

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 Accident and Health or Sickness Insurance Series 16-52

100 questions – Two-hour time limit

1.0 Insurance Regulation 10%

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 10%

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 Health Insurance Basics 11%

3.1 Definitions of perils

- Accidental injury
- Sickness

3.2 Principal types of 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

- 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 health 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
 - 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

- Underwriting criteria
- Sources of underwriting information
 - Application
 - 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)
- Unfair discrimination (176N:2)
- Classification of risks
 - Preferred
 - Standard
 - Substandard

3.8 Considerations in replacing health insurance

- Pre-existing conditions — waiting periods (176J:4; 176N:2)
- Benefits, limitations and exclusions
- Underwriting requirements
- 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 (RL Title XVI M.G.L.C. 111M 956 CMR 5.00)

4.0 Individual Accident and Sickness Insurance Policy General Rights 8%

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 5%

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 (nondisabling injury)
- Refund provisions
 - Return of premium
 - Cash surrender value
- Exclusions

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 Medical Plans 21%

6.1 Medical plan concepts

- Fee-for-service basis versus prepaid basis
- Specified coverages versus comprehensive care
- 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
 - 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
- Open panel
- Types of parties to the provider contract (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
 - Preventive care
 - Hospital outpatient benefits
 - Alternatives to hospital services
- Utilization management
 - Prospective review
 - Concurrent review
 - Retrospective review

6.4 Massachusetts eligibility requirements (individual and group)

- 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)

7.0 Group Health Insurance 16%

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
 - Multiple-Employer Trusts (METs)
- Customer groups (depositors, creditor-debtor, other)

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)
 - Pre-existing conditions and waiting periods (176J:5; Reg 66.07)
 - 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 1%

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 14%

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

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%

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