

# 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 Property and Casualty Insurance Series 16-57

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

### 1.0 Insurance Regulation 7% (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; 176H:6)

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 6% (9 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

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

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

Contribution by equal shares

Policy limits

Limits of liability

Per occurrence (accident)

Per person

## 3.0 Property and Casualty Insurance Basics 10% (15 Items)

### 3.1 Principles and concepts

Insurable interest

Underwriting

Function

Expense ratio, combined ratio

Loss ratio

Aggregate — general versus products —  
completed operations

Split

Combined single

Restoration/nonreduction of limits

Coinsurance

Vacancy or unoccupancy

Named insured provisions

Duties after loss

Assignment

Abandonment

Insurer provisions

Liberalization

Subrogation

Salvage

Claim settlement options

Duty to defend

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; RL Title 1 266:27A)

Appraisal (175:99, 113O)

Federal Terrorism Insurance Program (15 USC 6701; Public Law 107–297, 109–144, 110–160)

## **4.0 Dwelling Policy 3% (5 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 7% (10 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 Section II — Liability coverages**

Coverage E — Personal liability

Coverage F — Medical payments to others

Additional coverages

### **5.5 Perils insured against**

### **5.6 Exclusions**

### **5.7 Conditions**

### **5.8 Selected endorsements**

Special provisions — Massachusetts (HO 01 20)

Limited fungi, wet or dry rot, or bacteria coverage (HO 05 39, HO 05 38, HO 05 37)

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)

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)

## **6.0 Auto Insurance 9% (14 Items)**

### **6.1 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/underinsured 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)

## 6.2 Massachusetts auto insurance policy (2008 edition)

- Definitions
- Compulsory coverage
  - Bodily injury to others
  - Personal injury protection
  - Damage to someone else's property
- Uninsured/underinsured 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)

## 6.3 Commercial auto

- Commercial auto coverage forms
  - Business auto
  - Garage
  - Truckers
- 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)

## 7.0 Commercial Package Policy (CPP) 20% (30 Items)

### 7.1 Components of a commercial policy

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

### 7.2 Commercial general liability

- 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
- Owners and contractors protective liability coverage form
- Pollution liability
  - Pollution liability coverage form
  - Pollution liability limited coverage form
  - Pollution liability coverage extension endorsement
- Selected endorsements
  - Limited fungi or bacteria coverage (CG 24 25)

### 7.3 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)

**7.4 Commercial crime**

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)

**7.5 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

**7.6 Equipment breakdown**

Equipment breakdown protection coverage form (EB 00 20)

Selected endorsement

Actual cash value (EB 99 59)

**7.7 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

Farm liability coverage form

- Coverage H — Bodily injury and property damage liability
- Coverage I — Personal and advertising injury liability
- Coverage J — Medical payments

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 9% (14 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 Business Section II — Liability**

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

#### **8.4 Businessowners Section III — Common Policy Conditions**

#### **8.5 Selected endorsements**

- Hired auto and non-owned auto liability (BP 04 04)
- Protective safeguards (BP 04 30)
- Utility services — direct damage (BP 04 56)
- Utility services — time element (BP 04 57)

- 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)
- Differences in premium computation (RL Title XXI 152:53A(5))

### **9.0 Workers Compensation Insurance 15% (22 Items)**

#### **9.1 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 30104)

#### **9.2 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

#### **9.3 Premium computation**

- Job classification — payroll and rates
- Experience modification factor
- Premium discounts
- Participation (dividend) plans
- Retrospective rating
- Massachusetts Department of Industrial Accidents

#### **9.4 Other sources of coverage**

### **10.0 Other Coverages and Options 14% (21 Items)**

#### **10.1 Umbrella/excess liability policies**

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

#### **10.2 Specialty liability insurance**

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

#### **10.3 Surplus lines (175:168)**

- Definitions and markets
- Licensing requirements

#### **10.4 Surety bonds**

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

#### **10.5 Aviation insurance**

- Aircraft hull
- Aircraft liability
- Airport liability
- Hangarkeepers legal liability

#### **10.6 Ocean marine insurance**

- Major coverages
  - Hull insurance
  - Cargo insurance
  - Freight insurance
  - Protection and indemnity
- Implied warranties
- Perils
- General and particular average

#### **10.7 National Flood Insurance Program**

- "Write your own" versus government
- Eligibility
- Coverages
- Limits
- Deductibles

#### **10.8 Other policies**

- Boatowners
  - Personal watercraft
  - Recreational vehicles
- Difference in conditions

**10.9 Residual markets**

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

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

**10.10 Alternative funding mechanisms**

Self-insured

Pooling

Risk retention groups

Captives