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, 2017**

### 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
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 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
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 176O: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: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)
  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

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%

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