

Life and Health Insurance
MIS 260
3 semester credits
University of Montana
School of Business Administration

Instructor:

Jack Morton, J.D.

Office: Gallagher 324

Office Hours - Tuesday and Thursday 8 a.m. – 12 p.m. MST

Phone: 406-243-6717

Fax: 406-243-6191

Email: jack.morton@business.umt.edu

Mission Statement:

The University of Montana's School of Business Administration is a collegial learning community dedicated to the teaching, exploration, and application of the knowledge and skills necessary to succeed in a competitive marketplace.

Course Description:

This course provides an understanding of the principles of both life and health insurance. Primary attention is directed towards the economic purpose, structure, operation, and performance of the life and health industries. Emphasis is placed on underwriting, pricing, and marketing these insurance policies. The relationship of life insurance and health insurance to Social Security and workers compensation will be covered. In addition, the course will explore the relationship between health insurance and the government sponsored workers compensation, Medicare, and Medicaid programs. The primary focus of the life insurance portion of the course will be on the various individual life insurance policies. The health portion of the course will focus on group health policies because they cover a much larger portion of the health market than do individual health policies. The course will develop an understanding of how the private life and health insurance policies combine with the public options of workers compensation, Social Security, Medicare, and Medicaid to provide numerous but complex options for the consumer.

Course Objectives:

The course objectives are to: (1) create an awareness of the shortcomings in the basic but minimal government life and health insurance programs; (2) examine the various methods of using private insurance to supplement the government life and health insurance programs; and (3) examine the federal and state legal environment which serves to regulate the life and health industries to provide choice, a degree of uniformity, and consumer protection.

Course Format and Method of Evaluation:

Students are graded on the basis of the following:

- A chapter quiz will be given after each of the 34 chapters.
- A comprehensive final course exam will be given after Chapter 34.

Academic Integrity:

Academic misconduct is subject to an academic penalty by the course instructor and/or a disciplinary sanction by the University. *Any students found engaged in academic dishonesty will, at a minimum, receive an F for the course.*

Text:

Life and Health Insurance, by Americasprofessor.com

Course Coverage and Readings:

- 1) **Introduction to Insurance**
 - Risk
 - Risk management
 - Self insuring
 - Types of Insurers

- 2) **Social Security and Workers Compensation**
 - Social Security
 - Who pays for Social Security
 - Who is covered by Social Security
 - Calculating Social Security benefits
 - Workers Compensation and its relationship to life and health insurance

- 3) **Underwriting Life and Health Insurance**
 - Factors in the underwriting process
 - Sources of underwriting information
 - The medical exam
 - Making the underwriting decision
 - Calculating premiums
 - Premium mode

- 4) **Group Insurance – The Basics**
 - Group insurance characteristics
 - Underwriting group policies
 - Defining the group
 - Contributory versus noncontributory group policies
 - Voluntary employer sponsored plans

- 5) **Contract Law Issues**
 - Elements of a contract
 - Conditional receipts
 - Insurance consumer fraud
 - Third party ownership
 - Insurable interests
 - Producer responsibilities
 - Uniform policy provisions

- 6) **Insurance Industry Regulation**
 - NAIC
 - State insurance commissioners
 - Federal Fair Credit Reporting Act
 - MIB
 - HIPAA and privacy issues
 - Federal Do Not Call rules
 - Replacement rules

- 7) **Accidental Death and Dismemberment Policies**
 - AD&D as a rider or stand alone policy
 - Multiple indemnity riders
 - Federal Fair Credit Reporting Act
 - Beneficiary selection
 - Simultaneous Death Act
 - Common disaster clause
 - Spendthrift trusts
 - Revocable and irrevocable beneficiaries

- 8) **Life Insurance Basics**
 - Individual uses for life insurance
 - Business uses for life insurance

- 9) **Term Life Insurance**
 - Annually renewable term
 - Convertible term
 - Level, increasing, and decreasing term

- 10) **Whole Life Insurance**
 - Features of whole life
 - Premium options
 - Convertibility

- 11) **Required Life Provisions**
 - NAIC required provisions

- 12) **Optional Life Provisions**
 - Suicide clause
 - Hazardous occupation
 - Aviation provisions

- 13) **Life Insurance Riders**
 - Automatic premium loan rider
 - Waiver of premium rider
 - Accelerated death benefit rider

- 14) **Policy Decisions**
 - Dividend options
 - Nonforfeiture options
 - Settlement options

- 15) **Life Insurance in the Family Setting**

- Family policy
 - Family income policies
 - First to die/Last to die policies
- 16) Life Insurance in the Business Setting**
- Key Employee Life Insurance
 - Business continuation agreements
- 17) Group Life Insurance**
- Required provisions in group life policies
 - Conversion privileges
 - Taxes and group insurance
- 18) Taxes and Individual Life Insurance**
- Taxing the individual policy
 - Endowment life insurance
- 19) Adjustable Life Policy**
- Reasons for developing the adjustable life policy
 - Convertibility
- 20) Newer Life Policies**
- Interest sensitive whole life
 - Variable life
 - Universal life
 - Variable universal life
- 21) Retirement Planning**
- Nonqualified versus qualified plans
 - Individual retirement accounts (IRAs)
 - 401-K plans
 - Small business retirement plans
- 22) Annuities**
- Purpose of annuities
 - Pay-in options
 - Pay-out options
 - Taxation and annuities
- 23) Health Insurance Basics**
- Pre-existing conditions
 - Stop-loss limits
 - Renewability issues
- 24) Individual Health Policies – Required Provisions**
- Free Look requirement
 - Reinstatement
 - Time limit on certain defenses issues
- 25) Individual Health – Optional Provisions**
- Change of occupation
 - Other insurance provisions

- Exclusions
- 26) Medical Expense Policies**
- History of MEPs
 - Policy coverages
 - Taxation of MEPs
- 27) Limited Health Policies**
- Accident only policies
 - Sickness only policies
 - Blanket policies
 - Dread disease policies
 - Critical illness policies
- 28) Group Health Policies**
- Required versus optional provisions
 - Coordination of benefits
 - COBRA
 - HIPAA portability
 - Taxation of group health policies
- 29) Blues, PPOs, and HMOs**
- Indemnity plans
 - Blue Cross-Blue Shield coverages
 - Preferred provider organizations
 - Health maintenance organizations
- 30) Consumer Driven Health Care**
- Flex plans and taxation
 - High deductible health policies
 - Tax-advantaged savings accounts
- 31) Medicare and Medicaid**
- Medicare eligibility, coverage, and gaps
 - Medicare supplement coverages
 - Medicaid eligibility, funding, and coverages
- 32) Long-Term Care Policies**
- Need for LTCi
 - Features of LTCi
 - Taxation of LTCi
- 33) Disability Income Policies**
- Relation to Social Security
 - Taxation of DI benefits
 - DI riders
 - Business use of DI insurance
- 34) State Regulation of Life and Health Insurance**
- State versus federal regulation
 - State Insurance Commissioner - powers
 - Regulation of insurers and producers

- State code of ethics
- Replacement regulations
- State COBRAs and HIPAAs