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**STATE CORPORATION COMMISSION
BUREAU OF INSURANCE**

**ADMINISTRATIVE LETTER
1986-11**

June 4, 1986

TO: All Health Maintenance Organizations and Health Service Plans

RE: Health Agent Study Course and Examination

During the 1986 Session the Virginia General Assembly passed a new insurance title.

The language in § 38.2-1815 provides that an individual must be licensed as either a life and health agent or a health agent to solicit or procure coverage under a Health Maintenance Organization (HMO) or Health Services Plan. All prospective health agents must complete a State Corporation Commission (SCC) approved twenty-five-hour health coverage study course, or meet the waiver requirement set forth in paragraph C of Code Section 38.2-1816. Effective July 1, 1986, the State Corporation Commission's Bureau of Insurance will implement the requirements for licensure as a health agent. This requirement must be met by agents currently licensed as prepaid hospitalization sales representatives, prepaid medical and surgical services sales representatives, medical health sales representatives, and health maintenance organizations sales representatives before they can solicit or procure coverage under an HMO or Health Services Plan.

The purpose of this Administrative Letter is to set forth the qualification criteria for approving Training Seminars to teach the twenty-five-hour study course that is required for prospective health agents, to establish the qualifications necessary to be considered an approved instructor, to introduce the addendum to the "Agents Insurance Examination Preparation Manual" for Life and Health Insurance and to provide a copy of the Bureau approved study outline for use with the manual. The addendum to the "Agents Insurance Examination Preparation Manual" for Life and Health Insurance will be available June 5, 1986. The existing manual and addendum will serve as the basis for all examinations for a health license. The examinations will be given beginning July 1, 1986.

The manual, written by Bureau of Insurance personnel, is available for purchase through the Virginia Association of Life Underwriters. Their address and phone number are:

Virginia Association of Life Underwriters
2807 Parham Road, Suite 303
Richmond, Virginia 23229
(804) 747-6020

The cost of the study manual is \$32.00 per book.

This manual will serve as the approved text for all classroom instruction given. The attached "Course Outline" must be utilized in all classroom instruction for each approved study course. The outline establishes on a per chapter basis the amount of time in the overall curriculum which must be devoted to each topic. Examination questions applicable to our training manual have been developed by The Insurance Center, Drake University College of Business Administration, Des Moines, Iowa and the Bureau of Insurance.

The following criteria must be met in order to be approved as a qualified school and/or organization to teach the pre-licensing qualification course for prospective Health Agents:

1. Schools shall be operated by:
 - (a) accredited educational institutions such as local community colleges and/or colleges and universities;
 - (b) home and/or district offices of companies licensed to transact business in this State;
 - (c) general agencies of licensed companies;
 - (d) professional associations such as the Virginia Association of Life Underwriters, the Independent Insurance Agents of Virginia, the Insurance Women of Virginia, the Norfolk Association of Insurance Women or the Professional Insurance Agents' Association; or
 - (e) other individuals or entities qualified by reason of their previous work experience or professional training.
2. Each training seminar must be taught by an SCC approved instructor.
3. Each class must have a minimum of five students, unless otherwise approved due to geographical hardship.
4. Each course must be taught at least once a year.
5. Each approved school must utilize the "Agents Insurance Preparation Manual" for Life and Health Insurance with the addendum and the attached course outline.
6. At the completion of each training seminar, the school must provide to the Bureau a certification indicating each individual student's final examination score and course average. (sample attached)

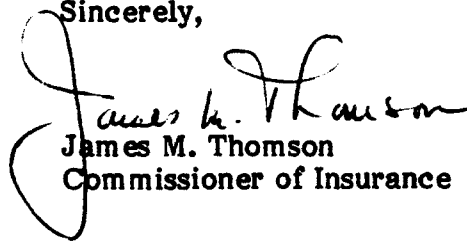
Instructors who are approved to teach the twenty-five-hour study course must meet the following criteria:

Each prospective instructor must submit a current and detailed resume demonstrating knowledge and experience in the field of health care benefits for review by Bureau personnel;

- a. Have a CLU, FLMI, Master of Insurance Degree or other equivalent education satisfactory to the State Corporation Commission, as well as, a minimum of three years of health benefits management or training experience; or
- b. Be an insurance teacher at an approved educational institution.

All requests for approval should be forwarded to William B. Walker, Agents' Licensing and Examination Supervisor, The State Corporation Commission's Bureau of Insurance, Post Office Box 1157, Richmond, Virginia 23209. Any questions concerning the approval process should be directed to Mr. Walker at (804) 786-8699.

Sincerely,


James M. Thomson
Commissioner of Insurance

JMT:bt
Attachment

STUDY GUIDE FOR USE WITH
LIFE AND HEALTH INSURANCE
EXAMINATION PREPARATION MANUAL
AND ADDENDUM MATERIALS

	<u>Chapter</u>	<u>Time</u>
I. <u>INTRODUCTION</u>		
A. Insurance Basics:	1	1
1. Risk and Insurance		
2. The Essential Ingredients of Insurable Risks		
3. Types of Insurance		
4. Types of Insurers		
5. Insurance Regulation (Overview)		
B. State Insurance Regulation:		
1. Agents and Brokers	2	1
2. Unfair Trade Practices Act and Disclosure Regulations	2	1
3. Insurance Information and Privacy Act	2	.5
C. Legal Aspects of Insurance:	3	2
1. Contract law, Essentials of a Contract		
2. Interpretation of Contracts		
3. Unique Features of the Insurance Contract		
4. Agency Law		
D. Review and Test		1
II. <u>HEALTH INSURANCE</u>		
A. Introduction to Health Insurance:	4	.5
1. Disability Income Insurance	4	1
2. Medical Expense Insurance		
a. Basic Medical Expense Policies		
b. Major Medical Insurance		
c. Comprehensive Medical Insurance	4	1.5
d. Medicare Supplement Insurance		
e. Special Medical Expense Insurance Policies		
3. Group Health Insurance		
4. Franchise Health Insurance		
5. Underwriting Health Insurance		
6. Government Health Insurance Programs	4	1.5

	<u>Chapter</u>	<u>Time</u>
B. Health Insurance Policy Provisions:		
1. Policy Applications	5	.5
2. Individual Policy Provisions; Uniform Policy Provisions (for Individual Policies); Other Requirements for Individual Policies	5	1
3. Group Policy Provisions	5	1
4. Prohibited Policy Provisions	5	
C. Review and Test		1
III. <u>ALTERNATIVE HEALTH CARE COVERAGES (Addendum)</u>		
A. Health Care Services Plans (Blue Cross and Blue Shield Plans)		2.5
1. Introduction		
2. Distinctions Between Blue Cross and Blue Shield and Insurers		
a. Corporate Structure and Tax Status		
b. Open Enrollment		
c. Premium Rates		
d. Territorial Coverage		
e. Nature of Benefits		
f. Types of Coverage		
3. Benefits		
4. Other Virginia Requirements		
B. Health Maintenance Organizations		4.5
1. History and Development		
2. Corporate and Structural Characteristics		
a. Group		
b. Staff		
c. IPA		
d. Network		
3. Benefit Structure		
4. Rationale of Benefit Plan		
5. Benefits		
6. Copayments		
7. Restrictions and Limitations		
8. Complaint System		
9. Evidence of Coverage		
10. Prohibited Practices		
11. Quality Assurance		
C. Preferred Provider Organizations (PPOs)		1
1. Development and Characteristics		
2. Comparison with Other Health Coverages		

	<u>Chapter</u>	<u>Time</u>
D. Self-Insurance		
E. Review and Test		1
IV. <u>REVIEW AND SAMPLE EXAMINATION</u>		1.5
	TOTAL	25

Date of Issue

CERTIFICATE OF SATISFACTORY COMPLETION

Bureau of Insurance
State Corporation Commission
P. O. Box 1157
Richmond, Virginia 23209

Commissioner of Insurance

This is to certify that: _____

Social Security No. _____

has taken and satisfactorily completed the program of studies to become licensed as a "Health Agent" in the Commonwealth of Virginia. This program of studies has been filed with and has the approval of the Commissioner of Insurance of the Commonwealth of Virginia in accordance with Section 38.2-1816 Code of Virginia.

The course started _____ and terminated _____.

The above student's grades were as follows:

_____ Final Examination
_____ Entire Course

Very truly yours,

Name of School or Company

Signature

Name and Title