

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 Adviser's Examination for Life Insurance Series 16-55

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

1.0 Insurance Regulation 15% (15 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)

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

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; 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 13% (13 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

3.3 Life Settlement Act (175:212-223E)

Life settlement broker authority and licensing (175:213)

Disclosure to customers (175:220)

Fraudulent acts (175:223A)

Definitions (175:212)

3.4 Determining amount of personal life insurance

Human life value approach

Needs approach

Types of information gathered

Determining lump-sum needs

Planning for income needs

3.5 Business uses of life insurance

Buy-sell funding

Key person

Executive bonuses

Deferred compensation funding

Split Dollar Plans

Corporate-owned life insurance

Change of insured rider

3.6 Classes of life insurance policies

Group versus individual

Permanent versus term

Ordinary versus industrial (home service)

Participating versus nonparticipating

Fixed versus variable life insurance and annuities

Regulation of variable products (SEC, FINRA and Massachusetts (Reg 95.03)

3.7 Premiums

Factors in premium determination

Mortality

Interest

Expense

Premium concepts

Net single premium

Gross annual premium

Premium payment mode

3.8 Producer responsibilities

Solicitation and sales presentations (211 CMR 31.07)

Advertising (176D:3)

Life and Health Insurance Guaranty Association Law (175:146B(19))

Policy summary (Reg 31.04)

Buyer's guide (Reg 31.05 (1)(a))

Life insurance policy cost comparison methods (Reg 31.04, 31.05)

Replacement (Reg 34.01–34.09)

Use and disclosure of insurance information (Reg 31.05)

Field underwriting

Notice of information practices

Application procedures including backdating (175:130)

Delivery

Policy review

3.0 Life Insurance Basics 18% (18 Items)

3.1 Insurable interest

3.2 Personal uses of life insurance

Survivor protection

Estate creation

Cash accumulation

Security

Liquidity

Estate conservation

Effective date of coverage
Premium collection
Statement of good health
Delivery receipt requirement

3.9 Individual underwriting by the insurer

Information sources and regulation
Application
Producer report
Attending physician statement
Investigative consumer (inspection) report
(175I:7)
Medical Information Bureau (MIB)
Medical examinations and lab tests including
HIV (Reg 36.03)
Selection criteria and unfair discrimination
(175:120, 120A–E)
Classification of risks
Preferred
Standard
Substandard

4.0 Life Insurance Policies 12% (12 Items)

4.1 Term life insurance

Level term
Annual renewable term
Level premium term
Life expectancy contract
Term-to-65 (or older) contract
Decreasing term

4.2 Whole life insurance

Continuous premium (straight life)
Limited payment
Single premium
Graded premium
Modified life
Interest sensitive
Equity index (Bulletin 98-17)

4.3 Flexible premium policies

Adjustable life
Universal life
Equity index
Variable life (211 CMR 95)

4.4 Specialized policies

Joint life (first-to-die)
Survivorship life (second-to-die)
Juvenile life

4.5 Group life insurance

Characteristics of group plans
Types of plan sponsors
Group underwriting requirements
Conversion to individual policy (175:134(4), 134A)

4.6 Credit life insurance (individual versus group)

5.0 Life Insurance Policy Provisions, Options and Riders 10% (10 Items)

5.1 Standard provisions

Ownership
Assignability (175:134C)
Entire contract (175:132(3))
Modifications
Right to examine (free look) (Reg 34.06(1)(d);
175:187H)
Payment of premiums
Grace period (175:132(1))
Reinstatement (175:132(11))
Incontestability (175:132(2))
Misstatement of age (175:132(4),(12))
Exclusions
Interest on insurance proceeds (175:119A, 119C)

5.2 Beneficiaries

Designation options
Individuals
Classes
Estates
Minors
Trusts
Succession
Facility of payment clause
Revocable versus irrevocable
Common disaster clause
Spendthrift clause

5.3 Settlement options

Cash payment
Interest only
Fixed-period installments
Fixed-amount installments
Life income
Single life
Joint and survivor

5.4 Nonforfeiture options (175:144)

Cash surrender value
Extended term
Reduced paid-up insurance

5.5 Policy loan and withdrawal options

Cash loans (175:142)
Automatic premium loans
Withdrawals or partial surrenders

5.6 Dividend options

Cash payment
Reduction of premium payments
Accumulation at interest
One-year term option
Paid-up additions

5.7 Disability riders

Waiver of premium/waiver of stipulated premium
(universal life) (175:24)
Waiver of cost of insurance
Disability income benefit
Payor benefit life/disability (juvenile insurance)

5.8 Living benefit provisions/riders

Accelerated (Reg 55.01–.07, 55.100, 110)

Conditions for payment

Effect on death benefit

Minimum standards (Reg 55.05)

Conditions for payment

Effect on death benefit

Long term care riders (Reg 65.00)

5.9 Riders covering additional insureds

Spouse/other-insured term rider

Children's term rider (175:144(7)(iv))

Family term rider

5.10 Riders affecting the death benefit amount

Accidental death (175:24, 144(7)(i))

Guaranteed insurability

Cost of living

Return of premium

Long term care riders (Reg 65.00)

7.0 Federal Tax Considerations for Life Insurance and Annuities 10% (10 Items)

7.1 Taxation of personal life insurance

Amounts available to policyowner

Cash value increases

Dividends

Policy loans

Surrenders

Amounts received by beneficiary

General rule and exceptions

Settlement options

Values included in insured's estate

7.2 Modified endowment contracts (MECs)

Modified endowment versus life insurance

Seven-pay test

Distributions

7.3 Taxation of non-qualified annuities

Individually-owned

Accumulation phase (tax issues related to withdrawals)

Annuity phase and the exclusion ratio

Distributions at death

Premature distributions (including taxation issues)

Corporate-owned

7.4 Taxation of individual retirement annuities (IRAs)

Traditional IRAs

Contributions and deductible amounts

Premature distributions (including taxation issues)

Annuity phase benefit payments

Values included in the annuitant's estate

Amounts received by beneficiary

Roth IRAs

Contributions and limits

Distributions

7.5 Rollovers and transfers (IRAs and qualified plans)

7.6 Section 1035 exchanges

8.0 Qualified Plans 12% (12 Items)

8.1 General requirements

8.2 Federal tax considerations

Tax advantages for employers and employees

Taxation of distributions (age-related)

8.3 Plan types, characteristics and purchasers

Simplified employee pensions (SEPs)

Self-employed plans (HR 10 or Keogh plans)

Profit-sharing and 401(k) plans

SIMPLE plans

Pension plans

Section 457 deferred compensation

6.0 Annuities 10% (10 Items)

6.1 Annuity principles and concepts

Accumulation period versus annuity period

Owner, annuitant and beneficiary

Insurance aspects of annuities

6.2 Immediate versus deferred annuities

Single premium immediate annuities (SPIAs)

Deferred annuities (175:144A 1/2)

Premium payment options

Nonforfeiture

Surrender and withdrawal charges

Death benefits

6.3 Annuity (benefit) payment options

Life contingency options

Pure life versus life with guaranteed minimum

Single life versus multiple life

Annuities certain (types)

6.4 Annuity products

Fixed annuities

General account assets (175:144A 1/2)

Interest rate guarantees (minimum versus current)

Level benefit payment amount

Equity indexed annuities (Bul 98-17)

Market value adjusted annuities (modified guaranteed annuities)

Variable annuities (175:132FGH)

6.5 Uses of annuities

Lump-sum settlements

Qualified retirement plans

Group versus individual annuities

Personal uses

Individual retirement annuities (IRAs)

Tax-deferred growth

Retirement income

Education funds

403(b) tax-sheltered annuities (TSAs)

8.4 Special Rules for life insurance

Incidental limitation

Taxation of economic benefit

Taxation of life insurance distributions