

Your Exam Content Outline

The following outline describes the content of one of the Massachusetts insurance examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weight assigned to each section 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 Limited Lines Credit Insurance Series 16-59

60 questions – One-hour time limit

1.0 Insurance Regulation 5%

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)
 - Viatical settlement brokers (175:212–223)
- 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; Reg 211 CMR 55.05)
 - 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 5%

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

3.0 Consumer Credit Insurance Basics 45%

3.1 Nature of consumer credit insurance

- Parties involved
 - Debtor/insured
 - Creditor/beneficiary
 - Insurer
- Advantages for debtors and for creditors
- Markets
 - Banks and savings and loan associations
 - Credit unions
 - Finance companies
 - Credit card companies
 - Automobile dealers and manufacturers
 - Retailers
- Types of credit covered — closed-end versus open-end

3.2 Coverage characteristics

- Group coverage
- Underwriting considerations
 - Eligibility of groups (175:110, 133)
 - Underwriting of the debtor/insured (group and individual)
 - Evidence of insurability
- Premiums
 - Single premium versus monthly premium
 - Basis and payment of premiums
- Group policy general provisions
 - Grace period (175:132(1))
 - Incontestability (175:132(2))
 - Entire contract (175:132(3))
 - Misstatement of age (175:132(4))
 - Policy maximums (175:110(A)(j), 133(c))
 - Autopsy provision
- Benefit payments
 - Effect on insured's debt
 - Payment of excess benefits

3.3 Regulation

- Massachusetts regulation
 - Approval of forms (175:2B)
 - Amounts to be insured (RL Title IV 255:12G, 255B:10, 255C:14A, 255D:26)
 - Term of insurance (RL Title IV 255:12G, 255B:10, 255C:14A, 255D:26(C))
 - Premium rates (175:117C, RL Title IV 255:12G, 255B:10, 255C:14A, 255D:26(C))
 - Premium refunds (RL Title IV 255:12G, 255B:10, 255C:14A, 255D:26)
 - Choice of insurer
 - Life and Health Insurance Guaranty Association (175:146B(19))
 - Evidence of coverage (Reg 143.00)
 - Termination of group coverage
 - Claims processing
 - Prohibited transactions
- Federal regulation
 - Consumer Credit Protection Act (Truth-in-Lending Act) (RL Title XX 140D:4; Title IV 255C:23)

3.4 Disclosure requirements (Reg 143.01-.02, RL Title IV 255D:26(C))

4.0 Types of Consumer Credit Insurance 45%

4.1 Credit life insurance

- Eligibility of the individual insured
- Contributory versus non-contributory
- Gross coverage versus net payoff coverage
- Types of insurance coverages
 - Decreasing term
 - Level term
 - Monthly outstanding balance
 - Joint credit life
 - Truncated life
- Suicide clause

**4.2 Credit disability insurance
(30-day non-retroactive only)**

Eligibility of the individual insured

Qualifying for benefits

Sickness or injury

Definition of disability (own occupation versus
any occupation)

Elimination period

Benefit period

Benefit amount

Special types of coverage

Critical period

Common exclusions

Pre-existing conditions

Intentionally self-inflicted injury

Normal pregnancy

Act of War

**4.3 Credit unemployment insurance (175:117D,
255:12G, 255B:10, 255C:14A, 255D:26)**

Eligibility of the individual insured

Qualifying for benefits

Definition of involuntary unemployment

Elimination period

Benefit period

Benefit amount

Special types of coverage

Joint unemployment

Limited Benefit

Truncated unemployment