

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 Casualty Insurance Series 16-54

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 Casualty Insurance Basics 18%

3.1 Principles and concepts

- Insurable interest
- Underwriting
 - Function
 - Expense ratio, combined ratio
 - Loss ratio
- Rates
 - Types
 - Loss costs
 - Components
- Hazards
 - Physical
 - Moral
 - Morale
- Negligence
 - Elements of a negligent act

- Defenses against negligence
- Damages
 - Compensatory — special versus general
 - Punitive
- Absolute liability
- Strict liability
- Vicarious liability
- Attractive nuisance

3.2 Policy structure

- Declarations
- Definitions
- Insuring agreement or clause
- Additional/supplementary coverage
- Conditions
- Exclusions
- Endorsements

3.3 Common policy provisions

- Insureds — named, first named, additional
- Policy period
- Policy territory
- Cancellation and nonrenewal
- Deductibles
- Other insurance
 - Nonconcurrency
 - Primary and excess
 - Pro rata share
 - Contribution by equal shares
- Limits of liability
 - Per occurrence (accident)
 - Per person
 - Aggregate — general versus products — completed operations
 - Split
 - Combined single
- Named insured provisions
 - Duties after loss
 - Assignment
- Insurer provisions
 - Liberalization
 - Subrogation
 - Duty to defend

3.4 Massachusetts laws, regulations and required provisions

- Massachusetts Insurers Insolvency Fund (175D:1-17)
- Cancellation and nonrenewal (175:187C, 187D)
- Concealment, misrepresentation or fraud (175:170, 186; RL Title I 266:27A)
- Appraisal (175:1130)
- Federal Terrorism Insurance Program (15 USC 6701; Public Law 107-297, 109-144, 110-160)

4.0 Homeowners ('00) Policy — Section II 16%

4.1 Coverage forms

- HO-2 through HO-6

4.2 Definitions

4.3 Section II — Liability coverages

- Coverage E — Personal liability

Coverage F — Medical payments to others
Additional coverages

4.4 Exclusions

4.5 Conditions

4.6 Selected endorsements

Special provisions — Massachusetts (HO 01 20)
Limited fungi, wet or dry rot, or bacteria coverage
(HO 05 37, HO 05 38, HO 05 39)
Permitted incidental occupancies — residence
premises (HO 04 42)
Home day care (HO 04 97)
Tenants relocation expense — Massachusetts
(HO 23 71)
Lead poisoning exclusion — Massachusetts
(HO 24 41; Reg 211 CMR 131.00)
Coverage for lead poisoning — Massachusetts
(HO 24 42)
Business pursuits (HO 24 71)
Watercraft (HO 24 75)
Personal injury (HO 24 82)

5.0 Auto Insurance 15%

5.1 Laws

Massachusetts Compulsory Motor Vehicle Liability
Insurance (175:113A-L, N-V; RL Title XIV
90:34A-K, M-R)
Required limits of liability (RL Title XIV
90:34A, 34O)
Required proof of insurance (RL Title XIV
90:34A, 34B)
Massachusetts Assigned Risk Plan (175:113H)
Personal injury protection (RL Title XIV 90:34A,
M)
Medical
Loss of income/Lost wages
Death
Funeral
Replacement services
Uninsured motorist (175:111D, 113L)
Definitions
Bodily injury
Required limits
Cancellation/nonrenewal (90:34K; 175:22C,
113A)
Grounds (175:22C, 112)
Notice (175:22C, 113F; RL Title XIV 90:34K)
Notice of eligibility in assigned risk plan
(175:113F)
Aftermarket parts regulation (Reg 211 CMR
133.04; RL Title XIV 90:34R)
Regulation of rates for motor vehicle insurance
(Ch. 175A, E)
Private passenger motor vehicle insurance rates
(Reg 211 CMR 79.00)

5.2 Massachusetts auto insurance policy (2008 edition)

Definitions
Compulsory coverage

Bodily injury to others
Personal injury protection
Damage to someone else's property
Uninsured motorist
Coverage for damage to your auto
Medical payments
Collision
Limited collision
Comprehensive
Deductibles
Substitute transportation
Towing and labor
General provisions
Duties after an accident or loss
Selected endorsements
Use of other autos — vehicles furnished or
available for regular use (M-0051-S)
Coverage for anyone renting an auto to you
additional insured — lessor (M-0070-S)
Massachusetts mandatory endorsement
(M-0099-S)
Mobile home (MPY-0002-S)
Waiver of deductible (MPY-0016-S)

5.3 Commercial auto

Commercial auto coverage forms
Business auto ('06)
Garage ('06)
Truckers ('06)
Coverage form sections
Covered autos
Liability coverage
Garagekeepers coverage
Trailer interchange coverage
Physical damage coverage
Exclusions
Conditions
Definitions
Selected endorsements
Individual named insured (CA 99 17)
Mobile equipment (MM 20 11)
Lessor — additional insured and loss payee —
Massachusetts (MM 20 26)
Drive other car coverage (MM 99 22)
Commercial carrier regulation
The Motor Carrier Act of 1980
Endorsement for motor carrier policies of
insurance for public liability (MCS-90)

6.0 Commercial Package Policy (CPP) 8%

6.1 Components of a commercial policy

Common policy declarations
Common policy conditions
Interline endorsements
One or more coverage parts

6.2 Commercial general liability ('07)

Commercial general liability coverage forms
Bodily injury and property damage liability
Personal and advertising injury liability
Medical payments

- Exclusions
- Supplementary payments
- Who is an insured
- Limits of insurance
- Conditions
- Definitions
- Occurrence versus claims-made
- Claims-made features
 - Trigger
 - Retroactive date
 - Extended reporting periods — basic versus supplemental
 - Claim information
- Premises and operations
- Products and completed operations
- Selected endorsement
- Limited fungi or bacteria coverage (CG 24 25)

6.3 Commercial crime ('06)

- General definitions
 - Burglary
 - Theft
 - Robbery
- Crime coverage forms
 - Commercial crime coverage forms (discovery/loss sustained)
 - Government crime coverage forms (discovery/loss sustained)
- Coverages
 - Employee theft
 - Forgery or alteration
 - Inside the premises — theft of money and securities
 - Inside the premises — robbery or safe burglary of other property
 - Outside the premises
 - Computer fraud
 - Funds transfer fraud
 - Money orders and counterfeit money
- Other crime coverages
 - Kidnap/ransom and extortion (CR 00 40)
 - Extortion — commercial entities (CR 04 03)
 - Lessees of safe deposit boxes (CR 04 09)
 - Securities deposited with others (CR 04 10)
 - Guests' property (CR 04 11)
 - Safe depository (CR 04 12)

6.4 Farm coverage

- Farm liability coverage form ('06)
 - Coverage H — Bodily injury and property damage liability
 - Coverage I — Personal and advertising injury liability
 - Coverage J — Medical payments
- Definitions
- Conditions
- Exclusions
- Limits
- Additional coverages

7.0 Businessowners ('06) Policy — Liability 6%

7.1 Characteristics and purpose

7.2 Businessowners Section II — Liability

- Coverages
- Exclusions
- Who is an insured
- Limits of insurance
- General conditions
- Definitions

7.3 Businessowners Section III — Common Policy Conditions

7.4 Selected endorsements

- Hired auto and non-owned auto liability (BP 04 04)

8.0 Workers Compensation Insurance 9%

8.1 Workers compensation laws

- Types of laws
 - Monopolistic versus competitive
 - Compulsory versus elective
- Massachusetts Workers Compensation Act (RL Title XXI Ch 152)
 - Exclusive remedy (RL Title XXI 152:24, 26, 71)
 - Employment covered (required, voluntary) (RL Title XXI 152:1, 25A)
 - Covered injuries (RL Title XXI 152:1, 29)
 - Occupational disease (RL Title XXI 152:1(7A))
 - Benefits provided (RL Title XXI 152:27, 28-30, 30G-30I, 31-34, 34A, 34B, 35, 35A-E, 36)
 - Subsequent injury fund (RL Title XXI 152:37)
 - Large deductible programs (211 CMR 115.01-.06; 152:25A)
 - Subrogation (152:15)
- Federal workers compensation laws
 - Federal Employers Liability Act (FELA) (45 USC 51-60)
 - U.S. Longshore and Harbor Workers' Compensation Act (33 USC 904)
 - The Jones Act (46 USC 688)

8.2 Workers compensation and employers liability insurance policy

- General section
 - Part One — Workers compensation insurance
 - Part Two — Employers liability insurance
 - Part Three — Other states insurance
 - Part Four — Your duties if injury occurs
 - Part Five — Premium
 - Part Six — Conditions
- Selected endorsement
 - Voluntary compensation

8.3 Premium computation

- Job classification — payroll and rates
- Experience modification factor
- Premium discounts

8.4 Other sources of coverage

- Assigned risk plan (RL Title XXI 152:65A-D, G-M, O)
- Self-insured employers and employer groups (RL Title XXI 152:25A-U)
- Massachusetts Workers' Compensation Trust Fund (RL Title XXI 152:65)

9.0 Other Coverages and Options 8%

9.1 Umbrella/excess liability policies

- Personal (DL 98 01)
- Commercial (CU 00 01)

9.2 Specialty liability insurance

- Errors and omissions
- Professional liability
- Directors and officers liability
- Fiduciary liability
- Liquor liability
- Employment practices liability
- Employee benefits liability

9.3 Surplus lines (175:168)

- Definitions and markets
- Licensing requirements

9.4 Surety bonds

- Principal, obligee, surety
- Contract bonds
- License and permit bonds
- Judicial bonds

9.5 Aviation insurance

- Aircraft liability

9.6 Ocean marine insurance

- Protection and indemnity

9.7 Other policies

- Boatowners

9.8 Residual markets

- Joint Underwriting Association — Liquor Liability (175:112A-B)