TEXAS INSURANCE
LIFE AND HEALTH-GENERAL KNOWLEDGE
CONTENT OUTLINE
March 1, 2016 Exam Summary
Life and Health Agent; 150 Questions, 150 Minutes
Product Knowledge, Terms and Concepts
(100 scoreable questions plus 20 pretest questions)

Please note: It is very important that you refer to the Updates/Errata Icon on your course dashboard located under Study Tools. Any updated study material for your state insurance exam is located in the Updates/Errata Icon.

I. TYPES OF POLICIES .......................................................... 12 Questions
A. Traditional whole life products
   1. Ordinary whole life 8.4
   2. Limited-pay and single-premium life 8.4.2.2, 8.4.2.3
B. Interest/market-sensitive life products
   1. Universal life 8.5.2.2
   2. Variable whole life 8.5.2.3
   3. Variable universal life 8.5.2.4
   4. Interest-sensitive whole life 8.4.2.4
   5. Indexed life 8.5.2.5
C. Term life
   1. Types 8.3.2
      a. Level 8.3.2.4
      b. Decreasing 8.3.2.5
      c. Return of premium 8.3.2.8
      d. Annually renewable 8.3.2.1
   2. Special features 8.3.1
      a. Renewable 8.3.2.1
      b. Convertible 8.3.2.2
D. Annuities
   1. Single and flexible premium 12.6.1, 12.6.2, 12.6.3
   2. Immediate and deferred 12.4
   3. Fixed and variable 12.7, 12.8
   4. Indexed 12.13
E. Combination plans and variations
   1. Joint life 8.8.1.6
   2. Survivorship life (second to die) 8.8.1.6

II. LIFE POLICY RIDERS, PROVISIONS, OPTIONS,
AND EXCLUSIONS .............................................................. 18 Questions
A. Policy riders
   1. Waiver of premium and
      waiver of monthly deduction 10.3.2, 10.3.3
2. Guaranteed insurability 10.3.5
3. Payor benefit 10.3.4
4. Accidental death and/or accidental death and dismemberment 10.3.1
5. Term riders 11.4.3
6. Other insureds 10.3.9
7. Long-term care 10.3.12
8. Return of premium 10.3.6

B. Policy provisions and options
1. Entire contract 9.3.2
2. Insuring clause 9.3.1
3. Free look 9.3.17
4. Consideration 9.3.3
5. Owner’s rights 9.3.5
6. Beneficiary designations 9.3.18
   a. Primary and contingent 9.3.18.3
   b. Revocable and irrevocable 9.3.18.1
   c. Common disaster 9.3.18.8.1
   d. Minor beneficiaries 9.3.18.5.1
7. Premium payment 9.3.4
   a. Modes 4.6.3, 9.3.4
   b. Grace period 9.3.7
   c. Automatic premium loan 9.3.7.1
   d. Level or flexible 4.6.3, 8.4.2.4
8. Reinstatement 9.3.8
9. Policy loans, withdrawals, partial surrenders 9.3.9, 9.3.9.1
10. Nonforfeiture options 11.4
11. Dividends and dividend options 11.5, 11.7
12. Incontestability 9.3.10
13. Assignments 9.3.12
14. Suicide 9.3.11
15. Misstatement of age and gender 9.3.13
16. Settlement options 11.3
17. Accelerated death benefits 10.3.11

C. Policy exclusions 9.3.19

III. COMPLETING THE APPLICATION, UNDERWRITING, AND DELIVERING THE POLICY ............................................. 12 Questions

A. Completing the application
1. Required signatures 4.4.5
2. Changes in the application 4.4.6
3. Consequences of incomplete applications 4.4.7
4. Warranties and representations 3.5.2.7
5. Collecting the initial premium and issuing the receipt 7.2, 7.3
6. Replacement 7.7
7. Disclosures at point of sale (i.e., HIPAA, HIV consent) 2.3.1.11.1, 4.4.3.11
8. USA PATRIOT Act/anti-money laundering 2.3.1.13

B. Underwriting
1. Insurable interest 1.4.5
2. Medical information and consumer reports 2.3.1.6, 2.3.1.7, 4.4.3.3, 4.4.3.4, 4.4.3.8, 4.4.3.9
3. Fair Credit Reporting Act 2.3.1.5
4. Risk classification 4.5
5. Stranger/Investor-owned life insurance (STOLI/IOLI) 4.4.3.12

C. Delivering the policy
1. When coverage begins 7.5.4
2. Explaining the policy and its provisions, riders, exclusions, and ratings to the client 7.5.1

D. Contract law
1. Elements of a contract 3.4.1
2. Unique aspects of the insurance contact 3.5.2
a. Conditional 3.5.2.5
b. Unilateral 3.5.2.4
c. Adhesion 3.5.2.3
d. Aleatory 3.5.2.2

IV. TAXES, RETIREMENT, AND OTHER INSURANCE CONCEPTS ..................................................8 Questions
A. Third-party ownership 5.3
B. Viatical Settlements 8.9
C. Life Settlements 8.9
D. Group life insurance
1. Conversion privilege 13.8
2. Contributory vs. noncontributory 13.3.1
E. Retirement plans
1. Tax-qualified plans 15.2
2. Nonqualified plans 15.2
F. Life insurance needs analysis/suitability 3.3.5
1. Personal insurance needs 3.3.5
2. Business insurance needs 6.4.2
a. Key person 6.4.2.1
b. Buy sell 6.4.2.2
G. Social Security benefits and taxes 14.2.2, 14.11
H. Tax treatment of insurance premiums, proceeds, dividends
1. Individual life 14.12.1
2. Group life 14.13, State Supplement
3. Modified Endowment Contracts (MECs) 14.12.1.1

V. TYPES OF POLICIES ..................................................14 Questions
A. Disability income
1. Individual disability income policy 16.3.1
2. Business overhead expense policy 19.8.1
3. Business disability buyout policy 19.8.3
4. Group disability income policy 16.3.1
5. Key employee policy 19.8.2
B. Accidental death and dismemberment 16.3.2
C. Medical expense insurance
1. Basic hospital, medical, and surgical policies 20.3, 20.3.1, 20.3.2
2. Major medical policies 20.4
3. Health maintenance organizations (HMOs) 16.5.3, State Supplement
4. Preferred provider organizations (PPOs) 16.6
5. Point-of-service (POS) plans 16.7
6. Flexible spending accounts (FSAs) 16.8.6
7. High deductible health plans (HDHPs) and related health savings accounts (HSAs) 16.8.7, 16.8.8
D. Medicare supplement policies 23.5, State Supplement
E. Group insurance
1. Differences between individual and group contracts 22.6
3. General characteristics 22.3
4. COBRA 22.5.2

F. Individual/Group Long-term care (LTC) 24.4, 24.14
G. Other policies
1. Dental 21.3
2. Vision 20.7.2
3. Cancer 16.3.6
4. Critical illness or specified disease 21.4.1
5. Worksites (employer-sponsored) plans 16.8
6. Hospital indemnity 20.7.3
7. Short-term medical 20.7.2
8. Accident 20.7.2

VI. POLICY PROVISIONS, CLAUSES, AND RIDERS...........................................20 Questions
A. Mandatory and optional provisions
1. Entire contract 18.3.1
2. Time limit on certain defenses
   (incontestable) 18.3.2
3. Grace period 18.3.3
4. Reinstatement 18.3.4
5. Notice of claim 18.3.5
6. Claim forms 18.3.6
7. Proof of loss 18.3.7
8. Time of payment of claims 18.3.8
9. Payment of claims 18.3.9
10. Physical examination and autopsy 18.3.10
11. Legal actions 18.3.11
12. Change of beneficiary 18.3.12
13. Misstatement of age or sex 18.4.2
14. Change of occupation 18.4.1
15. Illegal occupation 18.4.9
16. Relation of earning to insurance 18.4.5

B. Other provisions and clauses
1. Insuring clause 18.5.3
2. Free look 18.5.2
3. Consideration clause 18.5.4
4. Probationary period 17.3.5, 19.3.1
5. Elimination period 19.3.2, 24.9.16
6. Waiver of premium 18.5.11, 19.7.11, 24.9.4
7. Exclusions and limitations 18.5.7, 19.6, 20.3.5, 20.6, 21.3.2, 24.9.14
8. Pre-existing conditions 18.5.8, 20.4.4.5, 24.9.15
9. Coinsurance 20.4.1.2
10. Deductibles 20.4.1.1
11. Eligible expenses 20.4.2.2
12. Copayments 16.5.3.6.1, 20.4.1.2
13. Pre-authorizations and prior approval requirements 16.5.3.7.1, 21.3.8
14. Usual, reasonable, and customary (URC) charges 20.3.2.2
15. Lifetime, annual, or per cause maximum benefit limits 1.5.2

C. Riders
1. Impairment/exclusions 19.7.9
2. Guaranteed insurability 19.7.2

D. Rights of renewability
1. Noncancelable 18.5.5.4
2. Cancelable 18.5.5.2
3. Guaranteed renewable 18.5.5.3

VII. SOCIAL INSURANCE ........................................3 Questions
A. Medicare (Parts A, B, C, D) 23.3, 23.4, 23.6, 23.7, State Supplement
B. Medicaid 23.9
C. Social Security benefits 14.2.2

VIII. OTHER INSURANCE CONCEPTS .........................4 Questions
A. Total, partial, recurrent and residual disability 19.3.4, 19.3.6, 19.3.7
B. Owner’s rights 9.3.5
C. Dependent children benefits 22.4.2, State Supplement
D. Primary and contingent beneficiaries 18.3.12
E. Modes of premium payments (annual, semiannual, etc.) 4.6.3, 17.3.3
F. Nonduplication and coordination of benefits (e.g., primary vs. excess) 22.4.3
G. Occupational vs. nonoccupational 19.3.4.5
H. Tax treatment of premiums and proceeds of insurance contracts (e.g., disability income and medical expenses, etc.) 25.3, 25.4
I. Managed care 16.5
J. Workers’ compensation 16.12, State Supplement
K. Subrogation 20.1

IX. FIELD UNDERWRITING PROCEDURES ..........9 Questions
A. Completing application 4.4.3, 4.4.5
B. Explaining sources of insurability information (e.g., MIB Report, Fair Credit Reporting Act, etc.) 2.3.1.5, 4.4.2, 4.4.3.9
C. Initial premium payment and receipt and consequences of the receipt (e.g., medical examination, etc.) 4.4.3.4, 17.3.4, 17.3.5
D. Submitting application (and initial premium if collected) to company for underwriting 4.4, 17.3.4
E. Policy delivery 17.4
F. Explaining policy and its provisions, riders, exclusions, and ratings to clients 17.4
G. Replacement 17.6
H. Contract law
   1. Elements of a contract 3.4.1
   2. Insurable interest 1.4.5
   3. Warranties and representations 3.5.2.7
   4. Unique aspects of the health contract 3.5.2
      a. Conditional 3.5.2.5
      b. Unilateral 3.5.2.4
      c. Adhesion 3.5.2.3
      d. Aleatory 3.5.2.2
LIFE AND HEALTH AGENT
STATE SPECIFIC CONTENT OUTLINE
(25 scoreable questions plus 5 pretest questions)
All references are to the Texas Insurance Code (Ins.) or the Texas Administrative Code (TAC) unless otherwise noted

I. TEXAS STATUTES AND RULES COMMON TO LIFE AND HEALTH INSURANCE ............................................. 12 Questions
A. Commissioner of Insurance
Ref.: Ins. 31.001-.002, 31.021, 38.001, 82.001-.056, 86.001-.002, 201.004, 401.051-.062, 404.051-.053, 481.001-.009, 491.051-.052, 521.003-.004, 4001.005, 4005.102
1. General powers and duties State Supplement
2. Examination of records State Supplement
3. Investigation/notice of hearing State Supplement
4. Penalties State Supplement
B. Insurance definitions
Ref.: Ins. 801.051-.053; General insurance text
1. Certificate of authority State Supplement
2. Transacting insurance State Supplement
3. Foreign, domestic, alien State Supplement
4. Stock, mutual State Supplement
C. Licensing requirements
Ref.: Ins. 4001.003, 4001.105, 4001.151-.156, 4001.201, 4001.205, 4001.254, 4003.001, 4003.004, 4003.006-.007, 4004.051-.054, 4005.101-.102, 4005.105, 4052.001, 4054.301-.304, 1115.056; TAC §§1.502, 19.1001-.1030
1. Types State Supplement
   a. Agent/Agency State Supplement
   b. Temporary State Supplement
   c. Counselor State Supplement
2. Exemptions/exceptions State Supplement
3. Appointment State Supplement
4. Continuing education State Supplement
5. License denial, renewal, expiration State Supplement
6. License termination, revocation, suspension State Supplement
D. Marketing practices
Ref.: Ins. 541.051-.054, 541.056, 541.060, 542.001-.014, 701.001-.154, 4005.053(c), 4005.101; TAC §§21.4, 21.115, 21.201-.205
1. Unfair/prohibited trade practices State Supplement
   a. Claims methods and practices State Supplement
   b. False advertising State Supplement
   c. Misrepresentation State Supplement
d. Defamation
  State Supplement

e. Rebating
  State Supplement

f. Fraud
  State Supplement

g. Boycott, coercion, intimidation
  State Supplement

E. Agent duties/responsibilities
  Ref.: Ins. 4001.157, 4005.053-.054; TAC §3.120
  1. Commission sharing
    State Supplement

II. TEXAS STATUTES AND RULES PERTINENT TO
LIFE INSURANCE ONLY............................................... 5 Questions

A. Marketing and solicitation
  1. Advertising/Illustrations
    State Supplement

B. Policy provisions
  Ref: Ins.1101.003-.008, 1101.011, 1111.052, 1551.254;
  C. Group life
    Ref: Ins. 1131.002, 1131.110-.112
  D. Credit life
    Ref.: Ins. 1153.204, TAC § 3.5104
  E. Nonforfeiture law
    Ref.: Ins. 1105.055, TAC § 3.3844

III. TEXAS STATUTES AND RULES PERTINENT TO
ACCIDENT AND HEALTH INSURANCE ONLY............5 Questions

A. Required policy provisions
  1. Coverage for newborns
    Ref.: Ins. 1367.003; TAC § 3.3403
  2. Coverage for drug and alcohol treatment
    Ref.: Ins.1368.005

B. Medicare supplement
  Ref.: TAC §§3.3301- 3310, 3.3312-.3313, 3.3315-.3325
  1. Minimum standards
  2. Cancellation
  C. AIDS testing requirements
    Ref: TAC § 21.704 -.705
  D. Long-term care
    Ref: TAC §§3.3804, 3.3822, 3.3832
  E. Small group health insurance
    Ref: TAC § 26.8
  1. Eligibility
  2. Coverage and Benefits
  F. Certificate of Coverage
    Ref.: Ins. 887.251 and 887.254

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G. Affordable Care Act

1. Exchanges/marketplace
2. Taxes, penalties, and subsidies
3. Essential health benefits
   a. Mental health parity
   b. Pediatric services
   c. Preventive services
4. Employer notification responsibilities

IV. TEXAS STATUTES AND RULES PERTINENT TO HEALTH MAINTENANCE ORGANIZATIONS (HMOS)

Ref.: TAC §§11.505, 11.506

A. Definitions
B. Evidence of coverage
C. Nonrenewal/cancellation
D. Enrollment

State Supplement