Prelicensing Education
Educational Objectives
California Accident and Health Agent Examination

Overview

For purposes of the prelicensing curriculum and examination, the successful applicant is defined as an entry-level individual of an agency or an insurer. Twenty hours of accident and health agent prelicensing education must at a minimum include the material in these objectives.

Section 1677 of the California Insurance Code (CIC) requires that the Accident and Health agent examination be of sufficient scope to satisfy the Insurance Commissioner that an applicant has basic knowledge of insurance and insurance laws. ~~Effective January 1, 2008, California Insurance Code Sections regarding the Life Agent license were amended to include provisions for an "Accident and Health" agent license. Specifically,~~In addition, Section 1626(a)(2) defines an "Accident and Health" Agent licensee as authorized to transact insurance coverage for sickness, bodily injury, or accidental death and may include benefits for disability income.

The new accident and health agent will be introduced and trained to sell and service all the lines under that authority. Basic knowledge is what this new accident and health agent needs to know at the start of one's career.

(1) Basic knowledge including:
- Basic accident and health insurance concepts and principles
- Responsibilities and authority of an accident and health insurance agent
- Commonly written accident and health insurance products
- Insurance code and ethics
- Patient Protection and Affordable Care Act (PPACA)
- Senior health products
- Insurance coverage for sickness, bodily injury, or accidental death
- Benefits for disability income insurance
- ~~Twenty-four hour care coverage~~
- Long-term care insurance

(2) With a general understanding of the following:
- Government mandated disability programs (e.g., ~~workers' compensation,~~ state disability insurance)
- Disability insurance
- Disability income insurance

(3) In addition, this license authorizes the transaction of insurance coverage on:

Credit Disability Insurance - Disability insurance protecting the balance of debt, which provides a monthly benefit, during the disability of the insured, during the term of coverage.

Disability Income Insurance - Insurance that provides income payments to the insured wage earner when income is interrupted or terminated because of illness, sickness, or accident. It ~~also~~ may include~~s~~ critical illness, or accidental ~~and~~ death benefits. Policies are available as short-term or long-term coverage.

- The short-term disability income policy provides benefits, often a portion of lost income, for a temporary period of time defined in the policy. The likelihood is that the insured can return to work or restore the lost income.
- The long-term disability income policy provides benefits, often a portion of lost income, lasting for an extended period of time as defined in the insurance policy. The likelihood is that the insured cannot return to work or restore the lost income.

Disability Income Rider - A life insurance policy addendum providing income payments to the policyholder, and/or waiving premium payments due, when income is interrupted or terminated because of illness or injury.

Health - A policy that will pay ~~specifies~~ specified sums for medical expenses or treatments. Health policies can offer any options and vary in their approaches to coverage. Health also includes all senior health products ~~(e.g. Medicare Advantage and Medicare Part D)~~.

Long-term care insurance - Coverage ~~that, under specified conditions, provides skilled nursing, intermediate care, or custodial care for a patient (generally over age 65) in a nursing facility or his or her residence following an injury (additional training required).~~for individuals who require assistance with activities of daily living in homes or in a nursing facility. For agents that sell or transact for the sale of long-term care products, additional training is required (Section 10234.93 of the CIC).

~~**Twenty-Four Hour Coverage** - The joint issuance of a workers' compensation policy with a disability insurance policy, health care service~~

~~plan contract, or other medical insurance coverage for nonoccupational injuries and illnesses.~~

(4) Accident and health agents do not have authority to transact life, annuity, property, or casualty insurance.

(5) No prelicensing or continuing education course shall include sales training, motivational training, self-improvement training, or training offered by insurers or agents regarding new products or programs (Section 1749.1(b) of the CIC).

Educational Objectives

The educational objectives are derived ~~from the following pages. They are derived~~ from the curriculum outline contained in Title 10, Chapter 5, Subchapter 1, Article 6.5, Section 2187.1 of the California Code of Regulations (CCR).

Ethics and California Insurance Code

The educational objectives for Ethics and California Insurance Code are incorporated in the following pages. The individual objectives may be identified by "(~~CIC~~ Section XXXX of the CIC)" or "(Ethics)." ~~or "(Code)."~~ References to "Code" or "CIC" in the educational objectives mean the California Insurance Code. ~~The "General" Ethics and California Insurance Code educational objectives that apply to all lines of authority appear in Appendix A at the end of this document. The 12 hours of required Ethics and California Insurance Code education must at a minimum include the material in Appendix A.~~

The Examination

The California Department of Insurance's (CDI) Accident and ~~health~~ Health agent license examination contains 75 multiple-choice questions. The examinees, without any aids (e.g., reference materials, electronic aids), are allowed 1~~one~~ hour and ~~a half~~30 minutes (90 minutes) to answer the 75 question multiple-choice examination.

~~The California Department of Insurance's~~CDI examinations are administered at the following locations beginning at 8:30 a.m. and 1:00 p.m., Monday through Friday except on state holidays~~:~~. Check-in is at 8:10 a.m. for the 8:30 a.m. examination, and check-in is at 12:40 p.m. for the 1:00 p.m. examination.

Sacramento:

California Department of Insurance
Examination Site
320 Capitol Mall, 1st Floor
Sacramento, California 95814

Los Angeles:

California Department of Insurance
Examination Site
300 South Spring Street, North Tower,
Suite 1000
Los Angeles, California 90013

San Francisco:

California Department of Insurance
Examination Site
45 Fremont Street, 22nd Floor
San Francisco, California 94105

~~Check-in is at 8:10 a.m. for the 8:30 a.m. examination, and check-in is at 12:40 p.m. for the 1:00 p.m. examination.~~
PSI's test centers are located at the following locations**:**

Anaheim	El Monte	Riverside	Santa Rosa
Atascadero	Fresno	Sacramento	Walnut Creek
Bakersfield	Hayward	San Diego	Ventura
Burbank	Laguna Hills	San Francisco	Visalia
Carson	Redding	Santa Clara	

The check-in times and driving directions to PSI's ~~test centers~~examination site locations are listed on pages 3, 4, and 5 in the Candidate Information Bulletin.

For additional information on license examinations (i.e., online examination scheduling, fingerprint requirements, examination admittance, forms of identification, check your scheduled examination date, check your examination results), please review the following link:

http://www.insurance.ca.gov/0200-industry/0010-producer-online-services/0200-exam-info/index.cfm

Candidate Information Bulletin

The Candidate Information Bulletin (CIB) provides detailed information on how to

prepare for your license examination, prelicensing education, examination site procedures, sample examination questions, test taking strategies, and driving directions to the California Department of Insurance's examination sites and PSI's test centers that are located throughout California. Please review the following link:

http://www.insurance.ca.gov/0200-industry/0020-apply-license/0100-indiv-resident/CandidateInformation.cfm

Prelicensing Education
Educational Objectives
California Accident and Health Agent Examination

Table of Contents

I. General Insurance (18 questions (25 percent) on the examination)
- A. Basic Insurance Concepts and Principles (7 questions of the 18 General Insurance questions)
- B. Contract Law (4 questions of the18 General Insurance questions)
- C. The Insurance Marketplace (7 questions of the 18 General Insurance questions)
  - ~~1. Distribution Systems~~
  - ~~2. Producers~~
  - ~~3. Insurers~~
  - ~~4. Market Regulation – General~~
  - ~~5. Fair Claims Settlement Practices Regulations~~

II. General Concepts of Medical and Disability Insurance (4 questions (5 percent) on the examination)
- A. General Concepts

III. ~~Accident and Health~~Medical Expense Insurance (~~49~~ 45 questions (~~65~~ 60 percent) on the examination)
- A. ~~Medical Expense~~Individual Insurance (~~15~~ 14 questions of the ~~49~~ 45 Accident and Health Insurance questions)
- B. ~~Major Risk Medical Insurance Program (MRMIP)~~ Group Medical Expense Insurance (8~~5~~ questions of the ~~49~~ 45 Accident and Health Insurance questions)
- C. Patient Protection and Affordable Care Act (PPACA) (8~~5~~ questions of the ~~49~~ 45 Accident and Health Insurance questions)
- D. Senior Health Products (15~~7~~ questions of the ~~49~~ 45 Accident and Health Insurance questions)
- ~~1. MediCare and Medi-Cal~~
- ~~E. Disability Insurance (5 questions of the 49 Accident and Health Insurance questions)~~
- ~~1. Worker's Compensation Insurance~~
- ~~a. Twenty-Four Hour Coverage and General Concept~~
- ~~F. Social Insurance System (5 questions of the 49 Accident and Health Insurance questions)~~
- ~~G. Underwriting / Pricing / Claims (5 questions of the 49 Accident and Health Insurance questions)H. Financial Structure of Insurers (2 questions of the 49 Accident and Health Insurance questions)~~

IV. Disability Income Insurance (4 questions (5 percent) on the examination)
- A. Individual Disability Income Insurance Underwriting, Pricing, Claims

~~III~~V. Long~~-Term~~-term Care Insurance (4 questions (5 percent) on the examination)

A. Long-term Care

~~**IV. Health and Disability Insurance** (4 questions (5 percent) on the examination)~~

~~A. General Concepts (2 questions of the 4 Health and Disability Insurance questions)~~

~~B. Disability Income Insurance (1 questions of the 4 Health and Disability Insurance questions)~~

~~C. Heal Insurance and Counseling Advocacy Program (HICAP) (1 question of the 4 Health and Disability Insurance questions)~~

Prelicensing Education
Educational Objectives
California Accident and Health Agent Examination

I. General Insurance (18 questions (25 percent) on the examination)

I.A. Basic Insurance Concepts and Principles (7 questions of the 18 General Insurance questions) Be able to:

1. Be able to Identify examples the definition of insurance (Section 22 of the CIC)
2. Be able to Recognize the definition of risk
3. Be able to Differentiate between a pure risk and a speculative risk
4. Be able to Identify a the definition of peril
5. Be able to Identify a the definition of hazard
6. Be able to Differentiate between moral, morale, and physical hazards
7. Be able to Identify the definition of the law of large numbers
8. Be able to Identify a the definition or the correct usage of the term loss exposure
9. Identify risk management techniques
10. Identify risk situations that present the possibility of a loss
9. 11. Be able to Recognize the requisites of an ideally insurable risk
10. 12. Be able to Identify the definition of insurable events (Section 250 of the CIC)
11. 13. Be able to Identify and apply the definitions of insurable interest, and the principle of indemnity, and utmost good faith be able to recognize the applicability of these terms to a given situation.
12. 14. Be able to Identify the steps in the underwriting process
13. 15. Be able to Identify the meaning of adverse selection and profitable distribution of exposures

I. General Insurance (18 questions (25 percent) on the examination)

I.B. Contract Law (4 questions of the 18 General Insurance questions)

1. Be able to identify and compare contract law and tort law

2. Be able to identify the four major basic elements of a contract
   a. agreement, offer and acceptance
   b. competent parties
   c. legal purpose; and
   d. consideration

3. Be able to identify the meaning and effect of the following special characteristics of an insurance contract
   a. contract of adhesion
   b. conditional contract
   c. aleatory
   d. unilateral
   e. personal
   f. utmost good faith;

~~g. indemnity.~~

4. Be able to identify the term “insurance policy” (Section 380 of the CIC)~~.~~

5. Be able to identify the meaning and effect of each of the following on a contract:
   ~~a. fraud (Section 338, 1871.1 - 1871.4 of the CIC);~~
   ~~b~~a. concealment (Section ~~330-339~~333 of the CIC)
      i. Be able to identify information that does not need to be communicated in a contract: ~~(Section 333 of the CIC)~~
         1) known information
         2) information that should be known
         3) information which the other party waives
         4) information that is excluded by a warranty and not material to the risk
         5) information that is excepted from insurance and not material to the risk
         6) information based on personal judgment (Section 339 of the CIC)
   ~~c~~b. warranty (Sections 440-445, 447 of the CIC)
      i. know that a ~~representation in an insurance contract qualifies as an implied~~ warranty may be expressed or implied
      ii. know that violation of a material warranty allows the other party to rescind the contract
   c. representations (Sections 350-361 of the CIC)
      i. know when a representation can be altered or withdrawn (Section 355 of the CIC)
      ii. know that a representation is false when the facts fail to correspond with its assertions or stipulations (Section 358 of the CIC)
      iii. know that a representation cannot qualify an express provision in a contract of insurance, but it may qualify an implied warranty (Section 354 of the CIC)
   d. misrepresentation (Sections 780-784 of the CIC)
   ~~d~~e. materiality (Section 334 of the CIC)
      i. know that ~~the~~ materiality is to be determined not by the event, but solely by the probable and reasonable influence of the facts on the party to whom the communication is due
         ~~of concealment is the rule used to determine the importance of a misrepresentation.~~
   ~~e. representations (Section 350-361 of the CIC);~~
      ~~i. know when a representation can be altered or withdrawn (Section 355 of the CIC)~~

ii. know that a representation is false when the facts fail to correspond with its assertions or stipulations (Section 358 of the CIC).
f. misrepresentation (Section 780-784 of the CIC).

6. Be able to identify when an insurer has the right of rescission (Sections 331, 338, 359, 447 of the CIC)
   a. know that either intentional or unintentional concealment entitles an injured party to rescission of a contract (Section 331 of the CIC)

67. Be able to identify six required specifications for all insurance policies (Section 381 of the CIC)
   a. the parties between whom the contract is made
   b. the property or life insured
   c. the interest of the insured in property insured, if he is not the absolute owner thereof
   d. the risks insured against
   e. the period during which the insurance is to continue
   f. either:
      i. a statement of the premium
      ii. if the insurance is of a character where the exact premium is only determinable upon the termination of the contract, a statement of the basis and rates upon which the final premium is to be determined and paid
   ag. know that the financial rating of the insurer is not required to be specified in the insurance policy (Section 381 of the CIC)

7. Be able to identify:
   a. the meaning of the term rescission;
   b. when an insurer has the right of rescission (Section 331, 338, 359, 447 of the CIC).
      i. know that either intentional or unintentional concealment entitles an injured party to rescission of a contract (Section 331 of the CIC)

8. Given an insurance situation, be able to identify the following terms correctly:
   a. application, policy, rider
   b. cancellation, lapse, renewal and nonrenewal, grace period
   c. rate/, premium, earned and unearned premium
   d. preferred, standard, and substandard risk.

9. Be able to identify the requirements of:
   a. the Fair Credit Reporting Act;
   b. Medical Information Bureau.

I. General Insurance (18 questions (25 percent) on the examination)

I. C. The Insurance Marketplace (7 questions of the 18 General Insurance

questions)

I.C.1. Distribution Systems

~~a~~1. Be able to identify~~ a definition of the following systems~~ different distribution systems that include, but are not limited to, the following:

~~i~~a. agency

~~ii~~b. direct ~~R~~response

~~iii. home service.~~

I. General Insurance (18 questions (25 percent) on the examination)

I.C. The Insurance Marketplace (7 questions of the 18 General Insurance questions)

I.C.2. Producers

~~a~~1. ~~Given a situation involving the legal relationship of an accident and health agent and either a principal (an insurer or agency principal) or an insured/applicant, be able to assess:~~Be able to understand the general rules of agency as they apply to an agent, broker, and insurance company

~~i. the legal relationship;~~

~~ii.~~a. the responsibilities and duties of each

~~iii.~~b. the effect of the types of authority an agent may ~~have~~ exercise (express, implied, apparent)

~~b~~2. With regard to the underwriting of applicants and/or insureds, be able to:

~~i~~a. identify a producer's responsibilities

~~ii~~b. ~~differentiate between the limitations placed on insurer pre-selection and post-selection activities.~~understand the insurers' requirements

~~c~~3. Be able to ~~identify a definition of~~define the following:

~~i~~a. Accident and Health agent (Section 1626(a)(2) of the CIC)

b. certified insurance agent (Section 6800 of the CCR)

~~ii. Life and Disability Analyst (Section 32.5 of the CIC).~~

c. life-only agent (Section 1626.(a)(1) of the CIC)

d. life and disability insurance analyst (Sections 32.5, 1831 through 1849 of the CIC)

~~d. Be able to differentiate between a life agent and a life and disability analyst (Section 32, 32.5, 1831-1849 of the CIC).~~

~~e~~4. Be able to identify the ~~Code~~ CIC definition of transact and why the definition is important (Sections 35, ~~1621-1624,~~ 1631, 1633 of the CIC).

~~i~~a. have knowledge of the penalties for transacting without a license (Section 1633 of the CIC)

~~f. Be able to identify:~~

~~i. that the Code prohibits certain actions by unlicensed persons (Section 1631 of the CIC);~~

5. Be able to identify:

a. that the CIC prohibits certain acts by unlicensed persons (Section 1631 of

the CIC)

b. the penalties for such prohibited acts (Section 1633 of the CIC)

6. Written Consent in Regards to Interstate Commerce (Prohibited Persons in Insurance):

~~i~~a. Be able to identify what conduct is prohibited by Title 18 United States Code Section 1033

~~ii~~b. Be able to identify what civil and criminal penalties apply, Title 18 United States Code Sections 1033 and 1034

~~h~~7. Be able to identify the differences between the terms "agent" and "broker" with respect to their relationship with insurers and with their insureds

~~i~~a. insurance agent means a person authorized, by and on behalf of an insurer, to transact all classes of insurance other that life, disability, or health insurance (Section 31 of the CIC)

b. a life licensee is a person authorized to act as a life agent on behalf of a life insurer or a disability insurer to transact life insurance, accident and health insurance, or life and accident and health insurance (Section 32 of the CIC)

~~ii.~~c. insurance broker means a person who, for compensation and on behalf of another person, transacts insurance other than life, disability, or health with, but not on behalf of, an insurer (Section 33 of the CIC)~~.~~

~~i. Be able to identify the Code provisions regarding an accident and health agent acting as an agent for an insurer for which the agent is not specifically appointed (Section 1704.5 of the CIC).~~

~~j~~8. Be able to recognize:

~~i~~a. the differences between the authority of an agent and a solicitor;

~~ii~~b. that there is no such license as "accident and health solicitor" (Section 1704(d) of the CIC)

~~iii~~c. that an insurance solicitor is a natural person employed to aid an insurance agent or insurance broker in transacting insurance other than life, disability, or health (Section 1624 of the CIC)

~~k~~9. For Insurance Agent's Errors & Omissions insurance, be able to identify:

~~i~~a. the types of coverages available

~~ii~~b. the types of losses commonly covered and not covered

~~iii~~c. the need for the coverage

~~l~~10. Be able to identify acts prohibited (unless a surplus line~~s~~ broker) with regard to nonadmitted insurers (Section 703 of the CIC)

~~m~~11. Be able to identify the prohibitions of free insurance (Section 777.1 of the CIC)

~~n~~12. Be able to identify the ~~Code~~ CIC requirements for the following:

~~i~~a. an agency name, use of name (Section 1724.5, 1729.5 of the CIC)

~~ii~~b. change of address (Section 1729 of the CIC)

~~iii. records (Section 10508 of the CIC);~~

~~iv.~~~~iii~~c. filing license renewal application (Section 1720 of the CIC)
~~v.~~~~iv~~d. printing license number on documents (Section 1725.5 of the CIC)

13. be able to identify the records an insurer and agents must maintain (Sections 10508 - 10508.5 of the CIC)

~~o~~14. Be able to identify the ~~Code~~ CIC specifications regarding producer application investigation, denial of applications, and suspension or revocation of license (Sections 1666, 1668-1669, 1738 of the CIC)

~~p~~15. Be able to identify the importance and the scope of the ~~California Insurance Code~~ CIC regarding:
- ~~i~~a. the filing of a notice of appointment to transact accident and health insurance (Sections 1704 and1705 of the CIC)
- ~~ii~~b. an inactive license (Section ~~1704a~~ 1704(b) of the CIC)
- ~~iii~~c. cancellation of a license by the licensee in the licensee's possession or in the employer's possession (Section 1708 of the CIC)

~~q~~16. Be able to identify the scope and effect of the ~~Code~~ CIC regarding termination of a (producer's) license, including when producers dissolve a partnership (Sections 1708-1712.5 of the CIC)

~~r~~17. Be able to identify and apply:
- ~~i~~a. the definition of the term "fiduciary"
- ~~ii~~b. producer fiduciary duties ~~described in the Code~~ (Sections 1733~~-~~ through 1735 of the CIC)

~~s~~18. Be able to identify the continuing education (CE) requirements for:
- ~~i~~a. an individual licensed as
- ~~i.~~ an accident and health agent (Sections 1749.3-1749.33 of the CIC)
  - ~~b)~~i. accident and health agents also licensed as a property and casualty broker-agent may complete 24 hours of continuing education in either license type, three (3) hours of which must be in ethics (Section 1749.3(b) and 1749.33(b))
  - ~~iii~~i. an agent writing ~~Long Term Care~~long-term care insurance (LTC) ~~Insurance~~ (Section 10234.93 of the CIC)
  - iii. agents writing ~~California~~ applications for Partnership coverage must also meet additional CE requirements for the California Partnership for Long-Term Care (CPLTC) (Section 58056 of the CCR) ~~California long-term care requirements and training requirements on the California Partnership for Long-Term Care.~~
  - iv. ~~The~~the total hours of ~~CE~~ continuing education required for the accident and health agent are not increased by ~~i, ii, or iii~~LTC or CPLTC
  - ~~v. life-only agents and accident and health agents also licensed as a property and casualty broker-agent must complete 24 hours of training for each two year license renewal period.~~

~~t~~19. Be able to identify the definition of ~~an~~ "administrator" (Section 1759 of the CIC)~~.~~

~~u~~20. Concerning a Life and Disability Insurance Analyst license, be able to identify~~:~~ the requirements and prohibitions for charging fees (Section 1848 of the CIC)

~~i. the licensing requirements (Section 1836 of the CIC)~~

~~ii. requirements and prohibitions for charging fees (Section 1848 of the CIC).~~

~~v. Know that the interpretation of policy provisions is not a primary objective of insurance regulation.~~

The following Educational Objectives ~~is~~ are derived from the ~~codes of ethics and~~ California Insurance Code (CIC) and codes of ethics of major industry organizations. ~~and~~ This is the basis for accident and health examination questions

~~w~~21. Be able to identify and apply the meaning of the following:

~~i~~a. place the customer's interest first

~~ii~~b. know your job ~~-~~ and continue to increase your level of competence

~~iii~~c. identify the customer's needs and recommend products and services that meet those needs

~~iv~~d. accurately and truthfully represent products and services

~~v~~e. use simple language; talk the layman's language when possible

~~vi~~f. stay in touch with customers and conduct periodic coverage reviews

~~vii~~g. protect your confidential relationship with your client

~~viii~~h. keep informed of and obey all insurance laws and regulations

~~ix~~i. provide exemplary service to your clients

~~x~~j. avoid unfair or inaccurate remarks about the competition

~~x~~22. Be able to identify that the ~~California Insurance Code (~~CIC~~)~~ and the California Code of Regulations (CCR) identify many unethical and/or illegal practices, but they are NOT a complete guide to ethical behavior

~~y~~23. Be able to identify special ethical concerns that may occur when dealing with Senior Citizens ~~regarding pretext interviews (Section 791.03 of the CIC).~~

~~z~~24. Be able to identify the alterations an agent may make to an applicant's written disability application (Section 10382 of the CIC)

I. General Insurance (18 questions (25 percent) on the examination)

I.C. The Insurance Marketplace (7 questions of the 18 General Insurance questions)

I.C.3. Insurers

~~a~~1. Be able to differentiate between:

~~i~~a. admitted and nonadmitted insurers (Sections 24-25 of the CIC)

~~ii~~b. domestic, foreign and alien insurers (Sections 26-27 of the CIC)

~~iii~~c. regulation of an admitted insurer and non-admitted insurer, and the

potential consequences for consumers (Sections 24, 25, and 1760 - 1780 of the CIC

2. be able to identify the penalty for unlawfully acting as an insurer without a certificate of authority (Section 703 of the CIC)

~~b~~3. Be able to identify the functions of the following major operating divisions of insurers: ~~Marketing~~ marketing or ~~Sales~~sales, ~~Underwriting~~underwriting, ~~Claims~~claims, ~~Actuarial~~ and actuarial

~~c~~4. Be able to identify that a primary insurer (e.g., ceding company) is the insurance company who transfers its loss exposure to another insurer in a reinsurance transaction

~~d. Be able to identify the penalty for unlawfully acting as an insurer without a certificate of authority (CIC 703).~~

~~e~~5. Know that any person, association, organization, partnership, business trust, limited liability company, or corporation capable of making a contract ~~Be able to identify who~~ may be an insurer (Sections 19, 150 of the CIC)

~~i. person, association, organization, partnership, business trust, limited liability company or corporation (Section 19 of the CIC)~~

~~f~~6. Be able to differentiate between ~~Mutual~~mutual, ~~Stock~~ stock, and ~~Fraternal~~ fraternal insurers~~.~~

~~i~~a. earned surplus

~~ii~~b. divisible surplus as policy dividends

~~g. Be able to identify the meaning of post-claims underwriting and what Code restrictions apply (Section 10384 of the CIC)~~

I. General Insurance (18 questions (25 percent) on the examination)

I.C. The Insurance Marketplace (7 questions of the 18 General Insurance questions)

I.C.4. Market Regulation – General

~~a~~1. Be able to identify:

~~i~~a. the California Insurance Code (CIC) and how it may be changed ~~(Code);~~

~~ii~~b. the California Code of Regulations (CCR) Title 10, Chapter 5~~)~~ and how it may be changed ~~(Code)~~

~~iii~~c. how the ~~insurance~~ Insurance ~~commissioner~~ Commissioner is selected and the responsibilities of the position (Sections 12900, 12921 of the CIC)

2. Be able to identify that the California Department of Insurance (CDI) has jurisdiction over entities that provide coverages designed to pay for health care providers' services and expenses unless the health care providers are appropriately licensed or certified by other governmental agencies (Section 740 of the CIC)

a. CDI is the primary regulator of issuers of most Preferred Provider Organization (PPO) and Exclusive Provider Organization (EPO) plans and other disability insurance companies

b. the California Department of Managed Health Care is the Primary regulator of issuers of all Health Maintenance Organization (HMO) and Point of Service (POS) plans, and some PPO and EPO plans, http://www.dmhc.ca.gov/

~~b~~3. Be able to identify the correct application of the Unfair Practices article, including its prohibitions and penalties (Sections 790 -~~790.10~~ 790.15 of the CIC)

~~i~~a. know that only the Commissioner may enforce the provisions of the Unfair Practices Act

~~c~~4. Be able to identify the privacy protection provisions of:

~~i. the Gramm-Leach-Bliley Act~~

~~1) Be able to explain the rules regarding the collection and disclosure of customers' personal financial information by financial institutions~~

~~2) Be able to identify the requirements for all financial institutions to design, implement and maintain safeguards to protect customer information~~

a. The Cal-Gramm Leach Bliley Act (GLBA)/California Financial Information Privacy Act (SB 1) Section 4050 ~~CA~~ California Financial Code

b. ~~Insurance~~ insurance information and Privacy Protection Act regarding practices, prohibitions and penalties (CIC 791-791.26)~~d. Be able to identify the scope and correct application of the conservation proceedings described in the Code (Section 1011, 1013, 1016 of the CIC)~~

~~e~~5. Be able to define an insolvent insurer (Section 985 of the CIC)~~.~~

~~i~~a. ~~Know~~ know the definition of Paid-in Capital (Sections 36 and 985 of the CIC)

~~ii~~b. ~~Know~~ know that it is a misdemeanor to refuse to deliver any books, records, or assets to the Commissioner once a seizure order has been executed in an insolvency proceeding (Section 1013 of the CIC)

~~e~~6. Be able to identify the scope and correct application of the conservation proceedings described in the CIC (Sections 1011, 1013, and 1016 of the CIC)

~~f~~7. Be able to identify the purpose and scope of the ~~Code~~ CIC concerning the California Life and Health Insurance Guarantee Association (CLHIGA) (Sections 1067.02(a)(1), 1067.02(b)(1) of the CIC)

~~i~~a. basic coverage and exclusions of CLHIGA (Sections 1067 through CIC 1067.18 of the CIC)

~~g. Be able to identify the basic coverages and exclusions of CLHIGA (Section 1067-1067.18 of the CIC)~~

~~h. Be able to identify:~~

~~i. common circumstances that would suggest the possibility of fraud;~~

~~ii. efforts to combat fraud (Section 1872, 1874.6, 1875.8, 1875.14, 1875.20, 1877.3(b)(1) of the CIC;~~

~~iii that if an insured signs a fraudulent claim form, the insured may be guilty of perjury.~~

~~i~~8. Be able to identify the scope and correct application of the False and Fraudulent Claims article of the Code (Sections 1871, 1871.4 of the CIC)
   ~~ia~~. efforts to combat fraud (Sections 1872, 1874.6, 1875.8, 1875.14, 1875.20, 1877.3(b)(1) of the CIC)
   ~~ii~~b. that if an insured signs a false claim form, the insured may be guilty of perjury
~~j.~~9. Be able to identify the requirements for discontinuance and replacement of Group Disability Insurance (Sections 10128.1 - 10128.4 of the CIC)
~~k~~10. Be able to identify discriminatory practices prohibited by the California Insurance Code (Sections 10140-10145 of the CIC)
~~l~~11. Be able to identify the meaning of shall and may (~~as used in~~Section 16 of the CIC):
   ~~i. shall and may (Section 16 of the CIC)~~
   ~~ii. person (Section 19 of the CIC)~~
~~m~~12. Be able to identify the requirements for notice by mail and by electronic transmission (Sections 38, 38.5 of the CIC)

I. General Insurance (18 questions (25 percent) on the examination)
I.C. The Insurance Marketplace (7 questions of the 18 General Insurance questions)
I.C.5. Fair Claims Settlement Practices Regulations (Title 10, Chapter 5, Subchapter 7.5, Article 1 of the CCR)
1. Be able to identify a definition of the following:
   a. Claimant (Section 2695.2(c)~~, Title 10~~ of the CCR)
   b. Notice of ~~Legal Action~~legal action (Section 2695.2(o)~~, Title 10~~ of the CCR)
   c. Proof of ~~Claims~~ claims (Section 2695.2(~~o~~s)~~, Title 10~~ of the CCR)
2. Be able to identify File and Record Documentation (Section 2695.3~~, Title 10~~ of the CCR)
3. Be able to identify Duties ~~Upon~~ upon Receipt of Communications (Section 2695.5~~, Title 10~~ of the CCR)
4. Be able to identify Standards for Prompt, Fair and Equitable Settlements (Sections 2695.7(a), (b), (c), (g), and (h)~~, Title 10~~ of the CCR)

~~IV~~II. ~~Health~~ General Concepts of Medical and Disability Insurance (4 questions (5 percent) on the examination)
~~IV~~II.A. General Concepts (~~2~~ 4 questions of the 4 Health and Disability Insurance questions)
1. Be able to identify and/or apply your understanding of the following:
   a. accidental means vs. accidental bodily injury
      accident vs. sickness coinsurance

copayment	deductible
elimination period	extension of benefits
gatekeeper concept	managed care
master policy owner	preexisting conditions
probationary period	stop-loss provision
waiver of premium	waiting period

b. ~~policies -~~ cancellation and renewability features (e.g., cancellable, optionally renewable, conditionally renewable, ~~noncancelable,~~ guaranteed renewable, noncancellable ~~guaranteed renewable~~)

2. Be able to identify a definition of the following limited insurance policies:
   a. travel accident
   b. specified ~~and~~ or dread disease and critical illness
   c. hospital income and hospital confinement indemnity
   d. accident only
   e. credit disability
   ~~f. health~~

~~8~~3. Be able to describe the ways how limited benefit and voluntary benefit plans are paid:
   a. policies that provided benefits for expenses incurred for an accidental injury only
   b. policies that pay fixed dollar amounts for specified diseases or other specified impairments
   c. policies that provide benefits for specified limited services
   d. indemnity policies and other policies that pay a fixed dollar amount per day, excluding long-term care policies

~~9. Be able to identify other sources of coverage that should be considered when determining a family's health or disability insurance needs (e.g. workers compensation, social security, MediCareMedicare, work related benefits, etc.)~~

III. Medical Expense Insurance (~~49~~ 45 questions (~~65~~ 60 percent) on the examination)

III.A. ~~Medical Expense~~Individual Insurance (~~15~~ 14 questions of the ~~49~~ 45 Accident and Health Insurance questions)

1. Be able to identify the:
   a. main types of Managed Care plans ~~(e.g. Basic, Comprehensive Major Medical, Supplemental Major Medical)~~
   ~~b. plan structure (Health Maintenance Organization (HMO), Preferred Provider Organization (PPO), Exclusive Provider Organization (EPO), Self Funding, Indemnity, Dual Choice Plans)~~
      i. HMO
      ii PPO
      iii. EPO

~~i. Point of Service (POS)~~
~~ii. Medical Savings Accounts (MSAs)~~
~~iii. Flexible Spending Accounts (FSAs)~~
~~iv. Health Reimbursement Accounts (HRAs)~~
~~v. High Deductible Health Plans (HDHPs) and Health Savings Accounts (HSAs)~~
~~vi~~b. Consumer Driven Health Plans (CDHPs)
1) Point of Service (POS)
2) Medical Savings Accounts (MSAs)
3) High Deductible Health Plans (HDHPs) and Health Savings Accounts (HSAs)
~~vii. Employer self-funded health plans d. benefit structure (scheduled or usual, customary, reasonable)~~

~~e~~2. optional coverages
i. Adult Dental
ii. Adult Vision
iii. ~~Prescription Drug Card~~Know that pediatric dental and vision benefits are mandatory
~~iv. Supplemental Accident~~

~~f~~d. contract issues and ~~clauses (Family Deductible, Grace Period, Waiting Periods,Pre-existinconditions,Elimination Periods, Right to terminate, Coordination of Benefits, Take-over Benefits - coinsurance & deductible carryover; no loss, no gain, First dollar coverage, Restoration of Benefits);~~ provisions (deductibles, grace period, elimination periods, right to terminate, coordination of benefits, coinsurance, deductible, co-pays, maximum out of pocket expense)

~~g. Extension of Benefits (Consolidated Omnibus Budget Reconciliation Act [COBRA] and Cal-COBRA, family or medical leave, maternity)~~

~~h~~e. common exclusions and limitations~~.~~

~~2. Be able to identify that the Department of Insurance has jurisdiction over entities that provide coverages designed to pay for health care providers' services and expenses unless the health care providers are appropriately licensed or certified by other governmental agencies (Section 740 of the CIC)~~

~~3. Be able to identify how and why each of the following applies to eligibility and/or rating factors to affect rating structures:~~
~~a. demographics (gender, age, occupation);~~
~~b. industry~~
~~c. location, zip code~~
~~d. carrier history~~
~~e. medical history:~~
~~i. chronic or ongoing conditions~~

ii. catastrophic conditions
iii. pregnancies
iv. disabled employees and dependents (not actively at work, Extended benefits of a former carrier)
f. contribution (policy – contributing, non-contributing)
g. participation (employees & dependents – covered, eligible)

III. Medical Expense Insurance (45 questions (65560 percent) on the examination)

III.B. Group Medical Expense Insurance (8 questions of the 45 Accident and Health Insurance questions)

41. Know the following characteristics of group medical expense insuranceBe able to identify the regulatory requirements for group insurance:
    a. eligible groups and insureds (Sections 10270.5, 10270.505, 10270.55 and 10270.57 of the CIC)
        i. small groups (1-50 employees)
        ii. large groups (51+ employees)
        iii. contributory vs. noncontributory participation requirements
    b. coverage forms
        i. Managed Care Plans (HMO, POS, PPO, EPO)
        ii. Self-funded plans
        iii. Consumer-driven models
            1) Flexible Spending Accounts (FSAs)
            2) Health Reimbursement Accounts (HRAs)
    bc. coverage for dependents of insured employees (Section 10270.65 of the CIC)
        i. registered domestic partners (Section 10121.7 of the CIC)
    c. types of policies and premiums (Section 10200 of the CIC);
    d. incontestability (Section 10350.2 of the CIC);
    e. misstatement of age (Section 10369.3 of the CIC);
    f. certificate of insurance (Section 10270.63 of the CIC);
    gd. blanket insurance (Section 10270.2 of the CIC)
2. Large group health insurance underwriting considerations
    a. occupational class(es) represented
    b. group size and prior claims experience
3. Small group health insurance
    a. guaranteed issue
    b. businesses with 25 or fewer employees may be eligible for federal premium tax credits
        i. must purchase health insurance through the SHOP program
54. Be able to identify the impact of regulatory issuesthe following legislation on the Health industrygroup health insurance
    a. Employee Retirement Income Security Act (ERISA)

b. Consolidated Omnibus Budget Reconciliation Act (COBRA 1985)
c. Americans with Disabilities Act (ADA)
d. Health Insurance Portability and Accountability Act (HIPAA)
~~d~~e. Family and Medical Leave Act (FMLA)
~~e~~f. Pregnancy Discrimination Act
g. Mental Health Parity Act
h. Affordability under Patient Protection and Affordable Care Act (PPACA)
i. employer "Shared Responsibility" payments and other penalties
~~f. Health Insurance Portability and Accountability Act (HIPAA)~~
~~g~~i. Cal-COBRA ~~and,~~

~~**II. Accident and Health Insurance** (49 questions (65 percent) on the examination)~~
~~**B. Major Risk Medical Insurance Program (MRMIP)** (5 questions of the 49 Accident and Health Insurance questions)~~
~~1. Overview~~
~~2. Eligibility~~
~~3. Waiting Lists~~
~~4. Premiums~~

I~~**II. Accident and Health**~~**Medical Expense Insurance** (~~49~~ 45 questions (~~65~~60 percent) on the examination)

III.C. Patient Protection and Affordable Care Act (PPACA) (Public Law 111~~-~~through 148) (~~5~~ 8 questions of the ~~49~~ 45 Accident and Health Insurance questions)

1. Be able to identify the purpose of the Act
2. Overview
   a. Individual mandate and "Shared Responsibility" payment for failure to be insured
   b. Modified Adjusted Gross Income (MAGI) eligibility for Medi-Cal
      i. Individuals age 19 through 64 qualify with household income up to 138 percent of the Federal Poverty Level (FPL)
      ii. Children under age 19 qualify if household income is up to 266 percent FPL
   c. MAGI eligibility for Cost Sharing Reductions (CSR)
      i. Consumers qualify for varying CSRs between 138 percent and 250 percent FPL
   d. Know that health insurance is now guaranteed issue
      i. Know the definition of Open Enrollment Period
      ii. Know the requirements for a Special Enrollment Period
   e. Advance Premium Tax Credits (APTCs) may be available to most households with income not more than 400 percent FPL

i. Calculated by California Health Benefit Exchange (Covered California) and paid by the Exchange to insurers

3. PPACA Definitions
   a. Qualified Health Plan (QHP)
   b. Guaranteed issue - all new group and individual health policies
   c. Advanced Premium Tax Credits
   d. Essential Health Benefits
   e. Open Enrollment Period (OEP)
   f. Special Enrollment Period (SEP) requirements
   g. Cost Sharing Reductions
   h. Health plan metal tiers - Bronze, Silver, Gold, Platinum
   i. Individual Mandate and Shared Responsibility
4. Be able to identify and differentiate between
   a. QHP
   b. Minimum Essential Coverage
      i. Minimum actuarial value requirement of each “metal tier” of benefits
   c. Essential Health Benefits

~~2~~5. California Health Benefit Exchanges (Individual Exchange and Small Business Health Options Program Exchange (SHOP))
   a. Consumers must purchase a QHP through Covered California to obtain Premium Tax Credits
      i. Know that the SHOP program serves small businesses with up to 50 employees
   b. Know that agents writing applications for QHPs through Covered California must first complete all Covered California agent agreements and certification requirements
      i. Recertification is required every five years following initial certification

6~~3~~. ~~Minor and AdultChildren)~~Know that coverage for children under a parent’s policy may extend through age 25
   a. Know that COBRA permits a child who “ages out” of a group health plan to continue coverage under the group plan for up to 36 months
   ~~a. coverage for adult children up to age 26~~
   ~~b. guaranteed Issue for children under 19 years of age~~

~~4. relevant federal laws and regulations5~~7. Know the definition of Medical Loss Ratio (MLR)
   a. Individual Plans 80 percent
   b. Group plans 85 percent
   c. Know that any insurer that fails the MLR test in a calendar year for all plans in a given market segment (individual or group) must refund excess premiums to consumers enrolled in plans in that market segment

~~6. public coverage programs~~
- ~~a. Access for Infants and Mothers Program (Section 12695 of the CIC)~~
- ~~b. Healthy Families Program (Section 12693 of the CIC)~~
- ~~c. California Pre-Existing Condition Program (PCIP)~~
- ~~d. Health E-App (single application)~~
  - ~~i. apply for health coverage through Medi-Cal for Families or the Healthy Families Program (HFP)~~

I~~I~~I. ~~Accident and Health~~Medical Expense Insurance (~~49~~ 45 questions (~~65~~60 percent) on the examination)

III.D. Senior Health Products (~~7~~ 15 questions of the ~~49~~ 45 Accident and Health Insurance questions)

1. Medicare ~~and Medi-Cal~~
   - a. Be able to describe Original Medicare
   - b. ~~for~~ For Medicare ~~Products~~, be able to identify who is eligible for coverage:
     - i. Citizens and legal residents aged 65 or older
       - 1) must enroll at first eligibility or be subject to late enrollment penalties (10 percent of applicable premium for twice the length of time a beneficiary was not enrolled)
       - 2) legal residents must have been in the United States at least five years
       - 3) monthly premiums required when beneficiary is not "Fully Insured" under Social Security
         - a) 30-39 credits
         - b) 0-29 credits
     - ii. Social Security Disability (SSDI) – ~~2~~ two years
     - iii. End Stage ~~renal~~ Renal Disease (ESRD)~~. b. be able to identify Medicare Products~~
       - ~~i. original Medicare~~
       - ~~ii. Medicare Advantage plan~~
         - ~~1) HMO and PPO models~~
         - ~~2) Private Fee For Service plans (PFFS)~~
         - ~~3) Special Needs Plans (SNP)~~
         - ~~4) Demonstration Plans for ESRD or chronic or serious medical conditions~~
       - ~~iii. Medicare prescription drug plans~~
   - c. ~~for~~ Medicare Part A (Hospital Insurance), be able to ~~define~~identify:
     - i. inpatient coverage~~,~~(PPACA enrollment mandates, premiums, penalties, exclusions)
     - ii. benefit period (beginning and ending dates)
     - iii. hospital admission deductible~~s~~ ~~and iv. copayment~~

iv. Co-payments for hospital days 61 to 90, and the 60 lifetime reserve days
1) When lifetime reserve days are exhausted there are no out-of-pocket maximum for hospitalizations beyond 90 days
v. home care and hospice may be covered following a hospitalization
vi. mental health inpatient hospitalization limitations

d ~~for~~ Medicare Part B – (Medical Insurance) be able to ~~define~~identify:
i. Enrollment in Part B~~(and that a monthly premium is required)~~
1) Initial Eligibility Period (seven-month window)
2) Automatic eligibility at age 65 for citizens and legal residents entitled to Part A. Failure to enroll may result in a lifetime premium payment penalty of 10 percent for every 12-month period without being enrolled when required
3) Enrollment can be delayed when employer coverage is primary due to the active employment of the individual at age 65
4) Enrollment may be rejected without penalty if covered by any employer-sponsored health plan
5) Special Enrollment Period (eight-month window)
6) General Enrollment Period (January 1 to March 31)
~~1) know that enrollment in Medicare Part B can be delayed when employer coverage is primary due to the active employment of the individual at age 65 (or younger than 65 with ESRD), or their spouse, or a parent of a disabled dependent.~~
ii. ~~Benefits~~ A monthly premium is paid by all beneficiaries. High income beneficiaries are assessed higher monthly premiums.
~~1) medical and health services~~
~~2) physicians and surgeons~~
~~c. deductibles~~
iii Annual deductible
iv. Coinsurance
v. Benefits
1) Medically necessary outpatient health and diagnostic services
2) Physicians and surgeons services (in and out of hospital)
3) Home health and hospice care not covered under Part A
4) No annual out-of-pocket maximum for Part B claims
5) Payment differences between using approved physicians vs. non-approved physicians
~~d. Coinsurance~~

~~i~~e. ~~with regard to~~ Medicare Supplement ~~Policies~~Insurance, be able to identify:

1) the additional benefits included in plans B, C, D, F, G, K, L, M and N

i. The federally standardized ~~MediCare~~ Medicare Supplement policies and the gaps in ~~MediCare~~ Medicare coverage they are designed to fill

~~1) including Medicare Select plans~~

~~2) Medicare~~ii. California Insurance Code (CIC) requirements regarding the following:

1) benefits required in each standardized plan (Section 10192.8 of the CIC) and Medicare Select plans (Section 10192.10 of the CIC)

a) know that insurers offering ~~Medigap~~ Medicare Supplement policies must offer Medicare Supplement Plan A and either Plan C or F

b) open enrollment period described in Section 10192.11 of the CIC and application questions described in Section 10192.18 of the CIC

c) guaranteed issue periods described in Section 10192.12 of the CIC

d) permitted commissions (Section 10192.16 of the CIC)

e) inappropriate sales and replacement (Section 10192.20 of the CIC)

f) know that a person cannot have more than one Medicare Supplement plan and that applications must include a question to identify persons who already are enrolled in a Medicare Supplement plan

iii. The Medicare disclosure requirements for:

a) Outline of coverage (Section 10192.17(l)(3)(G) of the CIC)

b) Application (Section 10192.18(a)(6) of the CIC)

c) Replacement (Section 10192.18(e) of the CIC)

d) Commissioner's Annual Rate Guide (Section 10192.20(e)(4) of the CIC)

~~e~~f. ~~for~~ For Medicare Part C (Medicare Advantage) ~~be able to~~ describe the managed care aspects of the coverage provided by health care organizations ~~provide coverage~~

i. HMO and PPO models

ii. Private Fee For Service plans (PFFS)

iii. Special Needs Plans (SNP)

1) Medicare – Medi-Cal dual eligible ("Medi-Medi")

a) purpose
b. eligibility - who is eligible, including those with a Share of Cost
2) Persons with ESRD
iv. Know that enrollment in a stand-alone PDP automatically terminates enrollment in a Medicare Advantage plan
v. Coverage
1) must cover all benefits provided under Original Medicare but may cover claims to a different extent than Original Medicare
2) may reduce out-of-pocket costs for senior health care
3) may include additional health care benefits not covered by Original Medicare
4) may include optional and/or "value added" services and benefits

~~f~~g. ~~for~~ For Medicare Part D (Prescription Drug Plan) be able to identify:
i. ~~coverage~~ enrollment is optional ~~– Penalties for non-creditable coverage~~
1) That failure to maintain "creditable coverage" for prescription drugs after age 65 may result in a lifetime one percent per month premium penalty for each month without such coverage
ii. premiums, deductibles and copayments
~~g~~iii. be able to identify how Medicare enrollment periods:
~~i.~~1) Initial Enrollment Period (IEP)
~~ii~~A. Annual Enrollment Period (AEP) also known as Open Enrollment Period (OEP)
~~iii. Open Enrollment Period (OEP)~~
~~iv~~B. Special Enrollment Period (SEP)
iv. That PDPs may be purchased as stand-alone plans or embedded within Medicare Advantage plans.
v. That a beneficiary may enroll in a PDP if they are enrolled in Part A and/or Part B
vi. The coverage periods, deductibles, and co-payments in a PDP
vii. The coverage gap and catastrophic coverage, and when each applies to a beneficiary
viii. Insurance companies must create and annually file a formulary
1) Be able to explain formulary "tiers" and their importance
2) A formulary must include at least two drugs in each treatment category, but is not required to include all drugs

h. ~~be~~ Be able to identify how Medicare claims payments are handled in the original Medicare Fee for Service program:

i. how Medicare claims are submitted by Medicare contracted participating providers and suppliers to Centers for Medicare and Medicaid Services' (CMS)
ii. "Medicare assignment" vs. non-assignment
iii. contracted participating providers and suppliers
iv. Medicare providers required to submit claims
viii. what information is provided by a "Medicare Summary Notice" (MSN)
viiv. exclusions common coverage exclusions for Part A and B
vii. when a beneficiary has the Rights of Appeal and how an appeal is processed

i. with regard to Medicare Supplement Policies, be able to identify:
i. the federally standardized Medicare Supplement policies and the gaps in Medicare coverage they are designed to fill.
1) including Medicare Select plans
2) Medicare
ii. California Insurance Code (CIC) requirements regarding the following:
1) benefits required in each standardized plan (Section 10192.8 of the CIC) and Medicare Select plans (Section 10192.10 of the CIC)
a) know that insurers offering Medigap policies must offer Medicare Supplement Plan A and either Plan C or F
b) open enrollment period described in Section 10192.11 of the CIC and application questions described in Section 10192.18 of the CIC
c) guaranteed issue periods described in Section 10192.12 of the CIC
d) permitted commissions (Section 10192.16 of the CIC)
e) appropriate sales and replacement (Section 10192.20 of the CIC)

j. For Medi-Cal, be able to identify:
i. purpose
ii. eligibility – who is eligible, including those with a Share of Cost

2. Health Insurance and Counseling Advocacy Program (HICAP)
a. Be able to identify that HICAP is a state and federally funded program that provides free assistance to Medicare beneficiaries and their families concerning Medicare, Medicare Advantage, Medicare Supplement Insurance, Medi-Cal, and Long-Term Care Insurance
i. the educational services, consumer advocacy, and legal assistance

provided
ii. the program is administered by the Department of Aging and operated locally by Area Agencies on Aging
iii. HICAPs provide assistance by phone or in person, some HICAPs can also provide legal assistance in regard to Medicare and Medi-Cal.
1) Contact information for the local HICAP agencies can be found at: https://www.aging.ca.gov/hicap/countyList.aspx

~~**II. Accident and Health Insurance** (49 questions (65 percent) on the examination)~~

~~**E. Disability Insurance** (5 questions of the 49 Accident and Health Insurance questions)~~

~~1. Worker's Compensation~~

~~a. Twenty-Four (24) Hour Coverage and General Concepts~~

~~i. Be able to be able to identify~~

~~1) what "24 Hour coverage" is~~

~~2) how "24 Hour coverage" concept differs from the policies that it is designed to replace (Section 1749.02 of the CIC)~~

~~ii. Be able to identify the effect on the legal relationship between the employee and the employer that was intended when workers compensation laws were written~~

~~iii. Be able to identify situations where workers compensation coverage is required by law and the methods used to provide the coverage~~

~~iv Be able to identify how the coverage provided by a workers compensation policy in California is determined and who pays the premium~~

~~v. Be able to recognize common circumstances where workers compensation policies would or would not provide coverage for an injury or sickness~~

~~vi Be able to identify the four different types of benefits provided~~

~~vii. Be able to identify that covered medical expenses have no time or dollar limits~~

~~viii. Be able to identify reasons why Employers Liability coverage is necessary in addition to workers compensation~~

~~ix. Be able to identify the agent's education requirement that authorizes the accident and health agent to sell Workers' Compensation coverage (Section 1749.33[d] of the CIC)~~

~~**II.F. Accident and Health Insurance (49 questions (65 percent) on the examination)**~~

~~F. Social Insurance System (5 questions of the 49 Accident and Health Insurance questions)~~

1. Be able to differentiate between the characteristics of social and private insurance

2. Be able to identify the Social Security system's requirements to be partially insured or fully insured
   a. Be able to identify the term blackout period and its effect on the surviving spouse benefits
3. Be able to identify the kinds of benefit payments paid and the insured status required for the following types of benefits
   a. survivor(s)
   b. disability
   c. retirement

II. Accident and Health Insurance (49 questions (65 percent) on the examination)

G. Underwriting, Pricing, Claims (5 questions of the 49 Accident and Health Insurance question1. Be able to identify the following and their role in the underwriting process
   a. Medical Information Bureau
   b. attending physician's statement
   c. know what is required when an applicant reveals conditions that require more information
   d. standard, substandard, and preferred risks
2. Be able to identify that there are standards established for insurers requiring them to avoid unfair underwriting for the risk of HIV or AIDS in California (Section 799 of the CIC)
3. Be able to identify:
   a. mortality cost; **morbidity**
   b. insurer expenses
   c. investment return

II. Accident and Health Insurance (49 questions (65 percent) on the examination)

H. Financial Structure of Insurers (2 questions of the 49 Accident and Health Insurance questions)
1. Be able to identify the **National Association of Insurance Commissioners** (NAIC) or California Accident and Health insurer requirements regarding the investment of assets
2. Be able to identify
   a. earned surplus
   b. policy dividends
3. Be able to identify the major financial reports insurers are required to make

IV. Disability Income Insurance (4 questions (5 percent) on the examination)

IV.A. Individual Disability Income Insurance Underwriting, Pricing, Claims (4 questions (5 percent) on the examination)

1. Purpose of underwriting
   - a. prevention of adverse selection
   - b. properly classify risks
     - i. be able to differentiate between preferred, standard, and substandard risk classification
     - ii. identify underwriting alternatives to substandard exclusions
2. Process of underwriting
   - a. Be able to identify the responsibility of the agent as the field underwriter
     - i. field underwriting prior to application
     - ii. the application must be completed accurately and truthfully to the best of the agent's ability
     - iii. the agent's report
     - iv. know that the insurers must not make unfair distinctions between individuals in underwriting for the risk of human immunodeficiency virus (HIV) and acquired immune deficiency syndrome (AIDS) (Section 799 of the CIC)
     - v. know that insurers may not unfairly discriminate on the basis of tests of a person's genetic characteristics (Section of 10146 of the CIC).
       - 1) "Genetic characteristics" means any scientifically or medically identifiable gene or chromosome that is known to be a cause of a disease or disorder that is presently not associated with any symptoms of any disease or disorder (Section 10147(b) of the CIC)
   - b. Completing the application
     - i. know that basic underwriting requirements will vary based on the company
   - c. Know that additional information may be required if an application reveals certain health conditions or other risk exposures
     - i. MIB Inc. report
     - ii. Attending Physician's Statement (APS)
     - iii. credit and/or inspection report
     - iv. Department of Motor Vehicle (DMV) report
     - v. hazardous activity questionnaires (e.g., aviation, scuba diving, auto/boat/motorcycle racing)
     - vi. additional medical testing (e.g., electrocardiogram (EKG), treadmill examination, physician examination)
3. Underwriting outcomes
   - a. insurer

b. insured
c. agent

4. Be able to identify the following rate-making components:
   a. morbidity
   b. insurer expenses
   c. investment return
   d. benefit duration
      i. probationary period
      ii. elimination period

5. For disability income insurance be able to identify:
   a. the need for the coverage
   b. definitions of partial and total disability (including Social Security definition) and eligibility requirements
   c. the difference between occupational and nonoccupational coverage
   d. how federal income tax applies to payments
   e. reasons for insurer limitations on coverage amounts

6. Be able to identify the uses of disability income:
   a. individual disability income policy
   b. business overhead expense policy
   c. business disability buyout policy
   d. group disability income policy
   e. key employee and partner policies

7. Be able to identify how and why each of the following applies to eligibility and/or rating factors to influence rating structures:
   a. age
   b. gender
   d. job classification
   e. avocations
   f. health (past and present)

8. Be able to identify the income tax liabilities on premiums and benefits for the participants and of sponsors of the following policies:
   a. group
   b. individual

9. Be able to identify each of the following provisions and/or riders for Disability Insurance:
   a. maximum and minimum benefits
   b. notice of claim
   c. automatic increase provision / future purchase provision
   d. own occupation vs. any occupation definitions of disability
   e. cost of living rider
   f. benefit period

g. social insurance substitute (or supplement) rider
h. benefit integration
i. residual disability
j. rehabilitation benefit
k. recurring disability
l. transplant benefit
m. return of premium rider

~~III~~V. Long-~~term~~ Term Care ~~insurance~~ Insurance (4 questions (5 percent) on the examination)

V.A. Long-Term Care (Section 10231 of the CIC) (4 questions (5 percent) on the examination)

1. Regarding long-term care insurance, be able to identify:
   a. why this coverage might be needed (i.e. Medicare limitations, Medi-Cal eligibility)
   b. ~~evaluations to make before purchasing~~the standard levels of care
      i. skilled nursing
      ii intermediate nursing
      iii. custodial or non-skilled nursing
      iv. home health
      v. home care
      iv. community based services
   c. places services are generally provided
      i. nursing homes
      ii. assisted living facilities
      iii. residential care facilities for the elderly (RCFE)
      iv. home setting, personal care
      v. hospice care
      vi. respite care
      vii. adult day care centers
   d. the triggers for policy benefits - Activities of Daily Living (ADL), Cognitive Impairment or Alzheimer's disease
   e. marketing standards and responsibilities including Health Insurance Counseling and Advocacy Program (HICAP) (Section 10234.95(c)(3) of the CIC)
   f. LTC Coverage Methods
      i. individual and group policies
         1) tax qualified
         2) non-tax qualified
         3) California Partnership for Long-Term Care (Section 58056 of

the CCR)

i. endorsement/rider to life or annuity policies

ii. range of daily and policy limits

iii. suitability standards (Section 10234.95(c) of the CIC)

c. the types of benefits available (nursing home, assisted living, home care, hospice, respite care, adult day care)

d. the triggers for benefits (Activities of Daily Living (ADL))

e. ways to issue contacts (individual, group, endorsement to life policy);

f. types of contract limits (daily benefits and policy maximum limits)

g. guaranteed renewability and rates increases

2. Be able to identify the California Insurance Code requirements regarding long-term care policies:

a. long-term care Insurance definition

b. Nursing Facility and Residential Care Only, Home Care, Comprehensive Policy (CIC 10232.1)

i. know that the following are standard levels of care:

1) skilled nursing care;

2) intermediate nursing care;

3) non-skilled nursing care;

4) assisted living;

5) personal care;

6) home health care;

7) home care;

8) community based.

c. suitability standardsd. marketing standards and responsibilities including Health Insurance Counseling and Advocacy Program (HICAP) (Section 10234.93 of the CIC) e. requirement to offer inflation protection and signed rejection (Section 10237.1 and 10237.5 of the CIC).

f. types of policies

i. tax qualified

ii. non-tax qualifie

iii. California Partnership for Long-Term Care

32. Consumer protection regarding long-term care insurance:

a. be able to identify the provisions about duty of honesty, good faith, and fair dealing (Section 10234.8 of the CIC)

b. be able to identify the provisions about replacement of long-term care insurance unnecessarily (Section 10234.85 of the CIC)

c. be able to identify the provisions about advertisement and the “cold lead device” disclosure (Section 10234.9(c) of the CIC)

d. be able to identify the provisions about replacement coverage (Section 10234.97(a) and (b) of the CIC)a. Be able to identify the provisions about duty of honesty, good faith, and fair dealing (Section 10234.8 of the CIC)
b. Be able to identify the provisions about replacement of long-term care insurance unnecessarily (Section 10234.85 of the CIC)
c. Be able to identify the provisions about advertisement and the "cold lead device" disclosure (Section 10234.9(c) of the CIC)
d. Be able to identify the provisions about replacement coverage (Section 10234.97(a) and (b) of the CIC)

IV. Health and Disability Insurance (4 questions (5 percent) on the examination)

A. General Concepts (2 questions of the 4 Health and Disability Insurance questions)

1. Be able to identify and/or apply your understanding of the following:
   a. extension of benefits — waiting period
      deductible — elimination period
      probationary period — copayment
      managed care — waiver of premium
      preexisting conditions — coinsurance
      stop-loss provision — master policy owner
      gatekeeper concept — accident vs. sickness
   b. policies - cancellation and renewability features (e.g., cancelable, noncancelable, guaranteed renewable, noncancelable-guaranteed renewable)
2. Be able to identify a definition of the following limited insurance policies:
   a. travel accident
   b. specified and dread disease and critical illness
   c. hospital income and hospital confinement indemnity
   d. accident only
   e. credit
   f. health
8. Be able to describe the ways how limited benefit plans are paid:
   a. policies that provided benefits for expenses incurred for an accidental injury only
   b. policies that pay fixed dollar amounts for specified diseases or other specified impairments
   c. policies that provide benefits for specified limited services
   d. indemnity policies and other policies that pay a fixed dollar amount per day, excluding long-term care policies
9. Be able to identify other sources of coverage that should be considered when

~~determining a family's health or disability insurance needs (e.g. workers compensation, social security, MediCare, work related benefits, etc.)~~