

NEW YORK EXAMINATION CONTENT OUTLINES

August 1, 2009

The following outlines describe the content of each of the New York Insurance Examinations. These outlines are the basis of the examination. Each examination will contain questions about the subjects in its outline.

The percentages indicate the relative weight assigned to each part of the examination. For example, if a section has 10 percent assigned, 6 questions will be drawn from it on a 60-question examination, 10 on a 100-question examination, and 15 on a 150-question examination.

LIFE, ACCIDENT, AND HEALTH INSURANCE AGENT/BROKER EXAMINATION SERIES 10-55; 150 questions – 2.5-hour time limit

1.0 INSURANCE REGULATION 7%

1.1 Licensing

Process (2103(d–i))

Definitions

Producer definition: (2101(k))

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

Home state (2101(l))

Negotiate, Sell, Solicit (2101(m)(n) (o))

Types of Licensees

Agents (2101(a, k); 2103; Reg 6,

Part 22.2, Reg 7, Part 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(j) (2))

Temporary (2109; Regs 9, 18, 29, Part 20.1)

Maintenance and duration

Renewal (2103(j); Reg 5, Reg 21.2)

Continuing education: (2132)

Assumed names (2102(f))

Change of address (all addresses, including email) (2134; Reg 5, Part 21.4; Reg 6, Part 22.3; Reg 7, Part 23.4))

Reporting of disciplinary actions: (2110(i))

Disciplinary actions

Cease and desist order: (2406)

Hearings – Notice and Process (304, 2405)

Suspension, revocation, and nonrenewal (2110)

Penalties (2127)

1.2 State Regulation

Superintendent's general duties and powers (201, 301-305, 2404)
Company regulation
Certificate of authority: (1102 (a-b))
Solvency (307)
Unfair claim settlement practices (2601; Reg 64, Parts 216.3 to .6)
Appointment of agent (2112(a-c))
Termination of agent appointment (2112(d); Regs 9, 18, 29, Part 20.2)
Unfair and prohibited practices
Misrepresentation (2123; Reg 64, Part 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; Regs 9, 18, 29 Parts 20.3, 20.4)
License display (Reg 125, Part 34.5)
Commissions and compensation (2102(e), 2114-2116, 2119; Regs 9, 18, 29 Part 20.6)
Termination responsibilities of producer (2112)
Examination of books and records (2404; Reg 152, Parts 243.0 to.3)
Insurance Frauds Prevention Act (401-406)
Consumer privacy regulation: (Reg 169, Parts 420.0 to.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
- 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
- Reasonable expectations
- Indemnity
- Utmost good faith
- Representations/Misrepresentations (3105)
- Warranties (3106)
- Rescission
- Concealment
- Fraud
- Waiver and estoppel

3.0 LIFE INSURANCE BASICS 9%

3.1 Insurable interest (3205)

3.2 Personal uses of life insurance

- Survivor protection

Estate creation
Cash accumulation
Liquidity
Estate conservation

3.3 Viatical Settlements (Reg 148, Part 380.2, 380.3, 380.6, 380.8; 2406; 7801-3)

Definitions
License requirements (Sec. 7802 (a))
License revocation
Viatical versus Life Settlements

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
Regulation of variable products (SEC, NASD and New York) (4240; Reg 50.3, 54.3)

3.7 Factors in premium determination

Mortality, Investment Return, and Expense
Mode of premium

3.8 Licensee responsibilities

Solicitation and sales presentations
Advertising (2122)
Life Insurance Company Guaranty Corporation: (7718)
Policy summary (3209; Reg 74, Part 53-2.2)
Buyer's guide (3209; Reg 74, Part 53-2.6)
Suitability
Illustrations: (Reg 74, Parts 53-3.1 to .6)
Life insurance policy cost comparison methods
Replacement (2123(a) (2, 3); Reg 60, Parts 51.1 to .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
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 premium 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 (b))

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)
Proof of Death

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

Policy 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

6.6 Uses of annuities

Group versus individual annuities
Qualified versus Nonqualified Plans
Personal uses
Tax-deferred growth
Retirement income
Education funds

7.0 FEDERAL TAX CONSIDERATIONS FOR LIFE INSURANCE AND ANNUITIES 3%

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 (trusts, corporations) 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

Defined contribution versus defined benefit plan

8.2 Federal tax considerations

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

8.3 Plan types, characteristics and purchasers

Self-employed plans (Keogh plans)

8.4 Section 529 plan characteristics (college savings programs)

9.0 ACCIDENT AND HEALTH INSURANCE BASICS 5%

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, sole proprietor, franchise and group
Private versus government
Limited versus comprehensive

9.4 Types of Limited policies

Limited benefits and amounts
Required notice to insured

Types of limited policies

Accident-only

Specified (dread) disease

Hospital indemnity (income)

Dental insurance

Diagnostic and preventive care

Scheduled benefits

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 34, Parts 215.1 to .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 145, Part 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))

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
Presumptive disability
Proof of Loss

11.2 Individual disability income insurance

Basic total disability plan
Income benefits
Elimination and benefit periods
Waiver of premium feature
Coordination with social insurance and workers' compensation benefits
Individual tax premium consideration
Additional monthly benefit (AMB)
Social insurance supplement (SIS)
Occupational versus nonoccupational coverage
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))
Benefits
Accidental death and dismemberment
Rehabilitation benefit
Medical reimbursement benefit (nondisabling injury)
Partial disability benefit
Residual disability benefit
Total disability benefit
24-hour coverage versus limited/at-work coverage
Exclusions

11.3 Unique aspects of individual disability underwriting

Occupational/avocational 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 7%

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 62, Parts 52.5 to 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)(B))
Policy extension for handicapped children (3216(c)(4)(A))
Newborn child coverage (3216(c)(4)(C))
Timothy's Law
Infertility

12.5 HIPAA (Health Insurance Portability and Accountability Act) requirements

Eligibility
Guaranteed issue
Pre-existing conditions (3232)
Creditable coverage (3232-a)
Renewability
Privacy protections

12.6 Flexible Spending Accounts (FSAs) and Health Savings Accounts (HSAs)

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
- Reimbursement versus indemnity/cash
- Inflation protection (COLA): (Reg 62, Part 52.25(c)(3))
- Nonforfeiture benefits: (Reg 62, Part 52.25(c)(7))
- Guarantee of insurability
- Return of premium
- Shared care
- Individual, group and association plans
- Qualified versus non-qualified LTC plans
- Exclusions (Reg 62, Part 52.25(b)(2))
- Underwriting considerations
- Suitability

13.2 New York regulations and required provisions

- Renewability (Reg 62, Part 52.25(b)(1))
- Required disclosure provisions: (Reg 62, Part 52.65)
- Prohibited practices
- Replacement (Reg 62, Part 52.29)
- Permitted compensation arrangements (Reg 62, Part 52.25(e))
- New York State Partnership for Long Term Care (Reg 144, Part 39)
- Dollar for dollar or time element
- Medicaid Estate Recovery Act (OBRA '93)
- New York Tax Credit

14.0 GROUP HEALTH AND BLANKET INSURANCE 6%

14.1 Characteristics of group insurance

- Group contract
- Certificate of coverage
- Experience rating versus community rating
- Definition of eligible group: (4235(b)(c))

14.2 Types of eligible groups (4235)

- 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

- Family Medical Leave Act (FMLA)
- 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
- Partially self-insured plans
- Stop-loss coverage
- Administrative-services only (ASO) arrangements
- 501(c) (9) trust
- Fully self-insured (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 62, Part 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 145, Part 360.2(f))

Benefit plans offered

Availability of coverage: (Reg 145, Parts 360.2(e), .3)

Renewability (Reg 145, Part 360.2(e))

15.0 GOVERNMENT HEALTH INSURANCE PLANS 7%

15.1 Worker's compensation

Eligibility

Benefits

15.2 Social Security Disability

Qualifications for disability benefits

Definition of disability

Waiting period

Disability income benefits

15.3 New York State Disability Benefits Law

Purpose

Definitions

Employment covered

Benefits

15.4 Medicaid

Eligibility and Benefits

Child Health Plus

Eligibility and Benefits

Family Health Plus

Eligibility and Benefits

15.5 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

Medicare Select (Reg 62, Part 52.14)

Part C — Medicare Advantage

Part D — Prescription Drug Insurance

15.6 Healthy New York (4326)

15.7 Medical Savings Accounts (MSA's)

15.6 Flexible Spending Accounts (FSAs) \ and Health Savings Accounts (HSAs)

16.0 PRIVATE INSURANCE FOR SENIOR CITIZENS AND SPECIAL NEEDS INDIVIDUALS

6%

16.1 Medicare supplements

Purpose

Open enrollment (Reg 62, Part 52.22(k))

Standardized Medicare supplement plans

Core benefits

Additional benefits

New York regulations and required provisions

Standards for marketing: (Reg 62, Part 52.22(i))

Permitted compensation arrangements: (Reg 62, Part 52.22(h))

Appropriateness of recommended purchase or replacement: (Reg 62, Part 52.22(f)(4))

Replacement: (Reg 62, Part 52.22(f, g))

Disclosure statement: (Reg 62, Part 52.63)

Renewability (Reg 62, Part 52.22(b)(1)(i))

16.2 Other Medicare options for individuals

Disabled individuals

Individuals with kidney failure

Employer group health plans

Employees age 65 or older