

# Pennsylvania Producer's Examination for Accident and Health Insurance

## Series 16-02

100 Questions - 120 Minutes

### 1.0 Insurance Regulation (13%)

#### Licensing

##### Process and types

Requirements (40 P.S. § 310.1, 310.3-310.14)

Resident/nonresident (40 P.S. § 310.3-310.5, 310.10)

Temporary license (40 P.S. § 310.9)

Managers and exclusive general agents (40 P.S. § 310.1, 310.31)

##### Maintenance and duration

Change in contact information (40 P.S. § 310.11(19))

Renewal (40 P.S. § 310.8)

Duty to report administrative or criminal actions (40 P.S. § 310.78)

Assumed names (40 P.S. § 310.7)

Continuing education (40 P.S. § 310.8(b), 310.6(a), 31 Pa. Code Ch. 39a)

Waiver due to military or extenuating circumstances (40 P.S. § 310.8)

##### Disciplinary actions

License denial, nonrenewal, suspension, or revocation (40 P.S. § 310.91, 310.11)

Penalties and fines for violations (40 P.S. §§ 310.12, 310.41a, 310.91, 1171.11)

Cease and desist order (40 P.S. §§ 310.91, 1171.9)

Civil

Criminal

Hearings

Consent agreement

#### State regulation

##### Acts constituting insurance transactions

Negotiate, sell, solicit (40 P.S. §§ 310.1, 310.3, 310.8, 310.11)

Commissioner's general duties and powers (40 P.S. §§ 310.2, 1171.7)

##### Company regulation

Certificate of authority (40 P.S. §§ 47, 47a, 420)

Solvency (40 P.S. §§ 72, 112)

Policy forms and rates (40 P.S. §§ 510, 776.1-776.7, 1181-1199, 1221-1238)

Unfair claims settlement practices (40 P.S. § 1171.5(a)(10); 31 Pa. Code Ch. 146)

##### Producer regulation

Fiduciary responsibility (40 P.S. § 310.96; 31 Pa. Code Ch. § 37.81)

Examination of books and records (40 P.S. § 323.3-4)

Producer disclosure requirements (40 P.S. § 310.71(b))

Commissions and fees (40 P.S. §§ 310.72-310.74)

Prohibited acts (40 P.S. § 310.11)

##### Appointment procedures

Producer appointment (40 P.S. § 310.71, 31 Pa. Code 37.61)

Appointment termination (40 P.S. § 310.71a)

##### Unfair insurance practices (40 P.S. §§ 1171.1 1171.5)

Rebates and Inducements (40 P.S. §§ 310.45, 310.46, 1171.5(a)(8))

Misrepresentation (40 P.S. §§ 310.47-.48, 1171.5(a)(1),(2))

Twisting (40 P.S. §§ 473)
False advertising (40 P.S. § 1171.5; 31 Pa. Code Ch. 51)
Defamation (40 P.S. § 1171.5(a)(3); 31 Pa. Code Ch. 51)
Boycott, coercion or intimidation (40 P.S. § 1171.5(a)(4))
Misappropriation of funds (40 P.S. §§ 310.11(4), 310.42)
Unfair discrimination (40 P.S. § 1171.5; 31 Pa. Code § 145.4)
Replacement (40 P.S. § 625, 31 Pa Code Ch. 81)
Privacy of consumer financial information (40 P.S. § 310.77(a); 31 Pa. Code §§ 146a.1–.44)
Insurance fraud regulation (40 P.S. §§ 325.1–325.62; 18 Pa. C.S. § 4117)
<b>Federal Regulation</b>
Fair Credit Reporting Act
Fraud and False Statements (18 USC Sections 1033 and 1034)
Privacy (Gramm-Leach-Bliley)
National Do Not Call List
Affordable Care Act
<b>2.0 General Insurance Concepts (10%)</b>
<b>Risk</b>
Methods of Handling Risk (e.g., Avoidance, Retention, Sharing, Reduction, Transfer)
Elements of Insurable Risks
Definitions (e.g., Risk, Hazard, Peril, Loss)
<b>Classifications of Insurers</b>
Mutual, Stock
Admitted, Non-Admitted
Foreign, Domestic, Alien
<b>Elements of a Contract</b>
Consideration
Competent Parties
Legal Purpose
Offer
Acceptance
<b>Authority and Powers of Producers</b>
Express
Implied
Apparent
The Law of Agency
<b>Legal Interpretations Affecting Contracts</b>
Reasonable Expectations
Indemnity
Good Faith
Fraud
Warranties, Representations, Misrepresentations, and Concealment
<b>3.0 Accident and Health Insurance Basics (10%)</b>
<b>Producer responsibilities</b>
Sales presentations
Advertising (31 Pa. Code Ch. 51.1–.36, .42)
Life and Health Insurance Guaranty Association (40 P.S. § 991.1717)
Outline of coverage (40 P.S. § 991.1111; 31 Pa. Code Ch. 88.181)

<b>Field Underwriting</b>
Application Procedures
Warranties and Representations
<b>Policy Delivery</b>
Effective Date of Coverage
Premium Collection
Statement of Good Health
Delivery receipt requirement (40 P.S. § 625.4)
<b>Company Underwriting</b>
Sources of Information
Classifications of Risk (Preferred, Standard, Substandard, Declined)
<b>Definitions of Perils</b>
Accidental Injury
Sickness
<b>Types of Losses and Benefits</b>
Loss of Income from Disability (Short-Term/Long-Term Disability)
Medical Expense
Long-Term Care Expense
Prescriptions
<b>Limited Health Insurance Policies</b>
Accidental Death and Dismemberment
Hospital Indemnity
Critical Illness/Dread Disease (31 Pa. Code Ch. 88.169, .193)
Vision Care
Hearing
Dental
<b>Common exclusions from coverage (31 Pa. Code Ch. 88.84)</b>
Pre-existing conditions (31 Pa. Code Ch. 88.51; 31 Pa. Code Ch. 89.402)
Intentionally self-inflicted injuries (1)(ii)
War or act of war (1)(i)
Elective cosmetic surgery (1)(vii)
Conditions covered by workers compensation (1)(iii)
Commission of or attempt to commit a felony
<b>Classification of Risks</b>
Preferred
Standard
Substandard
<b>Considerations in replacing health insurance</b>
Pre-existing conditions
Waiting periods
Benefits, limitations and exclusions
Underwriting requirements
Producer's liability for errors and omissions
Pennsylvania replacement requirements (31 Pa. Code Ch. 88.101–.103)
<b>4.0 Individual Accident and Health Insurance Policy Provisions (13%)</b>
<b>Required Provisions (40 P.S. § 753(A))</b>
Time Limit on Certain Defenses (2)

Grace Period (3)
Reinstatement (4)
Claim Forms (6)
Proof of Loss (7)
Time of Payment of Claims (8)
Physical Examinations and Autopsy (10)
Legal Actions (11)
Entire Contract (1)
Payment of Claims (9)
Change of Beneficiary (12)
Notice of Claim (5)
<b>General Policy Provisions (40 P.S. § 753(B))</b>
Change of Occupation (1)
Misstatement of Age/Sex (2)
Other insurance in this insurer (3)
Insurance with other insurers
Expense-incurred benefits (4)
Other benefits (5)
Unpaid premium (7)
Cancellation (8)
Conformity with state statutes (9)
Illegal Occupation (10)
Intoxicants, Narcotics, or Other Controlled Substances (11)
<b>Other General Provisions</b>
Right to Examine/Free Look (40 P.S. § 752(A)(10); 31 Pa. Code Ch. 89.73)
Insuring Clause
Consideration Clause
Renewability Clause
Coinsurance
Probationary Period
Elimination Period
Exclusions
<b>5.0 Disability Income and Related Insurance (10%)</b>
<b>Benefits Determination for Disability</b>
Indemnity
<b>Qualifications of Disability</b>
Total (Own Occupation, Any Occupation)
Partial (31 Pa. Code Ch. 88.138)
Permanent
Presumptive
Recurrent
Residual (31 Pa. Code Ch. 88.139)
Inability to Perform Duties (31 Pa. Code Ch. 88.137)
Occupational versus Non-Occupational
<b>Individual Disability Income Insurance</b>
Basic Total Disability Plan
Cost of Living Rider

Future Increase Option Rider
Change of Occupation
Other Cash Benefits
Refund Provisions
Exclusions
Waiver of Premium
Probationary Period
Elimination Period
Benefit Limits
Relation of earnings to insurance (40 P.S. § 753(B)(6))
Pennsylvania minimum benefit standards (31 Pa. Code Ch. 88.167)
<b>Unique Aspects of Individual Disability Underwriting</b>
Occupational Considerations
Benefit Limits
Policy Issuance Alternatives
<b>Group Disability Income Insurance</b>
Short-Term Disability
Long-Term Disability
Coordination of Benefits (Workers' Compensation Benefits and Social Insurance) (77 P.S. § 511 et seq)
At-Work Benefits
<b>Business Disability Insurance</b>
Key Employee Disability Income
Disability Buy-Sell Policy
Business Overhead Expense
<b>Social Security Disability</b>
Qualification for Disability Benefits
Definition of Disability
Waiting Period
<b>6.0 Medical Plans (14%)</b>
<b>Medical Plan Concepts</b>
Fee-for-Service
Prepaid
Specified Coverage
Comprehensive Coverage
Dependent Coverage
<b>Provisions and Clauses</b>
Deductibles
Stop-Loss Provision
Impairment Rider
<b>Types of Medical Plans</b>
Basic Plans
Major Medical Insurance
Health Maintenance Organizations (HMOs)
Preferred Provider Organizations (PPOs)
Point-of-Service (POS) Plans
<b>Cost Containment in Health Care Delivery</b>
Managed Care

Preventive Care
Outpatient Benefits
Utilization Management
Preauthorization
Gatekeeper
<b>Health Insurance Portability and Accountability Act (HIPAA) (40 P.S. § 981-1)</b>
Eligibility Requirements
Terms
Privacy
Portability
<b>Pennsylvania mandated benefits (individual and group)</b>
Postpartum coverage (40 P.S. § 1583)
Routine pap smears (40 P.S. § 1574(2))
Treatment for alcohol abuse and dependency (40 P.S. §§ 908-1–908-8)
Serious mental illness (40 P.S. § 764g)
Annual gynecological examinations (40 P.S. § 1574(1))
Cancer therapy (40 P.S. § 764b)
Mammography coverage (40 P.S. § 764c)
Childhood immunizations (40 P.S. § 3503)
Dependent child age limit (31 Pa. Code Ch. 88.32)
Coverage of adopted children (40 P.S. § 775.1)
Newborn child coverage (40 P.S. §§ 771–775.2; 31 Pa. Code Ch. 89.201–.209)
Physically handicapped/mentally retarded children (40 P.S. § 752(A)(9))
Medical foods (40 P.S. § 3901-3909)
Orally administered chemotherapy medication (Act 73 of 2016)
Mental health parity and addiction equity (40 P.S. § 908-11--908-16)
<b>7.0 Group Health Insurance (9%)</b>
<b>Characteristics of Group Health Insurance</b>
Group Contract
Certificate of Coverage
Eligible Groups
Contributory versus Non-Contributory
<b>Employer Group Health Insurance</b>
Underwriting Criteria
Eligibility for Insurance
Pre-existing conditions (31 Pa. Code Ch. 89.402–.406)
Conversion of Coverage (40 P.S. §§ 756.2, 981-9)
Open Enrollment
Probation Period
Coordination of Benefits
<b>COBRA</b>
Eligibility
Duration of Coverage
Premium
<b>8.0 Dental Insurance (2%)</b>
<b>Categories of dental treatment</b>
Diagnostic and preventive

Restorative
Oral surgery
Endodontics
Periodontics
Prosthodontics
Orthodontics
<b>Indemnity plans</b>
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
<b>Employer group dental expense</b>
Integrated deductibles versus stand-alone plans
Minimizing adverse selection
<b>9.0 Health Insurance for Senior Citizens and Special Needs Individuals (14%)</b>
<b>Medicare</b>
Administration
Eligibility
Part A
Part B
Part C
Part D
Medicare Select
<b>Medicare Supplement Insurance</b>
Open Enrollment (31 Pa. Code Ch 89.778)
Types of Plans
Standardized Plan Benefits
Pennsylvania regulations and required provisions
Standards for marketing (31 Pa. Code Ch. 89.786)
Advertising (31 Pa. Code Ch. 89.785)
Appropriateness of recommended purchase and excessive coverage (31 Pa. Code Ch. 89.787)
Replacement (40 P.S. § 3108; 31 Pa. Code Ch. 89.784, .789)
Minimum benefit standards (40 P.S. § 3105)
Required disclosure provisions (40 P.S. § 3107; 31 Pa. Code Ch. 89.783)
Permitted compensation arrangements (31 Pa. Code Ch. 89.782)
Guaranteed issue (31 Pa. Code Ch. 89.790)
<b>Other options for individuals with Medicare</b>
Employer Group Health Plans
Medicaid
<b>Long-Term Care Policies</b>

Eligibility for Benefits
Benefit Periods and Amounts
Exclusions
Guaranteed Insurability Rider
Cost of Living Rider
<b>Levels of Long-Term Care</b>
Skilled
Intermediate
Custodial
<b>Types of Long-Term Care</b>
Comprehensive Coverage
Home Health
Adult Daycare
Respite Care
Community Care
Partnership Coverage
<b>Long-Term Care Pennsylvania regulations and required provisions</b>
Outline of coverage (40 P.S. § 991.1111; 31 Pa. Code Ch. 89a.107, 126)
Right to examine (free look) (40 P.S. § 991.1110)
Pre-existing conditions (40 P.S. §§ 991.1105(c), 1107)
Continuation and conversion (31 Pa. Code Ch. 89a.105)
Unintentional lapse (31 Pa. Code Ch. 89a.106)
Required disclosure provisions (31 Pa. Code Ch. 89a.107)
Inflation protection (31 Pa. Code Ch. 89a.112)
Nonforfeiture benefit (31 Pa. Code Ch. 89a.123)
Benefit triggers (31 Pa. Code Ch. 89a.124, 125)
Replacement (31 Pa. Code Ch. 89a.113, 122)
Standards for marketing (31 Pa. Code Ch. 89a.120)
Suitability of recommended purchase (31 Pa. Code Ch. 89a.121)
Shopper's guide (31 Pa. Code Ch. 89a.127)
Permitted compensation arrangements (31 Pa. Code Ch. 89a.129)
Penalties (31 Pa. Code Ch. 89a.128)
<b>10.0 Federal Tax Considerations for Health Insurance (5%)</b>
<b>Health Insurance Premiums and Benefits</b>
Individual
Group
Disability Income
Business Disability Insurance
Medical Expense
Long-Term Care
<b>Consumer-Driven Health Plans</b>
Health Savings Accounts (HSAs)
Health Reimbursement Accounts (HRAs)
Flexible Spending Accounts (FSAs)