

# Your Exam Content Outline

The following outline describes the content of one of the Utah insurance examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weight assigned to each section 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.

## Utah Producer's Combined Life, Accident and Health Exam Series 17-03

**150 questions (plus 5 unscored items)**

**2.5-hour time limit**

**Effective date: January 1, 2020**

### 1.0 Insurance Regulation 7% (11 Items)

#### 1.1 Licensing

- Purpose (31A-23a-101)
- Qualifications (31A-23a-107, 108)
- Process (31A-23a-103-105, 107, 302)
- Types of licensees (31A-1-301, 31A-23a-106, 203, 401, 504)
  - Producers
  - Consultants
  - Adjusters
  - Nonresidents (31A-23a-109)
- Maintenance and duration
  - Renewal (31A-23a-105)
  - Continuing education requirements (31A-23a-202; Reg R590-142-1-10)
  - Reinstatement (31A-23a-111(2), 113)
  - Assumed name (31A-23a-110(2))
  - Change of address or telephone number (31A-23a-412(1)(c))
  - Reporting of actions (31A-23a-105(2)(b))
- Disciplinary actions
  - License termination, suspension, or revocation (31A-2-308(10)(a); 31A-23a-111)
  - Probation (31A-23a-112)
  - Monetary forfeiture (fines) (31A-2-308)

#### 1.2 State regulation

- Commissioner's general duties and powers (31A-2-201)
- Company regulation
  - Solvency (31A-4-105, 105.5)
  - Rates (31A-19a-201-203)
  - Policy forms (31A-21-201-203)
  - Producer appointment (31A-23a-115; Reg R590-244-1-14)
  - Termination of appointment (Reg R590-244-1-14)
  - Unfair claim settlement practices (31A-26-303; Reg R590-190-192)
- Producer regulation
  - Fiduciary and trust account responsibilities (31A-23a-409)
  - Place of business/records maintenance (31A-23a-412)
  - Controlled business (31A-23a-502)
  - Shared commissions (31A-23a-504)
- Unfair marketing practices (Reg R590-154)
  - Misrepresentation (31A-21-105; 31A-23a-402(1))
  - False advertising (31A-23a-402(1))
  - Rebating (31A-23a-402(2), 31A-1-301(145))
  - Unfair discrimination (31A-23a-402(3))
  - Boycott, coercion or intimidation (31A-23a-402(4))
  - Illegal inducement (31A-23a-402.5, Reg R590-154-11)
- Examination of records (31A-2-203-205; 31A-23a-412)
- Privacy of Consumer Information (Reg R590-206)
- Insurance fraud regulation (31A-31-103-106)

Personal liability for unpaid claims (31A-15-105)

### 1.3 Federal regulation

Fair Credit Reporting Act (15 USC 1681-1681d)

Fraud and false statements (18 USC 1033, 1034)

Privacy (Gramm Leach Bliley)

National Do Not Call List

Affordable Care Act

## 2.0 General Insurance 5% (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

Reciprocal

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 producer

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

## 3.0 Life Insurance Basics 7% (11 Items)

### 3.1 Insurable interest (31A-21-104)

### 3.2 Personal uses of life insurance

Survivor protection

Estate creation

Cash accumulation

Liquidity

Estate conservation

### 3.3 Life settlements (including stranger originated life insurance)

### 3.4 Determining amount of personal life insurance

Human life value approach

Needs approach

Types of information gathered

Determining lump-sum needs

Planning for income needs

### **3.5 Business uses of life insurance**

Buy-sell funding

Key person

Executive bonuses

Deferred compensation funding

Split dollar plans

Change of insured provision

### **3.6 Classes of life insurance policies**

Group versus individual

Ordinary versus industrial (home service)

Permanent versus term

Participating versus nonparticipating

Fixed versus variable life insurance and annuities including regulation of variable products (SEC, FINRA, and Utah) (31A-5-217, 217.5; 31A-23a-206)

### **3.7 Premiums**

Factors in premium determination

Mortality

Interest

Expense

Premium concepts

Net single premium

Gross annual premium

Premium payment mode

### **3.8 Licensee responsibilities**

Solicitation and sales presentations (Reg R590-79-1-8)

Advertising (Reg R590-130-4-16)

Utah Life and Health Insurance Guaranty Association (31A-28-119(1-4) R590-155)

Illustrations (31A-22-631; Reg R590-177-1-13)

Policy summary (31A-22-631; Reg R590-79-4(F), 5)

Buyer's guide (Reg R590-79-4(A), 5)

Life insurance policy cost comparison methods

Replacement (Reg R590-93-1-12)

Use and disclosure of insurance information

Field underwriting

Notice of information practices

Application procedures

Delivery

Policy review

Effective date of coverage

Premium collection

Statement of good health

### **3.9 Individual underwriting by the insurer**

Information sources and regulation

Application

Licensee report

Attending physician statement

Investigative consumer (inspection) report

Medical Information Bureau (MIB)

Medical examinations and lab tests (including HIV consent) (Reg R590-132-3)

Selection criteria and unfair discrimination (31A-23a-402(3))

Classification of risks

Preferred

Standard

Substandard

## **4.0 Life Insurance Policies 7% (11 Items)**

### **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

### **4.3 Flexible premium policies**

Adjustable life

Universal life

### **4.4 Specialized policies**

Joint life (first-to-die)

Juvenile life

#### **4.5 Group life insurance**

Characteristics of group plans

Types of plan sponsors

Group underwriting requirements

Conversion to individual policy (31A-22-517-519)

### **5.0 Life Insurance Policy Provisions, Options and Riders 9% (13 Items)**

#### **5.1 Standard provisions**

Ownership

Assignment (31A-22-412)

Entire contract (31A-22-424)

Modifications

Right to examine (free look) (31A-22-423)

Payment of premiums

Grace period (31A-22-402)

Reinstatement (31A-22-407)

Incontestability (31A-22-403)

Misstatement of age and gender (31A-22-405)

Exclusions

Suicide exclusion (31A-22-404)

Medical examination; autopsy (31A-22-417)

Prohibited provisions including backdating (31A-22-401)

#### **5.2 Beneficiaries**

Designation options

Individuals

Classes

Estates

Minors

Trusts

Succession

Revocable versus irrevocable

Common disaster clause

Spendthrift clause

Revocation at divorce 75-2-804

#### **5.3 Settlement options**

Cash payment

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 cost of insurance

Disability income benefit

Payor benefit life/disability (juvenile insurance)

#### **5.8 Accelerated (living) benefit provision/rider**

Qualifying events

Disclosure

Effect of benefit payment

#### **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 9% (13 Items)**

#### **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 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

Indexed annuities

Market value adjusted annuities

Variable annuities

## **6.5 Uses of annuities**

Lump-sum settlements

Qualified retirement plans including group versus individual annuities

Personal uses

Individual retirement annuities (IRAs)

Tax-deferred growth

Retirement income

Education funds

## **7.0 Federal Tax Considerations for Life Insurance and Annuities 7% (10 Items)**

### **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 annuities (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% (6 Items)**

### **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)

Self-employed plans (HR 10 or Keogh plans)

Profit-sharing and 401(k) plans

SIMPLE plans

403(b) tax-sheltered annuities (TSAs)

## **9.0 Accident and Health Insurance Basics 12% (18 Items)**

### 9.1 Definitions of perils

Accidental injury (R590-126, 233)  
Sickness, medical necessity and emergency (31A-22-627)

### 9.2 Principal types of losses and benefits

Loss of income from disability (R590-126, 233)  
Medical expense  
Dental expense  
Long-term care expense

### 9.3 Classes of health insurance policies

Individual versus group  
Private versus government  
Self-funded vs fully insured  
Limited versus comprehensive  
Employer group versus association group

### 9.4 Limited policies (R590-126)

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

### 9.5 Common exclusions from coverage (R590-126)

### 9.6 Licensee responsibilities in individual health insurance

Marketing requirements  
    Advertising (Reg R590-130-4-16)  
    Utah Life and Health Insurance Guaranty Association (31A-28-119(1-4); R590-155)  
    Sales presentations  
    Outline of coverage (Reg R590-126-8, 233-8)  
    Compensation disclosure (31A-23a-501)  
Field underwriting  
    Nature and purpose

Employee waiver form (31A-22-635; R590-247)  
Disclosure of information about individuals (R590-126, 233)  
Application procedures  
Requirements at delivery of policy  
Utah individual and small employer health insurance application (R590-247)  
Common situations for errors/omissions

### 9.7 Individual underwriting by the insurer

Underwriting criteria  
Sources of underwriting information  
    Application  
    Licensee report  
    Attending physician statement  
    Investigative consumer (inspection) report  
    Medical Information Bureau (MIB)  
    Medical examinations and lab tests (including HIV consent) (Reg R590-132-3)  
Unfair discrimination (31A-23a-402(3))  
    Genetic Information and Nondiscrimination Act of 2008 (GINA)  
Classification of risks  
    Preferred  
    Standard  
    Substandard

### 9.8 Considerations in replacing accident and health insurance (Reg R590-126-9, 233)

Pre-existing conditions (31A-22-605.1)  
Benefits, limitations and exclusions  
Underwriting requirements  
Licensee liability for errors and omissions  
Required notification

### 9.9 Other required, uniform and general provisions (R590-126, 233)

Incontestability (31A-22-609)  
Grace period (31A-22-607)  
Reinstatement (31A-22-608)  
Claim procedures (31A-21-312; 31A-22-614; 31A-26-301; Reg R590-192-1-14)  
Change of occupation (31A-22-613(1))  
Misstatement of age (31A-22-613(2,3))  
Coordination of benefits (31A-22-619)

- Right to examine (free look) (31A-22-606)
- Rights of spouse (31A-22-612)
- Insuring clause
- Consideration clause
- Entire contract; changes
- Physical examinations and autopsy
- Legal actions
- Change of beneficiary
- Unpaid premium
- Conformity with state statutes
- Illegal occupation
- Renewability clause (31A-30-107; Reg R590-126-5; Reg R590-233)
  - Noncancelable
  - Guaranteed renewable
  - Conditionally renewable
  - Renewable at option of insurer
  - Nonrenewable (cancelable, term)

- Residual disability benefit
- Other provisions affecting income benefits
  - Cost of living adjustment (COLA) rider
  - Future increase option (FIO) rider
  - Relation of earnings to insurance
- Other cash benefits
  - Accidental death and dismemberment
  - Rehabilitation benefit
  - Medical reimbursement benefit (nondisabling injury)
- Refund provisions
  - Return of premium
  - Cash surrender value
- Exclusions

**10.0 Disability Income and Related Insurance  
2% (3 Items)**

**10.1 Qualifying for disability benefits**

- Inability to perform duties
  - Own occupation
  - Any occupation
- Loss of income (income replacement contracts)
- Definition of total disability (R590-126-3)
- Presumptive disability
- Requirement to be under physician care

**10.2 Individual disability income insurance**

- 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

**10.3 Unique aspects of individual disability underwriting**

- Occupational considerations
- Benefit limits
- Policy issuance alternatives

**10.4 Group disability income insurance**

- Group versus individual plans
- Short-term disability (STD)
- Long-term disability (LTD)

**10.5 Social Security disability**

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

**11.0 Medical Plans 10% (15 Items)**

**11.1 Medical plan concepts**

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

**11.2 Types of providers and plans**

- Major medical insurance (indemnity plans)
  - Characteristics
  - Common limitations

- Exclusions from coverage
- Provisions affecting cost to insured
- Health maintenance organizations (HMOs)
- Preferred provider organizations (PPOs)
  - General characteristics
  - Limited health plans (31A-8-101(6))
  - Open panel or closed panel
  - Types of parties to the provider contract
  - Utah Net Care Plan (31A-22-724)

**11.3 Cost containment in health care delivery**

- Cost-saving services
  - Preventive care
  - Hospital outpatient benefits
  - Alternatives to hospital services
  - Maternity stay minimum limits (31A-22-610.2)
- Utilization management
  - Prospective review
  - Concurrent review

**11.4 Utah requirements (individual and group)**

- Eligibility requirements
  - Newborn child coverage (31A-22-610)
  - Dependent child age limit (31A-22-610.5)
  - Court ordered dependency coverage (31A-22-610.5)
  - Eligibility of dependent children not based solely on residency (31A-22-718)
  - Policy extension for handicapped children (31A-22-611)
  - Adoptions (31A-22-610.1)
  - Federal health care reform required dependent coverage
- Benefit offers
  - Substance abuse coverage (31A-22-715)

**11.5 HIPAA (Health Insurance Portability and Accountability Act) requirements**

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

**11.6 Health Savings Accounts (HSAs) and Health Reimbursement Accounts (HRAs)**

- Definition
- Eligibility
- Contribution limits
- Portability

**11.7 Uniform health benefit plan information card (31A-22-636)**

**11.8 Federal HealthCare Reform (Patient Protection and Affordable Care Act)**

**12.0 Group Accident and Health Insurance 10% (15 Items)**

**12.1 Characteristics of group insurance (31a-22-501)**

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

**12.2 Types of eligible groups**

- Employment-related groups (31a-22-501.1)
  - Individual employer groups
  - Multiple-Employer Trusts (METs) or Welfare Arrangements (MEWAs)
- Associations (alumni, professional, other) (31a-22-70)
- Customer groups (depositors, creditor-debtor, other) (31a-22-506)
- Discretionary groups (31a-22-70)

**12.3 Marketing considerations**

- Advertising (R590-155)
- Unfair inducements (R590-154)
- Regulatory jurisdiction/place of delivery

**12.4 Employer group health insurance**

- Insurer underwriting criteria
  - Characteristics of group
  - Plan design factors
  - Persistency factors
  - Administrative capability
- Eligibility for insurance
  - Annual open enrollment
  - Employee eligibility
  - Dependent eligibility (31a-22-601.1, 31a-22-610.5, 31a-22-611, 31a-22-718)
- Coordination of benefits provision (Reg R590-131)



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 coverage under COBRA and Utah Mini-COBRA (31A-22-722)

Conversion rights (31A-22-723)

Utah Net Care (31A-22-724; R590-255)

Reinstatement of coverage for military personnel (31A-22-717)

### **12.5 Small employer medical plans**

Definition of small employer (31A-1-301)

Basic coverage (31a-22-613.5)

Availability of coverage (31A-30-108)

Rating of small employer plans (31A-30; Reg R590-167)

Benefit choices (31A-30-109)

Renewability of coverage (31A-30-107)

Pre-existing conditions (31A-22-605.1)

Participation requirements (31A-30-112)

Surcharge for charging carriers (31A-30-106.7)

Open enrollment (Reg R590-176)

Utah Health Exchange

### **12.6 Regulation of employer group insurance plans**

Employee Retirement Income Security Act (ERISA)

Applicability

Fiduciary responsibilities

Reporting and disclosure

Age Discrimination in Employment Act (ADEA)

Applicability to employers and workers

Permitted reductions in insured benefits

Permitted increases in employee contributions

Requirements for medical expense coverage

Civil Rights Act/Pregnancy Discrimination Act

Applicability

Guidelines

Relationship with Medicare

Medicare secondary rules

Medicare carve-outs and supplements

Nondiscrimination rules (highly-compensated)

### **12.7 Types of funding and administration**

Conventional fully-insured plans

Fully self-funded (self-administered) plans

Characteristics

Conditions suitable for self-funding

Benefits suitable for self-funding

## **13.0 Dental Insurance 1% (1 Item)**

### **13.1 Categories of dental treatment**

Diagnostic and preventive

Restorative

Oral surgery

Endodontics

Periodontics

Prosthodontics

Orthodontics

### **13.2 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

### **13.3 Employer group dental expense**

Integrated deductibles versus stand-alone plans

Minimizing adverse selection

## **14.0 Medicare 4% (6 Items)**

### **14.1 Medicare standard policies**

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

#### **14.2 Medicare supplement**

Purpose

Open enrollment (Reg R590-146-11)

Standardized Medicare supplement plans

Core benefits (Reg R590-146-8(B))

Additional benefits (Reg R590-146-8(C))

Utah regulations and required provisions

Standards for marketing (Reg R590-146-20)

Advertising (Reg R590-146-19)

Appropriateness of recommended purchase and excessive insurance (Reg R590-146-21)

Right to return (free look) (31A-22-620(6))

Replacement (Reg R590-146-18, 23)

Pre-existing conditions (Reg R590-146-23)

Required disclosure provisions (Reg R590-146-17)

Outline of coverage (Reg R590-146-17(C))

Guide to Health Insurance for People with Medicare (Reg R590-146-17(A)(6)(a))

Permitted compensation (Reg R590-146-16)

New plans effective June 1, 2010 (Reg R590-146)

Medicare Advantage

#### **14.3 Other options for individuals with Medicare**

Employer group health plans

Disabled employees

Employees with kidney failure (End Stage Renal Disease) (ESRD)

Individuals age 65 and older

Medicaid

Eligibility

Benefits

#### **14.4 Medicare Improvements for Patients and Providers Act of 2008 (MIPPA)**

#### **15.0 Long-Term Care Insurance 4% (6 Items)**

##### **15.1 Long-term care (LTC) policies**

Eligibility for benefits

Federal reform — CLASS ACT

Levels of care

Skilled care

Intermediate care

Custodial care

Home health care

Adult day care

Respite care

Benefit periods

Benefit amounts

Optional benefits

Guarantee of insurability

Return of premium

Qualified LTC plans

Exclusions

Underwriting considerations

Utah regulations and required provisions

Standards for marketing (Reg R590-148-18)

Advertising (Reg R590-148-20)

Shopper's guide (Reg R590-148-16)

Outline of coverage (31A-22-1409; Reg R590-148-15)

Appropriateness of recommended purchase (Reg R590-148-17)

Right to return (free look) (31A-22-1408)

Replacement (Reg R590-148-6)

Renewal provisions (Reg R590-148-6)

Continuation or conversion (Reg R590-148-10)

Required disclosure provisions (Reg R590-148-6)

Inflation protection (Reg R590-148-13)

Pre-existing conditions (31A-22-1406; Reg R590-148-6)

Protection against unintentional lapse  
(Reg R590-148-11)

Prohibited provisions (31A-22-1405,  
1407)

Rate disclosure form

## **16.0 Federal Tax Considerations for Accident and Health Insurance 2% (3 Items)**

### **16.1 Personally-owned health insurance**

Individual mandate/penalties for  
noncompliance

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 and partners**

### **16.4 Business disability insurance**

Key person disability income

Buy-sell policy

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