

# Your Exam Content Outline

For examinations on and after February 7, 2007

**If you do not receive all eight pages of this outline, please contact Thomson Prometric.**

The following outline describes the content of one of the New York 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.

## **New York Life, Accident, and Health Insurance Agent/Broker Examination Series 17-55**

**150 questions – 2.5-hour time limit**

### **1.0 Insurance Regulation 5%**

#### **1.1 Licensing**

Process (2103(d-i))

Definitions

Producer definition (2101(k))

Who should be licensed (2101(k)(1))

Home state (2101(l))

Negotiate (2101(m))

Sell (2101(n))

Solicit (2101(o))

Types of licensees

Agents (2101(a, k); 2103; Reg 22.2, 23.2)

Brokers (2101(c, h, k); 2104)

Consultants (2107)

Adjusters (2101(g), 2108)

Nonresident (2101(d, e); 2103(g)(5, 11); 2136)

Business entities (2101(p), 2103(e))

Temporary (2109; Reg 20.1)

Maintenance and duration

Renewal (2103(j); Reg 21.2)

Continuing education (2132)

Assumed names (2102(f))

Change of address (2134; Reg 21.4, 22.3, 23.4)

Reporting of actions (2110(i))

Disciplinary actions

Cease and desist order (2405)

Hearings (2405)

Suspension, revocation, and nonrenewal (2110)

Penalties (2127)

#### **1.2 State regulation**

Superintendent's general duties and powers (201, 2404)

Company regulation

Certificate of authority (1102)

Solvency (307)

Unfair claim settlement practices (2601; Reg 216.3-.6)

Appointment of agent (2112(a-c))

Termination of agent appointment (2112(d); Reg 20.2)

Unfair and prohibited practices

Misrepresentation (2123; Reg 216.3)

False advertising (2603)

Defamation of insurer (2604)

Unfair discrimination (2606-2608, 2612)

Rebating (2324)

Licensee regulation

Controlled business (2103(i))

Sharing commissions (2121, 2128)

Fiduciary responsibility (2120; Reg 20.3, 20.4)

License display (Reg 34.5)

Commissions and compensation (2102(e), 2114-2116, 2119; Reg 20.6)

Termination responsibilities of producer (2112)

Examination of books and records (2404; Reg 243.0-.3)

Insurance Frauds Prevention Act (401-409)

Consumer privacy regulation (Reg 420.0-.24)

#### **1.3 Federal regulation**

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

Fraud and false statements including 1033 waiver (18 USC 1033, 1034)

### **2.0 General Insurance 4%**

#### **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 Agents and general rules of agency**

- Insurer as principal
- Agent/insurer relationship
- Authority and powers of agents
  - Express
  - Implied
  - Apparent
- Responsibilities to the applicant/insured

## **2.4 Contracts**

- Elements of a legal contract
  - Offer and acceptance
  - Consideration
  - Competent parties
  - Legal purpose
- Characteristics of insurance contracts
  - Contract of adhesion
  - Aleatory contract
  - Personal contract
  - Unilateral contract
  - Conditional contract
- Legal concepts and 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%**

### **3.1 Insurable interest (3205, 3207)**

### **3.2 Personal uses of life insurance**

- Survivor protection
- Estate creation
- Cash accumulation
- Liquidity
- Estate conservation

### **3.3 Viatical Settlements (380.2, 380.3, 380.6, 380.8; 2406; 7801-10)**

- Definitions
- License requirements
- License revocation
- Approval of Contract
- Reporting requirements
- Examination
- Disclosure
- General Rules
- Prohibited Insurance Practices
- Authority to Promulgate Standards

### **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
- Business continuation

### **3.6 Differences in life insurance policies**

- Group versus individual
- Permanent versus term
- Participating versus nonparticipating
- Fixed versus variable life insurance and annuities
  - Regulation of variable products (SEC, NASD and New York) (4240; Reg 50.3, 54.3)

### **3.7 Factors in premium determination**

- Mortality
- Interest
- Expense
- Mode of premium

### **3.8 Licensee responsibilities**

- Solicitation and sales presentations
  - Advertising (2122)
  - Life Insurance Company Guaranty Corporation (7718)
  - Policy summary (3209; Reg 53-2.2)
  - Buyer's guide (3209; Reg 53-2.6)
  - Illustrations (Reg 53-3.1-.6)
  - Life insurance policy cost comparison methods
  - Replacement (2123(a)(2, 3); Reg 51.1-.8)
  - Use and disclosure of insurance information
- Field underwriting
  - Application procedures including backdating of policies (3208)
- Delivery
  - Policy review
  - Effective date of coverage
  - Premium collection
  - Statement of good health
  - Amendments

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

- Information sources and regulation
  - Application
  - Agent report
  - Attending physician statement
  - Investigative consumer (inspection) report
  - Medical Information Bureau (MIB)
- Medical examinations and lab tests including HIV (2611)
- Selection criteria and unfair discrimination
- Classification of risks
  - Preferred
  - Standard
  - Substandard
  - Declined

## **4.0 Life Insurance Policies 8%**

### **4.1 Term life insurance**

- Level term
  - Annual renewable term
  - Convertible term
  - Level premium term
- Increasing and decreasing term

### **4.2 Whole life insurance**

- Continuous premium (straight life)
- Limited payment
- Single premium
- Modified whole life

### **4.3 Flexible premium policies**

- Adjustable life
- Universal life

### **4.4 Specialized policies**

- Joint life (first-to-die)
- Survivorship life (second-to-die)
- Life insurance on minors (3207)

### **4.5 Group life insurance**

- Characteristics of group plans
- Types of plan sponsors
- Group underwriting requirements
- Conversion to individual policy (3220)

### **4.6 Credit life insurance (individual versus group)**

## **5.0 Life Insurance Policy Provisions, Options and Riders 11%**

### **5.1 Required provisions (3203)**

- Ownership
- Assignment
- Entire contract (3203(a)(4), 3204)
- Right to examine (free look) (3203(a)(11))
- Payment of premiums
- Grace period (3203(a)(1))
- Reinstatement (3203(a)(10))
- Incontestability (3203(a)(3))
- Misstatement of age (3203(a)(5))
- Exclusions (3203(b, c))
- Statements of the applicant (3204)

### **5.2 Beneficiaries**

- Designation options
  - Individuals
  - Classes (per stirpes/per capita)
  - Estates
  - Minors
  - Trusts

- Succession
- Revocable versus irrevocable
- Common disaster clause

### **5.3 Settlement options**

- Cash payment
- Interest only
- Fixed-period installments
- Fixed-amount installments
- Life income
  - Single life
  - Joint and survivor
  - Spendthrift clause

### **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 provisions/riders (3230)**

- 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
- Term rider

## **6.0 Annuities 6%**

### **6.1 Annuity principles and concepts**

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

### **6.2 Required provisions (3219, 4220, 4223)**

### **6.3 Immediate versus deferred annuities**

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

### **6.4 Annuity (benefit) payment options**

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

### **6.5 Annuity products**

- Fixed annuities
  - General account assets
  - Interest rate guarantees (minimum versus current)
  - Level benefit payment amount
- Equity indexed annuities
- Market value adjusted annuities

### **6.6 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

## **7.0 Federal Tax Considerations for Life Insurance and Annuities 5%**

### **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)**

- Definition of modified endowment
- Seven-pay test
- Distributions

### **7.3 Taxation of non-qualified annuities**

- Individually-owned
  - Accumulation phase (taxation issues related to withdrawals)
  - Annuity phase and the exclusion ratio

- Values included in the annuitant's estate
- Distributions at death

- Non-living entity owned

### **7.4 Taxation of individual retirement accounts (IRAs)**

- Traditional IRAs
  - Contributions and deductible amounts
  - Premature distributions including taxation issues
  - Annuity phase benefit payments
  - 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 2%**

### **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)

### **8.4 Section 529 plan characteristics (college savings programs)**

## **9.0 Accident and Health Insurance Basics 15%**

### **9.1 Definitions of perils**

- Accidental injury
- Sickness

### **9.2 Principal types of losses and benefits**

- Loss of income from disability
- Hospital and medical expense
- Long-term care expense

### **9.3 Classes of accident and health insurance coverage**

- Individual, franchise and 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)
  - Dental insurance
  - Credit disability
  - Prescription drugs
  - Vision care

## 9.5 Common exclusions from coverage

- Act of war
- Participation in a felony
- Preexisting condition
- Self-inflicted injuries
- Workers compensation

## 9.6 Licensee responsibilities in individual accident and health insurance

- Marketing requirements
  - Advertising (Reg 215.1-.18)
  - Sales presentations
  - Outline of coverage
- Application procedures
- Requirements at delivery of policy
- Common situations for errors/omissions

## 9.7 Considerations in replacing accident and health insurance

- Benefits, limitations and exclusions
- Licensee liability for errors and omissions

## 9.8 Community rating of policies (4317; Reg 360)

## 10.0 Individual Health Insurance Policy General Provisions 4%

### 10.1 Required provisions

- Entire contract; changes (3216(d)(1)(A))
- Time limit on certain defenses (3216(d)(1)(B))
- Grace period (3216(d)(1)(C))
- Reinstatement (3216(d)(1)(D))
- Claim procedures (3216(d)(1)(E-I))
- Physical examinations and autopsy (3216(d)(1)(J))
- Legal actions (3216(d)(1)(K))
- Change of beneficiary (3216(d)(1)(L))

### 10.2 Other provisions

- Misstatement of age (3216(d)(2)(B))
- Other insurance in this insurer (3216(d)(2)(C))
- Insurance with other insurers
  - Expense-incurred basis (3216(d)(2)(D))
  - Other benefits (3216(d)(2)(E))
- Unpaid premium (3216(d)(2)(G))
- Cancellation (3216(d)(2)(H))
- Conformity with state statutes (3216(d)(2)(I))
- Illegal occupation (3216(d)(2)(J))
- Intoxicants and narcotics (3216(d)(2)(K))

### 10.3 Other general provisions

- Right to examine (free look)
- Insuring clause
- Consideration clause
- Renewability clause (3216(g))
  - Noncancelable
  - Guaranteed renewable

## 11.0 Disability Income and Related Insurance 5%

### 11.1 Qualifying for disability benefits

- Inability to perform duties
  - Own occupation
  - Any occupation
- Pure loss of income (income replacement contracts)
- Presumptive disability
- Requirement to be under physician care

### 11.2 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
  - Residual disability benefit
- Other provisions affecting income benefits
  - Cost of living adjustment (COLA) rider
  - Future increase option (FIO) rider
  - Relation of earnings to insurance (3216(d)(2)(F))
- Other benefits
  - Accidental death and dismemberment
  - Rehabilitation benefit
  - Medical reimbursement benefit (nondisabling injury)
- Exclusions

### 11.3 Unique aspects of individual disability underwriting

- Occupational considerations
- Benefit limits
- Policy issuance alternatives

### 11.4 Group disability income insurance

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

### 11.5 Business disability insurance

- Key person disability income
- Disability buy-sell policy
- Business overhead expense policy

## 12.0 Medical Plans 9%

### 12.1 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

## 12.2 Types of plans

Basic hospital, basic medical, basic surgical  
(Reg 52.5, 52.6, 52.7)

Characteristics  
Common limitations  
Exclusions from coverage  
Provisions affecting cost to insureds

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 (PCP)  
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  
Primary care physician (PCP) referral  
Indemnity plan features

## 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  
Retrospective review

## 12.4 New York mandated benefits and offers (individual and/or group)

Dependent child age limit (3216(a)(4))

Full-time students (3216(a)(4))

Policy extension for handicapped children  
(3216(c)(4)(A))

Newborn child coverage (3216(c)(4)(C))

## 12.5 HIPAA (Health Insurance Portability and Accountability Act) requirements

Eligibility

Guaranteed issue

Pre-existing conditions (3232)

Creditable coverage (3232-a)

Renewability

## 12.6 Medical Savings Accounts (MSAs), Flexible Spending Accounts and Health Savings Accounts

Definition

Eligibility

Contribution limits

## 13.0 Long-term Care (LTC) Insurance 10%

### 13.1 Benefits

LTC, Medicare and Medicaid compared

Eligibility for benefits

Levels of care

Skilled care

Intermediate care

Custodial care

Types of care

Home health care

Adult day care

Respite care

Assisted living

Benefit periods

Benefit amounts

Optional benefits

Inflation protection (COLA) (Reg 52.25(c)(3))

Nonforfeiture benefits (Reg 52.25(c)(7))

Guarantee of insurability

Return of premium

Individual, group and association plans

Qualified LTC plans

Exclusions (Reg 52.25(b)(2))

Underwriting considerations

### 13.2 New York regulations and required provisions

Renewability (Reg 52.25(b)(1))

Required disclosure provisions (Reg 52.65)

Prohibited practices

Replacement (Reg 52.29)

Permitted compensation arrangements (Reg 52.25(e))

New York State Partnership for Long Term Care  
(Reg 39.0)

Medicaid Estate Recovery Act (OBRA '93)

## 14.0 Group Health and Blanket Insurance 6%

### 14.1 Characteristics of group insurance

Group contract

Certificate of coverage

Experience rating versus community rating

### 14.2 Types of eligible groups (4237)

Employment-related groups

Individual employer groups

Multiple Employer Trusts (METs) or Welfare  
Arrangements (MEWAs)

Taft-Hartley Trusts

Associations (alumni, professional and other)

Customer groups (depositors, creditor-debtor and  
others)

Blanket customer groups (teams, passengers, and  
others)

### 14.3 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)

#### **14.4 Types of funding and administration**

- Conventional fully-insured plans
- Modified fully-insured plans
  - Premium-delay arrangements
  - Reserve-reduction arrangements
  - Retrospective-rating arrangements
- Partially self-funded plans
  - Stop-loss coverage
  - Administrative-services only (ASO) arrangements
  - 501(c) (9) trust
- Fully self-funded (self-administered) plans
  - Characteristics
  - Conditions suitable for self-funding
  - Benefits suitable for self-funding

#### **14.5 Marketing considerations**

- Advertising
- Regulatory jurisdiction/place of delivery

#### **14.6 Employer group health insurance**

- Insurer underwriting criteria
  - Characteristics of group
  - Plan design factors
  - Persistency factors
  - Administrative capability
- Eligibility for coverage
  - Annual open enrollment
  - Employee eligibility
  - Dependent eligibility
- Coordination of benefits provision (Reg 52.23)
- 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 New York continuations
  - Conversion privilege (3221(e))

#### **14.7 Small employer medical plans**

- Definition of small employer (Reg 360.2(f))
- Benefit plans offered
- Availability of coverage (Reg 360.2(e), .3)
- Renewability (Reg 360.2(e))

### **15.0 Dental Insurance 2%**

#### **15.1 Types of dental treatment**

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

#### **15.2 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

#### **15.3 Employer group dental expense**

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

### **16.0 Government Health Insurance Plans 6%**

#### **16.1 Worker's compensation**

- Eligibility
- Benefits

#### **16.2 Social Security Disability**

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

#### **16.3 New York State Disability Benefits Law**

- Purpose
- Definitions
- Employment covered
- Benefits

#### **16.4 Medicaid**

- Eligibility
- Benefits

#### **16.5 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

**17.0 Private Insurance for Senior Citizens and Special Needs Individuals 5%**

**17.1 Medicare supplements**

- Purpose
- Open enrollment (Reg 52.22(k))
- Standardized Medicare supplement plans
  - Core benefits
  - Additional benefits
- New York regulations and required provisions
  - Standards for marketing (Reg 52.22(i))
  - Permitted compensation arrangements (Reg 52.22(h))
  - Appropriateness of recommended purchase or replacement (Reg 52.22(f)(4))
  - Replacement (Reg 52.22(f, g))
  - Disclosure statement (Reg 52.63)
  - Renewability (Reg 52.22(b)(1)(i))
  - Medicare Select (Reg 52.14)

**17.2 Other Medicare options for individuals**

- Disabled individuals
- Individuals with kidney failure
- Employer group health plans
  - Employees age 65 or older

**18.0 Federal Tax Considerations for Health Insurance 5%**

**18.1 Personally-owned health insurance**

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

**18.2 Employer group health insurance**

- Medical and dental expense
- Long-term care insurance
- Accidental death and dismemberment

**18.3 Medical expense coverage for sole proprietors and partners**

**18.4 Business disability insurance**

- Key person disability income
- Buy-sell policy

**18.5 Medical Savings Accounts (MSAs), Flexible Spending Accounts and Health Savings Accounts**