

Texas General Lines Agent: Life and Health



with

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**THIS IS WHAT'S ON THE TEST.
STRAIGHT FROM THE DEPARTMENT
OF INSURANCE.
I-IV ARE LIFE
V- IX ARE HEALTH**

LIFE AND HEALTH-GENERAL KNOWLEDGE CONTENT OUTLINE

Product Knowledge, Terms and Concepts
(100 scoreable questions plus 10 pretest questions)

I. TYPES OF POLICIES	15
A. Traditional whole life products	
1. Ordinary whole life	
2. Limited-pay and single-premium life	
B. Interest/market-sensitive/adjustable life products	
1. Universal life	
2. Variable whole life	
3. Variable universal life	
4. Interest-sensitive whole life	
5. Indexed life	
C. Term life	
7. Types	
c. Level	
d. Decreasing	
e. Return of premium	
f. Annually renewable	
8. Special features	
c. Renewable	
D. Convertible Annuities	

1. Single and flexible premium
 2. Immediate and deferred
 3. Fixed and variable
 4. Indexed
 5. Accumulation and Annuity Periods
 6. Payout options
- E. Combination plans and variations**
1. Joint life (first to die)
 2. Survivorship life (second to die)

II. POLICY RIDERS, PROVISIONS, OPTIONS, AND EXCLUSIONS..... 15

A. Policy riders	
1. Waiver of premium and waiver of monthly deduction	
2. Guaranteed insurability	
3. Payor benefit	
4. Accidental death and/or accidental death and dismemberment	
5. Term riders	
6. Other insureds	
7. Long term care	
8. Return of premium	
9. Disability	
10. Cost of Living	
B. Policy provisions and options	
1. Entire contract	
2. Insuring clause	
3. Free look	
4. Consideration	
5. Owner's rights	
6. Beneficiary designations	
a. Primary and contingent	
b. Revocable and irrevocable	
c. Common disaster	
d. Minor beneficiaries	
e. Designation by class	
7. Premium Payment	
a. Modes	
b. Grace period	
c. Automatic premium loan	
d. Level or flexible	
2. Reinstatement	
3. Policy loans, withdrawals, partial surrenders	
4. Non-forfeiture options	
5. Dividends and dividend options (e.g. participating, non-participating)	
6. Incontestability	
7. Assignments	
8. Suicide	
9. Misstatement of age and gender	
10. Settlement options	
11. Accelerated death benefits	
D. Policy exclusions	
1. War	
2. Aviation	
3. Dangerous Occupation	

III. COMPLETING THE APPLICATION, UNDERWRITING, AND DELIVERING THE POLICES.....12

A. Completing the application

1. Required signatures
2. Changes in the application
3. Consequences of incomplete applications
4. Warranties and representations
5. Collecting the initial premium and issuing the receipt
6. Replacement
7. Disclosures at point of sale (e.g., HIPAA, HIV consent)
8. USA PATRIOT Act/anti-money laundering
9. Gramm-Leach-Bliley Act (GLBA) Privacy

B. Underwriting

1. Insurable interest
2. Medical information and consumer reports
3. Fair Credit Reporting Act
4. Risk classification
5. Stranger/Investor-owned life insurance (STOLI/IOLI)

C. Delivering the policy

1. When coverage begins
2. Explaining the policy and its provisions, riders, exclusions, and ratings to the client

D. Contract law

1. Elements of a contract
 - a. Consideration
 - b. Offer and Acceptance
 - c. Competent parties
 - d. Legal purpose
2. Unique aspects of the insurance contract
 - a. Conditional
 - b. Unilateral
 - c. Adhesion
 - d. Aleatory

IV. RETIREMENT AND OTHER INSURANCE CONCEPTS...8

A. Third-party ownership

B. Life Settlements

C. Group life insurance

1. Conversion privilege
2. Contributory vs. noncontributory

D. Retirement plans

1. Qualified plans
2. Nonqualified plans

E. Life insurance needs analysis/suitability

1. Personal insurance needs
2. Business insurance needs
 - a. Key person
 - b. Buy sell

F. Social Security benefits

G. Tax treatment of insurance premiums, proceeds, and dividends

1. Individual life
2. Group life
3. Modified Endowment Contracts (MECs)

V. TYPES OF POLICIES 16

A. Disability income

1. Individual disability income policy
2. Business overhead expense policy
3. Business disability buyout policy
4. Group disability income policy
5. Key employee policy

B. Accidental death and dismemberment

C. Medical expense insurance

1. Basic hospital, medical, and surgical policies
2. Major medical policies
3. Health Maintenance Organizations (HMOs)
4. Preferred Provider Organizations (PPOs)
5. Point of Service (POS) plans
6. Flexible Spending Accounts (FSAs)
7. High Deductible Health Plans (HDHPs) and related Health Savings Accounts (HSAs)
8. Health Reimbursement Accounts (HRAs)

D. Medicare supplement policies

E. Group insurance

1. Differences between individual and group contracts
2. General characteristics
3. COBRA

F. Individual/Group Long Term Care (LTC)

1. Eligibility
2. Levels of care

G. Other policies

1. Dental
2. Vision
3. Cancer
4. Critical illness or specified disease
5. Worksite (employer-sponsored)
6. Hospital indemnity
7. Short-term medical
8. Accident

VI. POLICY PROVISIONS, CLAUSES, AND RIDERS..... 15

A. Mandatory and optional provisions

1. Entire contract
2. Time limit on certain defenses (incontestable)
3. Grace period
4. Reinstatement
5. Notice of claim
6. Claim forms
7. Proof of loss
8. Time of payment of claims
9. Payment of claims
10. Physical examination and autopsy
11. Legal actions
12. Change of beneficiary
13. Misstatement of age or gender
14. Change of occupation
15. Illegal occupation
16. Relation of earnings to insurance

B. Other provisions and clauses

1. Insuring clause
2. Free look
3. Consideration clause

4. Probationary period
5. Elimination period
6. Waiver of premium
7. Exclusions and limitations
8. Preexisting conditions
9. Coinsurance
10. Deductibles
11. Eligible expenses
12. Copayments
13. Pre-authorizations and prior approval requirements
14. Usual, reasonable, and customary (URC) charges
15. Lifetime, annual, or per cause maximum benefit limits

C. Riders

1. Impairment/exclusions
2. Guaranteed insurability
3. Future increase option

D. Rights of renewability

1. Noncancelable
2. Cancelable
3. Guaranteed renewable

VII. SOCIAL INSURANCE..... 6

A. Medicare (Parts A, B, C, D)

B. Medicaid

C. Social Security benefits

VIII. OTHER INSURANCE CONCEPTS..... 5

A. Total, partial, recurrent and residual disability

B. Owner's rights

C. Dependent children benefits

D. Primary and contingent beneficiaries

E. Modes of premium payments

F. Nonduplication and coordination of benefits (e.g., primary vs. excess)

G. Occupational vs. non-occupational

H. Tax treatment of premiums and proceeds of insurance contracts (e.g., disability income and medical expenses, etc.)

I. Managed care

J. Workers Compensation

K. Subrogation

IX. FIELD UNDERWRITING PROCEDURES..... 8

A. Completing the application

B. Explaining sources of insurability and HIPAA privacy information (e.g., MIB Report, Fair Credit Reporting Act, etc.)

C. Initial premium payment and receipt and consequences of the receipt (e.g., medical examination, etc.)

D. Submitting application (and initial premium if collected) to company for underwriting

E. Policy delivery

F. Explaining policy and its provisions, riders, exclusions, and ratings to clients

G. Replacement

H. Contract law

1. Elements of a contract
2. Insurable interest
3. Warranties and representations
4. Unique aspects of the insurance contract
 - a. Conditional
 - b. Unilateral
 - c. Adhesion
 - d. Aleatory

**LIFE and HEALTH AGENT
STATE SPECIFIC CONTENT OUTLINE**

(30 scoreable questions plus 5 pretest questions)

All references are to the Texas Insurance Code (Ins.) or the Texas Administrative Code (TAC), Title 28, unless otherwise noted

I. TEXAS STATUTES AND RULES COMMON TO LIFE AND HEALTH INSURANCE 14

A. Commissioner of Insurance

Ref.: Ins. 31.001-.002, 31.021-.022, 38.001, 82.001-.056, 86.001-.002, 401.051-.056, 404.003, 051-.053, 521.003-.004, 541.107-108, 546.151, 2001.051, 4001.005, 4005.102, 83.051-.054; TAC § 1.88

1. General powers and duties
2. Examination of records
3. Investigation/Notice of hearing
4. Penalties
5. Cease and desist orders

B. Insurance definitions

Ref.: Ins. 101.051; 547.001; 801.051-.053, .057, 885.001-706; TAC § 3.9704; General insurance text

1. Certificate of authority
2. Transacting insurance
3. Foreign, domestic, alien
4. Stock, mutual
5. Fraternal

C. Licensing requirements

Ref.: Ins. 4001.003, .006; 4001.104-.106, 4001.151-.156, 4001.201 - .206, 4001.252, 4001.254-255, 4002.003, 4003.001, 4003.004, 4003.006-.007, 4004.051-.054, 4005.101-.102, 4005.105, 4052.001, 4054.301-.303, 1115.056, 4056; TAC § 1.502, 19.1001-.1030

1. Types
 - a. Agent/Agency
 - b. Temporary
2. Exemptions/exceptions
3. Appointment
4. Continuing education
5. Records maintenance
6. License denial, renewal, expiration
7. License termination, revocation, suspension
8. Notification to Department of certain information
 - a. Change of address
 - b. Felony convictions
 - c. Administrative action taken against a license holder

D. Marketing practices

Ref.: Ins. 541.051-.61, .101-.111; 542.001-.014, .054-.058; 544.002; 701.001-.005, .051-.052, .101-.109, .151-.154; 1104.024; 4005.053, 4005.101; TAC § 21.4, 21.115, 21.201-.205

- 1. Unfair/Prohibited trade practices
 - a. Claims methods and practices
 - b. False advertising
 - c. Misrepresentation
 - d. Defamation
 - e. Rebating
 - f. Fraud
 - g. Boycott, coercion, intimidation
 - h. Commingling
 - i. Unfair discrimination

E. Agent duties/responsibilities

Ref.: Ins.4001.157, 4005.053-.054; TAC § 3.120

- 1. Commission sharing
- 2. Fiduciary capacity

F. Texas Life and Health Guaranty Association

Ref.: Ins. 443.004, 463.205

II. TEXAS STATUTES AND RULES PERTINENT TO LIFE INSURANCE ONLY 6

A. Marketing and Solicitation

Ref.: TAC § 3.303, 21.104-.105, 21.107, 21.111, 21.114, 21.122, 21.2201-.2214

- 1. Advertising/Illustrations
- 2. Policy Summary/Buyer's Guide

B. Policy provisions

Ref: Ins. 1101.003-.009, .053 .055, .156; 1101.011, 1103.055; 1108.101; 1111.052; 1551.254; TAC § 3.101-.106, 3.111-.112, 3.119, 3.121, 3.123, 3.4301-.4317, 3.804 (5)(A)

C. Individual life and annuity

Ref: Ins. 1101.001, .105, .009, .051; 1116.002; TAC § 3.9711

- 1. Free look
- 2. Grace period
- 3. Policy loans
- 4. Prohibited provisions

D. Group life

Ref: Ins. 1101.053; 1131.001-.806

- 1. Group eligibility and underwriting requirements
- 2. Conversion to individual policy
- 3. Dependent coverage
- 4. Assignment

E. Credit life

Ref.: Ins. 1153.003, .004, .151, .153, .155, .157, .201-.204, TAC § 3.5001 – 3.5206

F. Replacement

Ref.: Ins. 1114.001 - .102

- 1. Purpose
- 2. Definitions
- 3. Duties of agent
- 4. Duties of replacing insurance company

G. Nonforfeiture law

Ref.: Ins. 1105.001 - .153, TAC § 3.3844

III. Texas statutes and rules pertinent to accident and health insurance only 7

A. Required policy provisions

- 1. Coverage for newborns
Ref.: Ins. 1551.004; 1367.003; TAC § 3.3403
- 2. Coverage for chemical dependency
Ref.: Ins.1368.005

B. Medicare supplement

Ref.: TAC § 3.3301- 3310, 3.3312-.3313, 3.3315-.3325

- 1. Minimum standards
- 2. Cancellation

C. AIDS testing requirements

Ref: TAC § 21.704 - .705

D. Long Term Care

Ref: TAC § 3.3804, 3.3822, 3.3832

E. Small group health insurance

Ref: TAC § 26.8; Ins 1501

- 1. Eligibility
- 2. Coverage and Benefits

F. Affordable Care Act

- 1. Exchanges/Marketplace (Section 1321)
- 2. Taxes and subsidies (Section 1401, 1402)
- 3. Essential health benefits (Section 1302, 18022)
 - a. Mental health and substance use disorder services
 - b. Pediatric services
 - c. Preventive services
- 4. Employer notification responsibilities (Section 1511-1515)

IV. TEXAS STATUTES AND RULES PERTINENT TO HEALTH MAINTENANCE ORGANIZATIONS (HMOS)..... 3

Ref.: TAC Chapter 11; 11.501, 11.1611; Ins. 843, 1271

A. Definitions

B. Evidence of coverage

C. Nonrenewal/cancellation

D. Enrollment