

Your Exam Content Outline

The following outline describes the content of one of the Massachusetts insurance examinations. The outlines are the basis of the examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weights assigned to each part of the examination. For example, 10 percent means that 6 questions will be drawn from the section on a 60-question exam, 10 will be drawn on a 100-question exam and 15 will be drawn on a 150-question exam.

Massachusetts Producer's Examination for Accident and Health or Sickness Insurance Series 16-52

**100 questions plus 5 unscored items) –
2-hour time limit
Live Date August 25, 2019**

1.0 Insurance Regulation 9% (9 Items)

1.1 Licensing

Process (175:162G–X)

Types of licensees

Producers (175:162H, L, M)

Business entity producers (175:162L)

Nonresident producers (175:162N, U)

Temporary (175:162Q)

Special brokers (175:168)

Advisers (175:177A, B)

Public insurance adjusters (175:172)

Reinsurance intermediaries (175:177M–W)

Life settlement broker (175:212–223E)

Portable Electronics Insurance Limited Lines license
(175:162Y)

Maintenance and duration

Reinstatement and renewal (175:162M(b–d),
177B, 177O)

Address change (175:162M(f))

Reporting of actions (175:162V)

Assumed names (175:162P)

Continuing education requirements, exemptions
and penalties (175:177E; Reg 211 CMR
50.00)

Disciplinary actions

Cease and desist order (176D:7)

Hearings (175:162R; 176D:6)

Probation, suspension, revocation, refusal to
issue or renew (175:162R, 177B; 176D:7, 10;
30A:13)

Penalties and fines (175:162R(b–e), 170, 174,
175, 176, 177, 194; 176D:7, 10)

1.2 State regulation

Commissioner's general duties and powers
(175:3A; 176D:5)

Company regulation

Certificate of authority (175:4, 32, 151)

Solvency (175:6, 180A–L; 175J)

Rates (175:113B; 175A; 175E; 176A:6;
176H:6; 176J:3; 176M:4)

Policy forms (175:2B, 192)

Examination of books and records (175:4)

Producer appointments (175:162S)

Termination of producer appointment
(175:162T)

Producer regulation

Impersonation (175:175)

Larceny (175:176)

Unlicensed persons compensation (175:177)

Unfair or deceptive insurance practices

Misrepresentation (175:181, 186; 176D:3(1),
(11))

False advertising (175:181; 176D:3(1),(2))

Defamation of insurer (176D:3(3))

Boycott, coercion and intimidation (176D:3(4),
3A)

False financial statements (176D:3(5))

Failure to maintain complaint record
(176D:3(10))

Unfair discrimination (176D:3(7))

Unfair claims settlement practices (176D:3(9))

Rebating (175:182–184; 176D:3(8))

Insurance fraud regulation (175:170, 181; 176D:3)

Insurance Information and Privacy Protection
(175I)

1.3 Federal regulation

Fair Credit Reporting Act (15 USC 1681–1681d)

Fraud and false statements including 1033 waiver
(18 USC 1033, 1034)

2.0 General Insurance 8% (8 Items)

2.1 Concepts

Risk management key terms

Risk

Exposure

Hazard

Peril

Loss

Methods of handling risk

Avoidance

Retention

Sharing

Reduction
Transfer

Elements of insurable risks
Adverse selection
Law of large numbers
Reinsurance

2.2 Insurers

Types of insurers
Stock companies
Mutual companies
Fraternal benefit societies
Risk retention and risk purchasing groups
Self-insurance groups

Private versus government insurers
Admitted versus nonadmitted insurers
Domestic, foreign and alien insurers
Financial status (independent rating services)
Marketing (distribution) systems

2.3 Producers and general rules of agency

Insurer as principal
Producer/insurer relationship
Authority and powers of producers
Express
Implied
Apparent

Responsibilities to the applicant/insured

2.4 Contracts

Elements of a legal contract
Offer and acceptance
Consideration
Competent parties
Legal purpose
Distinct characteristics of an insurance contract
Contract of adhesion
Aleatory contract
Personal contract
Conditional contract
Legal interpretations affecting contracts
Ambiguities in a contract of adhesion
Reasonable expectations
Indemnity
Utmost good faith
Representations/misrepresentations
Warranties
Concealment
Fraud
Waiver and estoppel

3.2 Principal types of accident, health or sickness insurance losses and benefits

Loss of income from disability
Hospital/medical expense
Dental/vision expense
Long-term care expense/home health care

3.3 Classes of health insurance policies

Individual versus group
Private versus government
Limited versus comprehensive

3.4 Limited policies, which are considered as accident/sickness policies rather than health insurance policies, in Massachusetts

Limited benefits
Required notice to insured
Types of limited policies
Accidental death or dismemberment
Specified (dread) disease
Hospital indemnity (income)
Credit disability
Blanket insurance (teams, passengers, other)
Prescription drugs
Dental
Vision care
Medicare supplements

3.5 Common non-insurance exclusions from coverage

Government plans
Medical savings accounts (MSAs)
Definition
Eligibility
Contribution limits

Health Savings Accounts (HSAs)
Massachusetts child health insurance program

3.6 Producer responsibilities in individual accident, health or sickness insurance

Marketing requirements (Reg 40.00)
Advertising (175:110E)
Life and Health Insurance Guaranty Association (175:146B(19))
Sales presentations
Outline of coverage (Reg 42.09)
Field underwriting
for accident/sickness policies or large-group health insurance policies only: nature and purpose
Disclosure of information about individuals (175:108E; Reg 42.09)
Application procedures
Requirements at delivery of policy
Common situations for errors/omissions

3.7 Individual underwriting by the insurer for accident/sickness policies only

Underwriting criteria
Sources of underwriting information
Application

3.0 Accident, Health, or Sickness Insurance Basics 11% (11 Items)

3.1 Definitions of accident, health or sickness insurance perils

Accidental injury
Sickness

- Producer report
- Attending physician statement
- Investigative consumer (inspection) report
- Medical Information Bureau (MIB)
- Medical examinations and lab tests (including HIV consent) (Reg 36.05)
- Genetic information (175:108H, 108I)

Classification of risks

- Preferred
- Standard
- Substandard

3.8 Considerations in replacing accident, health or sickness insurance

- Benefits, limitations and exclusions
- Pre-existing conditions - waiting periods for accident/sickness policies or large-group health insurance policies only
- Underwriting requirements
- For accident/sickness policies or large-group health insurance policies only Producer liability for errors and omissions
- Massachusetts replacement requirements (175:110(N)(3)(a); Reg 42.08, 42.11)
- Massachusetts individual mandate for minimum creditable coverage requires individual to have health insurance even if the person has accident/sickness (RL Title XVI M.G.L.C. 111M 956 CMR 5.00)

4.0 Individual Accident, Health or Sickness Insurance Policy General Rights 8% (8 Items)

4.1 Required provisions (175:108(3)(a))

- Entire contract; changes (1)
- Time limit on certain defenses (2)
- Grace period (3)
- Reinstatement (4)
- Claim procedures (5-9)
- Physical examinations and autopsy (10)
- Legal actions (11)
- Change of beneficiary (12)
- Right to examine (free look) (175:187H)

4.2 Optional provisions (175:108(3)(b))

- Change of occupation (1)
- Misstatement of age (2)
- Other insurance in this insurer (3)
- Insurance with other insurers
 - Expense-incurred basis (4)
 - Other benefits (5)
- Unpaid premium (7)
- Conformity with state statutes (9)
- Illegal occupation (10)

4.3 Other general provisions

- Insuring clause
- Consideration clause
- Renewability clause

- Noncancelable
- Guaranteed renewable
- Conditionally renewable
- Renewable at option of insurer
- Military suspense provision

5.0 Disability Income and Related Insurance 8% (8 Items)

5.1 Qualifying for disability benefits

- Inability to perform duties (Reg 42.05(1)(g))
 - Own occupation
 - Any occupation
- Pure loss of income (income replacement contracts)
- Presumptive disability
- Requirement to be under physician care

5.2 Individual disability income insurance

- Massachusetts minimum benefit standards
- Basic total disability plan
 - Income benefits (monthly indemnity)
 - Elimination and benefit periods
 - Waiver of premium feature
- Coordination with social insurance and workers compensation benefits
 - Additional monthly benefit (AMB)
 - Social insurance supplement (SIS)
 - Occupational versus nonoccupational coverage
- At-work benefits
 - Partial disability benefit
 - Residual disability benefit
- Other provisions affecting income benefits
 - Cost of living adjustment (COLA) rider
 - Future increase option (FIO) rider
 - Relation of earnings to insurance
 - Annual renewable term rider
- Other cash benefits
 - Accidental death and dismemberment
 - Rehabilitation benefit
 - Medical reimbursement benefit (non disabling injury)
- Refund provisions
 - Return of premium
 - Cash surrender value

5.3 Unique aspects of individual disability underwriting

- Occupational considerations
- Benefit limits
- Policy issuance alternatives

5.4 Group disability income insurance

- Group versus individual plans
- Short-term disability (STD)
- Long-term disability (LTD)

5.5 Business disability insurance

- Key person disability income
- Disability buy-sell policy

Business overhead expense policy
Disability reducing term policy

5.6 Social Security disability

Qualification for disability benefits
Definition of disability
Waiting period
Disability income benefits

5.7 Workers compensation

Eligibility
Benefits

6.0 Health Insurance Plans 20% (20 Items)

6.1 Medical plan concepts

Fee-for-service basis versus prepaid basis
Specified coverages may be accident/sickness
(limited) insurance, versus comprehensive care,
which is health insurance
Benefit schedule versus usual/reasonable/customary
charges
Any provider versus limited choice of providers
Insureds versus subscribers/participants

6.2 Types of providers and plans

HIPAA (Health Insurance Portability and
Accountability Act) requirements
Eligibility
Guaranteed issue
Preexisting conditions (only for large-group, not
individual or small-group health insurance)
Creditable coverage
Renewability
Blue Cross and Blue Shield Plans (BCBS)
Contracts with insureds and providers
Reimbursement of providers
Basic medical, major medical and HMO plans
Commercial Insurers and Fraternal — open
network
Characteristics
Provider plans offered
Other services
Open enrollment
Qualified providers
Choice of provider
Disclosure of benefits
Health Maintenance Organizations (HMOs) —
closed network
General characteristics
Preventive care services
Primary care physician versus referral
(specialty) physician
Emergency care
Hospital services
Other basic services
Insured preferred provider plans
General characteristics
Preventive care services - Open panel

Applicability (Reg 51.03)
Nature and purpose
PCP referral (gatekeeper PPO) vs.
nongatekeeper PPO
Indemnity plan features

6.3 Cost containment in health care delivery

Cost-saving services
Cost Transparency Tools 1760:23, Bulletin 2013-10
Preventive care
Hospital outpatient benefits
Alternatives to hospital services
Utilization management
Prospective review
Concurrent review
Retrospective review
Adverse Determination Notice
Internal Appeal Rights 176O:12 and 13,
Bulletin 2016-02
External Appeal Rights 1760:14

6.4 Massachusetts eligibility requirements (Open enrollment) (176J(4)(1)(3))

Dependent child age limit (175:108(2)(a)(3);
175:110(P); 176A:8BB; 176B:4BB; 176G:4T)
Disabled adult children (175:108(2)(a)(3));
176A:8(d); 176B:6(c))
Newborn child coverage (175:47C;
176A:8B; 176G:4)
Coverage of adopted children (175:47C; 176A:8B;
176B:4C; 176G:4)

6.5 Patient Protection and Affordable Care Act (PPACA) (Section 1201)

Guaranteed issue (PHS 2708)
Guaranteed renewability (PHS 2703)
Preventive care (PHS 2713)
Emergency services (PHS 2719 A(b))
Health status (no discrimination) (PHS 2705)
EHB coverage (PHS 2707 & 2711)
Cost Sharing (2707 (b))
Advanced premium tax credit (PPACA 1401)

6.6 Mental Health Parity

Federal :Mental Health Parity and Addiction Equity
Act of 2008 (MHPAEA)
Massachusetts 175:47B, 176A:8A, M.G.L. c.
176B:4A 176G:4M - Bulletin 2013-02

7.0 Large Group Health Insurance 15% (15 Items)

7.1 Characteristics of group insurance

Group contract
Certificate of coverage
Experience rating versus community rating

7.2 Types of eligible groups

Employment-related groups
Individual employer groups

7.3 Marketing considerations

Advertising
Regulatory jurisdiction/place of delivery

7.4 Employer group health insurance

Insurer underwriting criteria
Nondiscrimination (175:108C; 176A:3A;
176A:8E; 176B:4E; 176B:5A; 176G:19)
Characteristics of group
Plan design factors
Persistency factors
Administrative capability
Eligibility for coverage (175:110)
Annual open enrollment
Employee eligibility (Reg 66.04)
Dependent eligibility
Coordination of benefits provision (COB) (Reg
38.01-.08)
Change of insurance companies or loss of coverage
Coinsurance and deductible carryover
No-loss no-gain
Events that terminate coverage
Extension of benefits
Continuation of coverage under COBRA and
Massachusetts specific rules (175:110D;
110G, 110I)

7.5 Small employer and individual medical plans

Definition of small employer (176J:1; Reg 66.04)
Benefit plans offered
Availability and eligibility rating rules (Reg 66.05,
66.08)
Restrictions relating to premiums (176J:2; Reg
66.08)
Small group continuation (176J:9)
Renewability (Reg 66.06)

7.6 Regulation of employer group insurance plans

Civil Rights Act/Pregnancy Discrimination Act
Applicability
Guidelines
Relationship with Medicare
Medicare secondary rules
Medicare carve-outs and supplements

8.0 Dental Insurance 2% (2 Items)

8.1 Types of dental treatment

Diagnostic and preventive
Restorative

8.2 Indemnity plans

Choice of providers
Scheduled versus nonscheduled plans
Benefit categories
Diagnostic/preventive services
Basic services
Major services
Deductibles and coinsurance
Combination plans
Exclusions

Limitations
Predetermination of benefits

8.3 Employer group dental expense

Integrated deductibles versus stand-alone plans
Minimizing adverse selection

9.0 Insurance for Senior Citizens and Special Needs Individuals 15% (15 Items)

9.1 Medicare

Nature, financing and administration
Part A — Hospital Insurance
Individual eligibility requirements
Enrollment
Coverages and cost-sharing amounts
Part B — Medical Insurance
Individual eligibility requirements
Enrollment
Coverages and cost-sharing amounts
Exclusions
Claims terminology and other key terms
Part C — Medicare Advantage
Part D — Prescription Drug Insurance

9.2 Medicare supplements

Purpose
Open enrollment (176K:3; Reg 71.10)
Standardized Medicare supplement plans (Reg
71.08)
Core benefits, Supplement 1 (Reg 71.90 Appen
A, 71.91 Appen B, 71.92 Appen C)
Additional benefits
Massachusetts regulations and required provisions
Advertising (Reg 71.17)
Standards for marketing (Reg 71.16)
Permitted compensation (Reg 71.18)
Appropriateness of recommended purchase and
excessive insurance (Reg 71.15)
Required disclosure provisions (Reg 40.15,
71.13)
Reporting of multiple policies (Reg 71.19)
Buyer's guide (Reg 40.15, 71.13)
Right to return (Reg 71.13)
Replacement (Reg 71.13)
Benefit standards (Reg 71.08)
Pre-existing conditions (Reg 176K:3(b))
Renewability (Reg 71.07)
Outline of coverage (Reg 71.13, 71.98 Appen
F)

9.3 Other options for individuals with Medicare

Employer group health plans
Disabled employees
Employees with kidney failure
Individuals age 65 or older
MassHealth (RL Title XVII 118E:9A)
Eligibility
Benefits (2)

- 9.4 Long-term care (LTC) insurance** (211 CMR 65.00)
 - Eligibility for benefits
 - Levels of care
 - Home health care (Reg 65.05(2)(c), 65.06(3))
 - Assisted living care
 - Adult day care
 - Respite care
 - Benefit periods
 - Benefit amounts
 - Optional benefits
 - Guarantee of insurability
 - Return of premium
 - Qualified LTC plans
 - Exclusions (Reg 65.05(3))
 - Underwriting considerations
 - Massachusetts regulations and required provisions
 - Standards for marketing (Reg 65.08)
 - Suitability of recommended purchase (Reg 65.09(4)(b))
 - Your Options for Financing Long-Term Care (Reg 65.09(3)(a))
 - Outline of coverage (Reg 65.09(3)(c), 101)
 - Non-forfeiture benefit offer (Reg 65.06(2))
 - Required disclosure provisions (Reg 65.09)
 - Right to return (Reg 65.101(5))
 - Policy illustration (Reg 65.09(3)(b), 65.100)
 - Inflation adjustment benefit (Reg 65.06(1))
 - MassHealth exemption (RR 515.014)
 - Benefit triggers (Reg 65.05(1))
 - Unintentional lapse (Reg 65.10)

10.0 Federal Tax Considerations for Health Insurance 4% (4 Items)

- 10.1 Personally-owned health insurance**
 - Disability income insurance
 - Medical expense insurance
 - Long-term care insurance
- 10.2 Employer group health insurance**
 - Disability income (STD, LTD)
 - Benefits subject to FICA
 - Medical and dental expense
 - Long-term care insurance
 - Accidental death and dismemberment
- 10.3 Medical expense coverage for sole proprietors, partners and limited liability corporations**
- 10.4 Business disability insurance**
 - Key person disability income
 - Buy-sell policy