

**Maryland Health Producer  
State and General Sections  
Series 20-03 & 20-04  
80 scored questions (plus 10 unscored)**

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**Health Producer State Section  
Series 20-04  
25 questions- 30-minute time limit**

**1.0 Insurance Regulation**

**1.1 Licensing**

**25% (5 items)**

General Provisions and Definitions

Purpose

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

**15% (3 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); Sec. 14- 404,*

16-601; Sec. 1- 301; Sec. 2-101)

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)*)

Misrepresentation

False advertising

Defamation

Notice of Adverse Underwriting Decisions

False statements and entries

Rebating

Twisting

Referrals

Insurance information and privacy protection

### 1.3 Providers

15% (3 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*)

### 1.4 Plan requirements

40% (8 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

**1.5 Insurance for Senior Citizens and Special Needs Individuals**

**5% (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

**Health Producer General Section  
Series 20-03  
65 questions- 75-minute time limit**

**2.0 General Insurance**

**12% (8 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

Law of large numbers

Reinsurance

**2.2 Insurers**

Types of insurers

Stock companies

Mutual companies

Fraternal benefit societies

Self insurers

Private versus government insurers

Admitted versus nonadmitted insurers

Domestic, foreign and alien insurers

Financial status (independent rating services) and operating results

Marketing (distribution) systems

**2.3 Producer and general rules of agency**

Types

Captive

Independent

Insurer as principal

Producer of insurer

Authority and powers of 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

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

## **2.5 Federal regulation**

- Fair Credit Reporting Act (15 USC 1681–1681d)
- Fraud and false statements (18 USC 1033, 1034)
- Employee Retirement Income Security Act (ERISA)
  - Applicability
  - Fiduciary responsibilities
  - Reporting and disclosure
- COBRA
- Continuation
- ACA-Related Federal Market Reforms
  - Definitions
    - Individual health insurance coverage
  - Dependent coverage
  - Lifetime and annual limits
  - Restrictions relating to premium rates
  - Essential health benefits
  - Waiting periods

## **2.6 Industry regulation**

- National Association of Insurance Commissioners (NAIC)

# **3.0 Health Insurance Basics**

**17% (10 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
- Vision
- Prescription
- AD&D (Accidental Death and Dismemberment)
- Specified Disease

## **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
- Critical illness (specified conditions)
- Short-term medical

### **3.5 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

### **3.6 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

### **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 consent)
- Unfair discrimination
- Discrimination against victims of domestic violence
- Genetic information privacy
- Classification of risks
  - Preferred
  - Standard
  - Substandard
  - Declined

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

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

## **4.0 Individual Health Insurance Policy General Provisions**

**10% (6 items)**

### **4.1 Uniform required provisions**

- Entire contract; changes
- Time limit on certain defenses
- Grace period
- Reinstatement
- Notice of claim
- Claim forms
- Proofs of loss

- Time of payment of claims
- Payment of claims
- Physical examinations and autopsy
- Legal actions
- Change of beneficiary
- Cancellation by insured

#### **4.2 Uniform optional provisions**

- Change of occupation
- Misstatement of age
- Other insurance in this company
- Insurance with other companies
  - Expense-incurred basis
  - Other benefits
- Relation of Earnings to Insurance
- Unpaid premium
- Cancellation by company
- Conformity with state statutes
- Illegal occupation
- Intoxicants and narcotics

#### **4.3 Other general provisions**

- Right to examine (free look)
- Insuring clause
- Consideration clause
- Renewability clause
  - Noncancelable
  - Guaranteed renewable
  - Conditionally renewable
  - Renewable at option of insurer
  - Nonrenewable (cancelable, term)
- Interest on claim proceeds
- Military suspension provision

### **5.0 Disability Income and Related Insurance**

**12% (7 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 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

### **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
- Business Disability buyout 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**

**20% (12 items)**

### **6.1 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

### **6.2 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

### **6.3 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

### **6.4 HIPAA (Health Insurance Portability and Accountability Act) requirements**

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

### **6.5 Health Savings Accounts (HSAs) and Health Reimbursement Accounts (HRAs)**

- Definition
- Eligibility
- Contribution limits

### **6.6 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

## **7.0 Group Health Insurance**

**7% (4 items)**

### **7.1 Characteristics of group insurance**

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

### **7.2 Defined groups**

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

### **7.3 Marketing considerations**

- Advertising
- Regulatory jurisdiction/place of delivery

### **7.4 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

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

- Definition of small employer
- Availability of coverage

Disclosure of coverage provisions  
Enrollment eligibility  
Renewability

## **8.0 Dental Insurance**

**2% (1 items)**

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

Diagnostic and preventive  
Restorative  
Oral surgery  
Endodontics  
Periodontics  
Prosthodontics  
Orthodontics

### **8.2 Indemnity 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**

**13% (8 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 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

### **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) 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

### **9.5 Interaction with Other Coverage**

- Medicare
- Medicaid
- Medical Insurance

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

**7% (4 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
- Business overhead expense
- Business Disability Buyout

### **10.5 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