

Florida Life, Health Variable Contracts Study Manual, 31st Edition Updates

Unit 4.5.5.1

A. Common Dangers of Misrepresentation (Vanishing Premiums)

1. Vanishing Premiums
 - a. This term should no longer be used.
 - b. Vanishing premium is not a contractual provision or part of the policy, and it is not guaranteed.
 - c. Under no condition should a producer state or imply that premiums will vanish or that premiums may end on a specific date.

Unit 5.4.2

A. Modified Endowment Contracts (MECs)

1. Making sure the policies meet the definition of life insurance and comply with the 7-pay test is the responsibility of the insurers and their actuaries.
2. MECs have the same tax-free death benefit as non-MEC life insurance.

Illustration 5.12

A. Illustration 5.12 (Loan or Withdrawal?)

1. Partial cash value distributions (2 Types)
 - # 1 Loans (presumption is to pay it back)
 - i. Repaid (with accrued interest)
 - ii. Not repaid (reduced from death benefit)
 - iii. Policy loans are received federal income tax free unless the policy is a MEC.
 - # 2 Withdrawals (presumption is not to pay it back)
 - i. The amount withdrawn is treated as a permanent withdrawal; thus immediately reducing the death benefit and cash value.
 - ii. Does not accrue interest against future policy values
 - iii. Tax free up to the cost basis in the policy
- Only UL and VUL permit withdrawals. WL permits loans only.

Unit 6.6.2.1

A. Waiver of Monthly Deduction / Waiver of Cost of Insurance

- a. Used for flexible premium policies
- b. Pays monthly administrative fee and cost of insurance.
- c. Waiting period of 3 or 6 months and must meet the insurance definition of totally disabled.

Unlike a WP rider on whole life, the rider does not waive the entire premium payment the policyowner may be paying. With a flexible premium policy (placed on waiver of monthly deduction) the policy will stay in force because the monthly charges are being paid by the insurer and the cash values continue to grow with the interest that is credited monthly.

Unit 7.1.4

A. Who Can Be a Beneficiary?

1. Estates as Beneficiaries
 - a. When no will exists, subject to probate.
 - b. Proceeds in an estate are distributed in cash, which is more vulnerable to creditors.

Unit 16.4.4

A. Direct Primary Care Agreements (DPCA)

1. Contract between a primary care provider and a patient
 - a. In writing
 - b. Signed by both parties
 - c. Monthly fee (paid by patient)
 - d. Does not pay for services provided by a 3rd Party
 - e. Does not qualify as minimum coverage for PPACA. [624.27]

Unit 17.3.6

A. Preexisting Conditions

1. A preexisting condition is an illness or physical condition that existed before the policy's effective date and usually is excluded from coverage.
2. Federal law has impacted this provision
 - a. HIPAA has limited employer-sponsored groups and insurers.
3. ACA eliminated preexisting exclusions for approved ACA medical expense plans

Unit 17.4.2

A. Limited Risk Policies

1. Also known as dread disease or critical illness.
 - a. Pays only specific kinds of illness (i.e., cancer, aids, heart disease, etc.).
 - b. Pay lump sum to help defray medical costs.
2. Accident only insurance
 - a. Coverage for accidents only – NO SICKNESS
3. Short-Term Medical expense
 - a. Coverage for a specific time frame
 - b. Time frame is chosen at time of application
 - c. Non-renewable
 - d. Term coverage only. Expires at end of term

Unit 21.2.4.6

A. Elimination Period (Long Term Care)

1. Periods can range from 0 to 180 days.
 - a. The longer the deductible or probationary period, the lower the premium.

Unit 24.1.2.2

A. Preexisting Conditions (Group Health Plans)

1. ACA plans are not allowed to contain preexisting condition exclusions.
2. Non-ACA limits preexisting conditions to medical advice or treatment recommended or received within the 6-month period ending on the enrollment date.

Unit 24.2.2.1

A. Coordination of Benefits (COB)

1. Found only in group health plans
2. Used to avoid duplication of benefit payments
3. The provision establishes which plan is the primary plan.

Unit 26.2.1

A. General Duties and Powers [Sec. 624.307]

1. The Department and respective offices of the DFS have the following powers and duties
 - a. Enforce Insurance Code
 - b. Exercise ones' duties set forth by the code
 - c. Powers and Authority (two forms)
 - i. Expressed
 - ii. Implied
 - d. Conduct Investigation
 - i. Determination of code violation
 - ii. Obtain Information necessary to administer the code
 - e. Publish, disseminate, propose, promulgate information regarding duties imposed upon by the code
 - f. Additional powers and duties as provided by other laws of the State of Florida
 - g. DFS, its departments and offices, may employ actuaries. Must be from either:
 - i. Society of Actuaries
 - ii. Casualty Actuarial Society
 - h. Florida licensed insurers must designate the CFO as their attorney to receive service of all legal process issued against them in any Florida civil action. [SEC. 624.422]
 - i.* May utilize funds within existing resources for professional development and to ensure compliance with NAIC regulations and training.
 - j.* Develop an outreach program to encourage additional insurers into the Florida insurance market.
 - k.* May send legal documents by trackable means to individuals or to unauthorized carriers.
 - l.* May receive inquires and complaints from consumers, provide follow-up and consumer assistance administered penalties, and adopt rules to administer this section.

**added to 31st edition*

Unit 26.6.2

A. Licensing

1. Public Adjuster
 - a. Any person, who receives compensation, that acts on behalf of, or aids, an insured or 3rd party claimant in negotiation or effecting the settlement of claims for a loss covered by an insurance contract.
 - b. Does not include a licensed attorney exempt under Florida law who, for compensation, prepares, completes, or files an insurance claim form for an individual or 3rd party.
 - c. Does not include a licensed health insurance agent who assists an insured with coverage, billing, or claims processing issues.

Unit 28.4.1 & 28.4.2

A Regulation and Licensing

1. A Company that issues variable annuities may be chartered as a life insurance company or a variable annuity company and authorized to do business in Florida.
2. Companies that engage in the sale of variable contracts are subject to federal regulation by the Securities and Exchange Commission (SEC) and Florida's Office of Insurance Regulation.
3. Agents must obtain both a federal securities license (FINRA) and a Florida life (including annuities and variable contracts) license from the FL-DFS.
4. No person may sell variable contracts in Florida unless duly licensed and appointed as a life agent. (FINRA license required).
5. They are under the supervision of the Office of Insurance Regulation.
6. OIR regulates insurers.
7. SEC regulates the separate accounts.
8. FINRA & DFS regulate securities/variable licensed agents.

Unit 29.1.2.12 – 14

A. Required and Optional Coverages

1. Emergency Services
 - a. Coverage must be provided without prior authorization regardless whether services is provided by participating or non-participating provider.
 - b. Insurer may only impose a coinsurance, copayment, or limitation of benefits requirement to a non-participating provider if the same applies to a participating provider.
2. Autism Spectrum Disorder and Down Syndrome
 - a. Health insurance plan or health maintenance contract shall provide coverage for treatment of autism spectrum disorder and down syndrome
 - b. Treatment shall include:
 - i. Speech therapy
 - ii. Occupational therapy
 - iii. Physical therapy
 - iv. Applied behavior analysis
3. Opioids
 - a. Prior authorization requirement may be imposed as long as the policy imposes the same requirement for each occurrence without labeling the claim as an abuse –deterrence. [Sec. 627.64194]

Unit 29.9.2

A. Required Provisions (Minimum standards) – Medicare Supplement Insurance

- a. An insurer may not advertise, solicit, or issue for delivery in Florida a Medicare supplement policy or certificate unless it has been filed-with and approved by the Office.