- Association
- Credit union

10.3 Marketing considerations

- Advertising
- Regulatory jurisdiction/place of delivery

10.4 Employer group health insurance

- Insurer underwriting criteria
 - Characteristics of the group
 - Plan design factors
 - Persistency factors
 - Administrative capability
- Eligibility for insurance
 - Annual open enrollment
 - Employee eligibility
 - 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
 - Reinstatement of Coverage for Military Personnel
 - Notification of Medicare Eligibility
 - Reinstatement of coverage for military personnel
 - Notification of Medicare eligibility
 - Extension of benefits
 - Continuation of coverage under COBRA and Maryland specific rules
 - Conversion privilege
- Continuation of Coverage
- Special Enrollment Periods
- Minimizing Adverse Selection

10.5 Small employer medical plans

- Definition of small employer
- Availability of coverage
- Disclosure of coverage provisions
- Enrollment eligibility
- Renewability

11.0 Insurance for Senior Citizens and Special Needs Individuals

13% (9 items)

11.1 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

11.2 Medicare supplement insurance

- Purpose
- Open enrollment
- Rating of Medicare supplement plans
 - Attained age
 - Issue age
 - Community rated
- Standardized Medicare supplement plans
 - Core benefits
 - Additional benefits
 - High deductible plans

11.3 Other options for individuals with Medicare

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

11.4 Long-term care (LTC) policies

- 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
 - Inflation Protection
 - Nonforfeiture
 - Guarantee of insurability
 - Return of premium
- Qualified and Nonqualified
- Exclusions
- Underwriting Considerations
- Partnership
- Qualified LTC plans
- Deductibility of premiums for LTC insurance for state income tax purposes
- Exclusions
- Underwriting considerations

11.5 Interaction with Other Coverage

- Medicare
- Medicaid
- Medical Insurance

12.0 Federal Tax Considerations for Health Insurance

9% (6 items)

12.1 Personally-owned health insurance

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

12.2 Employer group health insurance

- Disability income (STD, LTD)

- Medical and dental expense
- Long-term care insurance
- Accidental death and dismemberment

12.3 Medical expense coverage for sole proprietors and partners

12.4 Business disability insurance

- Key person disability income
- Business overhead expense
- Business Disability Buyout

12.5 Health Savings Accounts (HSAs), Health Reimbursement Accounts (HRAs), and Flexible Spending Accounts (FSAs)

- Health Savings Accounts
- Health Reimbursement Accounts
- Flexible Spending Accounts
- High Deductible Health Plans