

Test Alert!

Missouri

Life, Accident, and Health Insurance

License Exam Manual

2nd Edition

3/3/06

L&H

The information included in this release, in addition to your other Kaplan Financial materials, is designed to assist you in preparing for concepts that your exam may include. We urge you to read it carefully and take time to review the sample questions and rationales.

Be sure to visit Kaplan Financial's Website at www.kaplanfinancial.com for the latest updates to this Test Alert!

As always, we strive to provide you with the most current test preparation information. If you have any questions about this or any other Kaplan Financial study material, please call AnswerPhone at 1-800-621-9621, ext. 3598, between the hours of 8 AM and 6 PM CT, Monday through Friday.

KAPLAN FINANCIAL

The following information contains changes to the content of the License Exam Manual since the date of its publication. Please refer to that text when reading this information.

On page 230, insert the following content after paragraph b.

- c.) Acts consistent with appointment [Reg. 700-1.130]** A producer's appointment is deemed to have begun when an insurer:
- supplies a prospective producer with its policy application form;
 - accepts premiums from a prospective producer;
 - enters into a written or oral employment contract with a prospective producer; or
 - grants binding authority to a prospective producer.
- d.) End of appointment** An insurer may also appoint producers directly or by appointing a licensed business entity, in which case the appointment applies to all individual producers employed by that business entity. If a producer ends employment with the business entity, the entity stops transacting business, or the producer's license is suspended, revoked, surrendered, or not renewed, the appointment ends as well.

On page 235, insert the following content after the last bullet of paragraph 1.

- 2.) Unfair financial planning practices [Sec. 375.936(12)]** Unfair financial planning practices arise when an insurance producer holds himself out to the public as a financial planner, investment advisor, financial consultant, or other specialist in the business of giving financial planning help or advice concerning investments, insurance, real estate, taxes, or trust and estate matters and the person sells insurance policies but has not met the educational requirements to become such a specialist. A person who provides financial planning services without disclosing to the client that he is also an insurance salesperson and will receive a commission from a sale of insurance in addition to a fee for financial planning commits an unfair practice.

On page 255, insert the following content before "F. Market Value Adjusted Annuities [Reg. 400-1.150]."

- b. Continuation of coverage [Sec. 376.699(11)]** If employment is a condition of insurance, the insurer must allow an insured to continue coverage during his total disability by continuing to pay his portion

of the premium, if any, that would have been required if the disability had not occurred.

On page 257, insert the following content after paragraph 2.

-
- 2. Charitable organizations [Sec. 376.562]** A federally tax-qualified charitable, educational, or religious institution may become the assignee or beneficiary of a life insurance policy or may own an interest in life insurance with the insured's permission.

On page 257, insert the following content after "1. Entire contract [Sec. 376.777(1)]."

-
- a. Copy of application on demand [Sec. 376.783]** An insured is not bound by a statement in an insurance application unless a copy of the application is attached to the policy or made a part of the policy when issued, or the insurer gives a copy of the application to the insured if the insurer denies a claim or reduces policy benefits. Within 15 days of an insured's request, the insurer must provide this copy. If the copy is not delivered to the insured, the insurer cannot use the application as evidence in any court proceeding against the insured concerning the policy's reinstatement or renewal.

On page 262, insert the following content after paragraph a of "9. Coverage of newborn children [Sec. 376-406]."

-
- b. Discrimination against children prohibited [Sec. 376.820]** A health insurance policy may not refuse enrollment of a child under the health coverage of the child's parents because the child:
- was born out of wedlock;
 - is not claimed as a dependent on the parent's federal income tax return; or
 - does not live with the parent or in the insurer's service area.

On page 266, insert the following content after paragraph b of "3. Continuation of coverage [Sec. 376.428]."

-
- c. Change in marital status [Sec. 376.892]** Group medical expense policies must allow the legally separated, divorced, or surviving spouse of an employee to continue coverage under the plan with respect to the spouse and any dependent children who were covered under the plan if the spouse is 55 years old or older. The insurer must also offer continued coverage for dental, vision care, or prescription drug expenses to a legally separated, divorced, or surviving spouse and any dependent children if the coverage was available to the employee.

On page 267, insert the following content at the bottom of the page.

- b. Disclaimer [Sec. 376.756, Reg. 400-5.600]** Every insurance policy must include a disclaimer that:
- states the name and address of the life and health insurance guaranty association and the insurance department;
 - clearly warns the policyholder that the life and health insurance guaranty association may not cover the policy or, if coverage is available, it will be subject to substantial limitations and exclusions and is conditioned on the policyholder's continued residence in the state;
 - states that the insurer and its agents cannot use the existence of the life and health insurance guaranty association to sell, solicit, or induce the purchase of insurance; and
 - emphasizes that the policyholder should not rely on coverage under the association when choosing an insurer.
- 1.)** An insurer must provide the policyholder with a document containing this disclaimer by the time a policy is delivered. The document should also be available upon the policyholder's request.

On page 272, insert the following content after "m. Standards for marketing [Reg. 400-4.100(21)]."

- 1.) Suitability [Reg. 400-4.100(22)]** Insurers who sell long-term care insurance must:
- develop and use suitability standards to determine whether the purchase or replacement of long-term care insurance is appropriate for an applicant's needs;
 - train its producers in using its suitability standards; and
 - keep records of its suitability standards and make them available to the Director for inspection.
- 2.) Advertising records [Reg. 400-4.100(20)]** Insurers who offer long-term care insurance or benefits are required to provide copies of any materials they use to advertise these products in Missouri to the Director for review or approval. They are to keep them for at least three years after the date the advertisements are first used.

Part II
New Sample Questions

There are no new questions at this time.

Part III
Answers and Rationales

There are no new answers or rationales at this time.

On page 235, replace the citation for “e. Defamation of insurer [Sec. 375.936(21)]” with “e. Defamation of insurer [Sec. 375.936(2)].”

On page 303, replace “\$41,000” in the heading “Amount of Each Monthly Payment per \$41,000 of Proceeds—Options C and D” with “\$1,000.”

To submit comments or suggestions, please send an email to errata@kaplan.com.

KAPLAN FINANCIAL

www.kaplanfinancial.com
30 S. Wacker Drive, Ste. 2500, Chicago, IL 60606
800-824-8742

Reorder No.: 5312-9201
ISBN: 1-4195-8778-1