

**Adviser Life and Accident and Health or Sickness
Series 20-28
80 scored questions (plus 10 unscored)
1-hour 45-minute time limit**

1.0 Insurance Regulation

30% (24 items)

1.1 Licensing

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

Maryland Insurance Administration'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)

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)

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*)

1.5 Plan requirements (Specific to Accident and Health Insurance)

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

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

2.0 Life Insurance Policies

9% (7 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

6% (5 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

9% (7 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

6% (5 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 and Health Insurance Guaranty Corporation

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

8% (6 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

8% (6 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
- 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

9% (7 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

6% (5 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