

# 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-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
- Viatical 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  
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)
  - 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)

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(l)(3))

Right to return (38a-495a(m))

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