THIS IS WHAT'S ON THE TEST.
STRAIGHT FROM THE DEPARTMENT OF INSURANCE.
I-IV ARE LIFE
V- IX ARE HEALTH

You can see the notations as to how many questions are drawn from each Section Heading.

Texas does not regulate the business of Pre-Licensing Exam Prep. Anyone can take the exam. So, there is No Course Completion Certificate at the end of the class. You just make your test appointment when you feel ready.

The number in the circle tells you how many questions from the section will be on your test

LIFE AND HEALTH-GENERAL KNOWLEDGE CONTENT OUTLINE

Product Knowledge, Terms and Concepts

(100 scoreable questions plus 10 pretest questions)

I. TYPES OF POLICIES 15

- **A. Traditional whole life products**
  1. Ordinary whole life
  2. Limited-pay and single-premium life
- **B. Interest/market-sensitive/adjustable life products**
  1. Universal life
  2. Variable whole life
  3. Variable universal life
  4. Interest-sensitive whole life
  5. Indexed life
- **C. Term life**
  7. Types
     c. Level
     d. Decreasing
     e. Return of premium
     f. Annually renewable
  8. Special features
     c. Renewable
- D. Convertible Annuities
  2. Single and flexible premium
  3. Immediate and deferred
  4. Fixed and variable
  5. Indexed
  6. Accumulation and Annuity Periods
  7. Payout options
- **E. Combination plans and variations**
  1. Joint life (first to die)
  2. Survivorship life (second to die)

II. POLICY RIDERS, PROVISIONS, OPTIONS, AND EXCLUSIONS………………………………………….. 15

- **A. Policy riders**
  1. Waiver of premium and waiver of monthly deduction
  2. Guaranteed insurability
  3. Payor benefit
  4. Accidental death and/or accidental death and dismemberment
  5. Term riders
  6. Other insureds
  7. Long term care
  8. Return of premium
  9. Disability
  10. Cost of Living

B. Policy provisions and options

1. Entire contract
2. Insuring clause
3. Free look
4. Consideration
5. Owner's rights
6. Beneficiary designations
   - a. Primary and contingent
   - b. Revocable and irrevocable
   - c. Common disaster
   - d. Minor beneficiaries
   - e. Designation by class
7. Premium Payment
   - a. Modes
   - b. Grace period
   - c. Automatic premium loan
   - d. Level or flexible

2. Reinstatement
3. Policy loans, withdrawals, partial surrenders
4. Non-forfeiture options
5. Dividends and dividend options (e.g. participating, non-participating)
6. Incontestability
7. Assignments
8. Suicide
9. Misstatement of age and gender
10. Settlement options
11. Accelerated death benefits

D. Policy exclusions

1. War
2. Aviation
3. Dangerous Occupation

III. COMPLETING THE APPLICATION, UNDERWRITING, AND DELIVERING THE POLICES.................................... 12

A. Completing the application

1. Required signatures
2. Changes in the application
3. Consequences of incomplete applications
4. Warranties and representations
5. Collecting the initial premium and issuing the receipt
6. Replacement
7. Disclosures at point of sale (e.g., HIPAA, HIV consent)
8. USA PATRIOT Act/anti-money laundering
9. Gramm-Leach-Bliley Act (GLBA) Privacy

B. Underwriting

1. Insurable interest
2. Medical information and consumer reports
3. Fair Credit Reporting Act
4. Risk classification
5. Stranger/Investor-owned life insurance (STOLI/IOLI)

C. Delivering the policy

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

D. Contract law

1. Elements of a contract
   - a. Consideration
   - b. Offer and Acceptance
   - c. Competent parties
   - d. Legal purpose
2. Unique aspects of the insurance contract
   - a. Conditional
   - b. Unilateral
   - c. Adhesion
   - d. Aleatory

IV. RETIREMENT AND OTHER INSURANCE CONCEPTS..8

A. Third-party ownership

B. Life Settlements

C. Group life insurance

1. Conversion privilege
2. Contributory vs. noncontributory

D. Retirement plans

1. Qualified plans
2. Nonqualified plans

E. Life insurance needs analysis/suitability

1. Personal insurance needs
2. Business insurance needs
   - a. Key person
   - b. Buy sell

F. Social Security benefits

G. Tax treatment of insurance premiums, proceeds, and dividends

1. Individual life
2. Group life
3. Modified Endowment Contracts (MECs)

V. TYPES OF POLICIES... 16

A. Disability income

1. Individual disability income policy
2. Business overhead expense policy
3. Business disability buyout policy
4. Group disability income policy
5. Key employee policy

B. Accidental death and dismemberment

C. Medical expense insurance

1. Basic hospital, medical, and surgical policies
2. Major medical policies
3. Health Maintenance Organizations (HMOs)
4. Preferred Provider Organizations (PPOs)
5. Point of Service (POS) plans
6. Flexible Spending Accounts (FSAs)
7. High Deductible Health Plans (HDHPs) and related Health Savings Accounts (HSAs)
8. Health Reimbursement Accounts (HRAs)

D. Medicare supplement policies

E. Group insurance

1. Differences between individual and group contracts
2. General characteristics
3. COBRA

F. Individual/Group Long Term Care (LTC)

1. Eligibility

2. Levels of care

G. Other policies

1. Dental
2. Vision
3. Cancer
4. Critical illness or specified disease
5. Worksite (employer-sponsored)
6. Hospital indemnity
7. Short-term medical
8. Accident

VI. POLICY PROVISIONS, CLAUSES, AND RIDERS 15

A. Mandatory and optional provisions

1. Entire contract
2. Time limit on certain defenses (incontestable)
3. Grace period
4. Reinstatement
5. Notice of claim
6. Claim forms
7. Proof of loss
8. Time of payment of claims
9. Payment of claims
10. Physical examination and autopsy
11. Legal actions
12. Change of beneficiary
13. Misstatement of age or gender
14. Change of occupation
15. Illegal occupation
16. Relation of earnings to insurance

B. Other provisions and clauses

1. Insuring clause
2. Free look
3. Consideration clause
4. Probationary period
5. Elimination period
6. Waiver of premium
7. Exclusions and limitations
8. Preexisting conditions
9. Coinsurance
10. Deductibles
11. Eligible expenses
12. Copayments
13. Pre-authorizations and prior approval requirements
14. Usual, reasonable, and customary (URC) charges
15. Lifetime, annual, or per cause maximum benefit limits

C. Riders

1. Impairment/exclusions
2. Guaranteed insurability
3. Future increase option

D. Rights of renewability

1. Noncancelable
2. Cancelable
3. Guaranteed renewable

VII. SOCIAL INSURANCE.. 6

A. Medicare (Parts A, B, C, D)

B. Medicaid

C. Social Security benefits

VIII. OTHER INSURANCE CONCEPTS 5

A. Total, partial, recurrent and residual disability

B. Owner's rights

C. Dependent children benefits

D. Primary and contingent beneficiaries

E. Modes of premium payments

F. Nonduplication and coordination of benefits (e.g., primary vs. excess)

G. Occupational vs. non-occupational

H. Tax treatment of premiums and proceeds of insurance contracts (e.g., disability income and medical expenses, etc.)

I. Managed care

J. Workers Compensation

K. Subrogation

IX. FIELD UNDERWRITING PROCEDURES........................ 8

A. Completing the application

B. Explaining sources of insurability and HIPAA privacy information (e.g., MIB Report, Fair Credit Reporting Act, etc.)

C. Initial premium payment and receipt and consequences of the receipt (e.g., medical examination, etc.)

D. Submitting application (and initial premium if collected) to company for underwriting

E. Policy delivery

F. Explaining policy and its provisions, riders, exclusions, and ratings to clients

G. Replacement

H. Contract law

1. Elements of a contract
2. Insurable interest
3. Warranties and representations
4. Unique aspects of the insurance contract
   a. Conditional
   b. Unilateral
   c. Adhesion
   d. Aleatory

LIFE and HEALTH AGENT STATE SPECIFIC CONTENT OUTLINE

(30 scoreable questions plus 5 pretest questions)

All references are to the Texas Insurance Code (TIC) or the Texas Administrative Code (TAC), Title 28, unless otherwise noted

I. TEXAS STATUTES AND RULES COMMON TO LIFE AND HEALTH INSURANCE.......................................14

A. Commissioner of Insurance

1. General powers and duties
   Ref.: TIC 31.001-.002, 31.021-.022, 38.001, 4001.005, 404.003
2. Examination of records
   Ref.: TIC 401.051-.056
3. Investigation/Notice of hearing

Ref.: TIC 86.001-.002, 404.051-.053, 521.003-.004, 2001.051

4. Penalties
   Ref.: TIC 82.001-.056, 4005.102, 541.107-108
5. Cease and desist orders
   Ref.: TIC 83.051-.054, 541.107-108, 541.151

B. Insurance definitions

1. Certificate of authority
   Ref.: TIC 801.001; 801.051-.053, .057; 28 TAC § 4.2304
2. Transacting insurance
   Ref.: TIC 101.051
3. Foreign, domestic, alien
   Ref.: TIC 801.001
4. Stock, mutual
   Ref.: TIC 547.001, 801.001
5. Fraternals
   Ref.: TIC 885.001-706

C. Licensing requirements

1. Types
   a. Agent/Agency
   Ref.: TIC 4001.003 & .006; 4001.104-.106; 4054.301-.303, 4056; 28 TAC § 1.502
   b. Temporary
   Ref.: TIC 4001.151-.156
2. Exemptions/exceptions
   Ref.: TIC 4002.003
3. Appointment
   Ref.: TIC 4001.201 - .206
4. Continuing education
   Ref.: TIC 4004.051-.054; 1115.056; 28 TAC § 19.1001-.1030
5. Records maintenance
   Ref.: TIC 4001.254-255
6. License denial, renewal, expiration
   Ref.: TIC 4003.001; 4003.004; 4003.006-.007; 4005.101-.102
7. License termination, revocation, suspension
   Ref.: TIC 4005.101-.102, 4005.105
8. Notification to Department of certain information
   Ref.: TIC 4001.252
   a. Change of address
   Ref.: TIC 4001.252
   b. Felony convictions
   Ref.: TAC § 1.502
   c. Administrative action taken against a license holder
   Ref.: TIC 4005.101-.102

D. Marketing practices

1. Unfair/Prohibited trade practices
   a. Claims methods and practices
   Ref.: TIC 541.101-.111; 542.001-.014, .054-.058; 4005.053, 4005.101; 28 TAC § 21.201-.205
   b. False advertising
   Ref.: 28 TAC § 21.114
   c. Misrepresentation
   Ref.: TIC 541.051-.61, .051-.052, .101-.109, .151-.154; 28 TAC § 21.4
   d. Defamation
   Ref.: TIC 541.053
   e. Rebating
   Ref.: TIC 541.056, 1702.102, 1702.152
   f. Fraud
   Ref.: TIC 701.001-.005
   g. Boycott, coercion, intimidation
   Ref.: TIC 541.054
   h. Commingling
   Ref.: TIC 1104.024
   i. Unfair discrimination
   Ref.: TIC 544.002, 1702.103, 1702.153

E. Agent duties/responsibilities

Ref.: TAC § 4.620

1. Commission sharing
   TIC 4001.157, 4005.053-.054

F. Texas Life and Health Guaranty Association

Ref.: TIC 443.004, 463.205

II. TEXAS STATUTES AND RULES PERTINENT TO LIFE INSURANCE ONLY 6

A. Marketing and Solicitation

1. Advertising/Illustrations
   Ref.: TAC § 4.1003, 21.104-.105, 21.107, 21.111, 21.114, 21.122, 21.2201-.2214
2. Policy Summary/Buyer's Guide
   Ref.: TAC § 4.2310

B. Policy provisions

Ref: TIC 1101.003-.009, .053 .055, .156; 1101.011, 1103.055; 1108.101; 1111.052; 1551.254; TAC §4.601, 4.606, 4.611, 4.612, 4.619, 4.621, 4.623, 4.1101-4.1117, 4.1504

C. Individual life and annuity

Ref: TIC 1101.001, 1116.002

1. Free look
   Ref.: TAC § 4.2311
2. Grace period
   Ref.: TIC 1101.105
3. Policy loans
   Ref.: TIC 1101.009
4. Prohibited provisions
   Ref.: TIC 1101.051

D. Group life

Ref: TIC 1131.001-.806

1. Group eligibility and underwriting requirements
   Ref: TIC 1131.053
2. Conversion to individual policy
   Ref: TIC 1141.354
3. Dependent coverage
   Ref: TIC 1131.151
4. Assignment
   Ref: TIC 1131.006

E. Credit life

Ref.: TIC 1153.003, .004,.151, .153, .155, .157, .201-.204, TAC § 3.5001 – 3.5206

F. Replacement

1. Purpose

Ref: TIC 1114.001

2. Definitions

Ref: TIC 1114.002

3. Duties of agent

Ref: TIC 1114.051-057

4. Duties of replacing insurance company

Ref: TIC 1114.051-057

G. Nonforfeiture law

Ref.: TIC 1105.001 - .153, TAC § 3.3844

III. Texas statutes and rules pertinent to accident and health insurance only 7

A. Required policy provisions

1. Coverage for newborns

   Ref.: TIC 1551.004; 1367.003; TAC § 3.3403

2. Coverage for chemical dependency

   Ref.: TIC 1368.005

B. Medicare supplement

1. Minimum standards

   TAC § 3.3301- 3310, 3.3312-.3313, 3.3315-.3325

2. Cancellation

   TAC § 3.3306(E)

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

1. Eligibility

Ref.: TAC § 26.8

2. Coverage and Benefits

Ref.: TIC 1501

F. Affordable Care Act

1. Exchanges/Marketplace (Section 1321)
2. Taxes and subsidies (Section 1401, 1402)
3. Essential health benefits (Section 1302, 18022)
   a. Mental health and substance use disorder services
   b. Pediatric services
   c. Preventive services
4. Employer notification responsibilities (Section 1511-1515)

IV. TEXAS STATUTES AND RULES PERTINENT TO HEALTH MAINTENANCE ORGANIZATIONS (HMOS)... 3

Ref.: TAC Chapter 11; TIC 843, 1271

A. Definitions

Ref.: TIC 843.002

B. Evidence of coverage

Ref.: TIC 843.002; TAC **§** *11.501*

C. Nonrenewal/cancellation

Ref.: TIC 843.208; TAC **§** *11.506(3)*

D. Enrollment

Ref.: TIC 843.315(e)

E. Out of network claims

Ref.: TAC § 11.1611