

This state-specific law guide is
Effective October 1, 2008

Important: Check for Updates

States sometimes revise their exam content outlines unexpectedly or on short notice. To see whether there is an update for this product because of an exam change, go to www.kfeducation.com and check the Insurance Licensing Blog. If there is an update, it will be clearly noted in the blog entries for this state.

Life and Health Insurance

GEORGIA | Law Supplement



LIFE AND HEALTH INSURANCE GEORGIA LAW SUPPLEMENT,
EFFECTIVE OCTOBER 1, 2008
©2008 DF Institute, Inc., d/b/a Kaplan Financial Education

The text of this publication, or any part thereof, may not be reproduced in any manner whatsoever without written permission from the publisher.

If you find imperfections or incorrect information in this product, please visit www.kfeducation.com and submit an errata report.

Published in November 2008 by DF Institute, Inc., d/b/a Kaplan Financial Education.

Printed in the United States of America.

INTRODUCTION

This supplement focuses on statutes regarding Georgia insurance law. Key aspects of each statute are discussed to help the student pass the state law portion of the licensing examination. In order to understand the content of this supplement, the student should first study the national insurance License Exam Manual. Thorough preparation for the exam requires the complete study of both the national License Exam Manual and the supplement.

I. GEORGIA LAWS AND REGULATIONS PERTINENT TO LIFE, ACCIDENT, AND SICKNESS INSURANCE

A. THE INSURANCE DEPARTMENT [CH. 120-2-1-.02]

1. The Insurance Department is divided into the following sections:

- a. Agent licensing
- b. Consumer services
- c. Regulatory services
- d. Life, accident, and sickness insurance
- e. Property and casualty insurance
- f. Examinations

2. The agent licensing section:

- approves formal classroom training courses;
- prepares and conducts all licensing examinations; and
- issues licenses.

B. THE COMMISSIONER OF INSURANCE [SEC. 33-2-1]

1. The Commissioner of Insurance, the chief officer of the Insurance Department, is responsible for carrying out and enforcing Georgia's insurance laws.

- a. The Commissioner has the authority to:
- appoint personnel to help the Insurance Department carry out its duties;
 - maintain Georgia's official insurance records;
 - make rules and regulations to carry out the Georgia insurance code;
 - conduct hearings; and
 - examine affairs of insurers.

- b. Appointment of deputies [Sec. 33-2-4]** The Commissioner must appoint a chief deputy commissioner and any other deputies needed to help carry out the Commissioner's duties. The chief deputy performs the Commissioner's duties in the event of the Commissioner's absence or disability.
- c. Appointment of personnel [Sec. 33-2-5]** The Commissioner may appoint any assistants, examiners, actuaries, clerks, or employees to carry out the duties of the Department.
- d. No financial interest with insurer** Insurance Department appointees or employees (including the Commissioner) cannot have any financial interest in an insurer, agency, or insurance transaction except as a policyholder or claimant under a policy. As long as there is no conflict of interest, however, the Commissioner can periodically employ independent actuaries who may also be employed by insurers.
- e. Annual report [Sec. 33-2-8]** The Commissioner must compile an annual report containing the following information for the previous calendar year.

 - 1.)** Names and financial statements of the authorized insurers transacting insurance in Georgia
 - 2.)** Names of insurers whose businesses were closed during the year, the reason they were closed, and the amount of their assets and abilities
 - 3.)** Names of insurers that had delinquency proceedings instituted against them and statements of the facts regarding each proceeding
 - 4.)** The Insurance Department's receipts and expenses for the year
 - 5.)** Any other pertinent information
- f. Rules and regulations [Sec. 33-2-9]** All rules and regulations made by the Commissioner must be approved by the Attorney General and filed at the Commissioner's office for at least 10 days before they become effective.
- g. Examination of insurers [Secs. 33-2-11, 14]** Whenever necessary, or at least once every five years, the Commissioner (or designee) must examine the affairs, transactions, accounts, records, and assets of insurers authorized to do business in Georgia. The Commissioner must also examine any other facts relating to the insurer's business methods, management, and dealings with policyholders. All records relating to the subject of the examination must be made freely accessible to the Commissioner. The Commissioner may initiate any proceeding or action as appropriate based on the results of the examination.

 - 1.)** Domestic insurers must be examined when applying for authority to do business in Georgia and at least once every five years.

- 2.) Whenever it is in the public's best interest, the Commissioner may examine the affairs, accounts, records, documents, and transactions of the following.
- a.) Insurance agents, subagents, brokers, counselors, adjusters, and any other person licensed to transact insurance business in Georgia
 - b.) Any person with a contract granting dominant right to control an insurer
 - c.) Any person controlling the management of a domestic insurer
 - d.) Any person engaged in the promotion or formation of a domestic insurer, insurance holding corporation, or corporation to finance a domestic insurer
 - e.) Any person transacting insurance business (whether authorized or unauthorized)
 - f.) Any person applying to acquire a domestic insurer or its affiliate

h. Examination reports [Sec. 33-2-14] The Commissioner must make a written report of each examination. He must provide the examinee with a copy of the proposed report at least 20 days before it is filed and may grant a hearing if requested to do so by the examinee within those 20 days. The examination report may be withheld from public inspection to protect the examinee from unwarranted injury. The Commissioner can disclose the contents of an examination report as long as the agency or office receiving the report agrees in writing to treat the report confidentially.

i. Examination expenses [Sec. 33-2-15] In most cases, examinees must pay examiners' travel and living expenses related to an examination. If an examination is initiated because of a complaint and the Commissioner determines that the complaint was not justified, the Insurance Department (not the person examined) will pay the examination expenses.

j. Commissioner's powers regarding examinations [Sec. 33-13-6]

During examinations, investigations, or hearings, the Commissioner has the authority to:

- take depositions;
- subpoena witnesses;
- administer oaths;
- examine individuals under oath; and
- compel the production of records, books, papers, and other documents.

2. Hearings [Secs. 33-2-17 to 19] The Commissioner must hold a public hearing whenever such a request is made in writing or whenever a hearing is required by the Georgia insurance code. At least 10 days' written notice must be given to all interested parties. Unless postponed by mutual consent, the hearing must be held no later than 30 days after the written request is received by the Commissioner.

a. Show cause notice [Sec. 33-2-20] A person entitled to a hearing may be notified of a proposed action in the form of a notice to show cause, which states that the proposed action may be taken unless the person shows cause at a hearing why the action should not be taken.

b. Rules of order at the hearing [Sec. 33-2-21] The Commissioner (or designee) presides over all hearings. Formal rules of pleading and evidence do not need to be observed at hearings. All parties to a hearing have the right to:

- appear in person or by counsel;
- be present while evidence is given;
- inspect documentary evidence;
- present evidence supporting their interests;
- have subpoenas issued by the Commissioner to compel the attendance of witnesses and the production of evidence on their behalf; and
- request a rehearing or re-argument within 30 days after the Commissioner issues an order.

c. Order on hearing [Sec. 33-2-23] No later than 30 days after the conclusion of a hearing, the Commissioner must make an order on the hearing. This order must state the facts found in the hearing, the Commissioner's conclusions, and the effective date of an action.

d. Penalties [Sec. 33-2-24] Whenever a person appears to be engaging in an act, practice, or transaction that is prohibited by the Georgia insurance code, the Commissioner may issue a cease and desist order prohibiting the person from continuing the act, practice, or transaction. The order must take effect immediately, even before a hearing, if the act or practice could endanger public health, safety, or welfare and requires emergency action.

1.) The Commissioner can impose one of the following penalties for each violation of the Georgia insurance rules or regulations.

a.) Probation for up to one year

b.) Fine of up to \$1,000 for each nonwillful violation

c.) Fine of up to \$5,000 for each willful violation

2.) Any party affected by the Commissioner's decision may request a judicial review.

3.) Insurance fraud [Sec. 33-1-9] A natural person convicted of insurance fraud is guilty of a felony and may be punished by:

- imprisonment for at least 2 but no more than 10 years;
- a fine of up to \$10,000; or
- both imprisonment and a fine.

C. GEORGIA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION [SECS. 33-38-5 TO 22]

The Georgia Life and Health Insurance Guaranty Association is a nonprofit, unincorporated association that protects policyowners, insureds, and beneficiaries of life, health, and annuity contracts issued by member insurers who become insolvent (placed under a liquidation order by the court) or unable to perform their contractual obligations.

1. The Association:

- assesses its members for funds necessary to pay benefits and continue coverage for insolvent insurers; and
- helps the Commissioner detect and prevent insurer impairment or insolvency.

2. All insurers must be members of the Association as a condition of their authority to transact insurance in Georgia. The Association functions under the immediate supervision of the Commissioner.

3. What is covered The Association covers direct life and health insurance policies and supplemental contracts. The Association does not cover:

- the portion of a variable life insurance or variable annuity contract not guaranteed by an insurer;
- the portion of any policy or contract under which the risk is borne by the policyholder;
- any policy or contract (or part) assumed by the impaired or insolvent insurer under a reinsurance contract without assumption certificates;
- any policy, contract, or subscriber agreement issued by a nonprofit hospital service corporation;
- a policy issued by a fraternal benefit society; and
- accident and sickness insurance when written as part of an automobile insurance contract.

4. Who is covered The Association covers policyowners who are Georgia residents. It also covers nonresidents of Georgia who meet all of the following requirements.

- a. The insurers that issued the policies are domiciled in Georgia.
- b. The insurers were never licensed in the states in which the insureds reside.
- c. The insureds reside in states that have similar associations to Georgia's, but are not eligible for coverage by those associations.

- 5. Services for impaired insurers** The Association can provide any of the following services to impaired domestic insurers.
- a. Guarantee, assume, or reinsure any of the impaired insurer's covered policies
 - b. Provide money, pledges, guarantees, or other means to assure payment of the impaired insurer's contractual obligations
 - c. Loan money to the impaired insurer
- 6. Powers of the Association** To carry out its duties, the Association has the power to:
- take legal action to avoid payment of improper claims;
 - borrow money and enter into contracts;
 - employ people to handle the association's financial transactions;
 - negotiate and contract with any liquidator, rehabilitator, conservator, or ancillary receiver; and
 - exercise the powers of a domestic life or health insurer (though the Association cannot issue policies or contracts other than those needed to perform the contractual obligations of the impaired or insolvent insurer).
- 7. Benefits** The Association is liable for no more than the contractual obligation the insurer would have held if it had not become insolvent. Liability cannot total more than \$100,000 for any one life.
- 8. Board of directors [Sec. 33-38-6]** The Association's board of directors consists of seven members. Board members receive no compensation for their services, except travel reimbursement.

D. DEFINITIONS [SEC. 33-23-1]

- 1. Domestic insurance company** This is a company incorporated, formed, or organized under the laws of Georgia and that usually has its principal or home office located in this state.
- 2. Foreign insurance company** This is a company incorporated or organized under the laws of another state, but licensed and permitted to conduct the business of insurance in the state of Georgia. For instance, Hanover Insurance Company of Worcester, Massachusetts is authorized to solicit insurance business in the State of Georgia. Therefore, in the state of Georgia, the Hanover Insurance Company is a foreign insurer.
- 3. Alien insurance company** A company incorporated or organized outside the United States but licensed in the state of Georgia is called an alien insurance company. For instance, Continental Reinsurance Company of London, England is incorporated in England, but is licensed to conduct the business of insurance in Georgia.

- 4. Authorized insurance company** An insurer that has received a certificate of authority from the state of Georgia and is licensed or authorized to conduct insurance business in this state is referred to as an authorized company. An authorized insurance company may also be called an admitted company.
 - 5. Unauthorized insurance company** An insurer that has not received a certificate of authority from the state of Georgia and is not licensed or authorized to transact insurance business in this state is referred to as an unauthorized company. An unauthorized insurance company may also be called a nonadmitted company.
 - 6. Transacting insurance** The insurance business includes the transaction of all matters pertaining to a contract of insurance, both prior to and subsequent to the effectuation of such a contract, and all matters arising out of such a contract or any claim thereunder. Insurance business does not include the pooling together by public entities for the purpose of self-insuring casualty risks.
 - a.** Transacting insurance involves making, negotiating, procuring, or proposing to make an insurance contract, taking an application, receiving or collecting premiums, issuing contracts, or any form of business considered insurance business. Other types of actions considered transacting insurance involve disseminating information as to coverages or rates, forwarding applications, delivering policies, inspecting risks, fixing rates, or investigating losses or claims.
 - 7. Agent** An individual appointed or employed by an insurer who sells, solicits, or negotiates insurance is an agent. Agent also refers to an individual insurance producer.
 - 8. Subagent** A subagent sells or negotiates insurance or annuity contracts on behalf of a licensed agent. A subagent must file with the Commissioner a certificate of authority from each agent he represents.
 - 9. Adjuster** An adjuster, for some form of compensation, investigates, settles, adjusts and reports about claims arising under insurance contracts. Independent adjusters represent the interest of the insurer but are not employees of the insurer. Public adjusters represent persons insured under policies covering physical property.
 - 10. Counselor** A counselor advises people regarding the benefits, terms, value, or advantages of any insurance contract offered by an insurer. Actuaries or consultants advising insurers are not considered to be consultants. A consultant cannot receive compensation from more than one source involving the same transaction.
- E. INSURANCE COMPANY LICENSING [SEC. 33-3-2]** The Commissioner must grant a certificate of authority (license) to an insurer before it can transact insurance business in Georgia. The certificate of authority certifies that the company has complied with the requirements of the Georgia insurance code. Insurers that collect premiums and service policies currently in force covering residents of Georgia, but do not transact new insurance, are not considered to be transacting insurance (except for purpose of premium tax requirements).

- 1. Qualifications for certificate of authority [Sec. 33-3-13]** A certificate of authority can be issued to the following.
 - a. Incorporated stock insurers
 - b. Incorporated mutual insurers
 - c. Fraternal benefit societies
 - d. Hospital service nonprofit corporations
 - e. Nonprofit medical service corporations
 - f. Farmers' mutual fire insurance companies
 - g. Lloyd's associations
 - h. Reciprocal insurers
- 2. Issuance or refusal of certificate of authority [Sec. 33-3-15]** If the Commissioner does not deny a certificate of authority within 90 days after an application is filed, it is considered approved. The certification must specify the kinds of insurance the insurer is authorized to transact in Georgia.
- 3. Renewal [Ch. 120-2-18-.04]** Certificates of authority must be renewed annually. Applications for renewal must be submitted to the Commissioner's office by March 1.
- 4. Certificate of authority refusal [Sec. 33-3-15]** After a hearing, the Commissioner can revoke, suspend, or refuse to renew the certificate of authority of an insurer that:
 - violates any provision of the Georgia insurance code;
 - violates any rule, regulation, or order of the Commissioner;
 - is in an unsound condition or a condition that renders its insurance transactions in Georgia hazardous to the public;
 - regularly compels claimants to accept less than the amount due or forces them to take legal action to secure full payment;
 - refuses to be examined;
 - fails to pay any final judgment rendered against it in Georgia within 30 days; or
 - is affiliated with and under the same general management or ownership as another insurer that transacts direct insurance in Georgia without a certificate of authority (except as permitted for surplus lines insurance).
- 5. Certificate of authority suspension [Sec. 33-3-17]** The Commissioner may, without giving advance notice or a hearing, place an insurer under administrative supervision or immediately suspend its certificate of authority under the following circumstances. The Commissioner may also immediately suspend a

certificate without notice or hearing if the insurer violated the insurance code or gives its consent.

- a. The insurer is under delinquency proceedings in any state.
- b. The insurer's authority to do business has been revoked, suspended, or restricted in any state.
- c. The insurer's business may be hazardous to the public or to its insureds.
- d. The insurer exceeds the powers granted under its certificate of authority and applicable law.
- e. The insurer's business is conducted fraudulently.

6. Administrative fines [Sec. 33-3-20] After a hearing, the Commissioner can impose an administrative fine on an insurer if its officers, employees, agents, or representatives are found to have committed any of the following acts often enough to indicate a general business practice:

- failure to process or pay claims in a timely manner;
- failure to notify policyholders of the reason claims payments have not been made when due;
- refusal to pay claims, without just cause;
- compelling insureds or claimants to accept less than the amount due to them; or
- compelling insureds to initiate legal action to secure full payment or settlement.

- a. An administrative fine cannot exceed:
 - \$1,000 for each nonwillful violation; or
 - \$5,000 for each willful violation.

7. Licensing of foreign insurers as domestic insurers The Commissioner can issue licenses to insurers that are organized under the laws of another state licenses to transact business in Georgia if they comply with all requirements of the Georgia insurance code regarding the organization and licensing of similar domestic insurers and designate their principal place of business at a location in Georgia.

8. Regulation of unauthorized insurers [Sec. 33-5-1] It is illegal for anyone in Georgia to represent an insurer that is not authorized at the time to transact insurance in Georgia. These rules, however, do not apply to:

- surplus lines insurance;
- reinsurance;
- adjusters involved in settling claims under policies that were sold, issued, and delivered outside of Georgia; and
- the professional services provided by an attorney.

F. AGENT, SUBAGENT, COUNSELOR, AND ADJUSTER LICENSING [SEC. 33-23-4] All agents, subagents, counselors, and adjusters must be licensed by the Commissioner to transact insurance business in Georgia. These licenses can only be issued to individuals. The Commissioner can issue two or more licenses to one individual who satisfies the requirements for each license.

1. The following do not need to be licensed as agents, subagents, counselors, or adjusters:
 - a. An officer, director, or employee of an insurer or agency, if he does not receive any commission on policies sold on risks in Georgia and:
 - if his duties are executive, administrative, managerial, clerical, or only indirectly related to the transaction of insurance;
 - if his duties are related to underwriting, loss control, or inspection, or to processing, adjusting, investigating, or settling insurance claims; and
 - if he acts as a special agent or agency supervisor to assist agents and does not transact insurance
 - b. An agent who only places surplus lines insurance with or through a surplus lines broker
 - c. Licensed attorneys who collect premiums, advise clients about insurance, and occasionally adjust losses
2. Agent and subagent licenses can be issued for the following kinds of insurance: life, accident and sickness, credit life, credit accident and sickness, property and allied lines, casualty and allied lines, credit casualty, credit property, and surety.
3. Agents and subagents can only sell the kinds of insurance for which they hold a license and have a certificate of authority on file with the Commissioner. However, no certificate of authority is required for:
 - agents who place 12 or fewer insurance policies through another agent in any one calendar year; and
 - agents who only place surplus lines insurance through surplus lines brokers.
4. Insurers or agents doing business in Georgia can only make insurance contracts through or pay commissions to licensed agents, subagents, or adjusters.

G. LICENSING REQUIREMENTS [SECS. 33-23-5, 6, 7] Applicants for agent, subagent, adjuster, and counselor licenses (except temporary licenses) must satisfy the following requirements before they can be licensed in Georgia.

1. Applicants must be residents of Georgia and be present in the state for at least six months each year (or live in a city that is located partly within Georgia and partly within an adjacent state that has similar licensing requirements).
2. Applicants must be of good character.

3. Applicants must complete the approved prelicensing course of study within one year after filing the application.
4. Applicants must pass any written examination required for the license.
5. Applicants (unless exempt) must successfully complete approved insurance courses.
6. Applicants for counselor licenses must have five years' experience either as an agent, subagent, adjuster, or in any other phase of the insurance business that, in the Commissioner's opinion, qualifies the applicant to act as a counselor.
7. Applicants for counselor licenses must pass the required examination.
8. Applicants for agent and subagent licenses must be appointed by an authorized insurer.
9. Applicants for adjuster licenses must complete special education regarding the handling of loss claims under insurance contracts.
10. Applicants for adjuster and counselor licenses must file a bond, as required by the Commissioner.
11. Applicants must be at least 18 years old.

H. LICENSE APPLICATION [SEC. 33-23-8; CH. 120-2-3-.07] All licensing applicants must file a written application with the Commissioner. All applicants for agent licenses must be sponsored by an authorized insurer, which agrees to appoint the agent as its representative (if the agent's license is granted). Applicants for subagent licenses must be appointed by an agent. The sponsor or appointee must certify that the applicant has satisfied the licensing requirements.

1. **Agent's certificate of authority [Sec. 33-23-36]** Insurers authorized to transact insurance in Georgia must obtain an agent's certificate of authority for each agent who sells insurance and negotiates contracts for them in Georgia. By January 1 of each year, all insurers must renew their certificates of authority for agents and pay the appropriate fees.
2. **Subagent's certificate of authority [Secs. 33-23-27, 28]** Agents licensed in Georgia must obtain a certificate of authority for all subagents representing them in Georgia. Each subagent's certificate of authority must be renewed by the agent not more than once every three years. A subagent's certificate of authority can only cover the kinds of insurance for which the agent is licensed. It does not grant the power to bind an insurer or countersign policies. All business transacted by a subagent must be in the name of the agent who employs the subagent. The agent is responsible for all of the subagent's acts.

3. Prelicensing education [Ch. 120-2-3-.07(3), (4); .08] Licensing applicants (except applicants for temporary licenses) must complete at least 40 classroom hours of prelicensing education. In lieu of fulfilling the prelicensing requirements, a licensing applicant can provide evidence of approved related education, such as:

- college transcript showing 10 quarter hours (or equivalent) of insurance courses; or
- Chartered Life Underwriter® (CLU®) or Fellow Life Management Institute (FLMI) designations.

a. Exemptions from education requirement A person who applies for a license in Georgia who was previously licensed for the same lines of authority in another state is not required to complete prelicensing education or take the licensing examination. The exemption is available if the person is currently licensed in the other state or if the application is received within 90 days of cancellation of the applicant's previous license and the other state certifies that the applicant was licensed in good standing. The person must apply for a Georgia license within 90 days of moving to Georgia.

4. Examination of applicants [Sec. 33-23-5; Ch. 120-2-3-.09] Individual applicants for agent, subagent, counselor, or adjuster licenses must take a written examination that tests their competence to act in such capacity. Examinees must obtain a score of at least 70% to pass the examination. Examinees who fail the examination must wait two weeks and pay the required fee before retaking the exam. Anyone who fails the exam three times must take the prelicensing course before retaking the exam. The following applicants are not required to take a written examination.

- a.** Life and health insurance applicants who hold CLU® or FLMI designations
- b.** Applicants for counselor licenses who hold CIC or CLU® designations
- c.** Applicants who hold a PhD in insurance
- d.** Adjusters who are salaried employees of insurers
- e.** Applicants for temporary licenses
- f.** Applicants for renewal licenses (unless the Commissioner determines that examination is necessary to establish the applicant's competency)
- g.** Travel ticket selling agents who only sell individual accident policies
- h.** Credit life or credit accident insurance agents
- i.** Applicants whose agent licenses were suspended in Georgia within the past year

- 5. Issuance of license and continuing education [Ch.120-2-3-.12 to 16]** Licenses (except temporary or probationary licenses) will not expire provided the Commissioner receives the appropriate fees, along with evidence that the continuing education requirements have been completed every year.
- a. Residents who have been licensed for fewer than 20 years must complete at least 15 hours of continuing education each year.
 - b. Residents who have been licensed for at least 20 years must complete at least 10 hours of continuing education each year.
 - c. Continuing education courses may be in any area in which a person is licensed. Three of the hours required each year must be on the subject of ethics.
 - d. Persons who are newly licensed will be considered to have met initial requirements for continuing education by filing their prelicensing course certificate with the renewal form. This exemption only applies for the first year of licensure.
 - e. Licensees will not receive credit for taking the same continuing education course in a five-year period, unless the course focuses on current issues, ethics, or legislative updates.
 - f. Credit for continuing education courses earned in one compliance period that exceeds the number of required hours can be applied to the next compliance period, as long as the credit does not exceed 50% of the annual continuing education requirement.
 - g. Residents must file for license renewal by November 1 each year. Failing to file and pay the fee on time results in license expiration on December 31. All continuing education requirements must also be satisfied by that date. If a person fails to file for late renewal reinstatement within one year from the date on which the license expired, he must reapply for the license and meet prelicensing education requirements. In cases of extreme hardship, the Commissioner may make exceptions.
- 6. Placement of license on inactive status [Sec. 33-23-19]** An agent or subagent license will be placed on inactive status if the agent or subagent does not have a certificate of authority on file with the Commissioner to represent at least one insurer or agent licensed to do business in Georgia. Licensees whose licenses are on inactive status must continue to fulfill the continuing education requirements.
- a. Agents or subagents whose licenses are suspended or placed on inactive status can continue to receive commissions for insurance contracts they wrote before their licenses were suspended or placed on inactive status.

- b. An agent whose license has been suspended or placed in inactive status may countersign certificates and endorsements necessary to continue coverage to the expiration date (including renewal option periods) if authorized by the insurer.

7. Refusal, suspension, or revocation of license [Sec. 33-23-21] A license (other than a probationary license) can be refused, suspended, or revoked by the Commissioner (anyone whose license or application has been refused or revoked must wait at least five years before reapplying for a license) if the individual:

- violates any Georgia insurance laws;
- intentionally misrepresents or conceals any facts in a licensing application or any form filed with the Commissioner;
- attempts to obtain a license by misrepresentation, concealment, or other fraud;
- misappropriates, converts to his own use, or illegally withholds money belonging to an insurer, insured, agent, applicant, or beneficiary;
- commits fraudulent or dishonest practices;
- materially misrepresents the terms and conditions of an insurance policy or contract;
- fails or cheats on a required examination;
- violates any rule or regulation issued by the Commissioner;
- holds a license to secure rebates, commissions, or controlled business;
- lacks trustworthiness or competence to act as a licensee;
- fails or refuses (upon written demand) to pay to any insurer, agent, applicant, beneficiary, or insured any money that belongs to that person;
- refuses to produce records in response to a written demand by the Commissioner;
- is convicted, arrested, charged, or sentenced for any felony or crime of immorality; and
- has had any kind of license revoked, suspended, denied, or refused by any licensing authority.

8. Temporary licenses [Sec. 33-23-13] The Commissioner can issue a temporary license to a family member, associate, guardian, or estate executor of a former agent or subagent who dies or becomes unable to carry out his duties because of any of the following: service in the United States armed forces, illness, disability, or termination of appointment by the insurer.

- a. The Commissioner will only grant a temporary license to an agent if the incapacitated agent or subagent was the only person in the agency who was licensed to transact that specific type of insurance.
- b. Temporary licenses may also be issued, at the request of the insurer, to agents in training.

- c. Holders of temporary licenses can continue the former agent or subagent's insurance business, but cannot solicit, negotiate, or procure new insurance accounts.
- d. Applicants for temporary licenses do not need to meet the agent or subagent examination, residence, or education licensing requirements.
- e. Temporary licenses are effective for six months and can be renewed, at the discretion of the Commissioner, for up to a total of 15 months.

9. Probationary licenses [Sec. 33-23-14] The Commissioner can issue probationary licenses for periods of between three and 12 months.

10. Limited subagent licenses [Ch. 120-2-3-.31] The Commissioner can issue limited subagent licenses, without requiring an examination, to applicants who only transact one of the following: personal insurance (property and casualty), private passenger automobile insurance, homeowners insurance, and personal insurance (life, accident, and sickness).

- a. Applicants for limited subagent licenses must:
 - complete 20 hours of prelicensing education; and
 - complete at least five hours of continuing education each year.

11. Nonresident licenses [Sec. 33-23-16] The Commissioner can issue nonresident licenses to individuals who reside and are licensed in another state and:

- certify that they will not negotiate insurance contracts in Georgia with any insurer that is not qualified to do business in Georgia;
- pay the required licensing fee;
- live in a state that allows Georgia residents to be licensed in the same manner as nonresidents are licensed in Georgia; and
- hold the same kind of license in their state of residence.

I. UNFAIR TRADE PRACTICES It is illegal to engage in any trade practice that is considered to be an unfair method of competition or a deceptive act. The Commissioner can fine violators or suspend or revoke their licenses.

1. Misrepresentations and false advertising It is illegal to make, issue, or circulate untrue, deceptive, or misleading statements regarding the insurance business. It is also illegal to misrepresent a policy to induce a policyholder to lapse, forfeit, or surrender a policy. This practice is called twisting. Specifically prohibited is information that misrepresents:

- benefits, advantages, or terms of any policy;
- dividends or share of the surplus previously paid or to be received any policy;
- financial condition of any insurer or the legal reserve system upon which a life insurer operates; or
- any policy's name or title to misrepresent its true nature.

- 2. False financial statements [Sec. 33-6-4]** It is illegal to publish or circulate any false statement regarding an insurer's financial condition with the intent to deceive.
- 3. Boycott, coercion, and intimidation [Sec. 33-6-4]** It is illegal to commit an act of boycott, coercion, or intimidation that results in unreasonable restraint of, or monopoly in, the insurance business.
- 4. Defamation of insurer [Sec. 33-6-4]** It is illegal to make or circulate any statement that is false or maliciously critical regarding an insurer's financial condition to injure any person engaged in the insurance business.
- 5. Delivery of stock [Sec. 33-4-4]** It is illegal to issue or deliver agency or company stock, benefit certificates, or any advisory board contracts promising returns and profits as an inducement to purchase insurance.
- 6. Unfair discrimination—life insurance [Sec. 33-6-4]** Regarding life insurance or life annuities, it is illegal to make or permit unfair discrimination between individuals of the same class and equal life expectancy in:
 - the rates charged for any life insurance or life annuity;
 - the dividends or other benefits payable; and
 - the terms and conditions of the contract.
- 7. Unfair discrimination—accident and sickness insurance [Sec. 33-6-4]** Regarding accident and sickness insurance, it is illegal to make or permit unfair discrimination between individuals of the same class and essentially the same hazard in:
 - the amount of premium, policy fees, or rates charged;
 - the benefits payable; and
 - any of the terms or conditions of the contract.
- 8. Rebates [Sec. 33-6-4.8]** It is illegal to offer, as an inducement to purchase insurance, anything of value not specified in the contract, such as:
 - rebates of premiums payable on the contract;
 - special favors or advantages in the dividends or other benefits; and
 - stocks, bonds, securities, and their dividends or profits.
- 9. Not considered rebates or unfair discrimination [Sec. 33-6-4.8]** The following, however, are not considered to be rebates or unfair discrimination, and are not prohibited.
 - a.** Paying fair and equitable bonuses to life insurance or life annuity policyholders out of surplus accumulated from nonparticipating insurance
 - b.** Making allowances for debit life, accident, and sickness policyholders who continuously make premium payments directly to the insurer, representing the savings in collection expenses

- c. Issuing life or accident and sickness insurance policies covering the insurer's employees at a lower rate than that charged to other people in the same class
- d. Issuing life or accident and sickness policies on a salary-saving, payroll deduction, or draft plan at a reduced rate in proportion to the savings made by the use of the plan
- e. Paying commissions or other compensation to agents or brokers or allowing or returning dividends, savings, or unabsorbed premium deposits to participating policyholders, members, or subscribers

10. Applications and solicitation [Sec. 33-6-4.10] It is illegal to encourage agents to accept applications that misrepresent or conceal information that, if stated in the application, would prevent the policy from being issued.

11. Representation [Sec. 33-6-4.12] The following acts are illegal.

- a. Representing that any insurer or agent is employed by or otherwise associated with any Medicare program or with the United States Social Security Administration, or that any insurance policy sold or offered has been endorsed or sponsored by the federal or state government
- b. Offering to sell Medicare supplement coverage that does not comply with the Georgia insurance laws or regulations
- c. Representing that an individual policy is a group policy
- d. Failing to disclose in printed advertising material that medical benefits are calculated on the basis of usual, customary, and reasonable charges

12. Insurers cannot advertise individual or group policies in a manner that:

- computes the life insurance death benefit in such a technical nature that it cannot be understood by the insuring public;
- misleads accident and sickness or life insurance policyholders into believing that the coverage is guaranteed issue when, in reality, insureds must meet specific conditions to be covered; and
- has not been approved for use in Georgia by the Commissioner.

13. Other unfair methods of competition It is illegal for agents or insurers to:

- use a name that deceptively suggests that a person is an insurer;
- include the premium for insurance in the overall purchase price of merchandise or property, without separately identifying the amount charged and to be paid for the insurance; and
- limit the amount or kind of coverage available to an individual solely because the individual is blind or partially blind.

- 14. Investigation by the commissioner [Sec. 33-6-6]** The Commissioner can examine and investigate the affairs of all persons engaged in the insurance business in Georgia to determine whether they are engaged in any prohibited unfair method of competition or a deceptive act or practice.
- 15. Hearings regarding unfair practices [Sec. 33-6-7]** The Commissioner can issue a statement of charges to any person believed to be engaged in an unfair practice or method of competition, if a proceeding appears to be in the public's best interest. The statement must include a notice of hearing to be held no less than 15 days after the notice is served. At the hearing, the person has the opportunity to show cause why the Commissioner should not issue an order to cease and desist from the practice.
- 16. Penalties [Sec. 33-6-8]** If, after a hearing, the Commissioner determines that the person charged has engaged in an unfair practice or method of competition, the Commissioner can fine the violator or issue an order to cease and desist from the practice. A cease and desist order can be appealed by filing a petition for review with a superior court.
- 17. Unlawful contracts [Sec. 33-6-13]** It is illegal to enter into any contract to:
- control the rates to be charged for insuring any risks in Georgia;
 - discriminate against any person in Georgia by reason of his method of transacting insurance or affiliation with any insurance organization; or
 - establish any condition in Georgia that is detrimental to competition or injurious to the public.

J. UNFAIR CLAIMS SETTLEMENT PRACTICES [SEC. 33-6-34] The insurance code sets forth standards for the investigation of claims arising under policies or certificates of insurance issued to residents of Georgia (not including workers' compensation, fidelity, or surety insurance). The Commissioner can issue a statement of charges and notice of a hearing to anyone believed to be engaging in an unfair claims settlement practice, if a proceeding appears to be in the public interest. It is an improper claims settlement practice for a domestic, foreign, or alien insurer to commit any of the following acts flagrantly or with such frequency that they indicate a general business practice.

1. Knowingly misrepresenting relevant facts or policy provisions to claimants and insureds
2. Failing to acknowledge communications regarding claims arising under its policies
3. Failing to adopt and implement procedures for the prompt investigation and settlement of claims arising under its policies
4. Not attempting in good faith to bring about prompt, fair, and equitable settlement of claims submitted in which liability has become reasonably clear

5. Compelling insureds or beneficiaries to institute suits to recover amounts due under their policies by offering substantially less than the amounts ultimately recovered in suits brought by them
6. Refusing to pay claims without conducting a reasonable investigation
7. When requested by the insured in writing, failing to affirm or deny coverage of claims within a reasonable time after completing an investigation related to such claims
8. When requested by the insured in writing, making claims payments to an insured or beneficiary without indicating the coverage under which each payment is being made
9. Unreasonably delaying the investigation or payment of claims by requiring both a formal proof of loss and subsequent verification that duplicates the information
10. When requested by the insured in writing, failing in the case of claims denial or offers of compromise settlement to provide a prompt explanation of the basis for such actions
11. Failing to provide forms necessary to file claims within 15 calendar days of a request, with reasonable explanations regarding their use
12. Issuing checks or drafts in a partial settlement of a loss or claim under a specific coverage which contains language that releases the insurer or its insured from its total liability

II. GEORGIA LAWS, RULES, AND REGULATIONS PERTINENT TO LIFE INSURANCE ONLY

A. REPLACEMENT OF LIFE INSURANCE Minimum standards of conduct have been established to protect the interests of life insurance purchasers who consider replacing their policies.

1. Replacement refers to any transaction in which new life insurance is to be purchased, and the proposing agent or counselor should have known that the transaction will cause an existing life insurance policy to be:
 - lapsed, forfeited, surrendered, or otherwise terminated;
 - reissued with a reduction in cash value;
 - changed or reduced to paid-up insurance, extended term insurance;
 - otherwise reduced in value by the use of nonforfeiture benefits or other policy values; or
 - amended either to reduce the benefits or the term for which coverage would otherwise remain in force.

2. Conservation is any attempt by an existing insurer, agent, or counselor to prevent the replacement of an existing life insurance policy.
3. The existing insurer is the insurer whose policy is to be replaced.
4. The replacing insurer is the insurer that issues or proposes to issue a new policy that replaces existing coverage.
5. **Exemptions [Ch. 120-2-24-.04]** The replacement regulations do not apply to:
 - credit life insurance;
 - group life insurance;
 - replacement of annuity contracts; and
 - most life insurance policies issued in connection with a pension, profit sharing and individual retirement account, or other benefit plan qualifying for tax deductibility of premium.
6. **Duties of agents [Ch. 120-2-24-.05]** Insurers must inform their field representatives about the replacement regulations. Whenever agents submit applications to insurers, they must also submit statements, signed by the applicant and agent, disclosing whether or not replacement is involved. When replacement is involved, the agent must:
 - present a replacement notice to the applicant, which must then be signed by the applicant and the agent;
 - with each application, obtain a list of all existing life insurance to be replaced, identified by name of insurer, insured, and policy or number;
 - leave copies of all written or printed advertisements used in the presentation or conservation presentation with the applicant; and
 - submit a copy of the replacement notice to the replacing insurer and a statement of all existing life insurance to be replaced.
7. **Duties of insurers [Ch. 120-2-24-.06, .07]** When a policy is to be replaced, replacing insurers must do each of the following.
 - a. Maintain copies of the replacement notice, all required written communications, the applicant's signed statement regarding replacement, and a replacement register in their home office for at least three years, or until the conclusion of the next regular examination by the Insurance Department, whichever is later.
 - b. Receive from the agent a list of the applicant's existing life insurance policies to be replaced and a copy of the replacement notice provided to the applicant.
 - c. Send each existing insurer a copy of the replacement notice and a written communication advising of the proposed replacement within three working days of receipt of the application or the date the policy is issued, whichever is earlier.

- 1.) Existing insurers must provide policyowners with a policy summary for the existing life insurance within 10 days of receiving the written communication and replacement.

8. Penalties [Ch. 120-2-11-.03] If policyowners repeatedly replace policies with others from the same insurer or agent, the pattern is considered to be evidence that the insurer or agent knew that replacement was intended in connection with the sale and intended to violate the replacement regulations.

B. REGULATION OF VARIABLE PRODUCTS [CH. 120-2-32] An insurer may establish one or more separate accounts into which it pays any money it receives. These accounts are used to pay benefits in variable dollar amounts and to pay benefits in fixed and guaranteed dollar amounts.

1. The assets of these separate accounts must always be designated for the accounts, though they do not need to be physically separated from the insurer's other assets. The income or losses of the separate accounts are credited to or charged against those accounts and do not affect the general income or losses of the insurer.
2. Insurers may not deliver or issue variable life insurance contracts or annuities unless licensed to do so and must obtain the written approval of the Commissioner to issue variable life insurance policies in Georgia.
3. Insurers must file all variable life insurance policies, riders, endorsements, and applications with the Commissioner before their use or delivery.
4. Candidates for variable life agents' licenses must hold a current life agents' license and a current NASD (now known as FINRA) registration and must complete a preexamination course of at least 8 hours of classroom instruction.

C. LIFE INSURANCE ADVERTISEMENTS Minimum standards and guidelines for life insurance advertising are evaluated by the Insurance Department to insure truthful disclosure of information and help the public make insurance purchasing decisions in their best interest. These standards apply to all life insurance policies or annuity contracts and related services intended for use in Georgia. Insurers are responsible for establishing and maintaining control over the content of their policy advertisements, regardless of who wrote them.

1. **Advertising defined [Ch. 120-2-11-.03]** Advertising includes any material designed to create public interest in an insurance product or company or to induce members of the public to purchase, increase, or modify a policy. Advertisements may assume any of the following forms.
 - a. Printed and published material, audiovisual material, mailing envelopes, and descriptive literature used in direct mail, newspapers, magazines, television scripts, and similar displays.
 - b. Prepared sales talks, presentations, and materials for use by sales personnel, agents, or counselors.

2. Exclusions from advertising regulations [Ch. 120-2-11-.03]

Advertising regulations do not pertain to the following.

- a. Communications or materials used within an insurer's organization and not intended for dissemination to the public
- b. General communications with policyholders that are not sales inducements
- c. General announcements from group or blanket policyholders, notifying eligible individuals on an employment or membership list that a program has been arranged (if the announcement clearly indicates that more information explaining the proposed coverage will follow)

3. Form and content of advertisements [Ch. 120-2-11-.05]

Advertisements must be truthful and not misleading. The form and content of all advertisements must be clear enough to avoid deception. The Commissioner is responsible for determining whether an advertisement might mislead or deceive a person of average education and intelligence. Advertisements must not use the terms *investment*, *profits*, or other similar terms that might mislead a purchaser into believing that he may receive something that is not available to other persons of the same class and life expectancy, unless it is the truth.

4. Disclosure requirements [Ch. 120-2-11-.06]

Advertisements must not omit information or use words that might mislead or deceive prospective purchasers about the nature of any benefit or premium payable, loss covered, or state and federal tax consequences. The fact that the policy is made available to the prospective insured for inspection, with an offer to refund the premium if the purchaser is not satisfied, does not excuse misleading statements. The following information is required for all life insurance and annuity advertisements in Georgia.

- a. Advertisements that do not guarantee policy issue but use the terms *nonmedical*, *no medical examination required*, or similar terms must also state that policy issuance may depend on answers to health questions.
- b. Advertisements must include the words *life insurance* or *annuity* in the title or include other language clearly indicating that it is life insurance or an annuity.
- c. Advertisements for policies marketed by direct response (where no agent is involved) must not imply that there will be a cost savings to purchasers because there is no agent or commission involved, unless that is true.
- d. Advertisements for graded or modified policies must prominently display any limitation of benefits.
- e. Advertisements for policies with nonlevel premiums must prominently describe premium changes.
- f. The source of any statistics used in an advertisement must be identified.

- g.** Advertisements must not make unfair or incomplete comparisons with another insurer's policies, benefits, dividends, or rates, or unfairly describe the other insurer's services or marketing methods.
 - h.** Comparisons between participating and nonparticipating policies must be accurate.
 - i.** Advertisements must prominently describe the specific type of policy being advertised.
 - j.** Advertisements must not state that a purchaser will share in or receive a stated percentage of the earnings of the insurer's general account assets.
- 5. Disclosure of dividends** Advertisements must not describe dividends in a misleading manner. They cannot imply that the payment or amount of dividends is guaranteed.
- 6. Testimonials by third parties [Ch. 120-2-11-.06]** Testimonials and third party endorsements used in advertisements must be genuine, represent the author's current opinion, be applicable to the policy advertised, and be accurately reproduced.
- 7. Special offers [Ch. 120-2-11-.06]** Advertisements must not imply that a policy is an introductory or special offer or that applicants will receive advantages that are not available at a later date, unless that is true. Advertisements cannot describe enrollment periods as special or limited if they use successive enrollment periods as their usual policy marketing method. An enrollment period during which a particular individual policy may be purchased must take place at least six months after the last offer. The advertisement must specify the date by which the application must be mailed (between 10 and 40 days after the first advertisement of the enrollment period). Advertisements must not state or imply that prospective insureds will become members of a special class or group and receive special group rates, dividends, or privileges, unless it is true.
- 8. Identity of insurer [Ch. 120-2-11-.17]** The insurer's name must be clearly identified in all advertisements. Advertisements for specific policies must include the full name of the insurance company issuing the policy. Advertisements must not use any combination of words or symbols that may mislead prospective insureds into believing that an insurer is connected with a government program or agency.
- 9. Advertising records [Ch. 120-2-11-.11]** Insurers must keep files of all advertisements used in Georgia, which must note the manner and extent of distribution and the form number of any advertised policy. These files are subject to inspection by the Insurance Department and must be kept either for four years or until the next regular examination by the Department. All insurers must file a certificate of compliance with their annual statements, stating that their advertisements comply with these regulations.

D. MISCELLANEOUS PROVISIONS

- 1. Approval of forms [Sec. 33-24-9]** All life insurance policy and annuity contract forms and applications delivered in Georgia must be filed with the Commissioner at least 90 days before their intended use. A form is automatically approved if the Commissioner has not disapproved it within 90 days. The Commissioner must disapprove of any forms that are misleading, illegible, or contain provisions that are unfair or inequitable.
- 2. Right to contract for insurance** Any person of competent legal capacity age 15 or older can purchase insurance. A minor will not, by reason of his minority, be entitled to rescind or repudiate the contract.
- 3. Consent of insured** Individual life or accident and sickness insurance contracts cannot be made unless the individual is of competent legal capacity and consents in writing to the contract except in the following cases.
 - a. A spouse may purchase insurance upon the other spouse.
 - b. Any person having an insurable interest in the life of a minor or any person upon whom a minor is dependent for support and maintenance can purchase insurance on a minor's life.
 - c. An application for a family policy may be signed by either parent, by a stepparent, or by husband or wife.
 - d. A publicly owned corporation may purchase insurance on any employees in whom it has an insurable interest.
- 4. Statements in applications [Sec. 33-24-7]** All statements and descriptions in insurance applications or annuity contracts made by or on behalf of the insured or annuitant are deemed to be representations and not warranties.
- 5. Standard provisions [Sec. 33-25-3, 4]** All individual life insurance policies delivered or issued for delivery in Georgia must include the following provisions.
 - a. A statement that all premiums after the first must be paid in advance
 - b. A title provision stating that a title describing the nature and form of the policy must appear on the first page
 - c. A 30-day grace period for payment of any premium (except the first), during which time the death benefit coverage continues in force
 - d. An incontestability provision stating that the validity of the policy cannot be contested (except for nonpayment of premiums) after it has been in force for two years (not including provisions relating to disability benefits or accidental death)

- e.** An entire contract provision stating that the policy (and the application, if attached) constitutes the entire contract between the parties and that all statements made by the insured (in the absence of fraud) are representations and not warranties
- f.** A free look provision, granting the insured the right to return the policy within 10 days of receipt, with a refund of all premiums paid, if not satisfied for any reason
- g.** A misstatement of age provision stating that if the insured's age was misstated on an application, any amount payable under the policy will be determined according to how much coverage the premium paid would have purchased for the correct age
- h.** A payment of claims provision stating that the insurer must pay death claims no later than two months after receiving proof of death
- i.** A table of installments provision stating that if the policy pays the death benefit in installments, a table must be included that shows the amount of the guaranteed installments
- j.** A policy loan provision stating that after the policy has been in effect for three years, the insurer may loan, with the policy pledged as security, an amount equal to the surrender value at the end of the current policy year
- k.** A nonforfeiture provision that grants:
 - paid-up nonforfeiture benefit on a plan stated in the policy, and in the event of default and upon the policyowner's request within 60 days of the default; and
 - cash surrender value of a specified amount instead of any paid-up nonforfeiture benefit if a policy is surrendered within 60 days after a default and premiums have been paid for the last three years.
- l.** A premium refund provision stating that, within 30 days of receiving notice of an insured's death, the insurer will refund the portion of premiums or fees paid beyond the month of death except for term insurance
- m.** Tables of options and values provisions that explain the mortality table, interest rate, and other methods used to calculate the cash surrender values and the paid-up nonforfeiture benefits available under the policy
- n.** A reinstatement provision stating that unless a policy has been surrendered, it can be reinstated at any time within three years from the date of premium default if the policyholder pays all premiums due with interest

6. Group life insurance All group life insurance policies delivered in Georgia must conform to one of the following descriptions.

- a. Employee groups [Sec. 33-27-1(1)]** Policies issued to an employer (or to trustees of a fund established by an employer) to insure employees are subject to the following requirements.
- 1.) The premium must be paid by the policyholder either wholly from the employer's funds or partly from the employer's funds and partly from the insured employees' funds (policies cannot require that insured employees contribute the entire premium).
 - 2.) Policies in which the insured employees pay no part of the premium must insure all eligible, insurable employees.
 - 3.) The policy must cover at least two employees at the date of issue.
 - 4.) The amounts of insurance under the policy must be based on some plan that precludes individual selection either by the employees or by the employer or trustee.
- b. Debtor groups [Sec. 33-27-1(2)]** Policies issued to a creditor (or to a trustee appointed by two or more creditors to insure debtors) are subject to the following requirements.
- 1.) All of the creditor's debtors whose indebtedness is repayable at the end of a period not to exceed 24 months from the initial date of debt must be eligible for insurance under the policy.
 - 2.) The policy premium must be paid by the policyholder either from the creditor's funds or the charges collected from the insured debtors.
- c. Labor union groups [Sec. 33-27-1(5)(C)]** Policies issued to a labor union to insure its members are subject to the following requirements.
- 1.) The premiums for the policy must be paid by the policyholder either wholly from the union's funds or partly from the union's funds and partly from funds contributed by the insured members (policies cannot require that insured members contribute the entire premium).
 - 2.) A policy in which no part of the premium is to be paid by the insured members specifically for their insurance must insure all eligible, insurable members.
 - 3.) The policy must cover at least 25 members at date of issue.

- 4.) The amounts of insurance under the policy must be based upon some plan that precludes individual selection either by the members or by the union.
- d. Trustee groups [Sec. 33-27-1(6)]** Group policies can be issued to the trustees of a fund established by two or more employers or by one or more labor unions or employers to insure employees or members of the unions.
- e. Association groups [Sec. 33-27-1(7)]** The lives of a group of individuals may be insured under a policy issued to an association, which can be an association of:
- government or public employees;
 - employees of a common employer; or
 - organization members engaged in a common trade, business, or profession formed or operated for purposes other than to obtain insurance.
- f. Bank and credit union groups [Sec. 33-27-1(8)]** A bank authorized to do business in Georgia may carry insurance on its depositors for amounts not to exceed the lesser of each depositor's savings deposit balances or \$5,000.
- g. Multiple employer welfare arrangements [Sec. 33-27-1(9)]** The lives of a group of individuals may be insured under a policy issued to a legal entity providing a multiple employer welfare arrangement. This is any employee benefit plan that is established or maintained for the purpose of providing life insurance benefits to the employees of two or more employers, including self-employed individuals and their dependents.
- h. Policy coverage for dependents [Sec. 33-27-2]** Employee, labor union, and trustee group coverage may be extended to insure spouses and dependent or minor children of insureds, subject to the following requirements.
- 1.) The premium must be paid by the employer or union or the insured employees or members, or both.
 - 2.) If any part of the premium is to be paid by the insured employees or members, insurance can be placed in force on spouses and dependents only if at least 75% of the eligible, insurable employees or members elect to make the required contribution.
 - 3.) If the employee or member dies or terminates eligible employment or membership, the family members are entitled to have issued by the insurer, without evidence of insurability, an individual life insurance policy as long as the first premium is paid to the insurer within 31 days after the termination.

III. GEORGIA LAWS, RULES, AND REGULATIONS PERTINENT TO ACCIDENT AND SICKNESS INSURANCE ONLY

A. CREDIT LIFE, ACCIDENT, AND SICKNESS INSURANCE [SECS. 33-31-1 TO 3] .Credit life insurance and credit accident and sickness insurance are policies that cover debtors of a creditor in connection with a specific loan or other credit transaction. Credit life insurance covers the life of a debtor; credit accident and sickness insurance provides indemnity for loan payments that become due while the debtor is disabled. All insurance issued in the following forms is considered to be credit insurance.

- Individual life insurance policies issued to debtors on the term plan
- Individual accident and sickness policies issued to debtors on a term plan
- Disability provisions in individual credit life insurance policies
- Group life insurance policies issued to creditors insuring the lives of debtors on the term plan
- Group accident and sickness insurance policies issued to creditors on a term plan insuring debtors

Credit insurance applies to or is appropriate for use with any loan, retail installment transaction, or other credit transaction made in Georgia. It includes credit life insurance, credit accident and sickness insurance, credit unemployment insurance, credit casualty insurance, and credit property insurance.

The insurance code, however, does not apply to insurance sold in connection with a loan or other credit transaction of five years' duration or more. The amount of credit life insurance cannot exceed the amount of the debt. The amount of indemnity payable by credit accident and sickness insurance in the event of disability must not exceed the total of the periodic scheduled unpaid installments of indebtedness.

- 1. Effective date of insurance [Sec. 33-31-5]** The term of any credit life or credit accident and sickness insurance begins when the debtor becomes obligated to the creditor. However, when a group policy provides coverage on existing obligations, the insurance begins on the effective date of the policy. The term of the insurance must not extend more than 15 days beyond the scheduled maturity date of the debt (except when extended without additional cost to the debtor). A refund must be paid for termination prior to scheduled maturity.
- 2. Delivery and policies [Secs. 33-31-6,7]** In most cases, the individual policy or group certificate must be delivered to the insured debtor when the indebtedness is incurred. Unless the individual policy is incontestable from the date of issue, it must provide that the validity of the policy must not be contested, except for nonpayment of premiums, after it has been in force for two years from its date of issue and that all statements made by the policyholder or insureds must be deemed representations and not warranties. All credit life, accident, and sickness insurance policies or group certificates must include:
 - the name and home office address of the insurer;
 - the identity of the insured;
 - a description of the coverage, including any exceptions, limitations, or restrictions;

- a statement that the benefits will be paid to the creditor to reduce or extinguish the unpaid indebtedness;
 - if the amount of insurance exceeds the unpaid indebtedness, a statement that any excess must be payable to a beneficiary (other than the creditor) named by the debtor or to the debtor's estate; and
 - an incontestability provision of two years from date of issue, except for nonpayment of premiums.
- 3. Settlement of claims [Sec. 33-31-10]** All claims must be reported promptly to the insurer, which must maintain adequate claim files. All claims must be settled as soon as possible according to the terms of the insurance contract. No arrangement may authorize any person, firm, or corporation (other than the insurer or its designated claim representative) to settle or adjust claims.
- 4. Debtor's right to furnish insurance [Sec. 33-31-11]** When credit insurance is required as additional security, the debtor, upon written request to the creditor, will have the option of obtaining the required insurance through his existing policies or through any insurer authorized to transact insurance business within Georgia.
- 5. Credit life insurance rates** All credit life insurance forms used in Georgia must contain schedules of premium rates. The rates must:
- be reasonable in relation to the benefits and coverages provided;
 - not be excessive, inadequate, or discriminatory; and
 - be determined after consideration has been given to past and prospective loss experience.
- 6. Policies covering joint lives [Ch. 120-2-27-.06]** Credit life insurance policies or certificates issued to cover two lives jointly (spouses or business partners jointly liable for a single debt) must be made payable upon the death of the first to die during the policy term. The policy terminates at that time. Credit accident and sickness policies issued in Georgia cannot cover more than two lives jointly.
- 7. Minimum requirements [Ch. 120-2-27-.08]** Credit accident and sickness insurance forms filed with the Commissioner must conform to the following.
- a. They must provide that, if the covered indebtedness results from the refinancing of a prior debt with the same creditor, any period of exclusion for preexisting conditions will be reduced by any period that the creditor-debtor disability insurance was in force in connection with the prior indebtedness.
 - b. They must provide for payment of a daily benefit amount for at least one-thirtieth of the scheduled monthly payments on the debt.
 - c. They must include either no age restrictions or only those that make debtors ineligible if they reach age 65 at the time of indebtedness, or who will reach age 66 prior to the maturity of the indebtedness.

- d. They must include either no other exclusions or only those that exclude disability resulting from normal pregnancy, self-inflicted injuries, flight in non-scheduled aircraft, or military service.
- 8. Preexisting conditions [Ch. 120-2-27-.08]** Credit accident and sickness forms cannot exclude preexisting conditions unless the insured received medical consultation, diagnosis, or treatment within six months before the effective date of coverage. Disability beginning at least six months after the effective date of coverage cannot be excluded, regardless of whether such disability results from a preexisting condition.
- 9. Definition of total disability [Ch. 120-2-27-.08]** Credit accident and sickness insurance must define total disability as:
- the inability to perform the occupation that the debtor held at the time the disability occurred (for the first 12 months of disability); and
 - the inability to perform any occupation for which the debtor is reasonably fitted by education, training, or experience (after the first 12 months of disability).

B. ACCIDENT AND SICKNESS INSURANCE

- 1. Coverage of newborn children [Sec. 33-24-22]** Individual and group accident and sickness insurance policies and contracts that cover family members of the insured must also provide newborns, from the moment of birth, with all health insurance benefits applicable to children. Coverage for adopted children must be effective at the date of the final decree of adoption. Injury and sickness must be covered, including the necessary care and treatment of medically diagnosed congenital defects and birth abnormalities (but not necessarily including benefits for routine well baby care).
- a. If payment of a specific premium or subscription fee is required to provide coverage for a child, the policy or contract may require that the insurer be notified and paid any required fees within 31 days after the birth or final adoption for coverage to continue beyond that 31-day period.
- 2. Dependent children [Sec. 33-24-28]** All individual and group hospital or medical expense insurance policies that provide coverage for dependent children must generally terminate coverage for the children when they reach the limiting age of dependence specified in the policy. However, coverage shall not terminate for children who continue to be both:
- incapable of self-sustaining employment by reason of mental retardation or physical handicap (as determined by the Department of Human Resources); and
 - chiefly dependent upon the policyholder for support and maintenance.
- a. Proof of incapacity and dependency must be furnished to the insurer, hospital, or medical service plan corporation within 31 days after the child reaches the limiting age, and may be required by the insurer annually after the child reaches the limiting age.

- 3. Mental health expense benefits [Secs. 33-24-28.1, 29]** All insurers authorized to issue accident and sickness insurance contracts must make coverage available for the treatment of mental disorders. This coverage must be at least as extensive as that provided for the treatment of physical illnesses. Insurers, however, are not required to cover inpatient treatment for more than 30 days per policy year under individual policies and are not required to cover outpatient treatment for more than 48 visits per policy year under individual policies.
- a. Treatment must be provided for recognized mental illnesses. Under the insurance code, recognized mental illness includes all conditions classified as mental disorders in the American Psychiatric Association Diagnostic and Statistical Manual of Mental Disorders.
 - b. The mental illness provisions must not contain any special exclusions, reductions, or other limitations regarding the coverage, deductibles, or coinsurance provisions that apply to the treatment of mental disorders.
- 4. Mammograms and prostate exams [Sec. 33-29-3.2]** Insurers authorized to issue individual or group accident and sickness insurance policies in Georgia that include coverage for any female must also include mammogram coverage for at least:
- one baseline mammogram for women between ages 35 and 39;
 - a mammogram every two years for women between ages 40 and 49;
 - a mammogram every year for women age 50 and older; or
 - any mammogram when ordered by a physician for a female at risk.
- Policies must also offer coverage for pap smears once every year, or more often if ordered by a physician. All insurers authorized to issue individual or group accident and sickness insurance policies in Georgia that include coverage for any male must also include coverage for annual prostate examinations for covered males age 40 or older, if ordered by a physician.
- 5. Renewability of group policies [Sec. 33-24-47.1]** Accident and sickness insurers must notify group policyholders at least 60 days before refusing to renew a policy. Notice to group policyholders is not required if the insurance is cancelled for nonpayment of premium (after the 31-day grace period).
- 6. Conversion [Sec. 33-24-21.1]** Each group plan that provides health benefits delivered in Georgia must offer its members and their dependents the opportunity to continue their insurance if the group coverage ends. To qualify for continuation, an individual must be a member of the group for six months, pay all of the required premiums, and request the conversion within 30 days of losing the group coverage. The conversion to an individual or other group plan must be provided without new evidence of insurability. The conversion privilege does not extend to group members who obtained their insurance through fraud, who were terminated for cause, who failed to pay the required premiums, or who were part of an entire class that was no longer covered.

- 7. Pharmaceutical services [Sec. 33-30-4.3]** Group or blanket accident and sickness insurance policies cannot require that insureds obtain pharmaceutical services exclusively from mail-order pharmaceutical distributors. Insureds who do not use mail-order pharmaceutical distributors cannot be required to pay a different copayment fee.
- 8. Long-term care insurance [Sec. 33-42-4]** Long-term care insurance is any policy or rider designed to provide coverage for diagnostic, preventive, therapeutic, rehabilitative, or personal care services provided in a setting other than the acute care unit of a hospital. It is offered primarily to provide coverage for at least 24 consecutive months or for recurring confinement of up to six months with a minimum total of two years for each covered person. Long-term care insurance must be offered on an expense-incurred, indemnity, prepaid, or other basis. Long-term care insurance does not include policies offered primarily to provide basic Medicare supplement, basic hospital expense, basic medical-surgical, hospital confinement indemnity, major medical expense, disability income protection, accident only, specified accident, or limited benefit health coverages.
- a. Limitations and exclusions [Ch. 120-2-16-.06]** Long-term care insurance policies cannot:
- be cancelled, nonrenewed, or otherwise terminated on the grounds of the insured's age or deterioration of the insured's mental or physical health;
 - contain a provision establishing a new waiting period if existing coverage is converted to or replaced by a new form within the same company, unless the insured voluntarily selects to increase benefits; or
 - provide coverage for skilled nursing care only or for other levels of care that are unreasonably lower than coverage provided for skilled nursing care in a facility.
- b. Allowable exclusions** Generally, no long-term care policy can be delivered in Georgia if it limits or excludes coverage by type of illness, treatment, medical condition, or accident. However, exclusions can be made for:
- preexisting conditions or diseases;
 - mental or nervous disorders (though benefits cannot be excluded on the basis of Alzheimer's disease or other organic brain disorders);
 - alcoholism and drug addiction (though the insurer is liable for losses sustained while under the influence of a narcotic administered on the advice of a physician);
 - illness, treatment, or medical condition arising out of war, participation in a felony, or from service in the armed forces;
 - services provided outside of the United States;
 - attempted suicide or intentionally self-inflicted injury;
 - aviation (nonfare-paying passengers);
 - treatment provided in a government facility at no cost to the insured; and
 - services for which benefits are available under other governmental programs.

c. Preexisting conditions [Sec. 33-46-2] Long-term care insurance policies cannot use a definition of *preexisting condition* that is more restrictive than the following: *The existence of symptoms that would cause an ordinarily prudent person to seek diagnosis or treatment, or a condition for which medical advice or treatment was recommended by or received from a provider of health care services within six months preceding the effective date of an insured's coverage.* The Commissioner can extend the preexisting condition limitation period for specific age group categories in specific policy forms if the extension is in the public's best interest.

- 1.) Long-term care policies cannot exclude, limit, or reduce coverage or benefits for specifically named or described preexisting diseases or physical conditions beyond the six-month waiting period.

9. Medicare supplement policies [Ch. 120-2-8-.04] Medicare supplement policies include group or individual accident and sickness insurance policies or subscriber contracts that are advertised, marketed, or designed primarily to supplement reimbursements under Medicare for hospital, medical, or surgical expenses of people eligible for Medicare.

a. General standards [Ch. 120-2-8-.08] A policy must meet the following minimum benefit standards to be advertised or issued for delivery in Georgia as a Medicare supplement policy.

- 1.) The policy cannot exclude or limit benefits incurred more than six months before the effective date of coverage due to a preexisting condition.
- 2.) The policy cannot contain limitations or exclusions on coverage that are more restrictive than those of Medicare.
- 3.) The policy cannot use waivers to exclude, limit, or reduce coverage or benefits for specifically named preexisting diseases or conditions.
- 4.) The policy cannot duplicate benefits provided by Medicare.
- 5.) The policy cannot indemnify against losses resulting from sickness on a different basis than losses resulting from accidents.
- 6.) The policy must provide that benefits designed to cover cost-sharing amounts under Medicare will be adjusted automatically to coincide with any changes in the applicable Medicare deductible amount and copayment percentage factors (premiums may be modified to correspond with the changes).
- 7.) The policy cannot terminate coverage for a spouse solely because of an event specified for termination of coverage for an insured (other than the nonpayment of premiums).

- 8.) The policy cannot be cancelled or denied renewal by the insurer solely on the grounds of the individual's health status.
 - 9.) The policy must be guaranteed renewable.
 - 10.) Insurers cannot cancel or refuse to renew Medicare supplement policies or certificates for any reasons other than material misrepresentation or nonpayment of premiums.
- b. Policy termination [Ch. 120-2-8-.08]** If a group Medicare supplement insurance policy is terminated by the group policyholder and not replaced, the insurer must offer certificate holders at least the following choices.
- 1.) An individual Medicare supplement policy that provides continuation of the benefits contained in the group policy
 - 2.) An individual Medicare supplement policy that provides the benefits required to meet the minimum standards
If an individual terminates membership in the group, the insurer must offer the individual the opportunity to convert to an individual policy or, at the option of the group policyholder, to continue coverage under the Insurance Department group policy.
- c. Minimum benefits [Ch. 120-2-8-.08]** Medicare supplement policies or certificates delivered in Georgia must adhere to the National Association of Insurance Commissioners' standardized model Medicare supplement policy. This provides core benefits (minimum supplemental coverage), plus as many as nine other, more comprehensive policies that insurers can make available to prospective insureds. No provision of any of these Medicare supplement plans can duplicate benefits provided under Medicare. Instead, each plan provides supplemental coverage. The more benefits a supplement plan offers, the more expensive it will be.
- d. Open enrollment [Ch. 120-2-8-.11]** An insurer cannot refuse to issue a Medicare supplement policy or discriminate in the pricing of the policy because of the health status, claims experience, receipt of health care, or medical condition of an applicant, if the policy application is submitted during the six-month period beginning with the first month in which an individual (who is at least 65 years old) first enrolled for benefits under Medicare Part B. Each Medicare supplement policy and certificate currently available from an insurer must be made available to all applicants who qualify, without regard to age.

GEORGIA LAW SUPPLEMENT PRACTICE FINAL

Student instructions: Following your thorough study of this supplement, take this 50-question sample examination. Grade your performance utilizing the answer key provided. Carefully review the topics pertaining to those questions answered incorrectly.

1. Which type of insurer is incorporated or organized under the laws of a country other than the United States?
 - A. Foreign
 - B. Domestic
 - C. Alien
 - D. International
2. Who does an insurance agent represent in an insurance transaction?
 - A. Policyowner
 - B. Insurer
 - C. State of Georgia
 - D. Broker
3. Who investigates, settles, and provides reports involving claims arising under insurance contracts?
 - A. Adjuster
 - B. Agent
 - C. Subagent
 - D. Counselor
4. Who enforces all laws that relate to insurance in Georgia?
 - A. Commissioner of Insurance
 - B. Insurance agents
 - C. Federal Insurance Association
 - D. Georgia legislature
5. Which of the following is NOT a duty of the Commissioner of Insurance?
 - A. Conducting hearings
 - B. Granting licenses to agents
 - C. Writing Georgia insurance laws
 - D. Making rules and regulations to help interpret the state insurance laws
6. The insurance industry in the United States is primarily regulated by the
 - A. Congress
 - B. President
 - C. states
 - D. Supreme Court
7. If an insurer violates any section of the insurance code, what can the Commissioner issue to stop the insurer from committing the violation?
 - A. Notice of a hearing
 - B. Notice of violation
 - C. Cease and desist order
 - D. Suspension order
8. How often must the Commissioner examine domestic insurers?
 - A. Only when a violation is suspected
 - B. At least once every 5 years
 - C. Annually
 - D. At least once every 3 years
9. When conducting examinations, the Commissioner of Insurance can do all of the following EXCEPT
 - A. subpoena witnesses
 - B. administer oaths
 - C. require the production of records, books, papers, and any other relevant documents
 - D. require parties to appear in person

10. Which of the following is an insurer?
- A. Insurance agent
 - B. Insurance company
 - C. Insurance policyowner
 - D. Fraternal benefit society
11. An insurer's license to do business in Georgia is called a
- A. notice of risk assignment
 - B. certificate of authority
 - C. mutual benefit card
 - D. license to solicit registration
12. What nonprofit association in Georgia protects owners of policies issued by insurers that become insolvent?
- A. Georgia Board of Insolvency
 - B. Department of Insurance
 - C. Georgia Life and Health Insurance Guaranty Association
 - D. Georgia Life, Accident, and Sickness Insurance Pool
13. All of the following constitute the transaction of insurance EXCEPT
- A. solicitation of insurance
 - B. making preliminary insurance negotiations
 - C. offer and acceptance of insurance contracts
 - D. applying for an agent's license
14. Parties to a public hearing held by the Commissioner of Insurance have the right to do all of the following EXCEPT
- A. withhold incriminating evidence
 - B. present evidence supporting their interests
 - C. request a rehearing after an order
 - D. inspect documentary evidence
15. The Commissioner of Insurance may suspend or revoke a certificate of authority for all of the following reasons EXCEPT that the company
- A. is in an unsound condition
 - B. refuses to be examined
 - C. is under the same ownership as another insurer that transacts direct insurance in Georgia without a certificate of authority
 - D. was compelled by a court order to pay a final judgment rendered against it
16. Agent licenses can be issued for all of the following kinds of insurance EXCEPT
- A. life
 - B. casualty and allied lines
 - C. credit life, accident, and health
 - D. surplus lines through appropriate brokers
17. The Commissioner may, without a hearing, immediately suspend the certificate of authority of an insurer for each of the following reasons EXCEPT
- A. failing to pay claims when due
 - B. exceeding powers granted under its certificate of authority
 - C. conducting business in a fraudulent manner
 - D. having authority to do business revoked in any state
18. An applicant for an agent's license is required to take a written examination if he
- A. is applying for a temporary license
 - B. has completed the precicensing education requirements
 - C. has a license that was suspended in Georgia within the past year
 - D. holds a PhD in insurance
19. How long do temporary agent licenses remain in effect?
- A. Until a licensed agent can fill the position
 - B. 6 weeks, renewable up to 5 months
 - C. 3 months, nonrenewable
 - D. 6 months, renewable up to 15 months
20. Which of the following must be authorized to transact insurance in Georgia?
- A. Reinsurance insurers
 - B. Insurers that only provide long-term care insurance
 - C. Surplus lines insurers
 - D. Attorneys who advise clients about insurance

21. Who performs the Commissioner's duties in the Commissioner's absence?
- Chairman of the Board of the Department of Insurance
 - Deputy Commissioner of Insurance
 - Governor
 - Director of the Advisory Board
22. Knowingly offering to make any insurance agreement other than that expressed in the insurance contract is considered to be
- defamation
 - replacement
 - conversion
 - rebating
23. Which of the following must adhere to advertising regulations?
- Prepared presentations used by agents
 - General reports to group policyholders
 - Announcements that are not sales inducements
 - Communications only used within an insurer's organization.
24. All of the following are considered to be unfair and deceptive trade practices EXCEPT
- rebating premiums
 - circulating a statement claiming that another insurer is in danger of going bankrupt
 - inflating the dividend amount when discussing the policy's advantages with potential policyholders
 - issuing checks in full settlement of a claim that contain language releasing the insurer from liability
25. Which of the following may NOT enter into a life insurance contract?
- A husband insuring a wife
 - A parent insuring the life of a dependent child
 - An employer insuring the life of a valuable employee
 - A person insuring the life of a neighbor who is not a relative
26. All life insurance policies must be filed with the Commissioner at least how long before their intended use?
- 2 weeks
 - 1 month
 - 45 days
 - 90 days
27. Which of the following would be an example of replacement of a life insurance policy?
- A new policy issued by the same insurer
 - A new policy that causes an existing life insurance policy to be surrendered
 - A credit life insurance policy that causes an existing credit life insurance policy to be forfeited
 - A new policy on a family member already insured through a group plan
28. Regarding life insurance, consumers have how long to review the policy and return it for a full refund of premium?
- 10 days
 - 30 days
 - 90 days
 - 180 days
29. What is credit life insurance?
- Insurance offered on credit when the policyholder is unable to pay premiums
 - Credit given to policyholders who consistently pay their premiums on time
 - Policies to cover payment of a debt if the debtor dies
 - Life insurance that is purchased through credit card solicitation

30. Which of the following must sign the Notice Regarding Replacement?
- A. Applicant and agent
 - B. Agent and replacing insurer
 - C. Applicant and existing insurer
 - D. Existing and replacing insurer
31. How old must a minor be to buy a life insurance policy?
- A. 10 years
 - B. 15 years
 - C. 16 years
 - D. 18 years
32. Which of the following is NOT an approved type of group in Georgia?
- A. Employee group
 - B. Debtor group
 - C. Credit union group
 - D. Neighbors who want to buy insurance
33. Which is NOT part of a Medicare Supplement's Plan A Core Benefits?
- A. Coverage for hospital care from days 61 through 90
 - B. Coverage of the coinsurance amount of Medicare part B eligible expenses
 - C. Emergency care in a foreign country
 - D. Coverage for the first 3 pints of blood or the equivalent
34. Individual and group policies limit the age to which a dependent child may be covered. All of the following are reasons why the limit is not observed EXCEPT that the child is
- A. chiefly dependent upon the policyholder for support
 - B. not self-sufficient because of a physical handicap
 - C. adopted
 - D. dependent on the policyholder due to mental retardation
35. When does coverage begin for children under a family health insurance policy?
- A. At birth
 - B. At 24 hours
 - C. When the family notifies the insurer of the birth
 - D. At 1 year
36. In Georgia, a long-term care policy must offer benefits for at least
- A. 6 months
 - B. 12 months
 - C. 18 months
 - D. 24 months
37. William is fired from his job and as a result will be losing his group insurance coverage. He can request a conversion to an individual policy within how many days?
- A. He has an indefinite period in which to request because he was fired.
 - B. 30 days
 - C. He will not be able to convert because he was terminated for cause.
 - D. 90 days
38. Long-term care policies can limit or exclude coverage for all of the following EXCEPT
- A. preexisting conditions or diseases
 - B. congenital heart disease
 - C. treatment provided in a government facility at no cost to the insured
 - D. intentionally self-inflicted injury
39. Medicare supplement policies must be
- A. noncancellable
 - B. more restrictive than Medicare
 - C. guaranteed renewable
 - D. nonreplaceable

40. Regarding long-term care insurance, the existence of symptoms that would cause an ordinarily prudent person to seek diagnosis or treatment, or a condition for which medical advice or treatment was recommended by or received from a provider of health care services within 6 months preceding the effective date of an insured's coverage, is known as what?
- A. Previous symptoms
 - B. Preexisting condition
 - C. 6-month rule
 - D. Precoverage warranty
41. All of the following are considered to be unfair claims settlement practices EXCEPT
- A. Knowingly misrepresenting relevant facts or policy provisions
 - B. Neglecting to acknowledge pertinent communications arising under an insurer's policies
 - C. Refusing to pay claimants without conducting a reasonable investigation
 - D. Compelling a claimant to undergo medical examinations by an independent physician
42. When must credit accident and health insurance policies define *total disability* as the inability to perform any occupation for which the debtor is reasonably fitted by education, training, or experience?
- A. During the first 12 months of disability
 - B. After the first 12 months of disability
 - C. When the insured pays a higher premium
 - D. Within the first 6 months of disability
43. When does coverage begin for children under a family health insurance policy?
- A. At birth
 - B. 24 hours after birth
 - C. When the family notifies the insurer of the birth
 - D. Upon the child's first birthday
44. Which of the following services can the Georgia Life and Health Insurance Guaranty Association provide to impaired domestic insurers?
- A. Reinsure any of the impaired insurer's covered policies
 - B. Provide pledges to assure payment of the impaired insurer's contractual obligations
 - C. Loan money to the impaired insurer
 - D. All of the above
45. Individuals who reside in and are licensed agents in another state must meet all of the following requirements to be issued nonresident licenses EXCEPT
- A. pay the required licensing fee
 - B. already hold a license of the same classification in their state of residence
 - C. complete the required preclicensing education in Georgia
 - D. All of the above
46. Which insurers must be members of the Georgia Life and Health Insurance Guaranty Association?
- A. Insurers that receive more than \$100 million in premiums from insurance business in Georgia
 - B. Domestic insurers only
 - C. Foreign insurers only
 - D. All insurers transacting insurance business in Georgia
47. Accident and sickness insurance policies issued in Georgia must provide coverage for pap smears
- A. twice each year
 - B. once each year
 - C. once every three years
 - D. coverage for pap smears is not required
48. A long-term care policy can be terminated because of the insured's
- A. age
 - B. deterioration of mental capacity
 - C. nonpayment of premium
 - D. loss of physical ability

49. Medicare supplement policies are regulated for all of the following reasons EXCEPT to
- A. eliminate misleading or confusing provisions
 - B. provide affordable supplemental coverage to all senior citizens in Georgia who want it
 - C. standardize coverage
 - D. provide full disclosure in the sale of the product
50. How much coverage must a health insurance policy issued in Georgia provide for a 58-year-old woman's mammograms?
- A. One baseline mammogram
 - B. One mammogram every 2 years
 - C. An annual mammogram
 - D. Coverage for mammograms is not required in Georgia

ANSWERS TO GEORGIA LAW PRACTICE FINAL

1. C	11. B	21. B	31. B	41. D
2. B	12. C	22. D	32. D	42. B
3. A	13. D	23. A	33. C	43. A
4. A	14. A	24. D	34. C	44. D
5. C	15. D	25. D	35. A	45. C
6. C	16. D	26. D	36. D	46. D
7. C	17. A	27. B	37. C	47. B
8. B	18. B	28. A	38. B	48. C
9. D	19. D	29. C	39. C	49. B
10. B	20. B	30. A	40. B	50. C

