

# 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 Property Insurance Series 16-53

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

### 1.0 Insurance Regulation 10% (10 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)

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, 191, 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% (10 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

## 3.0 Property Insurance Basics 20% (20 Items)

### 3.1 Principles and concepts

- Insurable interest
- Underwriting
  - Function
  - Expense ratio, combined ratio
  - Loss ratio

Rates

- Types
- Loss costs
- Components

Hazards

- Physical
- Moral
- Morale

Causes of loss (perils)

Named perils versus special (open) perils

Direct loss

Consequential or indirect loss

Blanket versus specific insurance

Basic types of construction

Loss valuation

- Actual cash value
- Replacement cost
- Functional replacement cost
- Market value
- Agreed value
- Stated amount
- Valued policy

### 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

Policy limits

Restoration/nonreduction of limits

Coinsurance

Vacancy or unoccupancy

Named insured provisions

- Duties after loss
- Assignment
- Abandonment

Insurer provisions

- Liberalization
- Subrogation
- Salvage

Claim settlement options

Third-party provisions

Standard mortgage clause

Loss payable clause

No benefit to the bailee

### **3.4 Massachusetts laws, regulations and required provisions**

Massachusetts Insurers Insolvency Fund (175D:1-17)  
Massachusetts standard fire policy (175:99)  
Cancellation and nonrenewal (175:99, 187C, 187D, 193P)  
Concealment, misrepresentation or fraud (175:99, 170, 186)  
Appraisal (175:99)  
Federal Terrorism Insurance Program (15 USC 6701; Public Law 107-297, 109-144, 110-160)

## **4.0 Dwelling Policy 4% (4 Items)**

### **4.1 Characteristics and purpose**

### **4.2 Coverage forms — Perils insured against**

Basic  
Broad  
Special

### **4.3 Property coverages**

Coverage A — Dwelling  
Coverage B — Other structures  
Coverage C — Personal property  
Coverage D — Fair rental value  
Coverage E — Additional living expense  
Other coverages

### **4.4 General exclusions**

### **4.5 Conditions**

### **4.6 Selected endorsements**

Special provisions — Massachusetts (DP 01 20)  
Automatic increase in insurance (DP 04 11)  
Broad theft coverage (DP 04 72)  
Dwelling under construction (DP 11 43)

### **4.7 Personal liability supplement**

## **5.0 Homeowners Policy — Section I 17% (17 Items)**

### **5.1 Coverage forms**

HO-2 through HO-6

### **5.2 Definitions**

### **5.3 Section I — Property coverages**

Coverage A — Dwelling  
Coverage B — Other structures  
Coverage C — Personal property  
Coverage D — Loss of use  
Additional coverages

### **5.4 Perils insured against**

### **5.5 Exclusions**

Lead paint liability abatement (211 CMR 131.00)

### **5.6 Conditions**

### **5.7 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)  
Earthquake (HO 04 54)  
Identity fraud expense (HO 04 55)  
Scheduled personal property (HO 04 61)  
Personal property replacement cost (HO 04 90)  
Home day care (HO 04 97)

## **6.0 Auto Insurance 13% (13 Items)**

### **6.1 Massachusetts auto insurance policy (2008 edition)**

Definitions

Coverage for damage to your auto

Collision  
Limited collision  
Comprehensive  
Deductibles  
Substitute transportation  
Towing and labor

Bodily injury coverage

Personal Injury Protection  
Liability/damage to someone else's property

General provisions

Duties after an accident or loss

Selected endorsements

Massachusetts mandatory endorsement (M-0099-S)

Mobile home (MPY-0002-S)

Waiver of deductible (MPY-0016-S)

### **6.2 Commercial auto**

Commercial auto coverage forms

Business auto  
Garage  
Truckers

Coverage form sections

Covered autos  
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)

## **7.0 Commercial Package Policy (CPP) 10% (10 Items)**

### **7.1 Components of a commercial policy**

Common policy declarations

Common policy conditions  
Interline endorsements  
One or more coverage parts

## 7.2 Commercial property

Commercial property conditions form  
Coverage forms  
    Building and personal property  
    Condominium association  
    Condominium commercial unit-owners  
    Builders risk  
    Business income  
    Legal liability  
    Extra expense  
Causes of loss forms  
    Basic  
    Broad  
    Special  
Selected endorsements  
    Ordinance or law (CP 04 05)  
    Spoilage (CP 04 40)  
    Peak season limit of insurance (CP 12 30)  
    Value reporting form (CP 13 10)

## 7.3 Commercial inland marine

Nationwide marine definition (Reg 211 CMR 10.00)  
Commercial inland marine conditions form  
Inland marine coverage forms  
    Accounts receivable  
    Bailee's customer  
    Commercial articles  
    Contractors equipment floater  
    Electronic data processing  
    Equipment dealers  
    Installation floater  
    Jewelers block  
    Signs  
    Valuable papers and records  
Transportation coverages  
    Common carrier cargo liability  
    Motor truck cargo forms  
    Transit coverage forms

## 7.4 Equipment breakdown

Equipment breakdown protection coverage form (EB 00 20)  
Selected endorsement  
    Actual cash value (EB 99 59)

## 7.5 Farm coverage

Farm property coverage form  
    Coverage A — Dwellings  
    Coverage B — Other private structures  
    Coverage C — Household personal property  
    Coverage D — Loss of use  
    Coverage E — Scheduled farm personal property  
    Coverage F — Unscheduled farm personal property

Coverage G — Other farm structures  
Mobile agricultural machinery and equipment coverage form  
Livestock coverage form  
Definitions  
Cause of loss (basic, broad and special)  
Conditions  
Exclusions  
Limits  
Additional coverages

## 8.0 Businessowners Policy — Property 11% (11 Items)

### 8.1 Characteristics and purpose

### 8.2 Businessowners Section I — Property

Coverage  
Exclusions  
Limits of insurance  
Deductibles  
Loss conditions  
General conditions  
Optional coverages  
Definitions

### 8.3 Businessowners Section III — Common Policy Conditions

### 8.4 Selected endorsements

Protective safeguards (BP 04 30)  
Utility services — direct damage (BP 04 56)  
Utility services — time element (BP 04 57)

## 9.0 Other Coverages and Options 5% (5 Items)

### 9.1 Aviation insurance

Aircraft hull

### 9.2 Ocean marine insurance

Major coverages  
    Hull insurance  
    Cargo insurance  
    Freight insurance  
Perils

### 9.3 National Flood Insurance Program

"Write your own" versus government  
Eligibility  
Coverages  
Limits  
Deductibles

### 9.4 Other policies

Boatowners  
    Personal watercraft  
    Recreational vehicles  
Difference in conditions

### 9.5 Residual markets

Joint underwriting and reinsurers association (FAIR) plan (175C:4)

