

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

100 questions 2-hour time limit

Effective January 22, 2020

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)

Fingerprinting requirements (20-142(E), 285(E), 286(C), 289(D))

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))

Change of business information (20-286)(C))

Report of actions (20-301)

Continuing education (20-2902, 2903)

Disciplinary actions

Denial, suspension, revocation or refusal to renew; civil penalties (20-295, 296)

Cease and desist order (20-292)

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)

- 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 companies (20-1098)
 - Stock companies
 - Mutual companies
 - Fraternal benefit societies
 - Reciprocal (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

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

- 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

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

3.0 Disability (Accident and Health) Insurance Basics 18%

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

- Producer report
- Medical Information Bureau (MIB)
- Medical examinations and lab tests (including HIV consent) (20-448.01; Rule R20-6-1203, 1204)(Bul 2003-5, 9)
- Policy Delivery
- Effective date of coverage
- QHP rating factors (45 CFR 147.102)
- Unfair discrimination (20-448)
- Genetic testing (20-448(D), (E), 448.02)
- Classification of risks
 - Preferred
 - Standard
 - Substandard
 - Certificate of Authority (20-206(A))

3.8 Considerations in replacing health insurance

- Guaranteed renewable (ARS 20-1380; 45 CFR 148.122 AND 146.152)
- Termination of coverage (45 CFR 155.430)
- Special enrollment period/late enrollment (45 CFR 155.420; ARS 20-2301)
- Open enrollment (45 CFR 155.410)
- Grace period (ARS 20-1347; 45 CFR 156.270)
- Reinstatement (ARS 20-1348; 45 CFR 155.430)
- Discontinuation (45 CFR 147.106)
- Pre-existing conditions
- Benefits, limitations and exclusions
- Underwriting requirements
- Producer's liability for errors and omissions
- Life and disability insurance Guaranty Fund (20-283(A))

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)
- Physical examinations and autopsy (20-1354)
- Legal actions (20-1355)
- Change of beneficiary (20-1356)
- Time of payment claims (20-1352)
- Payment of claims (20-1353)
- Notice of claim
- Proof of Loss (20-1351)
- Physical examinations and autopsy (20-1354)

4.2 Uniform optional provisions

- Change of occupation (20-1358)
- Misstatement of age (20-1359, 1373)
- Other insurance in this insurer (20-1360)
- Insurance with other insurers
 - Expense-incurred basis (20-1361)
 - Other benefits (20-1362)
- Unpaid premium (20-1364)
- Cancellation (20-1365)
- Conformity with state statutes (20-1366)
- Illegal occupation (20-1367)
- Intoxicants and narcotics (20-1368)

4.3 Other general provisions

- Right to examine (free look) (Rule R20-6-501)
- Insuring clause
- Consideration clause
- Renewability clause (20-1380)
 - Noncancelable
 - Guaranteed renewable
 - Conditionally renewable
 - Renewable at option of insurer
 - Nonrenewable (cancelable, term)
- Guaranteed issue (20-1379)

5.0 Disability Income and Related Insurance 7%

5.1 Qualifying for disability benefits

- Inability to perform duties

Own occupation

Any occupation

Indemnity

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

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 (non disabling 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 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 13%

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)

Notification of small employer of reduction in premium tax (20-2304(J))

Geographic rating areas and other rating factors (ARS 20-238; 20-2311; 45 CFR 147.102)

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)
 - Benefits subject to FICA
- Medical and dental expense
- Long-term care insurance
- Accidental death and dismemberment
- Section 125 plans

10.3 Medical expense coverage for sole proprietors and partners

10.4 Business disability insurance

- Key person disability income
- Buy-sell policy
- Deductibility of premiums

10.5 Health Reimbursement Arrangements (HRAs)

- Flexible Spending Accounts (FSAs)
 - Definition
 - Eligibility
 - Contribution limits
- Health Savings Accounts (HSAs)
 - Definition
 - Eligibility
 - Contribution limits