

Your Exam Content Outline

The following outline describes the content of one of the Connecticut 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.

Connecticut Producer's Examination for Life/Accident and Health Insurance Series 18-03

150 questions – 2.5-hour time limit

1.0 Insurance Regulation 6%

1.1 Licensing

- Process (38a-702d, 702e, 769)
- Types of licensees (38a-702f(a), 769)
 - Resident producers (38a-782)
 - Certified insurance consultants (38a-731-733, 786)
 - Nonresident producers (38a-702g, 702n)
 - Temporary (38a-702j)
- Maintenance and duration
 - Renewal (38a-702f(b)(c), 784, 786(b))
 - Change in name or address (38a-702f(f), 771(a))
 - Reporting of actions (38a-702o, 771(b))
 - Assumed names (38a-702i)
 - Continuing education requirements, exemptions and penalties (Reg 38a-782a-2, 10, 13-15)
- Disciplinary actions
 - Cease and desist order (38a-817)
 - Hearings (38a-16, 817, 818)
 - Suspensions, revocations, refusal to issue or renew, fines (38a-2, 702k, 735, 774, 777, 817(b, e), 830)

1.2 State regulation

- Commissioner's general duties and powers (38a-8, 10)
- Company regulation
 - Certificate of authority (38a-41)
 - Capital and surplus requirement (38a-72)
 - Unfair claim settlement practices (38a-816(6))
- Producer regulation
 - Controlled business (38a-782(b))
 - Commissions (38a-702l, 734)
 - Acting as an agent (38a-702m)
 - Representing an unauthorized insurer (38a-275, 703, 714)
 - Failure to remit premiums (38a-712)
- Unfair and prohibited practices
 - Misrepresentation (38a-816(1), (8))
 - False advertising (38a-816(1), (2))
 - Defamation of insurer (38a-816(3))

- Boycott, coercion and intimidation (38a-816(4))
 - False financial statements (38a-816(5))
 - Failure to maintain complaint record (38a-816(7))
 - Unfair discrimination (38a-816(12), (13))
 - Rebating (38a-816(9), 825)
 - Twisting (38a-826)
 - Examination of books and records (38a-769(f))
 - Connecticut Insurance Information and Privacy Protection Act (38a-975-999a)
- #### 1.3 Federal regulation
- Fair Credit Reporting Act (15 USC 1681-1681d)
 - Fraud and false statements (18 USC 1033, 1034)

2.0 General Insurance 6%

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
 - Lloyd's associations
 - Risk retention groups
- Private versus government insurers
- Admitted versus nonadmitted insurers
- Domestic, foreign and alien insurers
- Financial status (independent rating services)
- 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
 - 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

3.0 Life Insurance Basics 9%

3.1 Insurable interest

3.2 Personal uses of life insurance

- Survivor protection
- Estate creation
- Cash accumulation
- Liquidity
- Estate conservation
- Life settlements (38a-465, 465a, 465f, 465g; Reg 38a-465-1-10)

3.3 Determining amount of personal life insurance

- Human life value approach
- Needs approach
 - Types of information gathered
 - Determining lump-sum needs
 - Planning for income needs

3.4 Business uses of life insurance

- Buy-sell funding
- Key person
- Executive bonuses

3.5 Classes of life insurance policies

- Group versus individual
- Permanent versus term
- Participating versus nonparticipating
- Fixed versus variable life insurance and annuities
 - Regulation of variable products (SEC, FINRA and Connecticut) (38a-433; Reg 38a-433-1-11)

3.6 Premiums

- Factors in premium determination
 - Mortality
 - Interest

- Expense
- Premium concepts
 - Net single premium
 - Gross annual premium
- Premium payment mode

3.7 Producer responsibilities

- Solicitation and sales presentations (Reg 38a-819-32-39)
 - Advertising (Reg 38a-819-21-31)
 - Life and Health Insurance Guaranty Association (38a-859, 871(e))
 - Illustrations (Reg 38a-819-58-69)
 - Policy summary (Reg 38a-819-35(G))
 - Buyer's guide (Reg 38a-819-35 Appendix)
 - Life insurance policy cost comparison methods (Reg 38a-819-35(F), Appendix)
 - Replacement (38a-435)
 - Use and disclosure of insurance information (38a-988)
- Field underwriting
 - Notice of information practices (38a-979, 981)
 - Application procedures (38a-442)
- Delivery
 - Policy review
 - Effective date of coverage
 - Premium collection
 - Statement of good health

3.8 Individual underwriting by the insurer

- Information sources and regulation
 - Application
 - Producer report
 - Attending physician statement
 - Investigative consumer (inspection) report (38a-982)
 - Medical Information Bureau (MIB)
 - Medical examinations and lab tests including HIV (RL 19a-583, 586)
- Selection criteria and unfair discrimination (38a-446, 447)
- Classification of risks
 - Preferred
 - Standard
 - Substandard

4.0 Life Insurance Policies 10%

4.1 Term life insurance

- Level term
 - Annual renewable term
 - Level premium term
- Decreasing term

4.2 Whole life insurance

- Continuous premium (straight life)
- Limited payment
- Single premium
- Graded premium
- Modified life
- Interest sensitive
- Equity index

4.3 Flexible premium policies

- Adjustable life
- Universal life

4.4 Specialized policies

- Joint life (first-to-die)
- Survivorship life (second-to-die)
- Juvenile life

4.5 Group life insurance

- Characteristics of group plans
- Group underwriting requirements
- Conversion to individual policy (Bul S-4 (8-10))

4.6 Credit life insurance (individual versus group)

5.0 Life Insurance Policy Provisions, Options and Riders 10%

5.1 Standard provisions

- Ownership
- Assignment (38a-455)
- Entire contract
- Modifications
- Right to examine (free look) (38a-436)
- Payment of premiums
- Grace period
- Reinstatement
- Incontestability
- Misstatement of age
- Exclusions
- Interest on insurance proceeds (38a-452)

5.2 Beneficiaries

- Designation options
 - Individuals
 - Classes
 - Estates
 - Minors
 - Trusts
- Succession
- Facility of payment clause
- Revocable versus irrevocable
- Common disaster clause
- Spendthrift clause

5.3 Settlement options

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

5.4 Nonforfeiture options

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

5.5 Policy loan and withdrawal options

- Cash loans
- Automatic premium loans
- Withdrawals or partial surrenders

5.6 Dividend options

- Cash payment
- Reduction of premium payments

- Accumulation at interest
- One-year term option
- Paid-up additions

5.7 Disability riders

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

5.8 Living benefit provisions/riders

- Accelerated (38a-457; Reg 38a-457-1-11)
 - Conditions for payment
 - Effect on death benefit
- Long-term care (Reg 38a-458-1-12)
 - Conditions for payment
 - Effect on death benefit

5.9 Riders covering additional insureds

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

5.10 Riders affecting the death benefit amount

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

6.0 Annuities 5%

6.1 Annuity principles and concepts

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

6.2 Immediate versus deferred annuities

- Single premium immediate annuities (SPIAs)
- Deferred annuities
 - Premium payment options
 - Nonforfeiture
 - Surrender and withdrawal charges
 - Death benefits

6.3 Annuity (benefit) payment options

- Life contingency options
 - Pure life versus life with guaranteed minimum
 - Single life versus multiple life
- Annuities certain (types)

6.4 Annuity products

- Fixed annuities
 - General account assets
 - Interest rate guarantees (minimum versus current)
 - Level benefit payment amount
- Equity indexed annuities
- Market value adjusted annuities (modified guaranteed annuities) (Reg 38a-433-12-22)

6.5 Uses of annuities

- Lump-sum settlements
- Qualified retirement plans
 - Group versus individual annuities
- Personal uses
 - Individual retirement accounts (IRAs)
 - Tax-deferred growth

Retirement income
Education funds

6.6 Senior Protection in Annuity Transactions (38a-432a-1-7)

7.0 Federal Tax Considerations for Life Insurance and Annuities 6%

7.1 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

7.2 Modified endowment contracts (MECs)

Modified endowment versus life insurance

Seven-pay test
Distributions

7.3 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

7.4 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

7.5 Rollovers and transfers (IRAs and qualified plans)

7.6 Section 1035 exchanges

8.0 Qualified Plans 4%

8.1 General requirements

8.2 Federal tax considerations

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

8.3 Plan types, characteristics and purchasers

Simplified employee pensions (SEPs)
Profit-sharing and 401(k) plans
SIMPLE plans
403(b) tax-sheltered annuities (TSAs)

9.0 Health Insurance Basics 6%

9.1 Definitions of perils

Accidental injury
Sickness

9.2 Principal types of losses and benefits

Loss of income from disability
Hospital/medical expense
Dental expense
Long-term care expense/home health care

9.3 Classes of health insurance policies

Individual versus group
Private versus government
Limited versus comprehensive

9.4 Limited policies

Limited benefits (38a-482b, 513d)

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
Dental
Vision care
Medicare supplements

9.5 Common exclusions from coverage (38a-476; Reg 38a-505-7)

9.6 Producer responsibilities in individual health insurance

Marketing requirements

Advertising (Reg 38a-819-1-20)

Life and Health Insurance Guaranty Association
(38a-859, 871(e))

Sales presentations

Outline of coverage (38a-505(f);
Reg 38a-505-10(B-K))

Field underwriting

Nature and purpose

Disclosure of information about individuals
(38a-988)

Application procedures (38a-979, 981)

Requirements at delivery of policy

Common situations for errors/omissions

9.7 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) (RL 19a-583, 586)

Prohibited use of genetic information
(38a-816(19))

Unfair discrimination (38a-488)

Classification of risks

Preferred

Standard

Substandard

9.8 Considerations in replacing health insurance (38a-546; Reg 38a-505-11)

- Pre-existing conditions (38a-476)
- Credit for previously satisfied pre-existing condition exclusion (38a-476)
- Benefits, limitations and exclusions
- Underwriting requirements
- Producer liability for errors and omissions

10.0 Individual Health Insurance Policy General Provisions 4%

10.1 Required provisions (38a-483(a))

- Entire contract; changes (1)
- Time limit on certain defenses (2)
- Grace period (3)
- Reinstatement (4)
- Claim procedures (5-9)
- Physical examinations and autopsy (10)
- Legal actions (11)
- Change of beneficiary (12)

10.2 Optional provisions (38a-483(b))

- Change of occupation (1)
- Misstatement of age (2)
- Other insurance in this insurer (3)
- Insurance with other insurers
 - Expense-incurred basis (4)
 - Other benefits (5)
- Unpaid premium (7)
- Cancellation (8)
- Conformity with state statutes (9)

10.3 Other general provisions

- Right to examine (free look)
(Reg 38a-505-10(A)(7))
- Insuring clause
- Consideration clause
- Renewability clause (Reg 38a-505-9(A))
 - Noncancelable
 - Guaranteed renewable
 - Conditionally renewable
 - Renewable at option of insurer
 - Nonrenewable (cancelable, term)
- Military suspense provision (Reg 38a-505-9(A)(5))

11.0 Disability Income and Related Insurance 5%

11.1 Qualifying for disability benefits

- Inability to perform duties
 - Own occupation
 - Any occupation
- Presumptive disability
- Requirement to be under physician care

11.2 Individual disability income insurance

- Connecticut minimum benefit standards (Reg 38a-505-9(F))
- 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
 - Relation of earnings to insurance (38a-483(b)(6))
- Other cash benefits
 - Accidental death and dismemberment
 - Rehabilitation benefit
 - Medical reimbursement benefit (nondisabling injury)
- Refund provisions
 - Return of premium
 - Cash surrender value
- Exclusions

11.3 Unique aspects of individual disability underwriting

- Occupational considerations
- Benefit limits
- Policy issuance alternatives

11.4 Group disability income insurance

- Short-term disability (STD)
- Long-term disability (LTD)

11.5 Business disability insurance

- Key person disability income
- Disability buy-sell policy

11.6 Social Security disability

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

11.7 Workers compensation

- Eligibility
- Benefits

12.0 Medical Plans 10%

12.1 Medical plan concepts

- Fee-for-service basis versus prepaid basis
- Benefit schedule versus
 - usual/reasonable/customary charges
- Any provider versus limited choice of providers
- Insureds versus subscribers/participants

12.2 Types of plans

- Major medical insurance (indemnity plans)
 - Characteristics
 - Common limitations
 - Exclusions from coverage
 - Provisions affecting cost to insured
- Health Maintenance Organizations (HMOs)
 - General characteristics
 - Preventive care services

- Primary care physician versus referral (specialty) physician
- Emergency care
- Hospital services
- Other basic services
- Preferred provider organizations (PPOs) and point-of-service (POS) plans
 - General characteristics
 - In-network and out-of-network provider access
 - PCP referral
 - Indemnity plan features
- Connecticut children's health insurance plan (HUSKY) (RL 17b-289–292a, 294–304)
- High Deductible Health Plan

12.3 Cost containment in health care delivery

- Cost-saving services
 - Preventive care
 - Hospital outpatient benefits
 - Alternatives to hospital services
- Utilization review
 - Prospective review
 - Concurrent review

12.4 Connecticut requirements (individual and/or group)

- Eligibility requirements
 - Dependent child age limit (38a-497, 554, Bul HC-71)
 - Child enrollment; non-custodial parents (38a-497a)
 - Full-time students (38a-497, 554)
 - Physically or mentally handicapped dependents (38a-489, 515)
 - Newborn child coverage (38a-490, 516)
 - Adopted and prospective adopted children (38a-508, 549)

- Benefit
 - Infertility coverage (38a-509, 536; Bul HC-64)

12.5 HIPAA (Health Insurance Portability and Accountability Act) requirements

- Eligibility
- Guaranteed issue
- Pre-existing conditions
- Creditable coverage
- Renewability
- Connecticut HIPAA Alternative-Health Reinsurance Association

13.0 Group Health Insurance 7%

13.1 Characteristics of group insurance

- Group contract
- Certificate of coverage (38a-182)
- Experience rating versus community rating

13.2 Types of eligible groups

- Employment-related groups
 - Individual employer groups
 - Associations (alumni, professional, other)

13.3 Marketing considerations

- Advertising
- Regulatory jurisdiction/place of delivery

13.4 Employer group health insurance

- Insurer underwriting criteria
 - Characteristics of group
 - Plan design factors
 - Persistency factors
 - Administrative capability
- Eligibility for coverage
 - Employee eligibility
 - Dependent eligibility — including domestic partners and civil unions (Bul IC-21)
 - Spousal coverage (38a-541)
- Coordination of benefits provision (Reg 38a-554-1–6)
- Change of insurance companies or loss of coverage
 - No-loss no-gain
 - Events that terminate coverage
 - Extension of benefits (Reg 38a-546-5(a))
 - Continuation of coverage under COBRA and Connecticut specific rules (38a-538, 546; Reg 38a-546-5(b))
 - Conversion privilege (38a-537(d), 554(d))

13.5 Small employer medical plans

- Definition of small employer (38a-564(4))
- Benefit plans offered (38a-565, 568)
 - Health care center (HMO) plans
 - Small employer carrier plans
- Eligibility of employees (38a-564(3))
- Renewability (38a-567)

13.6 Regulation of employer group insurance plans

- Civil Rights Act/Pregnancy Discrimination Act Guidelines
- Relationship with Medicare
 - Medicare secondary rules
 - Medicare carve-outs and supplements

14.0 Dental Insurance 2%

14.1 Types of dental treatment

- Diagnostic and preventive
- Restorative
- Oral surgery
- Endodontics
- Periodontics
- Prosthodontics
- Orthodontics

14.2 Indemnity plans

- Choice of providers
- Benefit categories
 - Diagnostic/preventive services
 - Basic services
 - Major services
- Deductibles and coinsurance
- Combination plans
- Exclusions
- Limitations
- Predetermination of benefits

14.3 Employer group dental expense

- Integrated deductibles versus stand-alone plans
- Minimizing adverse selection

15.0 Insurance for Senior Citizens and Special Needs Individuals 7%

15.1 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

15.2 Medicare supplements

- Purpose
- Open enrollment (Reg 38a-495a-8)
- Standardized Medicare supplement plans (Reg 38a-495a-6, 6(a))
 - Core benefits
 - Additional benefits
- Connecticut regulations and required provisions
 - Advertising (Reg 38a-495a-15)
 - Standards for marketing (Reg 38a-495a-16)
 - Permitted compensation (Reg 38a-495a-12)
 - Appropriateness of recommended purchase and excessive insurance (Reg 38a-495a-17)
 - Required disclosure provisions (Reg 38a-495a-13)
 - Reporting of multiple policies (Reg 38a-495a-18)
 - Buyer's guide (38a-495a-13(a)(6)(A))
 - Right to return (38a-495a-13(a)(5)(a))
 - Replacement (Reg 38a-495a-14, 19)
 - Benefit standards (Reg 38a-495a-5)
 - Pre-existing conditions (38a-495a(f))
 - Outline of coverage (38a-495a(l)(1), (2); Reg 38a-495a-13(d))
 - Plan offering to disabled (38a-495c)

15.3 Other options for individuals with Medicare

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

15.4 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
- Hospice care
- Benefit periods
- Benefit amounts
- Optional benefits
 - Guarantee of insurability
 - Return of premium
- Qualified LTC plans
- Exclusions
- Underwriting considerations
- Connecticut regulations and required provisions
 - Standards for marketing (Reg 38a-501-16)
 - Suitability of recommended purchase (Reg 38a-501-17)
 - Shopper's guide (Reg 38a-501-18)
 - Outline of coverage (Reg 38a-501-21)
 - Non-forfeiture benefit offer (Reg 38a-501-19)
 - Required disclosure provisions (Reg 38a-501-13)
 - Replacement (Reg 38a-501-12, 22)
 - Right to return (Reg 38a-501-11(g))
 - Inflation protection (Reg 38a-501-20)
 - Connecticut Partnership for Long Term Care (Reg 38a-475-1-6; RL 17b-252)

15.5 Connecticut Comprehensive Health Care Plan (38a-551-560)

- Eligibility
- Coverages and limits
- Exclusions
- Deductibles and coinsurance

16.0 Federal Tax Considerations for Health Insurance 3%

16.1 Personally-owned health insurance

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

16.2 Employer group health insurance

- Disability income (STD, LTD)
- Benefits subject to FICA
- Medical and dental expense
- Long-term care insurance
- Accidental death and dismemberment

16.3 Medical expense coverage for sole proprietors, partners and limited liability corporations

16.4 Business disability insurance

- Key person disability income
- Buy-sell policy

16.5 Health Savings Accounts (HSAs)

- Definition
- Eligibility
- Contribution limits