

Virginia Health Insurance Examination
Series 11-06
90 scored (15 pre-test) questions – Two-hour time limit

1.0 Insurance Regulation

17% (15 items)

1.1 Licensing

General Provisions and Definitions (38.2-1800)

Process (38.2-1819)

Types of licensees

Agents (38.2-1800.1(A), 1801, 1814–1815.1, 1817–1820, 1822(A), (B), 1824)

Consultants (38.2-1837–1840)

Nonresidents (38.2-1836, 1845)

Business entities (38.2-1800.1(B), 1820, 1822(C), (D))

Exceptions (38.2-1821.1, 1822 (G))

Maintenance

Duration and termination (38.2-1825, 1826)

Address and/or name changes (38.2-1826(A))

Assumed names (38.2-1822(E), (F))

Requirement to report felony convictions (38.2-1826(B))

Requirement to report other states actions (38.2-1826(C))

Continuing education (38.2-1866, 1868.1–1871)

Appointment procedures (38.2-1825, 1833–1834.1)

Agent's contract with insurer versus agent's appointment with insurer

Agent's appointment versus agency's appointment

Solicitation prior to appointment

Appointment requirement after becoming licensed

Acknowledgment of appointment/notice to agent

Requirement to cease solicitation

Termination of appointment/notice to agent

Termination of license without active appointment

Disciplinary actions

Probation, suspension, revocation or refusal to issue or renew (38.2-1821, 1831, 1832)

Cease and desist order (38.2-219)

Penalties (38.2-218, 219, 1823, 1831)

1.2 State regulation

State Corporation Commission's general duties and powers (38.2-200)

Agent regulation

Acting for an unlicensed insurer (38.2-1802)

Record retention (38.2-1809(B))

Activities of unlicensed individuals (38.2-1821.1(B), 1822(G); AL 2002-9)

Payment and sharing of commissions (38.2-1812)

Charging of fees (38.2-310)

Illegal compensation; exceptions (38.2-1812.2)

Fiduciary capacity (38.2-1813)

Responsibility of trust accounts (38.2-1813)

Unfair trade practices

Misrepresentation (38.2-502, 512)

False advertising (38.2-503)

Defamation (38.2-504)

Notice of Adverse Underwriting Decisions (38.2-610-612)

False statements and entries (38.2-506)

Rebating (38.2-509)

Twisting (38.2-1831(5))

Referrals (38.2-1821.1 (B) 8)

Insurance information and privacy protection (38.2-604, 613.2)

1.3 Federal regulation

- Fair Credit Reporting Act (15 USC 1681–1681d)
- Fraud and false statements (18 USC 1033, 1034)
- Continuation (38.2-3541)
- ACA-Related Federal Market Reforms (Article 6, 38.2-3438 through 3454.1)
 - Definitions (38.2-3438)
 - Individual health insurance coverage
 - Dependent coverage (38.2-3439)
 - Lifetime and annual limits (38.2-3440)
 - Restrictions relating to premium rates (38.2-3447)
 - Essential health benefits (38.2- 3451)
 - Waiting periods (38.2-3452)

1.4 Industry regulation

- National Association of Insurance Commissioners (NAIC)

2.0 General Insurance

10% (9 items)

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
 - Self insurers
- Private versus government insurers
- Admitted versus nonadmitted insurers
- Domestic, foreign and alien insurers
- Financial status (independent rating services) and operating results
- Marketing (distribution) systems

2.3 Agents and general rules of agency

- Types
 - Captive
 - Independent
- Insurer as principal
- Agent of insurer
- 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
- Distinct characteristics of an insurance contract
 - Contract of adhesion
 - Aleatory contract
 - Personal contract
 - Unilateral contract
 - Conditional contract
- Legal interpretations affecting contracts
 - Ambiguities in a contract of adhesion
 - Reasonable expectations
 - Indemnity
 - Utmost good faith
 - Representations/misrepresentations
 - Warranties
 - Concealment
 - Fraud
 - Waiver and estoppel

3.0 Health Insurance Basics

12% (11 items)

3.1 Definitions of perils

- Accidental injury
- Sickness

3.2 Principal types of losses and benefits

- Loss of income from disability
- Medical expense
- Dental expense
- Long-term care expense

3.3 Classes of health insurance policies

- Individual versus group
- Private versus government
- Limited versus comprehensive

3.4 Limited policies

- Limited perils and amounts
- Required notice to insured
- Types of limited policies
 - Accident-only
 - Specified (dread) disease
 - Hospital indemnity (income)
 - Credit disability
 - Blanket insurance (teams, passengers, other)
 - Prescription drugs
 - Vision care
 - Critical illness (specified conditions)
 - Short-term medical

3.5 Common exclusions from coverage

- Pre-existing conditions
- Intentionally self-inflicted injuries
- War or act of war
- Elective cosmetic surgery
- Conditions covered by workers compensation
- Government plans
- Participation in a felony or illegal occupation

3.6 Agent responsibilities in individual health insurance

Marketing requirements

Advertising (14 VAC 5-90-10–180)

Virginia Life, Accident and Sickness Insurance Guaranty Association (38.2-1700, 1715)

Sales presentations

Field underwriting

Nature and purpose

Application procedures

Requirements at delivery of policy

Notification of Medicare eligibility

3.7 Individual underwriting by the insurer

Sources of underwriting information

Application

Agent report

Attending physician statement

Investigative consumer (inspection) report

Medical Information Bureau (MIB)

Medical examinations and lab tests (including HIV consent) (38.2-613.01; 14 VAC 5-180-50)

Unfair discrimination (38.2-508(2))

Discrimination against victims of domestic violence (38.2-508(7))

Genetic information privacy (38.2-508.4, 613(D))

Classification of risks

Preferred

Standard

Substandard

Declined

3.8 Considerations in replacing health insurance

Pre-existing conditions (38.2-3514)

Pre-existing condition exclusion (38.2-3514.1)

Benefits, limitations and exclusions

Underwriting requirements

Virginia replacement requirements (14 VAC 5-140-90)

4.0 Individual Health Insurance Policy General Provisions

16% (14 items)

4.1 Uniform required provisions (38.2-3503 A)

Entire contract; changes

Time limit on certain defenses

Grace period

Reinstatement

Notice of claim

Claim forms

Proofs of loss

Time of payment of claims

Payment of claims

Physical examinations and autopsy

Legal actions

Change of beneficiary

Cancellation by insured

4.2 Uniform optional provisions (38.2-3504)

Change of occupation

Misstatement of age

Other insurance in this company

Insurance with other companies

Expense-incurred basis

Other benefits

Unpaid premium

- Cancellation by company
- Conformity with state statutes
- Illegal occupation
- Intoxicants and narcotics

4.3 Other general provisions

- Right to examine (free look) (38.2-3502)
- Insuring clause
- Consideration clause
- Renewability clause (38.2-3514.2; 14 VAC 5-140-50 A-C)
 - Noncancelable
 - Guaranteed renewable
 - Conditionally renewable
 - Renewable at option of insurer
 - Nonrenewable (cancelable, term)
- Interest on claim proceeds (38.2-3407.1)
- Military suspension provision (14 VAC 5-140-50(E))

5.0 Disability Income and Related Insurance

9% (8 items)

5.1 Qualifying for disability benefits

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

5.2 Individual disability income insurance

- Basic total disability plan
 - Income benefits (monthly indemnity)
 - Elimination and benefit periods
 - Waiver of premium benefit
 - Additional monthly benefit (AMB)
 - Social insurance supplement (SIS)
 - Occupational versus nonoccupational coverage
- At-work benefits
 - Partial disability benefit
 - Residual disability benefit
- Other provisions affecting income benefits
 - Cost of living adjustment (COLA) rider
 - Future increase option (FIO) rider
 - Annual renewable term rider
 - Relation of earnings to insurance (38.2-3504)
 - Change of occupation
- Other cash benefits
 - Accidental death and dismemberment
 - Rehabilitation benefit
 - Medical reimbursement benefit (non disabling injury)
- Refund provisions
 - Return of premium
 - Cash value benefit
- Exclusions

5.3 Unique aspects of individual disability underwriting

- Occupational considerations
- Benefit limits
- Policy issuance alternatives

5.4 Group disability income insurance

- Group versus individual plans

Short-term disability (STD)

Long-term disability (LTD)

5.5 Business disability insurance

Key employee (partner) disability income

Business overhead expense policy

Business Disability buyout policy

5.6 Social Security disability

Qualification for disability benefits

Definition of disability

Waiting period

Disability income benefits

5.7 Workers compensation

Eligibility

Benefits

6.0 Medical Plans

10% (9 items)

6.1 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

6.2 Types of providers and plans

Major medical insurance (insurers)

Characteristics

Common limitations

Common exclusions from coverage

Deductibles

Coinsurance feature

Stop-loss feature

Maximum benefits

Health services plans

Definitions (38.2-4201)

Plans offered (38.2-4202–4204, 4209)

Other services (38.2-4205)

Qualified providers (38.2-4221)

Choice of provider or pharmacy (38.2-4209.1, 4218)

Provider panels (38.2-3407.10)

Disclosure of benefits (38.2-4219)

Subscribers

Health maintenance organizations (HMOs) (38.2-4300–4323; 14 VAC 5-211)

Combined health care delivery and financing

Limited service area/out of area benefits

Limited choice of providers

Gatekeeper concept

Copayments

Prepaid basis

Preventive care services

Primary care physician versus referral (specialty) physician

Emergency care

Hospital services

Other basic services

Subscribers

Preferred provider organizations (PPOs)

General characteristics

Open panel or closed panel

- Point-of-service (POS) plans
 - Nature and purpose
 - Out-of-network provider access (open-ended HMO)
 - PCP referral
 - Indemnity plan features
- TRI-CARE
- Virginia Family Access to Medical Insurance Security Plan (FAMIS) (RL 32.1-351)

6.3 Cost containment in health care delivery

- Cost-saving services
 - Preventive care
 - Outpatient ambulatory services
 - Alternatives to hospital services
- Utilization management
 - Prospective review
 - Concurrent review

6.4 Virginia eligibility requirements

- Dependent child age limit (38.2-3500(C), 3525)
- Coverage for adopted children (38.2-3411.2)
- Newborn child coverage (38.2-3411)
- Medical child support coverage (38.2-3407.2)
- Intellectual disability and physical handicap dependent coverage (38.2-3409)

6.5 HIPAA (Health Insurance Portability and Accountability Act) requirements (38.2-3430.1–9, 3432.1–3)

- Eligibility
- Guaranteed issue
- Pre-existing conditions
- Creditable coverage
- Renewability

6.6 Health Savings Accounts (HSAs) and Health Reimbursement Accounts (HRAs)

- Definition
- Eligibility
- Contribution limits

7.0 Group Health Insurance

8% (7 items)

7.1 Characteristics of group insurance

- Group contract
- Certificate of coverage (38.2-3533)
- Experience rating versus community rating

7.2 Defined groups (38.2-3521.1)

- Employer
- Creditor
- Labor union
- Association
- Credit union

7.3 Marketing considerations

- Advertising
- Regulatory jurisdiction/place of delivery

7.4 Employer group health insurance

- Insurer underwriting criteria
 - Characteristics of the group
 - Plan design factors
 - Persistency factors
 - Administrative capability
- Eligibility for insurance
 - Annual open enrollment
 - Employee eligibility
 - Dependent eligibility

- Coordination of benefits provision
- Change of insurance companies or loss of coverage
 - Coinsurance and deductible carryover
 - No-loss no-gain
 - Events that terminate coverage
 - Reinstatement of coverage for military personnel (38.2-508.1(B))
 - Notification of Medicare eligibility
 - Extension of benefits
 - Continuation of coverage under COBRA and Virginia specific rules (38.2-3541)

7.5 Small employer medical plans (38.2-3431–3437)

- Definition of small employer (38.2-3431)
- Availability of coverage (38.2-3431(C), 3432.2)
- Disclosure of coverage provisions (38.2-3434)
- Enrollment eligibility (38.2-3436)
- Renewability (38.2-3432.1)

8.0 Dental Insurance

2% (2 items)

8.1 Types of dental treatment

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

8.2 Indemnity plans

- Choice of providers
- Scheduled versus nonscheduled plans
- Benefit categories
 - Diagnostic/preventive services
 - Basic services
 - Major services
- Deductibles and coinsurance
- Combination plans
- Exclusions
- Limitations
- Predetermination of benefits

8.3 Employer group dental expense

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

9.0 Insurance for Senior Citizens and Special Needs Individuals

14% (13 items)

9.1 Medicare

- Nature, financing and administration
- Part A — Hospital Insurance
 - Individual eligibility requirements
 - Enrollment
 - Coverages and cost-sharing amounts
- Part B — Medical Insurance
 - Individual eligibility requirements
 - Enrollment
 - Coverages and cost-sharing amounts
 - Exclusions
 - Claims terminology and other key terms
- Part C — Medicare Advantage
- Part D — Prescription Drug Insurance

9.2 Medicare supplement insurance (14 VAC 5-170-10–220)

Purpose (14 VAC 5-170-10)

Open enrollment (14 VAC 5-170-100)

Rating of Medicare supplement plans (14 VAC 5-170-30)

Attained age

Issue age

Community rated

Standardized Medicare supplement plans (14 VAC 5-170-75, 85, 87)

Core benefits

Additional benefits

High deductible plans

Virginia regulations and required provisions

Standards for marketing (14 VAC 5-170-180)

Advertising (38.2-3609; 14 VAC 5-170-170)

Appropriateness of recommended purchase and excessive insurance (14 VAC 5-170-190)

Buyer's guide (14 VAC 5-170-150(A)(6))

Outline of coverage (38.2-3606; 14 VAC 5-170-150(D))

Right to return (free look) (38.2-3604; 14 VAC 5-170-150(A)(5))

Replacement (14 VAC 5-170-160, 210)

Prohibited policy provisions (14 VAC 5-170-210)

Minimum benefit standards (14 VAC 5-170-75)

Required disclosure provisions (14 VAC 5-170-150)

Pre-existing conditions (38.2-3605)

Permitted compensation (14 VAC 5-170-140)

Guaranteed issue for eligible persons (14 VAC 5-170-105)

Continuation and conversion requirements (14 VAC 5-170-75(B)(5)(c), (d))

Medicare SELECT (14 VAC 5-170-90)

9.3 Other options for individuals with Medicare

Employer group health plans

Disabled employees

Employees with kidney failure

Individuals age 65 and older

Medicaid

Eligibility

Benefits

9.4 Long-term care (LTC) policies (38.2-5200–5210; 14 VAC 5-200-10–210)

LTC, Medicare and Medicaid compared

Eligibility for benefits (14 VAC 5-200-187)

Levels of care

Skilled care

Intermediate care

Custodial care

Home health care (14 VAC 5-200-50, 90)

Adult day care (14 VAC 5-200-50)

Respite care

Benefit periods

Benefit amounts

Optional benefits

Guarantee of insurability

Return of premium

Qualified LTC plans (14 VAC 5-200-40)

Deductibility of premiums for LTC insurance for state income tax purposes

Exclusions (14 VAC 5-200-60(B))

Underwriting considerations

Virginia regulations and required provisions

Standards for marketing (14 VAC 5-200-170)

Advertising (14 VAC 5-200-160)
Consumer guide (38.2-5207(3))
Outline of coverage (38.2-5207, 5207.1; 14 VAC 5-200-200)
Suitability including personal worksheet (14 VAC 5-200-175)
Right to return (free look) (38.2-5208)
Replacement (14 VAC 5-200-110, 190)
Renewal considerations (14 VAC 5-200-60(A))
Continuation of benefits (14 VAC 5-200-60(D))
Required disclosure provisions (14 VAC 5-200-70)
Incontestability (38.2-5209)
Inflation protection (14 VAC 5-200-100)
Unintentional lapse (14 VAC 5-200-65)
Pre-existing conditions (38.2-5204; 14 VAC 5-200-190)
Nonforfeiture benefit (38.2-5210; 14 VAC 5-200-185)
Benefit triggers (14 VAC 5-200-70(G), 187)

10.0 Federal Tax Considerations for Health Insurance

2% (2 items)

10.1 Personally-owned health insurance

Disability income insurance
Medical expense insurance
Long-term care insurance

10.2 Employer group health insurance

Disability income (STD, LTD)
Medical and dental expense
Long-term care insurance
Accidental death and dismemberment

10.3 Medical expense coverage for sole proprietors and partners

10.4 Business disability insurance

Key person disability income
Business overhead expense
Business Disability Buyout

10.5 Health Savings Accounts (HSAs), Health Reimbursement Accounts (HRAs), and Flexible Spending Accounts (FSAs)

Health Savings Accounts
Health Reimbursement Accounts
Flexible Spending Accounts
High Deductible Health Plans