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 – 2-hour time limit
Live Date August 25, 2018

1.0 Insurance Regulation 9%

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%

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 Accident, Health, or Sickness Insurance Basics 11%

3.1 Definitions of accident, health or sickness insurance perils
Accidental injury
Sickness

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
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%

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%

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

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%

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 Fraternals — 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  1760:12 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)
   176B:4A 176G:4M - Bulletin 2013-02

7.0 Large Group Health Insurance  15%

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:3A; 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)
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%

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%

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-forfeit 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