October 22-25, 2026 I Sheraton Boston Hotel

MAIA'S BIG EVENT 2026

Conference & Trade Show

Celebrating Independence!

10/22/2026
9:00 am - 5:00 pm

P&C Licensing Program

Acadia Insurance

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Marshall Katz

Webinar Will Start at 8:00

Welcome to

Property & Casualty Licensing Review

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Keep for the future

- Follow up
- Questions
- Jokes☺

marshkatz2013@gmail.com

Disclaimer
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1st some housekeeping issues.



Back-Office

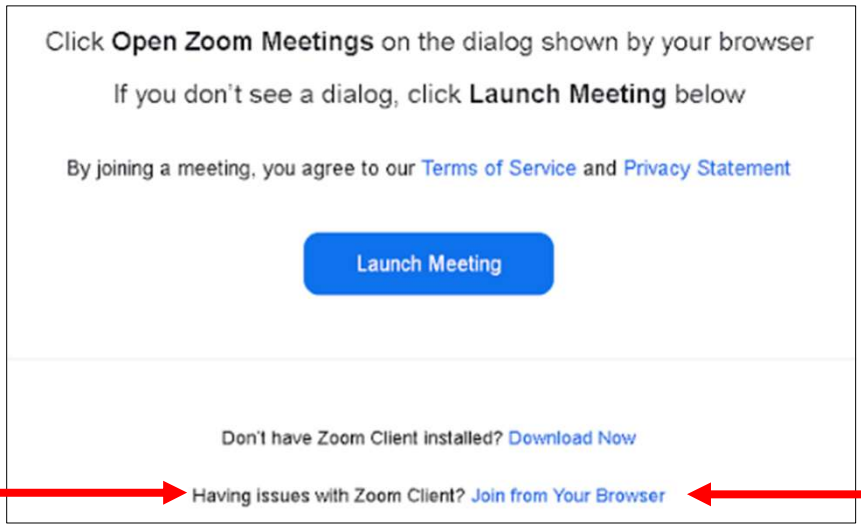
- The back-office person if you have Zoom issues is:

  - ❑ Collen Lahna - clahna@massagent.com, or
  - ❑ Betty Amaro-White - bamarowhite@massagent.com

The one I tell you to do right now.

Everyone on Zoom please write down the name and email address of the back-office person for future reference.

Hi Marshall, in our last class I had mentioned about logging into the class through a web browser.



Please do not put it in the Q & A section;

- Did we do a check-in
- My computer froze
- I could not complete the poll question
- Anything to do with Zoom
- Anything to do with sound

I can not help you with those!

I have disabled the chat section so that we are not using redundant technology.

Please put in the Q & A section;

- So that all can see
- Can you repeat about…
- I have a question regarding this topic
- Making the class more in-person like

I can try to help you with those!

I have disabled the chat section so that we are not using redundant technology.

CE Certificates

- There is no CE for this class.
- It's pre-licensing and does not qualify for credits

Check-in poll questions

- We will be doing ***unannounced*** random check-in "polls" during the day.
- They are yes/no questions with no wrong answer; you just need to respond within the 30 seconds you are given to answer the questions.
- MAIA nor I can view these until after the class is complete. Please do not ask if you did a poll as we do not know.

Check-in Problems

- Make sure you have pop-ups enabled so the poll window will work appropriately
- If you are in full screen mode, minimize/escape and then answer the poll question
- Thumb on alt key while toggling the tab key with ring or pinky finger to find the question
- Reboot Zoom 

HANDOUTS

- MAIA should have provided the PowerPoint in PDF to you already.
- Check your account folder at massagent.com.

BREAKS

- We will be taking a 10-minute break every 50 minutes.
- Lunch will be 11:45 – 12:45

1. If you do not live in MA; you're in the wrong class. This class prepares you to take the MA Producers Property & Casualty exam for MA residents. It does not matter where you work.

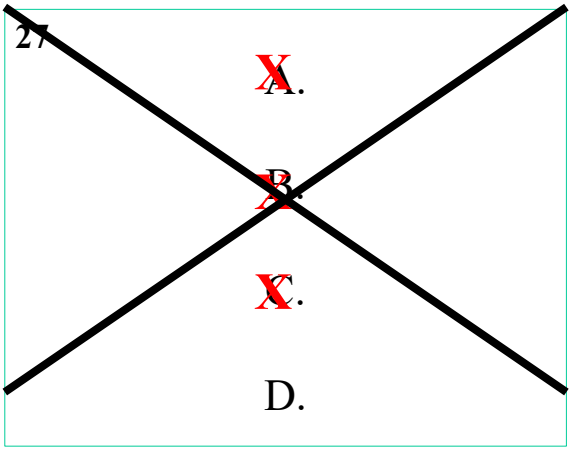
2. From now and until you pass the state exam it is a good idea to get at least 7 or 8 hours of sleep every night to help retain the information.

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Using the provided pen & paper.

So question 27 is a little confusing.
On your provided paper;

1. Write down the question number
2. Read question again
3. Read answer A
4. If answer A does not apply cross it out
5. Repeat for answers B, C & D
6. When finished scratch out so not confused on another question



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Know how to answer except questions:

All the following are true, except?

- You are looking for a statement that's false

All the following are false, except?

- You are looking for a statement that's true

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Tricky, confusing, or tough questions.
More than one answer, can't remember, etc.

Always SWAG (Scientific Wild a Guess) it

vs

Wag (Wild a Guess) it

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Odd Man Out Rule

If 3 answers go together

then

The one that does not…is the answer their looking for

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Please stay 1 slide behind me during the class

Why?

- I have sample questions that will go up on the screen and
- I want you to think about answering them honestly
- Without looking ahead
- This will benefit you for the exam

©Marshall Katz

Review Class Contract

- Means you have read the entire book before class
- Means you will again read the entire book before the exam
- Means we will review complex topics only for clarification
- If the topic is skipped in class, it could still be on the exam
- Means you have already completed practice exams enough times to get satisfactory scores on the exam

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Handouts

- **Extra Practice Exams**
- **Small Miscellaneous Packet**
- **Sample ISO HO Policy in the book**
- **Sample MA Auto Policy in the book**

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ISO's HO Policy

- **©Insurance Services Office, Inc.**
- **The HO 00 03 05 11 mean something**
  - HO means homeowners
  - 00 means it's a policy form
  - 03 means Special form
  - 05 11 means ISO made it in May 2011
- **It may not be the one your companies or competition are using**
- **The exam is general in nature**

©Marshall Katz

ISO's PAP

- ©Insurance Services Office, Inc.
- This is the countrywide Personal Auto Policy
- You need to know this policy for the exam and
- Some of the MA Auto Policy (MAP) for the law section.
- It may not be the one your companies or competition are using
- More than likely your carriers are using the MAP
- The exam is general in nature

©Marshall Katz

Pearson Exam

https://www.pearsonvue.com/us/en/test-takers.html

- Sign up for the Producer Property Exam & the Producer Casualty Exam.
- Take at any available location.
- Take the exams within a few days of the class as 90-95% passing this way.

If you experience any issues during your exam, please contact Pearson VUE to open a case for investigation. You can reach Pearson VUE Monday through Friday, 7 a.m. to 7 p.m. Central Time, at 877-551-7587 (toll-free) or 952-905-7404.



The Pearson Vue Exam

Palm Vein Consent

- Where selected by your Test Sponsor, you agree that Pearson VUE will collect your palm vein pattern at the test center on the day of your exam and retain that information, to the extent permitted by law.
- Your palm vein scan will be used for the purposes of identification verification on the day of your test and on your future test days, detecting and preventing any fraud, and maintaining the security and integrity of the testing program.

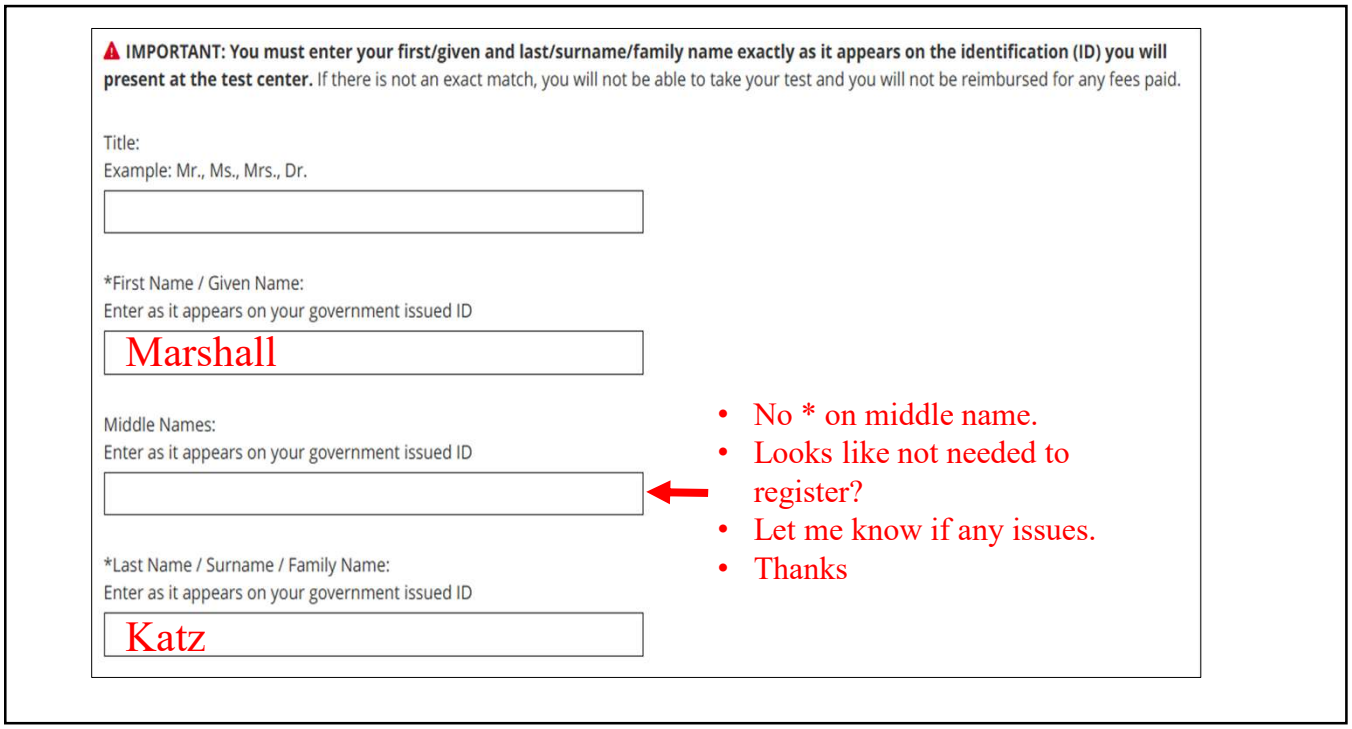
Pearson offers online life, health, property, and casualty insurance practice tests for $19.95.

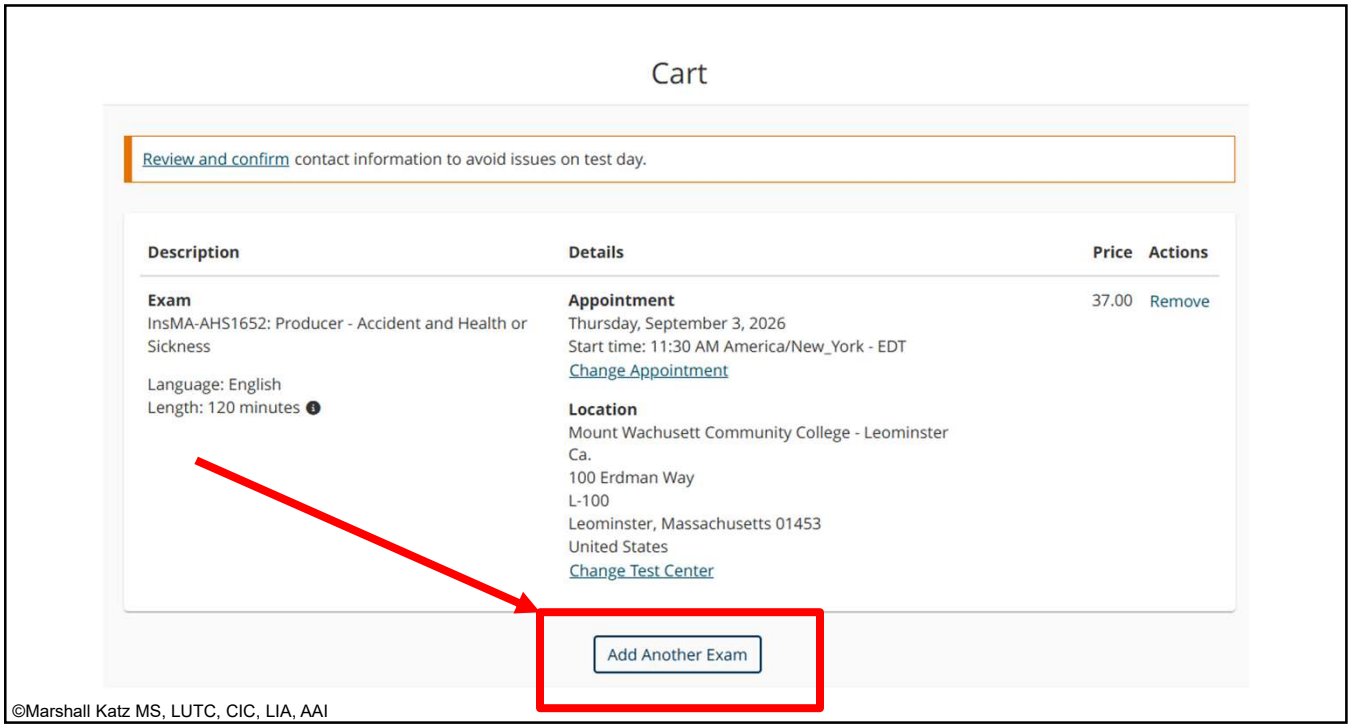
Read through their candidate handbook.

The Pearson Vue Exam

You must present one form of current signature identification.

- The identification must be government-issued and photo-bearing with a signature.
- Identification must be in English and exactly match the name used to register for the exam.
- If the name on the exam registration does not exactly match the name on the IDs presented, you will not be allowed to test, and the exam fees will be forfeited.
- The ID must have;
  - your first and last name;
  - a recent, recognizable photo; and your signature.
  - It must be the original document (not a photocopy or digital ID), valid (unexpired), and issued by the country in which you are testing (except for EU IDs, which are acceptable in any country within the EU Zone).





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Pearson

Massachusetts Division of Insurance



Mugshot Taken

When you leave, they will give you one of these.

- Pass – nothing else on it
- Fail – more detail of exam

Exam Result: **PASS**

Exam: **Massachusetts Producer - Casualty**

Congratulations! You have passed the insurance examination listed above.

Please keep a copy of this examination score report for your records.

Please note that a passing examination score is not a license. Information about how to apply for your license is available on the Massachusetts Division of Insurance website at https://nipr.com/licensing-center/state-information/massachusetts.

Need to apply for a license.

If you have additional questions about applying for your license, please contact the Massachusetts Division of Insurance.

The authenticity of this score report can be validated by using Pearson's Online Score Report Authentication found at: http://www.pearsonvue.com/authenticate

Additional Study Aide

- **https://www2.massagent.com/property-casualty-licensing-class**
- **10 Exams**
- **$28.00 for MAIA member agencies**
- **Recommended (not required)**



EXAM TYPE	EXAM NAME	NUMBER OF QUESTIONS
PC	Casualty only sample exam	157
PC	Commercial auto	8
PC	Property & Casualty final exam	200
PC	P&C law only sample exam	44
PC	Property only sample exam	156
PC	Workers' Compensation	19
PC	Dwelling policies	25
PC	General insurance concepts	76
PC	Homesowners - 2000	71
PC	Mass. auto	49
PC	Personal lines	60

From MAIA education staff:

"The ordering of the online study aide is a process and secure payment that we need to do first. Please let them (participants) know that if they order it one day, it gets emailed the next business morning."

Order Wednesday, get Thursday.
Order Friday, get Monday.

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The actual state exam

- 80 questions on property (2 hours)
- 80 questions on casualty (2 hours)
- You will see about 10 extra questions that are not scored
- Need a 70 score to pass
- Results on the spot
- Bring in to the Pearson test center a:
  - Current picture & signed Government ID of some sort
  - Drivers license, passport, etc. It needs to match your test registration exactly

©Marshall Katz

Your fellow participants want to help you.



©Marshall Katz

Truncated Version

Do Final Exam in the back of the book	Do Extra Practice Exam
Use common sense	Read question carefully
Use SWAG	Pay attention to endorsements
Never go back	Take exams Sunday
Make flashcards	Use the online tutorial exams
Ignore going on a bad run	Use paper and pencil provided
Take the advisor exam after passing	Use process of elimination
Know how to answer except questions	Do not take exam at home
Read question over again	Tips got me passing
Do not change the class	RELAX

Thanks again for the help. Took the class Thursday and Friday and then took the tests Tuesday remotely. I actually enjoyed being able to take remotely (extra sleep) but I just took a small room in my house and only left desk and chair for it. I got a 78 on Property and 88 on Casualty.

I did all of the practice exams both in the book, the extra you provided, and all of the ones online. These really help drill concepts into your head. Anything I got wrong that I did not understand I would ask ChatGPT and it would tell me the policy reasons (Would recommend to anyone trying to understand concepts they need dumbed down, it can even create tricks to memorize for you).

You mentioned it's worth it to now get the advisor license. Is there anything else I should go for while still in study mode? I noticed MAIA practice quiz website has personal lines quiz already included from my P&C exam. Just curious what your thoughts are on getting more certs. Appreciate the help!

Me again! I wanted to let you know I just retook the property test this morning and I passed (84%). I felt like this test I got was easier than the one I failed, I didn't study much more between Monday and today but I did review the CPP and the BOP because last test I did do the worst on those two sections. The had some repeat question son Monday's test and today's test for property. "What would a condo unit owner purchase…..HO6" was on there, along with the rental car question, if you are to get into an accident with a rental car, what would be covered by your insurance? The answers were, liability, physical damage plus liability, physical damage only and one more I cannot recall. There was still a good amount of Farm questions on this one as well as one aircraft hull question, and ocean marine question. Another question I was stumped on was regarding the National definition of marine insurance, all would be included EXCEPT , A. Domestic goods, B building alterations materials C. Something about Communication D. Imports. I had no idea about that one. Overall though I focused on what I knew, used the SWAG approach and ultimately, I felt more confident about this specific tests subject matter than the previous one.

Thank you for all your help, I feel like I passed so quickly with all your help and the PowerPoint / practice exams provided from class, the book and MAIA online content. I cannot thank you enough!

©Marshall Katz, MS

I took your licensing class last week and I took both exams today. I passed both with scores much better than I was expecting. Since the class, I have been cramming the practice questions, reviewing the book again, and going through your slides again as well. The extra practice exams were definitely a huge help. I had some exam questions that were the same as the practice exams, or very similar. I know you said not to do much the day of the exam, but I actually got up early and reviewed the slides one more time before the exams, which I think helped me out as well.

I have been in law enforcement for 30 years and am preparing for a career change, so I was a little nervous about the exam, but all went better than expected. Thank you for the help!

©Marshall Katz, MS

Read the rest of them on your own at the end of the PowerPoint.

©Marshall Katz, MS

Please stay 2-3 slides behind me during the class

Why?

- I have sample questions that will go up on the screen and
- I want you to think about answering them honestly
- Without looking ahead
- This will benefit you for the exam
- The more mistakes in class, the less on the real exam

©Marshall Katz

Always answer the question asked…not the one you wished you was asked.

©Marshall Katz, MS

Easy ones as stated by a participant.

An agent or broker offering a kick-back of commissions to a prospective insurance purchaser has engaged in which of the following marketing practices?

Twisting | Countersignature | Defamation | Rebating

An insurer which does not hold a certificate of authority and is not permitted to conduct insurance business in this State, best describes:

Admitted | Unauthorized | Revocable | Authorized

©Marshall Katz

If the producer misses an appointment whom is responsible for reporting it?

a. Producer

b. Insurance company

c. Insured

d. Commissioner

- Passing will require common sense!
- Sometimes there is an answer that's more correct then another.

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The Basics

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Acronyms

- ACV = Actual Cash Value
- CCC = Care Custody Control
- DP = Dwelling Policy
- HO = Homeowners Policy
- MAP = MA Auto Policy
- PAP = Personal Auto Policy (non-MA)
- CPL = Comprehensive Personal Liability Policy
- CGL = Comprehensive General Liability Policy
- BOP = Business Owners Policy
- BAP = Business Auto Policy
- BERP = Basic Extended Reporting Period
- SERP = Supplemental Extended Reporting Period

©Marshall Katz

The bombings that happened to The World Trade Center and The Boston Marathon could be examples of why this insurance program is necessary?

1. HIPPA
2. TRIA
3. ERPLI
4. OASDHI

Need to know the initials in the book for these kinds of questions.

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Contracts, Policy Detail, Underwriting and Other Information

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Parts of a Legal Contract

Those Not Competent
Minor
Insane
Under the Influence
Enemy Alien

Insured's Application
Insurer Rejects or Accepts
Counteroffer
Meeting of the minds or executed agreement in the exact same terms

Competent Parties

Offer & Acceptance

Legal Contract

Consideration

Legal Purpose

Insured's Consideration = Premium Paid
Insurer's Consideration = Promise to Pay

Exchange of values.

May not be against public policy.

©Mar

Under Massachusetts General Laws § 231 & § 850, only those 18 years of age and older possess the full legally-assigned abilities to enter into most contracts and engage in all parts of having a contract.
However, under Massachusetts General Laws Chapter 175 Section 113K, a minor 16 years of age or older may enter into a contract for motor vehicle liability insurance.
Under Massachusetts General Laws Chapter 175 Section 128, a minor 15 years of age or older may enter into contracts for life insurance.

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Which of the following statements are true?

a. The insured promises to make premium payments on time
b. The insurance carrier will pay all claims within 30 days
c. None of the above
d. Both a. & b.

The Policy Insuring Agreement
- The insured does not promise anything
- The insured MUST pay premiums
- The insured MUST report claims and
- The carrier promises to pay valid claims

©Marshall Katz

Who would determine if someone is not competent to enter into a contract?

a. Commissioner of Insurance

b. Insurance Broker

c. Insurance Carrier

d. Lawyer

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Distinct Characteristics

- **Unilateral Contract**
  - Designed by the carrier
  - Insured does not have any input into the policy language
  - If the insured did not like the fact that the policy excluded earthquake coverage, then
  - The insured could purchase an endorsement to cover the exposure



©Marshall Katz

Distinct Characteristics

- **Contract of Adhesion**
  - Language or lack of language sticks
    - Part 1 of the MAP states coverage only on MA roads
    - Part 5 does not discuss where the insured has coverage…
    - General Provisions does state coverage territory is the U.S., U.S. Possessions & Territories & Canada (not Mexico) for parts 2-12
  - In arbitration any ambiguities are usually settled on behalf of the insured because of
  - "Reasonable expectations" of what a consumer would have expected the language to mean



©Marshall Katz

Distinct Characteristics

- **Aleatory in Nature**
  - Not an even exchange of values
    - An insured pays $500 premium to insure a $500,000 home and the home burns down with the carrier paying $500,000
    - An insured pays $1,000 per year for car insurance with no claims in the 20-year period. The insured pays $20,000 and the carrier pays nothing
  - Insurance is for the what if



©Marshall Katz

Distinct Characteristics

- **Conditional**
  - Insurers promise or payment
  - Is conditional
  - Upon the insured paying the premium and
  - Answers on the application
- **Utmost Good Faith**
  - Relying on the statements of the other

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Representation/Misrepresentation

A Representation – Is a statement made to the best of the insureds knowledge – like asking the property seller about prior insurance losses

The policy can be void on the day prior to a loss for a material misrepresentation that would have caused the application to be declined

Examples:

Pet question on HO or Fryolator question on CP

Pet question on HO

- When completing the application, the insured is asked if they have any pets and they lie
- 6 months later their house burns down
- The adjuster sees a Rottweiler (not desire by carrier) tied to a tree and
- Finds out it's the homeowners 8-year-old dog and it was not listed on the application
- The claims department denies the claim as it would not have written the policy in the 1st place, therefore it won't pay the claim in the 2nd place
- Underwriting then cancels the policy for material misrepresentations on the application

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Warranties

Are written or guaranteed in the policy language by the insured and carrier.

Loss is voided if insured did not follow the written warranty or guarantee language.

Examples:

Navigational limits on a boat policy

Listing new operators on an auto policy



Navigational limits on a boat policy

- The policy states there is coverage up to 25 miles from shore
- The insured decides to try and catch a tuna 50 miles from shore but hits a shoal 40 miles out and the boat sinks
- There is no coverage as the insureds' policy only gave coverage for up to 25 miles

©Marshall Katz MS, LUTC, CIC, LIA, AAI

A material statement made on a physical insurance application is also called a:

a. Opinion

b. Submission

c. Judgment

d. Warranty

Sometimes you have to pick what they are looking for; not what is correct!

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CONCEALMENT AND FRAUD

- An applicant for insurance is also obligated to voluntarily disclose any other material fact concerning the exposure to be insured, even if the insurer and its agent do not ask questions regarding it.
- The failure to disclose material facts is considered to be concealment. In other words, an insured may not withhold any material facts that he should realize the insurer would want to know. Such as owning a dangerous animal.
- Concealment may be fraudulent if it is intentional.
- An insurer may void the contract if the concealment is intentional and material.
- Fraud is committed when an individual intentionally or deliberately deceives another such as an individual who files a fraudulent claim.
- The commissioner of insurance may ask the company for more details for prosecution.

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Sections of an Insurance Policy

- **D**eclarations Page (review yours)
  - Who, what, when, where and why
- **I**nsuring Provision
  - Perils and extensions
- **C**onditions (rules of conduct)
  - Duties of both parties
- **E**xclusions
  - Property, perils and exposures not covered
  - Eliminates many catastrophic and duplicate situations
  - Eliminates increase in hazard losses

ABC Mutual
Declarations Page

Slum Lord
Main St
Anytown USA

Effective Date **Expiration Date**

Coverages
A Dwelling
B Other Structures
C Stuff
D Loss of Use

Dated **Signed**

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Which of the following describes a policy?

a. Dec. Page, insuring agreement, consideration and conditions

b. Dec. page, instant agreement conditions and exclusions

c. Dec. page, insuring agreement, exclusions and conditions

d. Dec. clause, insuring agreement, conditions and exclusions

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Comparison

Contract	Policy
• Competent	• Declarations page
• Offer/Acceptance	• Insuring provision
• Consideration	• Conditions
• Legal	• Exclusions

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Which of the following insurance policies pays an insured that suffers a loss?

a. Concurrent policies

b. A liability insurance policy

c. A property insurance policy

d. A non-insurance transfer agreement

Which of the following insurance policies pays a third party that suffers an injury from slippery stairs?

a. Concurrent policies

b. A liability insurance policy

c. A property insurance policy

d. A non-insurance transfer agreement

MAIA has a CGL policy; which is listed as an exclusion ?

a. Damage caused by sewer back up

b. Employee dishonesty

c. Animals birds and fish

d. Social Security income

One listed liability exclusion and three other things that are not covered.

Underwriting

Application

Company

Underwriter

Credit Reports	Investigative Reports	Policy Daily

Accept

Write Policy

Reject

Notify Agent and Insured

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SOURCES OF UNDERWRITNG INFORMATION

There are several sources of information that an underwriter utilizes to reach his or her decision whether to accept a risk and issue a policy or decline an application including:

APPLICATION — The insurance application is the primary source of information available to the underwriter. An underwriter cannot even begin to assess a risk unless the application is reviewed.

PRODUCER INFORMATION — The producing agent or broker provides information to an underwriter regarding her opinions or recommendations regarding the applicant and the proposed exposure. The agent or producer who learns of any adverse underwriting information should always inform and advise the insurer of the adverse information.

INSPECTIONS — Before coverage is provided, the underwriter wants to make sure that the property to be covered actually exists. Therefore, physical inspection of the premises or property is usually required by the underwriter. An inspection may be conducted by the producing agent, broker or a company representative. Inspections help to determine a building's construction type which is extremely important with regard to rating and underwriting. Therefore, underwriters are able to analyze inspection reports and determine property values.

CONSUMER REPORT — An underwriter may wish to investigate the applicant in a more detailed fashion. Therefore, an inspection report concerning the applicant (i.e., a consumer) may be ordered. This consumer report (i.e., oral or written) may include a credit report of the applicant or be of an investigative nature where an insurer representative interviews current or previous employers or neighbors regarding the applicant and the exposure.

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Fair Credit Consumer Reporting Act

A Notice to the Applicant that the company may obtain consumer report data

- 3 days advance notice to the insured by
- The insured signing the application that we're getting
  - Insurance credit data
  - Investigative data
- Insurer requests the report
- If insurer denies based on the report the insurer must inform applicant where they can get the report



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An insurer denies coverage for an insured based on a credit report. Which of the following is true?

a. The insurer is obligated to provide the report

b. The agent is obligated to obtain for their insured

c. Insurer must send written notice to the insured as to where to obtain the report

d. Insured must sue to obtain a copy of the report

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Producer Authority

- **Actual or Express Authority**
  - Written contract or agreement giving agency authority to write business and level of coverage
- **Implied Authority**
  - Based on acts or inactions of the carrier like not declining coverage too high the agency wrote
- **Apparent Authority**
  - How it looks to the consumer



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Insurance Company Structure

- **Stock** (Travelers Ins. Co.)
  - Owned by stockholders
  - Stockholders receive a declared dividend
  - Dividends are not guaranteed
  - Dividend is taxable according to the IRS current guidelines
- **Mutual** (Amica)
  - Owned by policyholders
  - Policyholders get the declared dividend
  - Dividends are not guaranteed
  - Dividend is not taxable according to the IRS current guidelines as it's considered a return of premium

©Marshall Katz

Domestic-Foreign-Alien

- **Domestic**
  - A carrier that filed its corporate charter in the state they are doing business in
- **Foreign**
  - A carrier that filed its corporate charter in another state
- **Alien**
  - A carrier that filed its corporate charter in another country

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Company Corporate Organization

- **Mass Mutual is a MA charted company**
- **While selling in MA, MA refers to them as being a Domestic company**
- **While selling in RI, RI refers to them as being a Foreign company**
- **While selling in France, France refers to them as being an Alien company**

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The Mutual of Moscow chartered in Russia selling policies in MA would be one of the following?

a. Domestic

b. Foreign

c. All of the above

d. None of the above

1. Do not think too much
2. Do not go back and change answers, ever



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Authorization

- **Authorized and admitted**
  - Approved by the Commissioner of Insurance to do business in this state on a voluntary or primary daily basis
  - They are the day-to-day companies for regular insurance type policies such as HO, DP, Auto, GL, BOPs, etc.
  - Hanover, Travelers, Plymouth Rock, Commerce, Safety, etc.

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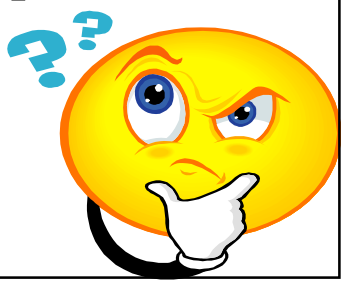
Authorization

- **Unauthorized and non-admitted excess & surplus carriers**
  - Not approved to do business in this state on a voluntary basis
  - Policies are sold through specially licensed excess and surplus lines producers as they are responsible for the carrier
  - No standardized forms
  - Needed for odd insurance risks (i.e.: vacant property, real old buildings, lead paint contractors, hole in one insurance, etc.) not available elsewhere
  - i.e. – Lloyds, Western World, Nautilus, etc.

©Marshall Katz

A surplus lines producer is used to provide insurance with none of the following except?

a. Admitted markets
b. Authorized carriers
c. Primary life and health insurance companies
d. Non-admitted markets

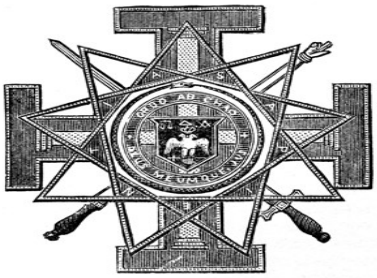


Odd Man Out Rule

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Fraternal or Benevolent Societies

- Knights of Columbus, Lions, Free Masons, etc. (charitable org.)
- **Which of the following would be a benevolent society?**
  - a. Wally's World
  - b. My Clothiers
  - c. Big Lumber
  - d. Lions





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Other Insurer Types

Self-insurers

- Anyone not buying insurance for a particular risk
- Not buying flood or earthquake insurance for property and
- A flood destroys their building
- The owner then rebuilds or repairs using their own funds

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Terrorism Risk Insurance Act

- TRIA
- Requires coverage to be offered to commercial insureds
- Act of terrorism
  - $100 million or more in losses
  - 50 or more lives
  - US Gov't determines if the event meets its definition of terrorism
  - TRIA exception is personal lines or personal property losses



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Private vs. Government Insurers

- **Private**
  - Every day average exposures
  - Auto, home umbrella, etc.
- **Government**
  - Stuff the private insurers do not want
  - Flood, FAIR plans, Medicare, Pool policies, etc.

©Marshall Katz

Insurer Financial Condition

- A non-government organization for verifying financial status
- Examples:
  - A. M. Best
  - Moody's
  - Weiss
  - Standard & Poors



Ohio National Financial Services Inc

Print this page

(a member of Ohio National Life Group) (view securities for related issuers)
A.M. Best #: 050741 FEIN #: 311614097

Address: One Financial Way
Cincinnati, OH 45242
UNITED STATES

Best's Credit Ratings

Issuer Credit Ratings View Definitions

Long-Term: a-
Outlook: **Stable**
Action: **Affirmed**
Date: **May 31, 2011**

* *Denotes Under Review Best's Ratings*

Security Ratings

Date Issued	Amount	Coupon	Security	Rating	Under Review/ Implication
04/25/2011	250,000,000 (USD)	6.625 %	Senior Unsecured	a-	No
04/20/2010	300,000,000 (USD)	6.375 %	Senior Unsecured	a-	No
03/20/2003	150,000,000 (USD)	6.35 %	Senior Unsecured	a-	No

(i) *denotes indicative ratings*

©Marshall Katz

Marketing Distribution Systems

- **Independent Agents**
  - Producer license
  - Represents multiple companies by contract
  - Represents the insured 1st
  - Carrier 2nd and foremost
- **Agents**
  - "captive, controlled direct writer"
  - Represents the company by employment
  - Producer license
  - Represents one company
  - Represents company only

Direct Mail – stuff we throw away when we get home

©Marshall Katz

Insurance Concepts and Related Terminology

Time for an exam☺

©Marshall Katz, MS

What is Insurance?

- Transfer of Risk from an insured to an insurance company
- For the insured it is economic feasibility
- Risk is uncertainty (house burning down)
- Accomplished through the law of large numbers of homogeneous exposure units
  - All homes in MA
  - All clerical workers for workers compensation
- Transfer is just one method of managing risk
- Pure risk is insurable (car crash), not speculative risk (gambling)

©Marshall Katz

Insurance Companies Spread Risk

Risk — **Auto** **WC** **Homeowners** **BOP**

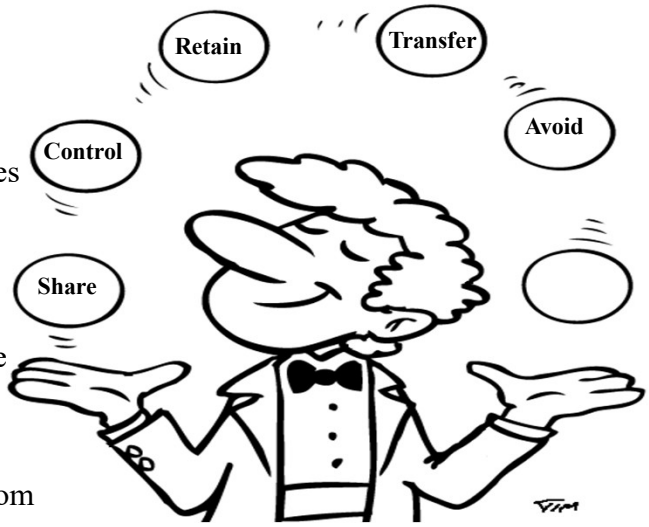
Area — **Opposite of "Red Lining"**

Peril — **Fire** **Liability** **Theft** } Packaging

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Risk Management

- **Control**
  - Reduce – severity of loss
    - Sprinklers, air bags, security system
  - Prevent – probability of loss
    - Shovel driveway, repair step, safety glasses
- **Avoid** – don't do something
  - Don't smoke, don't snow ski, don't…
- **Retain** – self insure
  - Don't buy flood, earthquake or life insurance
- **Transfer** - to another
  - Buy insurance
  - Hold-harmless agreement like hotel rental room
- **Share** – deductibles, partners in business



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Aviation

When an airport uses a de-icing on wings of an aircraft, which of the following has occurred?

a. Transfer

b. Sharing

c. Prevention

d. Avoidance



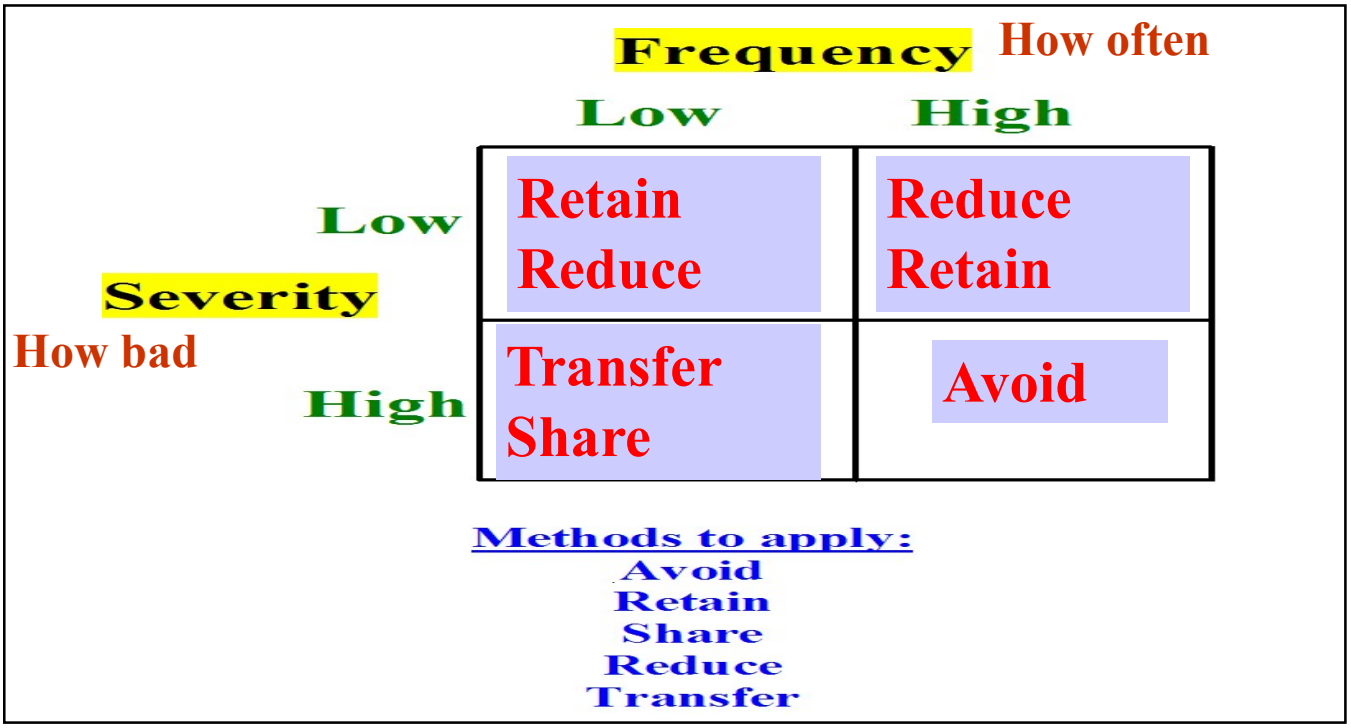
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Risk Sharing Through Deductibles

- Starting or base deductibles
  - Dwelling Fire $250
  - Homeowners $250
  - Commercial Property $250
  - Businessowners $500
  - Personal Auto $500
  - Commercial Auto $500
- Deductibles may be increased or lowered
- Deductibles are in policies to help lower premiums

Not what your companies use!

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Frequency Leads to Severity

- But with all my 18 moving violations
- I have not had an accident, so
- Why is my insurance premium so high
- Frequency leads to severity and
- When you have a loss, it will be bad

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Peril

- Cause of loss (fire, earthquake, vandalism, collision)
- Each policy will have need to know perils
- Some policies are named peril
- Some are open peril (all-risk)





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Hazards

- Heighten or increase the chance of a loss
- **Physical**
  - See, touch, correct
  - We can see broken steps, we can touch them and correct them
- **Moral**
  - Illegal activities
  - Arson for profit, insurance fraud
- **Morale**
  - Apathetic or sloppy behaviors
  - DUI, DWI, driving while texting

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All are hazards except?

a. Letting child play with matches

b. Fire in a waste basket

c. Faulty wiring in a building

d. A hot iron unattended

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What is a wet floor?

a. Risk

b. Peril

c. Hazard

d. Occurrence

We take a risk (uncertainty), walking on a wet floor (the hazard), and have an occurrence (the fall)

Loss Issues

- **Loss of values**
  - Car damaged in a crash worth less after
  - Home damaged in a fire worth less as is
- **Direct loss is**
  - Caused by a peril insured against
  - Car damaged by collision
  - House damaged by fire
- **Indirect loss is**
  - Consequential loss
  - Almost always follows a direct loss
    - Car rental after an accident
    - Hotel room after the house fire



White Porch Inn P-Town



Proximate Cause



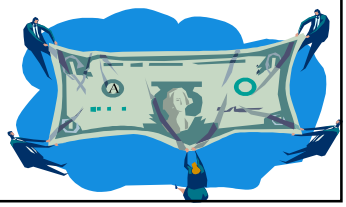
- Direct loss by fire to a 4th floor flat
- Indirect or consequential loss of water damage to put out the fire to the 1st, 2nd & 3rd floors
- Water damage is covered because it is proximately caused by the fire a covered peril

Proximate Cause

- A dog walks out into the street
- 2 cars collide avoiding the dog
- The proximate cause of the crash was the dog
- The dog owner's homeowner's policy is responsible for paying upon subrogation from the auto policies

Indemnity Defined

- Makes the insured financially whole
- Places the insured in the same financial condition that existed before the loss
- Keeps the insured from profiting
- I have a $10,000 car that's totaled in an accident and the company gives me $10,000 not $20,000
- I have a B&W TV not an LCD



Insurable Interest

- Must be present when loss occurs
- Sometimes not possessed when purchasing insurance
- Examples:
  - Buying insurance before the car title is signed over
  - Buying a homeowners policy before the home is registered with county of deeds
  - Once the property is owned, coverage needs to be immediately available if a loss ensues

Insurable Interest

Arlo Guthrie is insured on a HO-3 and had a $40,000 replacement cost loss on a home he purchased January 1, 2011, which he later sold in 2013. A major fire swept through the home on March 30th 2014 destroying the back entryway, hall and kitchen. The original cost of the ½ depreciated damaged items was $20,000, the policy is on an ACV basis with a $100 deductible. Arlo will collect how much?

a. $39,900

b. $19,900

c. $0

d. $9,900

Claim Payments

1. ACV

Replacement Cost Less Depreciation

2. Replacement Cost

No Deduction for Depreciation

3. Replacement Cost = LKQ (like, kind, quality) new today

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Other Valuation Issues

- **Functional Replacement Cost**
  - Insure the lessor value of what the insured would need to rebuild over what they have now
    - Insured has an old Victorian style wood building that would cost $1,000,000 to rebuild after a loss
    - However, a metal building with basic building materials would only cost $300,000 for the same use
    - So, the insured would insure for the lessor of $300,000 and save some premium

Other Valuation Issues

- **Market Value**
  - What the building could be sold or purchased for
  - Not used to fix building coverage for many reasons
    - A dilapidated old building with a $200,000 market value with a $1,000,000 replacement cost could set the insurer up for a moral hazard loss
    - A nice 5 room ranch on the ocean at the Cape purchased for $3,000,000 does need to be insured for more than the replacement cost of the ranch style building ($200,000ish)

©Marshall Katz

Other Valuation Issues

- **Valued Policy Laws**
  - Some state laws will force the insurer to pay the higher insured amount verses the actual building replacement cost
  - Carrier took the premium…pay the total loss value

Arkansas, California, Florida, Georgia, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, North Dakota, Ohio, South Carolina, South Dakota, Tennessee, Texas, West Virginia, and Wisconsin.

https://www.investopedia.com/terms/v/valued-policy-law-vpl.asp

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More Valuation Issues

- **Stated Value**
  - Stipulates a scheduled value to be paid at loss
  - Loss can be paid lower to ACV
  - Like scheduling golf clubs or an antique car
- **Agreed Value**
  - Stipulates the amount scheduled only will be paid
  - Can be increased with an appraisal and by endorsement
  - Like scheduling Fine Arts
  - Better choice than Stated Value coverage

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Stated Value vs Agreed Value

Stated Value

- I insure my golf clubs for $3,000
- They get stolen from the clubhouse when they are 5 years old
- They are fully depreciated at 3 years old
- I collect $0 because they are fully depreciated (ACV)

Agreed Value

- I insure my golf clubs for $3,000
- They get stolen from the clubhouse when they are 5 years old
- They are fully depreciated at 3 years old
- I collect $3,000 because it's agreed they I will collect $3,000 no matter when the loss occurs

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Limits of Liability

- The most an insured is going to have for coverage as stated on the policy
- If an insured purchased $5,000/person medical payments on the auto policy but needed a $15,000 life flight ride, they would get only the $5,000 purchased.
- If an insured purchased $100,000 on the dwelling for the HO policy but needed $105,000 to replace the home, they would get only the $100,000 purchased.

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Extensions of Coverage

- Coverage bonuses
- I buy coverage on my dwelling and the company automatically gives coverage for detached structures
- I buy comprehensive coverage on my car and the company includes rental for theft of the auto

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Accident

1. Unexpected & Unintended
2. Definite time & place



Occurrence

1. Repeated or continuous
2. Includes accident



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Premiums & Cancellations

Policy effective date
Jan. 1st

Cancel date June 30th

Policy expiration date
Dec. 31st

Earned Premium

Unearned Premium



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Cancellation - Every Policy in the Book

- Annual premium = $1,000
- Policy term = January 1 to December 31

Insurer cancels policy June 30

Premium	$1,000
Earned premium	500
	$ 500
Short Rate Charge	0
Insured receives refund	$ 500

Pro-Rata

Insured cancels policy June 30

Premium	$1,000
Earned premium	500
	$ 500
Short Rate Charge	50
Insured receives refund	$ 450

Short Rate

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Vacancy & Unoccupancy

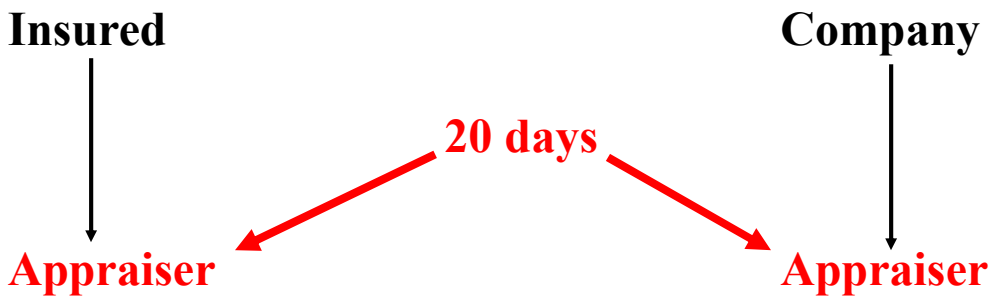


- **Vacant**
  - Empty
  - No furnishings
  - Not enough "stuff" to make the building a usable intended structure
  - No intent to return
- **Unoccupied**
  - Furnished
  - No one currently using
  - Intent to return
  - Summer home, company summer shutdown



Appraisal

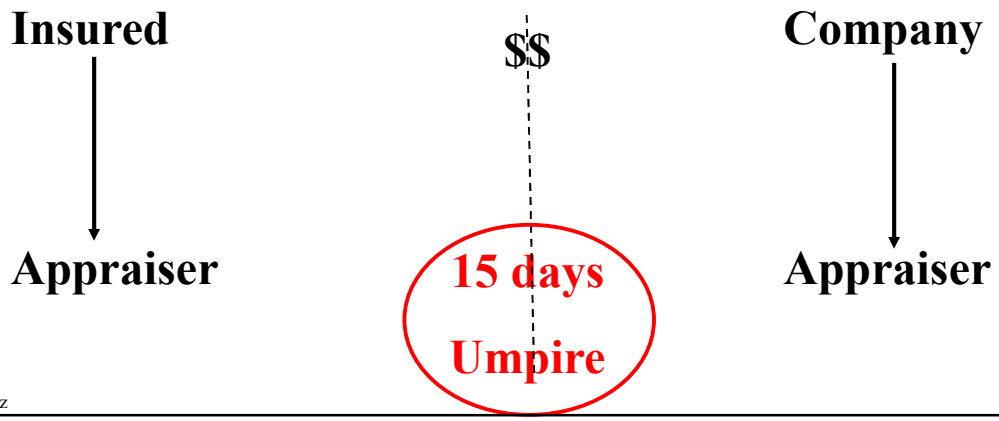
1. A process used when there is a disagreement as to the amount of the loss between the insured and insurer, then
2. Either party can initiate the process



©Marshall Katz

Appraisal

1. A process used when there is a disagreement as to the amount of the loss between the insured and insurer, then
2. Either party can initiate the process



©Marshall Katz

Sample questions to look for on the state exam.

12. A disagreement in the amount of a loss for a homeowners claim would be settled by?

a. Subrogation
b. Arbitration
c. Appraisal ←
d. Reference

92. A disagreement in the amount of a loss for a MA homeowners claim would be settled by?

a. Subrogation
b. Arbitration
c. Appraisal
d. Reference ←

Whether appraisal or reference, it's a panel of 3 referees.

Assignment



- I am trying to sell a building
- The insurance costs $5,000 per year
- Can I just give the insurance policy to anyone making an acceptable offer within a week of looking at the building?

No, we need the insurance companies ok.
Why, they already insure the building??

They need to approve the new owner.



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Binders

- Temporary coverage
- Can be oral or written
- 30 day limit
- Expires when the policy is issued

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Pro-Rata Liability Other Insurance Clauses

Used when there is more than one carrier responsible for paying the claim.

$$\frac{\text{Coverage by Company}}{\text{Total of All Companies}} \times \text{Loss} = \text{Payment}$$

Co. A - $10,000
Co. B - $20,000
Co. C - $30,000
$60,000

Assume we insure a property using 3 companies.

How much would company B have to pay on a $10,000 loss?

$$\frac{\quad}{\quad} \times \quad = \quad$$

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Pro-Rata Liability Claims – Other Insurance Clause

$$\frac{\text{Insurance by carrier}}{\text{Total Insurance for All Carriers}} \times \text{Loss} = \text{Claim Payment by carrier}$$

An insured accidentally shoots someone hunting and gets sued successfully for $100,000.
How much will Large Life Ever Stock Pay?

Liability limits with company:
Small Limits Mutual $100,000
No-Pay Ever Domestic $200,000
Large Life Ever Stock $500,000

$$\frac{500{,}000}{800{,}000} \times 100{,}000 = 62{,}500$$

©Marshall Katz, MS

Primary & Excess Coverage Other Insurance Clauses

- Primary policies pay 1st
- Excess policies pay after primary if needed
- Example:
  - I borrow your car with 25,000 PD limit = primary coverage
  - My car policy with 100,000 PD limit = excess coverage if needed
  - I total a $380,000 Carroll Shelby using your car
  - Your policy pays 1st as primary $25,000
  - My policy pays 2nd as excess $100,000
  - Still short $255,000
  - Who pays? Deepest Pocket



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Reinsurance

- Insurance for insurance companies
- Like a bookie hedging bets
- Facultative
  - Uses facilities of the re-insurer
  - Large case by case basis
- Automatic Share
  - Every day transactions
  - Automatic = a dollar specified



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Automatic Reinsurance

- ABC Mutual is a small company that has a $100,000 reinsurance limit
- An insured with a $500,000 life policy dies and
- The beneficiary receives the $500,000 from ABC
- ABC then gets reimbursed by their reinsurance company for $400,000



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Automatic Reinsurance

- XYZ National is a large company that has a $1,000,000 reinsurance limit
- An insured with a $500,000 life policy dies and
- The beneficiary receives the $500,000 from XYZ
- XYZ then gets reimbursed $0 by their reinsurance company
- This is why XYZ can sell the policy cheaper because their reinsurance cost is lower than ABC and reinsurance is an expense to a carrier

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Subrogation

Insured's Insurer Pays Insured 1st From Collision

then sues or subros

At fault 3rd Party



Insured

An insured by virtue of the policy assigns all rights of recovery to the carrier when a 3rd is at-fault for the loss.

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Property & Liability Basics, Endorsements and Definitions

©Marshall Katz

Losses

- Companies do not have to pay cash
- Companies can repair or replace with lkq (like kind and quality)
- i.e. – jewelry losses companies can replace with same value item rather than giving the policy limits in cash



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- The insured purchases a diamond ring for $18,000 and
- The insured gets an appraisal from the jeweler for $25,000 which
- Is placed on a HO policy schedule for $25,000
- The ring is stolen shortly thereafter.
- What will the insured receive?
- Not the $25,000 as that's only an appraisal used for basing the insurance rate (unless heirloom jewelry)
- Not the $18,000 since
- The insurance carrier can go to the wholesalers in Boston or Providence and probably get it for $13,000 and
- Then the insurance company will offer to replace with LKQ or pay the $13,000 they the insurance company can get it for

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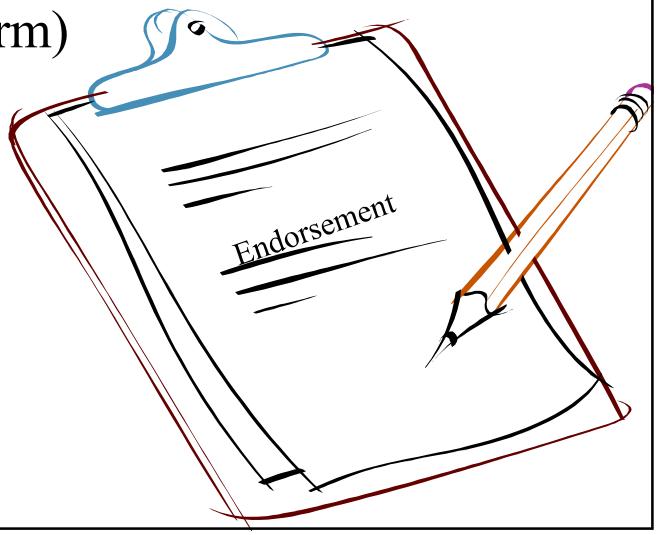
Definition Section

- Every policy has a section defining meanings of the words used that appear in bold, italic, etc.
- i.e. the named insured as shown on the declarations page, resident relatives of the named insured, we, us and our means the insurance company.
- Question: where in the policy would we see who is an insured, household member or insured locations? Answer: The policy definitions section.

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Endorsements Defined

- Changes made to a policy
- Not a rider (life insurance term)
- Used when:
  - Reducing coverage
  - Increasing coverage
  - Changing named insured
  - Etc.



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Liability Basics



- When someone is negligent, they can be held legally liable
- Negligence creates a legal liability owed to someone or something like an entity
- When someone fails to follow prudent person doctrines of what someone else might do in that same circumstance
- Attractive nuisance doctrines state we must keep children from harm
- Torts are breaches of duties where someone is wronged by the action and held accountable in a court of law

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Legally Liable =

Negligence

=

Doing something we ought not have done;

hitting someone on head with a golf ball
rear-ending the car in front of us

or

Not doing something we should have done;

getting the stairs fixed before someone fell
removing ice from the driveway before someone slips

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Types of Legal Liability

Torts	Statutes	Contracts
Strict	Modify Common Law	Assume
Absolute		Breach
Intentional	Statutory	
Negligence		



Torts – 4 Elements

- **Negligence**
  - Duty owed
  - Breach
  - Damages
  - Proximate cause



Strict, Absolute, Intentional, Negligence

Torts – 4 Elements

Duty Owed	A person is required to operate an automobile safely
Breach of that Duty	A person runs a red light causing
Damages	Property damage to the other car and bodily injury to the other driver
Proximate Cause	The breach of the duty caused the BI and PD

When Are We Not Negligent in Some Courts Today?

- **"Act of God"**
  - My healthy tree fell on your car during a hurricane causing major damage
  - Ice from my roof fell on your head during a warm melting afternoon causing you bodily injury
- **New today – health issue defense**
  - I had a heart attack while driving and hit you
  - I went into a diabetic coma while driving and hit you

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State Mandated Laws

- **Contributory Negligence**
  - States the injured party will get nothing if they were at-fault for some or all of their injury
  - Injured party is 10% at-fault in a car accident. Injured files claim with the other cars insurance company. The other cars insurance company pays $0.

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State Mandated Laws

- **Comparative Negligence**
  - States a comparison of fault can be determined and an amount to the injured paid accordingly
  - Injured is 10% at-fault in a car accident. Injured files claim with the other cars insurance company and the other cars insurance company only has to pay 90% of the damage to the injured party.
- **MA is a Comparative Negligent State** 

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Comparative Negligence Payment Example

- Bill has a $10,000 car with no collision coverage and
- Collides front quarters with Mary's car and
- Bill wants Mary's company to pay for his now totaled $10,000 car
- Mary's carrier can decide it's a 50/50 accident and pay Bill $5,000 a comparative negligence amount or
- Pay based on Bill being 60% at fault, $4,000 and
- Bill will get no help from the DOI (Division of Insurance)
- If Bill purchased at least Limited Collison coverage, he could collect $10,000 from his carrier if they deem him no more than 50% at-fault and he got Mary's information

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CSL
$100,000
BI & PD

Split Limits
$100k/BI/person
$300k/BI/accident
$100k PD

Insured has a CSL policy $100,000. He is in an accident and does $75,000 in damages to the driver of a truck and $75,000 to computers in the truck. How much will this CSL policy pay total for all? **$100,000**

If the insured had a Split Limit Policy of $100/$300/$100, what would the policy pay? **$150,000**

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Insured has a policy 50/100/25. He is in an accident and the jury awards the following in BI damages against the insured. What is the total to be paid out by the insurer?

Person A. $10,000

Person B. $70,000

Person C. $15,000

a. $95,000
b. $75,000
c. $100,000
d. $50,000

©Marshall Katz

Insured has a policy 50/100/25. He is in an accident and the jury awards the following in BI damages against the insured.

Person A. $10,000
Person B. $~~70,000~~
Person C. $15,000
$~~95,000~~
$ 75,000

2nd example
$40,000
$50,000
$15,000
~~$105,000~~
$100,000

Restoration of Limits

- Lets say a homeowner has a $500,000 liability limit
- The policy pays a $500,000 bodily injury claim from their child throwing the baseball bat and injuring a player
- The policy still has $500,000 left for the next claim
- No reduction is made for future claims in that policy period
- This is not the case in commercial general liability policy coverage discussed later with annual aggregate limits

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Types of Damages

- While driving home the insured killed someone with their car
- **Compensatory**
  - To compensate the estate
  - The dead person made $50,000/year and had 40 years left to work = $2,000,000 award
- **Punitive**
  - To punish
  - Judge tacks on another $2,000,000 because of DUI at time of the accident
- **Exemplary**
  - To make an example
  - Judge tacks on another $5,000,000 as this was a second offense of DUI



Types of Damages

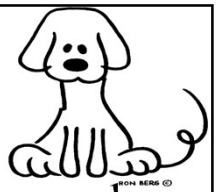
Special damages

- Are compensatory damages that are tangible or specific, like medical bills or property damage

General damages

- Are those awarded for intangible types of loss that are non economic or non-measurable such as
  - Pain and suffering
  - Loss of consortium
  - Mental anguish

Liability Types



- **Strict or Absolute**
  - The GC is absolutely liable for injuries to others when work done was criminally negligent.
  - Pet owners are strictly liable for actions of their pet without regard to events that lead to an incident (ISO HO coverage)
  - Product manufactures or retailers are strictly liable when their product injures someone (product liability coverage)

Liability Types

- **Vicarious or Imputed Liability**
  - Actions of one imposed on another
  - I ask someone to run an errand to the store
  - They have an at-fault car accident
  - I am also liable



Certificates of Insurance

- Certificates are a snapshot in time of one's coverage
- They can be used for personal or commercial insurance accounts
- A certificate of property insurance can tell the mortgagee;
  - Who the carrier is
  - Policy number
  - Effective and expiration dates of the policy
  - How much the building is insured for
- A certificate of liability insurance can tell the general contractor;
  - Who the carrier is
  - Policy number
  - Effective and expiration dates of the policy
  - How much the sub has for liability coverage

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Dwelling Fire & Comprehensive Personal Liability

©Marshall Katz

1943 New York Standard Fire Policy

165 Line Standard Fire

Standard Fire

Covered Perils

1. Fire
2. Lightning, and

Additional coverage

1. Removal to protect property

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Dwelling Fire Policies

- **Monoline type** – no liability or crime coverages
- **Eligibility**
  - Owner or non-owner occupied
  - Not more than 4 families
  - Not used for business
  - Not used for farming
- **Insured would cover**;
  - Building only (tenants occupy building)
  - Building & contents (owner occupies building)
  - Contents only (tenant policy)
- **$250 deductible**



A Hurricane lasts how many hours?

a. 12 hours

b. 24 hours

After 24…not considered a hurricane

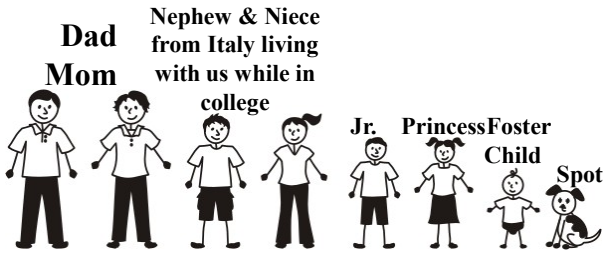
c. 36 hours

d. 48 hours

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Dwelling Fire Policies

- **Who's an insured**
  - Named insured and
  - Resident spouse and
  - Resident relatives for their contents while on the residence premises and
    - 10% of coverage C worldwide
    - If coverage C is purchased
  - No coverage for live-ins like the ISO HO policy forms



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Overview of DP Coverages

	DP-1	DP-2	DP-3
Coverage A	100% of replacement	100% of replacement	100% of replacement
Coverage B	10% of coverage A		
Coverage C	Only covered if purchased		
Coverage D	20% of coverage A		
Coverage E	Not available	20% of coverage A	
Deductible	$250	$250	$250

©Mar

DP – 1 Coverages

A – Dwelling Real	$100,000
B – Other Structures Detached	$10,000 - 10%
C – Personal Property Stuff	*No coverage C unless selected*
D – Loss of Rents Loss of rental income	$20,000 – 20%



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The DP-1 Loss

- The insured has an ISO DP-1 policy with coverage A at $100,000 and
- Has a fire totally gutting the home and
- Destroying the detached 3 car garage and
- The tenants will be out of the building for a good 3 years
- **What will the insured collect from this loss?**
  a. $130,000
  b. $110,000
  c. $120,000
  d. $100,000

Coverage A only.
B & D not in addition to A

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Personal Property Away From the Premises

An insured is covered with a DP policy with contents coverage and is in Germany where the hotel burns down. Which of the following is true?

a. They would have no coverage in Germany

b. They would be covered for up to 5% of the coverage C limit

c. They would be covered for up to 10% of the coverage C limit

d. They would be covered for 50% of the coverage C limit

©Marshall Katz

A DP1 covers property removed for?

a. 10 days

b. 20 days

c. 5 days

d. 30 days



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A DP2 covers property removed for?

a. 10 days

b. 20 days

c. 5 days

d. 30 days



©Marshall Katz

A DP3 covers property removed for?

a. 10 days

b. 20 days

c. 5 days

d. 30 days

Quick Guide

- **DP1 = 5 days**
- **DP 2, 3 and**
- **HO 2, 3, 4, 5, 6 = 30 days**

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DP – 1 Perils

- Fire, Lightning (165-line SFP)
- Internal Explosion
- Extended Coverages by endorsement
  - Wind
  - Hail
  - Aircraft
  - Riot
  - Vehicles
  - Volcanic
  - Explosion
  - Smoke
- Vandalism and Malicious Mischief by endorsement



I like WHARVVES better than:
- REVSHAW
- WcSHAVERS



©Marshall Katz

Marshall has a DP1 and is not around at Halloween to hand out candy and the locals trash his home to the tune of $2,000. He would collect?

a. $2,000

b. $1,750

c. $0

Did not purchase V, M & M

d. $1,500

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Marshall has a DP1 and V & MM and is not around at Halloween to put out candy and the locals trash his home to the tune of $2,000. He would collect?

a. $2,000

b. $1,750

c. $0

d. $1,500

- **Did purchase V, M & M**
- **Always use the deductible if an answer includes it taken**

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Friendly vs. Hostile Fire

- Policies cover the resultant damage from a hostile fire
- Friendly fire is where the fire belongs; inside a furnace, water heater, etc.
- Hostile fire is when the fire breaks out of those places and the policy will then pay the resultant damage to the building; not the item it broke out of.

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Vandalism & Malicious Mischief

- No coverage for vandalism or malicious mischief after the building has been vacant for more than 60 days
- **An insured has a standard DP1 with V&MM. The place has been unoccupied for 80 days. He does not put out candy at Halloween and the locals spray paint his home. The damage equals $1,500. He will recover?**

a. $1,250
b. Nothing
c. $1,000
d. $1,500

- Unoccupied is ok.
- $250 is standard deductible
- Use deductible if answer includes it or the question stated to ignore deductible

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DP-2 Perils

Basic Perils Broadened

- Fire, Lightning
- Internal Explosion
- Extended Coverage (WHARVVES)
- V & MM with Glass Breakage

DP – 1 perils but better

Broad Form Perils (BE FFIT)

- Burglary Damage
- Ice and Snow; the Weight of
- Electrical Surge
- Falling Objects
- Freezing of the Pipes (need to maintain heat or drain the water)
- Tearing of the System

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Debbie has a DP-2 policy with coverage A of $250,000 and contents of $50,000. Which of the following losses would be covered by her policy?

a. Sewer backup damaging the walls and furniture

b. Flood loss from a water tower

c. Her washing machine overflows damaging the carpet

d. Wind blew out the basement window causing damage to the carpet from the rain

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Covered perils from ISO's DP 00 02 07 14 policy form.

Exclusion 2. Windstorm Or Hail (excerpted)
This peril does not include loss:
a. To the inside of a building, or the property contained in a building, caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening;

Perils 12. Accidental Discharge Or Overflow Of Water Or Steam (excerpted)
a. This peril means accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance…

For the exam…washing machine overflows!!

DP – 2 Coverages

A – Dwelling	$100,000
B – Other Structures	$10,000 – 10%
C – Personal Property	*No coverage C unless selected*
D – Loss of Rents	$20,000 – 20%
E – Additional Living Expenses The landlords expenses while living elsewhere due to a covered loss	$20,000- 20%

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The DP-2 Loss

- The insured has an ISO DP-2 policy with coverage A at $100,000 and
- Has a fire totally gutting the home and
- Destroying the detached 3 car garage and
- The tenants and owner will be out of the building for a good 3 years
- **What will the insured collect from this loss?**

a. $150,000
b. $130,000
c. $120,000
d. $100,000

Total of A, B & D.
B, D & E are in addition to A

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Examples of Additional Living Expenses for the Owner

- Hotel room
- Kennel for the pet
- Coins for the laundry mat, but not the soap powder or softener
- Going out to eat with an allowance subtracted for what is normally spent for cooking in
- Transportation Network Company (TNC) costs for getting to work or school when they were close by before the loss and now need a ride
- Etc.

Additional Coverage

- **Trees, shrubs and plants**
  - 5% of coverage A
  - Up to $500 per tree, shrub or plant
  - Covered Perils
    - **V**andalism
    - **V**ehicles of Others
    - **F**ire
    - **L**ightning
    - **A**ircraft
    - **R**iot
    - **E**xplosion

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Additional Coverage Collapse

- **Hidden**
  - Insect damage
  - Vermin damage
  - Decay
  - Resultant damage only



- **Weight of rain on roof**

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Vermin and Collapse

From the MA Amendatory Endorsement (1991/2000)
"Vermin means animals that tend to access, or enter into or under, structures for foraging or shelter, and, as a result, cause loss. Such animals include, but are not limited to, armadillos, bats, beavers, coyotes, lizards, opossums, porcupines, raccoons, skunks, snails, snakes, slugs, or squirrels;"
Defined in MA because vermin was an exclusion in prior forms that you sell.

For the exam on the 2011 HO & 2014 DP policy forms:
1. Damage done by hidden vermin is covered for coverages A & B and
2. Collapse caused by hidden vermin damage is covered

The ISO 2011 HO & 2014 DP forms took out vermin as an exclusion to Coverages A & B.

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Additional Coverage – Ordinance or Law

- Excluded under exclusions
- Additional coverage of 10% here as a give-back
- Can be increased to 100% total by endorsement
- Covers:
  1. Tearing down items not damaged that are required to be torn down by building codes
  2. The debris removal of items not damaged
  3. The cost to reconstruct the undamaged items torn down
  4. The cost of bringing all items up to current building codes

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DP/HO Loss Settlement

- **Coverages A & B** DP 2, 3 – HO 2, 3, 5
  - 80% to value - Replacement cost
  - Less than 80% to value – Greater of
    - ACV of the loss
    - Co-insurance formula results 
- **Coverage C** (if covered on DP)
  - ACV

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Coinsurance

- Written into property forms
- Allows the carrier to insert a claim penalty when the property is not insured to a minimum stated policy percentage
- Most common percentage is 80%
- Encourages insureds to insure to value, or
- Get a lowered claim payment and
- A formula is used to calculate the payment

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Co-Insurance HO or DP

$$\frac{\text{Has}}{\text{Needs (R.C. X 80\%)}} \times \text{Loss} = \text{Payment}$$

Has to be a product of 2 numbers multiplied.

R. C. of the Building	$200,000
Insurance Carried	$40,000
A.C.V. of the loss	$50,000
R. C. of the Loss	$60,000

$$\frac{40{,}000}{160{,}000} \times 60{,}000 = 15{,}000$$

Pays the greater of:
1. ACV of loss, or
2. Co-insurance formula result

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If the insured does not insure to value the carrier may?

a. Pay the ACV of loss
b. Pay subject to the coinsurance formula
c. Pay up to the limit of liability
d. One of the above

Pays the greater of:
1. **ACV of loss**
2. **Co-insurance formula**
3. **Subject to the policy limit of liability**

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Let's do a coinsurance test☺

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DP-3

- Open or Special peril coverage on buildings
- Broad form named peril coverage on personal property if contents are added to the policy
- Open vs Named Perils
  - The insurance company must prove the policy exclusion applies to not cover the claim with special or open peril coverage
  - The insured must prove the loss was caused by one of the named perils on named peril policies
  - Open peril policies cover any peril not excluded
  - Named peril policies only cover those perils named

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A DP 3 Covers?

a. All-risk on coverages A, B, D, E with named peril on C.

b. All-risk coverages on coverages A, B, C, E with named peril coverage on coverage D.

c. Named peril on coverages A, B, C, D, E.

d. All-risk on coverages A, B, D, E with broad form named peril on coverage C.

Never use the term all-risk after the exam.

©M

Which of the following is covered by an unendorsed Dwelling Property Special form ?

a. Theft of materials and supplies on the premises to build the building

b. Theft of personal property off the premises

c. Theft of pool toys

d. Theft of equip used to service or maintain the premises

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Dwelling Fire Policy Recap

	A -Dwelling	B - Other Structures	C - Stuff	D - Loss of Rents	E - A.L.E.
DP-1	Named peril				N/A
DP-2	Broad form named peril				
DP-3	Open peril	Open Peril	Broad form named peril	Open Peril	Open Peril

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Pair & Set

- Used to help establish claim payment when one of the items has not been damaged in a loss
- i.e.
  - Pair of earrings worth $1,000 before the fire
  - After the fire only 1 remains valued at $300
  - Company can pay $700 or
  - Company can replace or
  - Company only can take possession of remaining earring as a salvage item and pay the full $1,000
  - No abandonment by the insured would be considered for payment

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Liberalization Clause

- A broadening of coverage when no premium applies
- i.e.
  - An insurance company decides to give 100% building ordinance coverage on all policies effective immediately for no charge
  - Even though the insureds current policy states 10%, the insured would get 100%
  - If the company charged a premium, the insured would not get the benefit until renewal and a premium charged

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DP Endorsements

- **Automatic increase in insurance**
  - Inflation guard
  - Will increase coverage A by a set % per diem
- **Broad form theft coverage**
  - Provides on and off premises theft coverage for the owner occupying the structure
- **Limited form theft coverage**
  - On premises theft coverage only
- **Dwelling under construction**
  - Provides theft coverage for building materials while in the course of being built

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Why Inland Marine Forms

- to cover high-value property
- movable personal property
- forms fill coverage gaps for items like jewelry, fine art, antiques, and musical instruments.
- standard home or tenants policies have strict dollar limits for specific items and often high deductibles
- higher limits are offered on inland marine forms
- broader protection: perils not covered in HO form, such as accidental loss, mysterious disappearance, and breakage
- zero deductibles
- These forms also bypass the DOI filing of the companies forms and rates

Personal Articles Floater	Personal Effects Floater	Personal Property Floater
Scheduled (listed) items	Non-Scheduled	Non-Scheduled
Same as the homeowners scheduled personal property endorsement	Property away from the premises coverage	Property away from the premises
Can be used for large items or items used for business	Designed for people travelling	Property in the premises
Open perils	Open perils	Open perils
ACV for all but fine arts Fine arts = agreed value		
Nine classes of property		
Jewelry, furs, cameras, golf equipment, fine arts, stamps, coins, musical instruments, silverware		







Boatowners Policy

- **Package policy for small craft**
  - Hull coverage usually special form
  - Limit is scheduled
  - Liability can be obtained
- **Homeowners policy provides**
  - $1,500 for boats, motor or trailers
  - Named peril coverage
  - No coverage for wind damage while kept outside
  - No off premises theft coverage
  - Liability up to 25 horsepower for outboards
  - Liability up to 25 feet for sailboats



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All of the following are eligible for a boatowners policy, except?

a. 8 foot dinghy

b. 12 foot sailfish

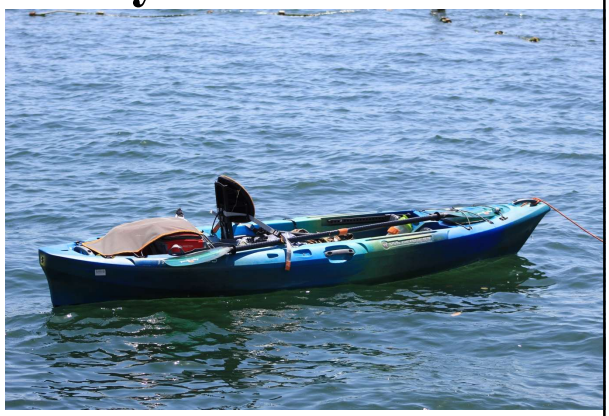
c. 33 foot sloop

d. 17 foot ski boat



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Boatowners Policy



- **Package policy for small craft**
  - Hull coverage usually special form
  - Limit for the hull is scheduled
  - Liability can be obtained
- **Homeowners policy provides**
  - $1,500 for boats, motor or trailers
  - Named peril coverage
  - No coverage for wind damage while kept outside
  - No off premises theft coverage
  - Liability up to 25 horsepower for outboards
  - Liability up to 25 feet for sailboats

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Yacht Policy

1. Package policy **Hull and Liability**
2. Larger crafts than a boat policy
3. Liability may be called protection and indemnity
   Can include loss of income.
4. Comes with a percentage of hull deductible
5. Radar equipment is not covered



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Yacht Policy

Property not covered:

- moorings, docks, cradles,
- fishing or sports equipment,
- provisions (i.e. food),
- personal effects
- radar systems that are not required for the operation of the vessel.



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A ship-owners duty is?

a. Higher in water than on land

b. Absolute and non-transferable

c. Based on dollar limitations by international guidelines

d. Diminished by negligence of his crew

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ISO HO 00 03 05 11 Watercraft Liability Limitations

Type	Outboard	Inboard - I/O	Sailboat
Owned	<26 HP	Need HO2475	<26’
Rented	Covered	<50 HP	<26’
Borrowed	Covered	Covered	Covered

Easier way to understand!

ISO HO 00 03 03 22 Watercraft Liability Limitations			
Type	Outboard	Inboard or Inboard/Outboard	Sailboat
Owned	25' or less are covered	Not covered	25' or less are covered
Rented	Covered regardless of HP	Covered regardless of HP	Covered regardless of length
Borrowed	Covered regardless of HP	Covered regardless of HP	Covered regardless of length
Easier to understand!			

Recreational Vehicles

The Homeowners policy

Excludes coverages:

- For property coverage of a recreational vehicle like an ATV or snowmobile
- For liability coverage for use off the residence premises or on the premises if registered or registration is required

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Recreational Vehicles

The Homeowners policy



Gives back coverages:

- For property & liability on riding vehicles used solely to service a premise like a riding lawn mower
- For property & liability on toy vehicles that are designed for those under 7 years old and can travel no more than 5 MPH
- For property & liability for a HP vehicle used as such

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Recreational Vehicles

The Homeowners policy

Gives back coverages:

- Liability using an owned golf cart used to play golf
- Liability using an owned golf cart used in an allowed residential community of homeowner members
- Liability coverage using a non-owned recreational vehicle that is not registered nor does it have to be (golf cart rental at course)

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Earthquake Endorsement

- Can be added to DP and HO policies
- Deductible = from 5% to 25%
- Deductible applies separately to the building and to the contents. Acts like 2 deductibles.
- 72 hours = same earthquake
- i.e.
  - Pre-shock today
  - Earthquake tomorrow
  - After-shock the day after

- 3 days
- One earthquake
- One deductible

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Earthquake Endorsement

- The insured has $100,000 coverage on their building and $50,000 on their contents with a 5% earthquake deductible. The building has a $50,000 loss and the contents a $10,000 loss from earthquake.
- The insured would collect?

a. $60,000
b. $52,500
c. $59,500
d. $50,000

- Building $50,000 - $5,000 ($100k x 5%) = $45,000
  Contents $10,000 - $2,500 ($50k x 5%) = $7,500

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Comprehensive Personal Liability (CPL)

- Worldwide coverage when an insured is legally liable
- Covers bodily injury and property damage to others
- Added by endorsement to DP policies or
- A separate policy is purchased
- Provided automatically on HO policies
- Covers premises liability – trip and fall
- Covers activities of insured – hunting accident
- Covers pet hurting someone
- Covers using certain vehicles on the premises
- Covers using a handicap vehicle anywhere
- Basic limit of $100,000 – can be increased to $500,000



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Comprehensive Personal Liability (CPL)

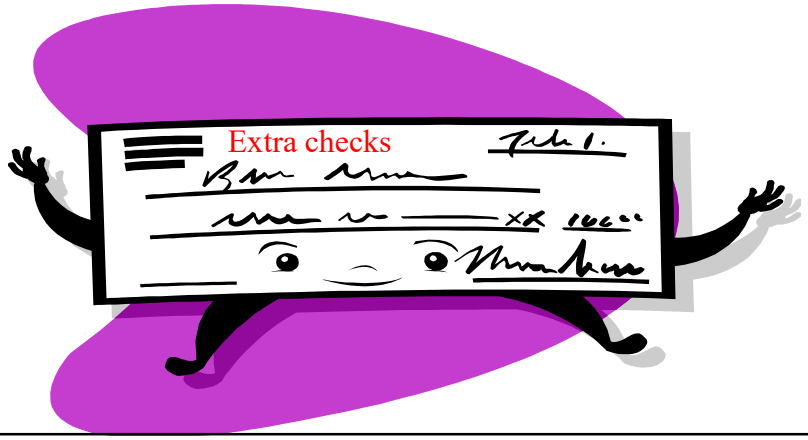
Medical Payments to Others

- When hurt on the premises
- When hurt off the premises
- No-fault coverage
- 3 years from date of accident
- Basic limit $1,000 – can be increased to $5,000

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Supplementary Claim Expense

- Companies extra checkbook
- Defense expenses in addition to liability limit
- Company will defend even if not legally liable



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Damage to Property of Others

- Goodwill coverage
- Do not have to prove the insured is negligent
- $1,000 coverage
- Pays intentional damage for insureds <13 years old
- i.e.
  - A 5-year-old at school the 1st day takes a pair of glasses off a new kids face, throws them on the ground and steps on them = covered up to $1,000.
  - Then of course we non-renew the policy for having such a violent insured.

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Insured Defined – CPL & HO

- Named Insured (appears in the window envelope) and resident spouse
- Resident Relatives (child, cousin Vinnie, uncle Fester), not a live-in as not related
- Those under 21 in the insureds care (foster child, foreign exchange student, etc.)

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Insured Defined – CPL & HO

- Resident relative that;
  - Was a resident of the household before they
  - Moved out to go college and
  - They are under the age of 24
  - Then they are an insured

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Resident Status

The insured's 24 year old son is away at college getting their PhD;

- Their drivers license shows the parents address
- They pay their taxes from their parents address
- They vote from their parents address
- The intent is to return home when they graduate
- They're not insured on mom and dads HO policy

The insured's 24 year old son is away in the military;

- Their drivers license shows the parents address
- They pay their taxes from their parents address
- They vote from their parents address
- The intent is to return home when their tour is over
- They're an insured on mom and dads HO policy

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Insured Defined – CPL & HO

- Those that have custody of our pet
  - Like someone dog sitting while we're on vacation and
  - While walking the dog it bites a passerby
  - They will have liability coverage from the dog owners standard ISO HO form
  - As long as they are not a professional dog walker

- Those that use our covered watercraft
  - Like someone using our rowboat and
  - Accidently hurting a swimmer
  - They will have liability coverage from the boatowners standard ISO HO form
  - As long as they are not in the boat business

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Insured Liability Locations – CPL & HO

- Residence premises listed on the declarations page
- Other premises listed on the declarations page
- Premises used in conjunction with the residence premises (dock in the water, garage across the street)
- Temporary premises (vacation rental)
- Temporary rental (anniversary reception room)
- Vacant land – no man-made structures
- Cemetery plots

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What is Host Liquor Issue?

The CPL and ISO HO Section II

- **Covers host liquor liability claims on the premises scenarios**
  - Like when a guest with too much to drink
  - Knocks over another guest in the home
  - The non-alcohol impaired guest gets hurt and
  - Sues the property owner for negligent supervision
- **Does not cover host liquor liability claims with the use of vehicles**
  - Like when a guest with too much to drink leaves the home and
  - Drives over someone with their car
  - The pedestrian gets hurt and
  - Sues the property owner for negligent supervision of a vehicle

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The Homeowners Policy and Endorsements

Home Sweet Home



©Marshall Katz

ISO's HO Conditions

- Insurable interest and limit of liability
- Deductible
- Duties after a loss
- Loss settlement
- Loss to a pair or set
- Appraisal
- Other Insurance and Service Agreement

The list for questions; All of the following are part of the HO policy conditions, except?

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HO = Multi-line Policy – ISO's Eligibility



1. 1 – 4 family (owner occupied)
2. Dwelling under construction for insured to live in
3. Seasonal dwelling – summer home
4. Co-owners of a duplex
5. Life estate arrangement
   a. Mom & dad sign home over to children
   b. Children give mom & dad the right to live in home
   c. The policy is written in mom and dads name with the children named on an Additional Insured endorsement
6. Tenant in an apartment
7. Condo-unit owner
8. No business use or farming

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Betty rents a condo from Colleen the proper form to be used would be?

a. Betty should purchase an HO-6

b. Colleen would purchase an HO-3

c. Betty should purchase an HO-4

d. Colleen would purchase an HO-4

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ISO's HO Business Definition

- An HO policy form is not intended for business exposures
- Business contents used mostly for business will be limited to
  - On premises $2,500
  - Off premises $1,500
  - For the 16 named perils of the HO-2, 3, 4, 6 policy forms
  - Open perils for the HO-5 policy form
- No liability coverage is provided for business activities

2 parts to the definition

"**Business**" means:

a. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or

2 parts to the definition

"**Business**" means:

b. Any other activity engaged in for money or other compensation, except the following:

(1) One or more activities, not described in (2) through (4) below, for which no "insured" receives more than $2,000 in total compensation for the 12 months before the beginning of the policy period;

2 parts to the definition

"**Business**" means:

b. Any other activity engaged in for money or other compensation, except the following:

(2) Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;

2 parts to the definition

"**Business**" means:

b. Any other activity engaged in for money or other compensation, except the following:

(3) Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or

2 parts to the definition

"**Business**" means:

b. Any other activity engaged in for money or other compensation, except the following:

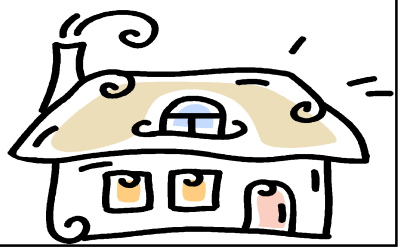
(4) The rendering of home day care services to a relative of an "insured".

Homeowners Forms Section I

	HO 2, 3, 5	HO4	HO6
	Owner of 1 to 4 family dwelling	tenant	condo unit owner
Coverage A Real	100% of replacement	none	$5,000
Coverage B Detached	10% of Coverage A	none	Included in Coverage A
Coverage C "Stuff"	50% of Coverage A	100% of your stuff	100% of your stuff
Coverage D Loss of Use	30% of Coverage A	30% of Coverage C	50% of Coverage C
Deductible	$250	$250	$250

HO Section I Example

- Coverage A $100,000
- Coverage B 10% 10,000
- Coverage C 50% 50,000
- Coverage D 30% 30,000
  - Line limit for 1 loss = $190,000



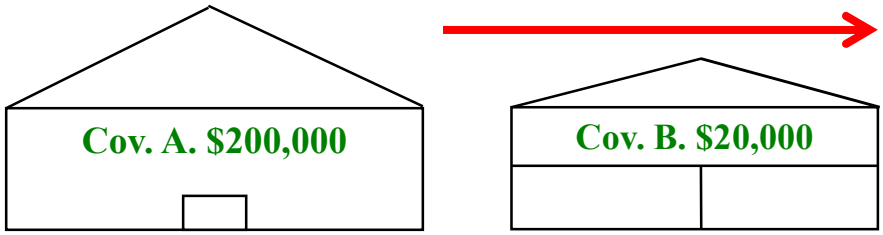
©Marshall Katz

Coverage A Dwelling – Real property

SECTION I – PROPERTY COVERAGES (ISO 2011 form)

A. Coverage A – Dwelling

1. We cover:
   a. The dwelling on the "residence premises" shown in the Declarations, including structures attached to the dwelling; and
   b. Materials and supplies located on or next to the "residence premises" used to construct, alter or repair the dwelling or other structures on the "residence premises".
2. We do not cover land, including land on which the dwelling is located.



Coverage A in an HO-3 homeowners policy provides coverage for the insured's dwelling. Under this policy, theft of building materials is:

a. Excluded if used to remodel

b. Always covered on a special form peril basis

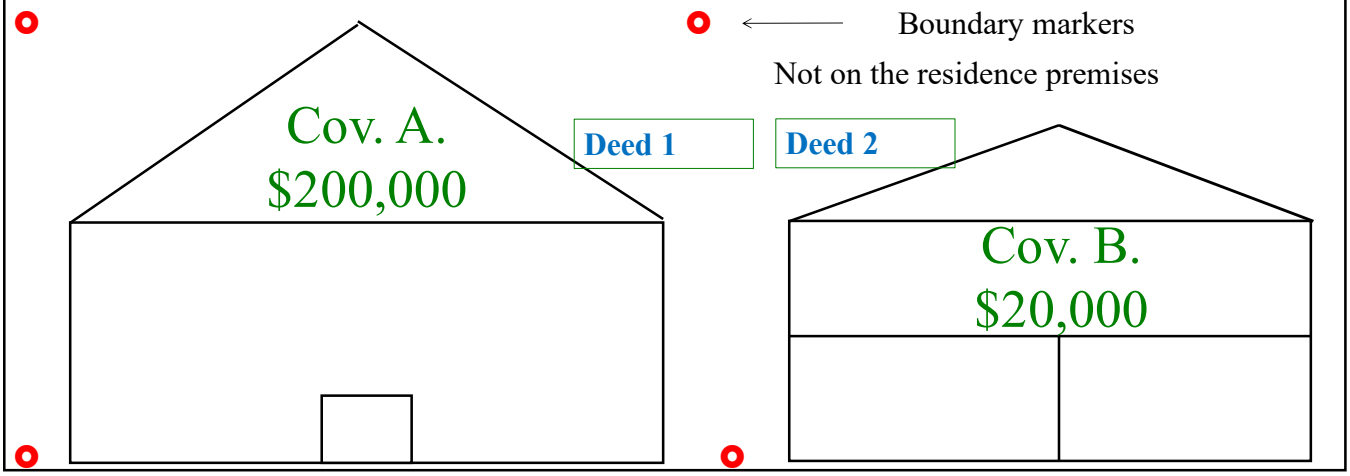
c. Covered if the dwelling is being constructed

d. Covered if the insured is going to use the materials to remodel the residence

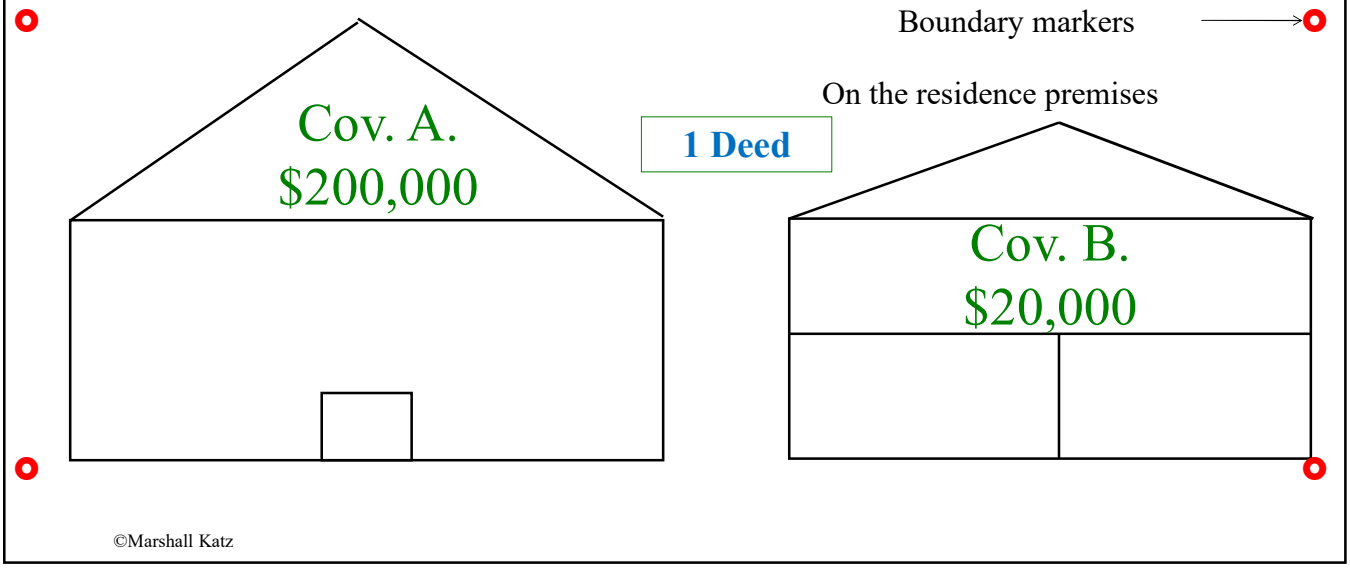
Exclusion: Theft in or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;

Coverage B Detached Structures

- On the residence premises
- Detached from the dwelling
- 10% of Coverage A – can be increased by endorsement



Coverage B Detached Structures

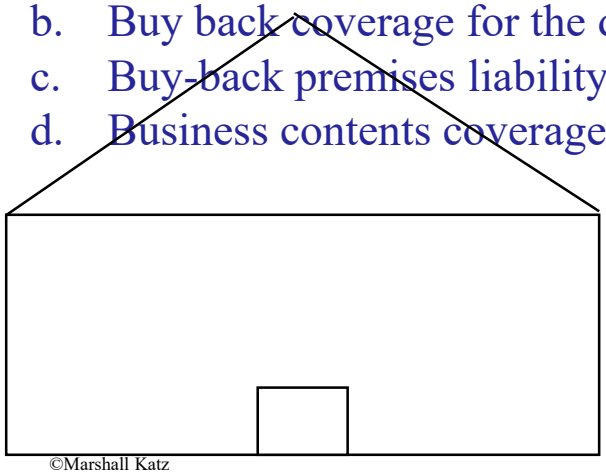


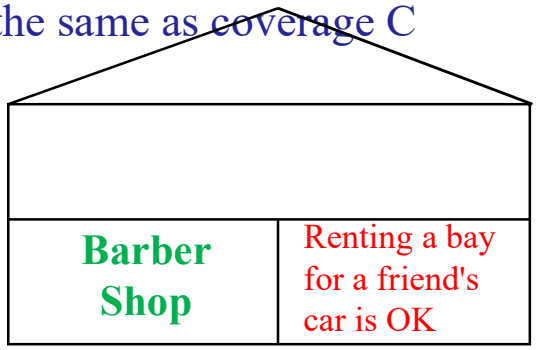
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Coverage B Detached Structures

Can not:

1. Be used for business (barber shop)
   a. Endorsement needed to
   b. Buy back coverage for the detached building and
   c. Buy-back premises liability coverage (not professional) and
   d. Business contents coverage now the same as coverage C



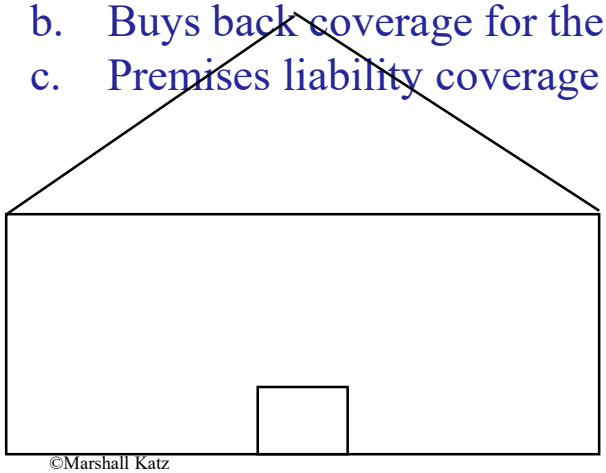


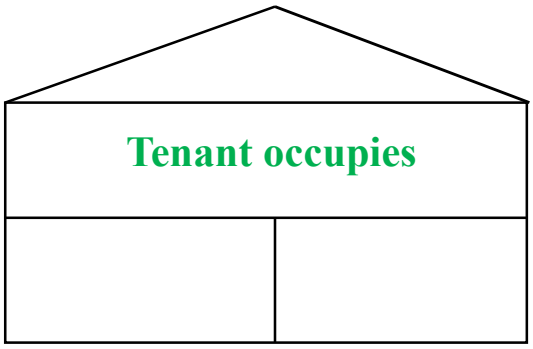
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Coverage B Detached Structures

Can not:

1. Have a tenant (renter) – endorsement needed
   a. Endorsement needed
   b. Buys back coverage for the building and
   c. Premises liability coverage



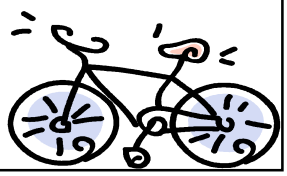


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Coverage C - Stuff

- **HO policy automatically provides:**
  - Coverage for property owned or used (borrowed)
  - Can cover property of others insured allows and with their stuff
  - 100% worldwide coverage
  - Covers theft as a peril
- **DP policies**
  - Contents not automatically provided
  - 10% worldwide coverage if purchased
  - No theft coverage if contents coverage purchased





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So…Borrowed

- I borrow my friends powerful inboard boat for the weekend and not watching where I am going I smash through another boat and injure multiple people. My friends boat is not insured by them…my policy covers liability for me…but no coverage for my friends boat (no collision coverage)!
- I borrow my friends camera for the weekend and not watching it someone steals it. My friends camera is not insured by them…so my policy covers it!
- **Borrowed = good for covered property and liability!**

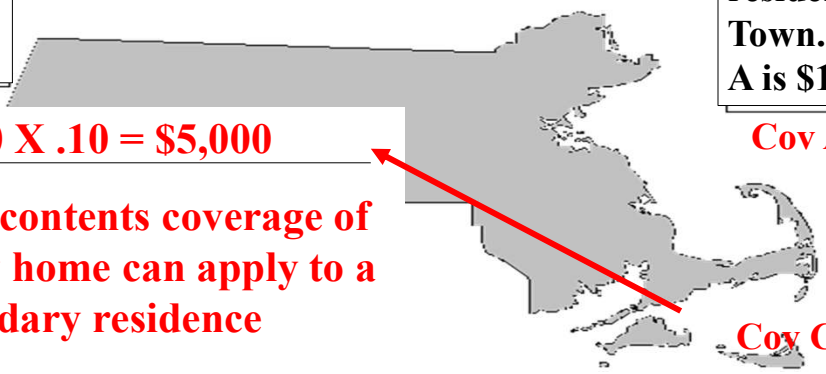
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Secondary Residence

How much contents coverage does the secondary home in the Pittsfield apartment automatically get from the homeowners policy in P-Town?

My residence I keep for work is in Pittsfield MA

My principal residence is in P-Town. Coverage A is $100,000



50,000 X .10 = $5,000

Cov A $100,000

10% of the contents coverage of the primary home can apply to a secondary residence

Cov C $50,000

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My main home is in MA where I vote and pay my taxes.

I own another home in FL where I visit occasionally when I can get $49 flights☹

The ISO HO forms give me automatic contents coverage without telling the MA carrier for 10% of the Coverage C limit.

No automatic coverage for premises liability coverage for FL.



The Johnsons have an unendorsed Homeowners Special form covering the dwelling in the amount of $150,000. Mr. Johnson also owns a small uninsured hunting cabin out-of-state containing $8,000 of personal property that is always at the out-of-state location. If Mr. Johnson brings another $5,000 of personal property to the cabin during hunting season and all of the aforementioned personal property is destroyed in a fire, how much will the HO-3 policy pay?

a. $13,000
b. $12,750
c. $12,250
d. $12,500

The $5,000 of property brought to the cottage is covered in full. Of the $8,000 of property that is always at the cottage, the HO policy provides 10% of the Coverage C amount (10% of $75,000 = $7,500), so only $7,500 is covered left at the cabin for a total of $12,500 - $250.

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Explanation:

Coverage C in the homeowners insurance provides worldwide coverage in the amount of 50% of the amount covering the dwelling. This means that the $5,000 of property brought to the cottage is covered in full. Of the $8,000 of property that is always at the uninsured cottage, the existing HO policy provides 10% of the Coverage C amount (10% of $75,000 = $7,500), only $7,500 is covered for a total of $12,500-$250 = $12,250.

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Contents Special Limits May 2011

1. Money $200
2. Valuable Papers $1,500 (the cost to research is included)
3. Watercraft including trailers, motors, etc. $1,500
4. Trailers other than watercraft (utility, camper, etc.)$1,500
5. Theft of Jewelry $1,500
6. Theft of Firearms $2,500
7. Theft of Wares $2,500 (silverware, pewterware, goldware)
8. Business Property on Premises $2,500
9. Business Property off Premises $1,500
10. Electronic Apparatus $1,500
11. Antennas, disks, media used with electronic equipment in a motor vehicle $250

They should not ask questions with numbers.

If used mostly for business

Contents Special Limits March 2022

a. $300 on money…
b. $2,000 on valuable papers
c. $2,000 on watercraft including their trailers, equipment and outboard engines
d. $2,000 on trailers or semitrailers not used with watercraft of all types.
e. $2,000 for loss by theft of jewelry
f. $3,000 for loss by theft of firearms and related equipment.
g. $3,000 for loss by theft of (silverware, pewterware, goldware)
h. Business Property on Premises $2,500
i. Business Property off Premises $1,500
j. $2,000 on portable electronic equipment
k. $300 Antennas, disks, media used with electronic equipment in a motor vehicle
l. $2,000 on model or hobby aircraft not used or designed to carry people or cargo.

If used mostly for business

For example, items that can show up on the Pearson exam:

Under ISO's homeowners policy which is not considered included in the special limits of liability section?

a. Cash

b. Firearms

c. Collectibles

d. Jewelry

For example, items that will not show up because they are form dependent:

Under ISO's homeowners policy which is considered included in the special limits of liability section?

a. Cash $300

b. Cash $200

c. Jewelry $1,500 from theft

d. Jewelry $2,000 from theft

- **All answers are correct dependent on the form being used.**
- **Please let us know if you see this question type.**
- **Thanks**

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Coverage D – Loss Of Use

1. Additional Living Expense

If a loss covered under Section I makes that part of the "residence premises" where you reside not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

Not a time limit, just can't stay at the Marriot Residence Inn forever once home is ready or the policy limit of liability has been paid out, whichever comes 1st.

Coverage D – Loss Of Use

2. Fair Rental Value

If a loss covered under Section I makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

Coverage D – Loss Of Use

3. Civil Authority Prohibits Use

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in 1. Additional Living Expense and 2. Fair Rental Value above for no more than two weeks.

4. Loss Or Expense Not Covered

We do not cover loss or expense due to cancellation of a lease or agreement.

Loss of Rents & Additional Living Expenses

	DP 1	DP2	DP 3	HO 2, 3, 4, 5, 6
Loss of Rents Coverage D	20%	20%	20%	30% for both Loss of Rents & Additional Living Expenses in the Loss of Use Part D (50% for HO-6)
Additional Living Expenses Coverage E	0%	20%	20%	

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Additional Coverage - Debris Removal

- 5% additional coverage to remove debris after a covered loss
- $1,000 ($500/tree) for tree removal if the tree;
  - Falls due to wind, hail, ice, snow, and
  - Damages a covered item (house, shed), or
  - Blocks a driveway, or
  - Blocks a handicap ramp



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Fred has a HO policy with Coverage A limit of $100,000. He suffers a covered $95,000 fire loss. Also incurs $15,000 of debris removal. What will the policy pay for debris removal?

a. $0

b. $5,000

c. $10,000

d. $15,000

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

Answer should be c;
95,000 loss plus 5,000 debris removal = coverage A and an additional 5,000 (5% of cov. A) So, 10,000 for debris removal total.

If the loss was for 100,000
100,000 loss = coverage A and an additional 5,000 (5% of cov. A) So, 5,000 for debris removal total and the answer then would be b.

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Fred has a HO policy with Coverage A limit of $100,000. Suffers a covered $100,000 fire loss. Fred also incurs $15,000 of debris removal. What if anything will his policy pay for debris removal?

a. $0

b. $5,000

c. $10,000

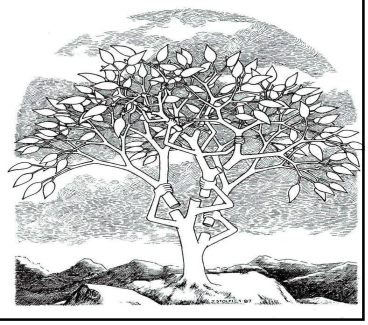
d. $15,000

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

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Other Additional Coverage

- **Trees, shrubs and plants**
  - 5% of coverage A
  - $500/tree, shrub or plant
  - Covered Perils
    - **T**heft
    - **V**andalism
    - **V**ehicles of Others
    - **F**ire
    - **L**ightning
    - **A**ircraft
    - **R**iot
    - **E**xplosion



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Trees

Additional for Debris Removal

- 5% of coverage A if depleted
- $500 per tree & $1,000 maximum for removal if;
  - ✓ Windstorm, Hail, Weight of Ice, Snow or Sleet brought insured's tree down or
  - ✓ A neighbor's tree for coverage C perils AND
    - ✓ Did physical damage to a covered structure or
    - ✓ Blocked a driveway or
    - ✓ Handicapped access

Additional For Replacement of the Tree

- 5% of coverage A
- $500 per tree, shrub or plant
  - ✓ If lost because of (TVVFLARE)
    - ❑ Theft
    - ❑ Vandalism
    - ❑ Vehicles from non-insureds
    - ❑ Fire
    - ❑ Lightning
    - ❑ Aircraft
    - ❑ Riot or Civil Commotion
    - ❑ Explosion

Additional Coverage

- **Reasonable Repairs**
  - To protect the property
  - After a covered loss



Other Additional Coverage

- **Fire department service charges – $500**
  for charges when other towns help put out the fire
- **Property Removed – 30 days all HO forms**
- **Credit Card, Fund Transfer Card - $500**
  - Can be increased by endorsement to $10,000
  - No deductible applies to the loss (odd man out)

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Other Additional Coverage – Ordinance or Law

- Excluded under exclusions
- Additional coverage of 10% here as a give-back
- Can be increased to 100% total by endorsement
- Covers:
  1. Tearing down items not damaged that are required to be torn down by building codes
  2. The debris removal of items not damaged
  3. The cost to reconstruct the undamaged items
  4. The cost of bringing all items up to current building codes

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Collapse

Caused by

- Perils insured by coverage C
- Hidden causes
  - Insects
  - Decay
  - Vermin
  - Weight of stuff

Not Visible covered



Visible not covered



HO Loss Settlement

- Same as DP 2 & 3
- **Coverages A & B**
  - 80% to value - Replacement cost coverage
  - Less than 80% to value – Policy pays the greater of
    - ACV of the loss or
    - Co-insurance formula result
- **Coverage C**
  - ACV



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If an insured has a replacement cost option but selects an actual cash value settlement on their building at the time of loss, he may still make a claim for the additional amount as long as he notifies the insurer of his intent to do so within:

a. Thirty days

b. Sixty days

c. Ninety days

d. One hundred eighty days

So, the insured only collected an ACV check as he did not fix the home. Later he did fix the home and is asking for the rest.

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The replacement cost option for a home in Saugus MA will not pay a claim on a replacement cost basis unless the repairs to or replacement of the damage are made within ___ from the date of loss:

a. One year

b. Two years

c. Three years

d. Five years

This is a MA specific question coming from the MA Amendatory endorsement discussed more in chapter 14

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Insureds Duties After a Loss

- **Insured must:**
  - Notify the carrier
  - Protect property
  - Provide an inventory of damaged/stolen items
  - Allow company to view the damaged items
  - Cooperate with the carrier
  - Provide signed proof of loss form (inventory) 60 days

Company must:

Write check within 60 days after proof of loss received

MA = within 30 days after proof of loss is received



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How many days does a company have to make a settlement with an insured after receiving the proof of loss form?

a. 30 days
b. 60 days
c. 90 days
d. 20 Days

How many days does a company have to make a settlement with a homeowner in Peabody MA after receiving the proof of loss form?

a. 30 days
b. 60 days
c. 90 days
d. 20 Days

HO Section II

- Same as CPL



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HO Endorsements

- **Permitted Incidental Business Occupancy**
  - A business type permitted by the insurance company
  - Incidental in terms of;
    - Square footage used to total of home or building
    - Revenue taken in
  - Business activities on the premises
  - Premises liability
  - No professional liability
  - Building buy-back if in detached structure
  - Removes the $2,500 business personal property limit
  - Business property now covered for the contents limit
  - Same contents limit for business and personal items

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HO Endorsements

- **Personal Injury**
  - Libel, slander, defamation, false arrest, wrongful eviction, invasion of privacy
  - SAILED (slander, arrest-false, invasion of privacy, libel, eviction-wrongful, defamation of character)
- **Scheduled Personal Property**
  - Same as PAF
  - Used for small valued and non-business use items
- **Watercraft Liability**
  - Provides liability only coverage for
  - Owned outboard motors over 25 horsepower, or
  - Owned sailboats over 25 feet, or
  - Maybe owned inboards and inboard/outboards depending on the carrier

HO Endorsements

- **Tenant Relocation**
  - Mandatory when a tenant present
  - $750/tenant for fire losses
  - For packing and moving a tenant after a covered loss
- **Limited Fungi (mold) Wet/Dry Rot or Bacteria**
  - Usually added automatically at $25,000/$50,000
  - Gives 1st party coverage for the building ($25k)
  - Gives 3rd party coverage for others getting ill ($50k)

HO Endorsements

- **Earthquake**
  - Losses caused by earthquake
  - Comes with a percentage deductible
  - The deductible applies separately to building and contents
- **Lead Poisoning Liability Exclusion** – no coverage
- **Lead Poisoning Liability Coverage** – buy-back
  - In MA Special Lead Paint coverage for New Owners shall apply from the date such owner took title to the premises if property brought to compliance within 90 days of purchase, or from the effective date of the policy, if the owner did not obtain insurance until after the date of taking title.
- **Identity Fraud**
  - Provides coverage for the cost to restore insured's good name
  - Not what the abuser stole
  - Subject to carrier specific deductible

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Bill has an ISO HO-3 for $100,000 on coverage A and he suffers a theft of contents. He will collect?

a. Market value of the items
b. Assessed values of the items
c. Actual cash value of the items
d. Replacement cost of the items

Replacement cost on contents not automatic. Needs to be stated in the question if it's on the policy.

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ISO's 2011 HO Forms Summary

- **Broad Form HO-2** – 16 Broad form named perils
- **Special Form HO-3** –
  - Open perils on Real property (home and detached structures)
  - 16 Broad form named perils for "stuff"(contents)
- **Comprehensive Form HO-5** – Open perils on all coverage parts (the best form)
- **Contents Broad Form HO-4** – 16 Broad form named perils on stuff
- **Condominium Unit Owners Form – HO-6**
  - 16 Broad form named perils
  - $5,000 for coverage A is the starting point and can be raised
  - $1,000 basic limit for loss assessment coverage
- **ISO HO-8 policy – Broad form named perils policy.**
  - It was designed for old dilapidated buildings
  - Coverage is for the building to be repaired or replaced using current building materials

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ISO's 1991 HO Form

- **Special Form HO-3**
  - Open perils Real property
  - Broad form named perils for "stuff" (contents)
  - Add the Special Form Personal Property endorsement HO 00 15 for open peril coverage for "stuff" (contents)

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Loss Assessment

- All ISO HO policies cover an automatic $1,000
- Can be increased by endorsement to $50,000
- Who has an exposure?
  - Condo unit owners
  - Homeowner association members
  - Tenant cooperative members
  - Time share owners
  - Etc.

For folks that signed an association agreement

- Covers covered property or liability assessments made due to the association not having enough coverage.
- Losses are covered when assessed not when the loss happened and if a covered loss on the HO policy form.

Loss Assessment

- The insured owns a condo and insures for $50,000 for loss assessment on an otherwise unendorsed ISO HO-6 form.
- The association loses a false arrest suit and does not have enough coverage to pay the court award
- **The association bills each unit owner their share at $18,000 each. The insureds HO-6 policy will pay?**
  a. $18,000 less the insured deductible
  b. $18,000
  c. $18,000 less the associations share
  d. $0

No coverage for Personal Injury the triggering coverage

Loss Assessment

- The insured buys a condo on 9/6/2026 and insures for $50,000 for loss assessment on an otherwise unendorsed ISO HO-6 form.
- The association loses a liability suit the day after the insured owns the condo when a guest fell down the flight of stairs in 2020 and the association does not have enough coverage to pay the court award
- **The association bills each unit owner their share at $18,000 each. The insureds HO-6 policy will pay?**

a. $18,000 less the insured deductible

b. $18,000

c. $18,000 less the associations share

d. $0

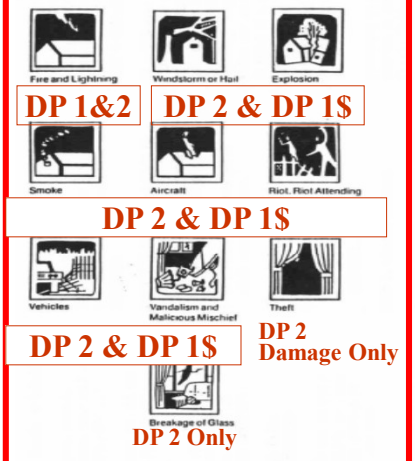
Loss Assessment
Condominium Complex 3 separate units



- **Replacement Cost** **$1,000,000**
- **Association insures** **910,000**
- **Short** **$90,000**
- **Loss Assessment charge to each unit-owner** **$30,000 (3 ÷ 90,000)**

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HO – 2 Broad Form Named Perils Policy on Coverages A, B & C



DP 1&2

DP 2 & DP 1$

DP 2 & DP 1$

DP 2 & DP 1$

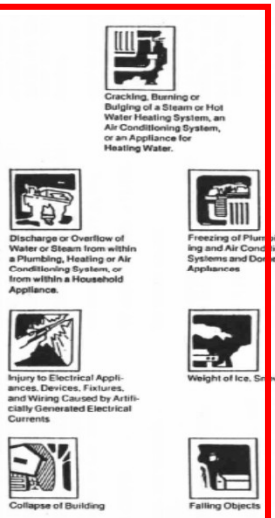
DP 2 Damage Only

DP 2 Only

DP 1&2

DP 2 DP 1 Rental only

Separate Policy or endorsement



All DP2

HO – 3 Special Peril Policy on Coverages A, B

DP-3



contents

HO-4 Named Peril Policy Coverage C

HO-6 Named Peril Coverage's A & C

HO-5 Special Peril Policy Like HO-3 for Coverages A, B & C

5

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Mobile Home Coverage

- Minimum dimensions for eligibility - 10 feet in width & 40 feet in length
- Designed for a permanent location like a mobile home park
- On wheels but tied down or mounted to a foundation
- Need to add other structures by endorsement



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Claim Settlement Example

5-22

$20,000 damage to dwelling
2,000 personal property damage
2,000 debris removal
3,000 of coverage D
$27,000 total
- 500 deductible
$26,500 paid

1. Write a list
2. Add with calculator
3. Use deductible given
4. Select answer

Another One

Maria had $30,000 in jewelry stolen. Her $50,000 HO-4 will provide how much after the loss?

- The loss is covered
- $30,000 - $250 deductible
- subject to the special limit.

a. Nothing
b. The full loss of $30,000
c. The full special limit of liability
d. The amount of the loss less deductible



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One More

Maria had $30,000 in jewelry vandalized. Her $50,000 HO-4 will provide how much for her jewelry after the loss?

a. Nothing
b. The full loss of $30,000
c. The full special limit of liability less deductible
d. The amount of the loss less deductible



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Limitation for Theft of:

- Jewelry $1,500
- Silverware, pewterware, goldware $2,500
- Firearms $2,500
- Any other covered peril is covered up to the Coverage C limit of liability

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Which of the following is covered by an ISO HO policy form?

a. An insured intentionally has his own property stolen
b. Theft of a laminated beam used for new construction not yet installed (bldg. construction materials)
c. An insured's boat is stolen while off the premises
d. The insured CD player is stolen from the back seat of his car

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What is the most common insurance claim on a homeowners policy?

a. Theft
b. Liability
c. Fire
d. Wind

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	Coverage A	Coverage B	Coverage C	Coverage D	Coverage E	Coverage F
Homeowners Owners of 1-4 family owner occupied dwellings	Dwelling 100%	Detached Structures 10% of Coverage A	Personal Property Automatic at 50% of coverage A.	Loss of Use Additional living expenses and loss of rental value. 20% of Coverage A.	Personal Liability to Others Automatic $100,000 to $500,000	Medical Payments to Others Automatic $1,000 to $5,000
Dwelling Fire Owners of 1-4 family non-owner occupied dwellings	Dwelling 100%	Detached Structures 10% of Coverage A	Personal Property If purchased.	Coverage D Loss of rents 20% of Coverage A. Coverage E Additional living expenses only in DP-2 & Dp-3 forms. 20% of Coverage A.	Personal Liability to Others By adding an endorsement or a separate policy $100,000 to $500,000	Medical Payments to Others By adding an endorsement or a separate policy $1,000 to $5,000

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DP 1 & No HO 1 Available

Fire, Lightning (165-line SFP)
Internal Explosion
Extended Coverages by endorsement
Wind
Hail
Aircraft
Riot
Vehicles
Volcanic
Explosion
Smoke
Vandalism and Malicious Mischief by endorsement

Wharves

DP 2 & HO 2

Fire, Lightning
Internal Explosion
Extended Coverage (WHARVVES)
V & MM with Glass Breakage

Broad Form Perils (BE FFIT)
Burglary Damage
Ice and Snow; the Weight of
Electrical Surge
Falling Objects
Freezing of the Pipes (need to maintain heat or drain the water)
Tearing of the System

DP 3 & HO 3 Covered unless excluded.

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ISO's Personal Auto Policy (PAP)

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The policy form primarily used today to provide coverage for automobile exposures in non-MA states is the Personal Auto Policy developed by ISO (Insurance Services O ice).

- The most recent versions is the 2018 coverage form.
- It is a package policy providing property (physical damage) and liability protection.
- The PAP goes into effect at 12:01 A.M on the inception date.
- The PAP has four coverage parts including:
  - Part A, Liability Coverage;
  - Part B, Medical Payments Coverage;
  - Part C, Uninsured Motorist Coverage; and
  - Part D, Coverage for Damage to the Insured Auto.

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USE AND ELIGIBILITY

In order to be eligible for coverage under a Personal Auto Policy, the vehicle to be covered must be a private passenger and must:

- have four (4) wheels;
- be designed for use on public roads;
- be owned by a person (no Inc., LLC, etc.) or leased for a continuous period of at least six (6) months;
- not be rented to others;
- not be used as a public or livery conveyance; or
- be a private passenger auto, pickup, van or SUV with a gross vehicle weight of less than 16,000 pounds.

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PAP Policy Definitions

- **BODILY INJURY** or harm to others, including sickness or disease and even death.
- **Property Damage to Others**; such as damaging another vehicle or object.
- **FAMILY MEMBER** — This means a person related to the named insured by blood, marriage or adoption who is a resident of the insured's household. This includes a ward or foster child.
- **OCCUPYING** — This means in, upon, getting in, on, out or o the covered auto. Getting out of an auto is also referred to as "alighting" from the auto.
- **TRAILER** — This refers to a vehicle designed to be pulled by a private passenger auto, jeep, pickup or van. [t also means a farm wagon or farm implement while towed by a private passenger auto, pickup or van. The Personal Auto Policy does not cover a trailer when it is being pulled by a commercial auto such as a dump truck.

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Household Member/Family Member
(Resident Relative)

2 Tests

1. **Related by;**
   a. Blood
   b. Marriage
   c. Adoption - Including Wards, Step and Foster Children

&

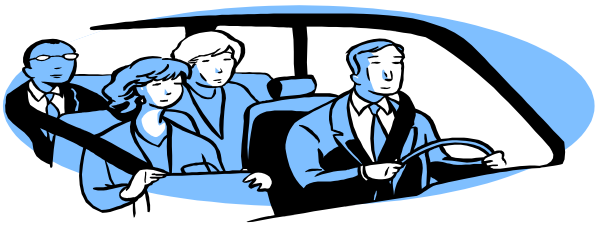
2. **Resident of Insureds Household**
   a. Not just visiting

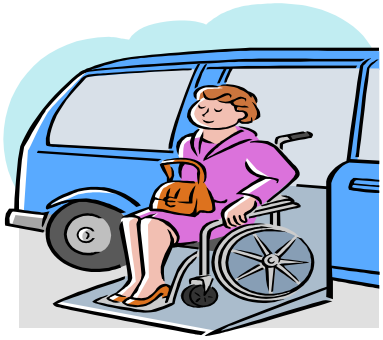
3. **No live-ins**
   a. Boy/Girl friends
   b. Residence employee



"Occupying"

- In
- On
- Getting in
- Getting out

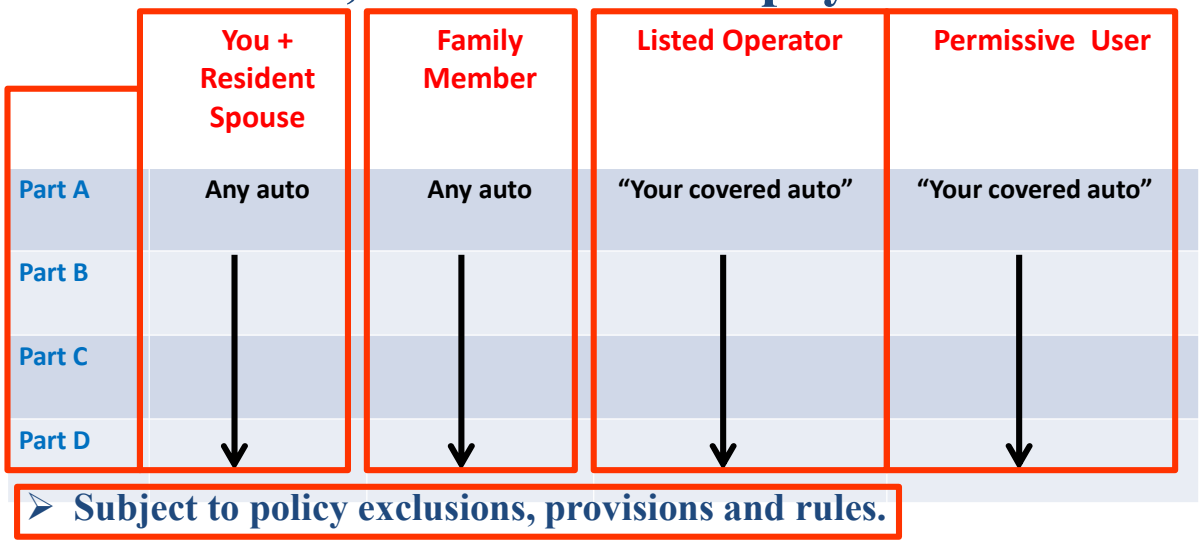




Coverages like
- Bodily injury liability
- Uninsured motorists
- Underinsured motorists
- Medical payments

The PAP Player Roster

We, us and our will pay when…



- Subject to policy exclusions, provisions and rules.

PAP vs MAP Nomenclature

PAP	MAP
Part A – BI & PD	Parts 1, 4 & 5 BI, PD, OBI
Part B – Medical Payments	Part 6 Medical Payments
Part C - Uninsured Motorist	Part 3 Uninsured Motorist
Part D - Physical Damage	
Collision	Part 7 Collision
OTC	Part 9 Comprehensive
	Part 8 Limited Collision

NEWLY ACQUIRED VEHICLE

A newly acquired auto includes:

- A private passenger auto, pickup or van with a gross vehicle weight of less than 10,000 pounds
- Which an insured acquires (i.e., becomes the owner of) during the policy period.
- Liability coverage under the PAP is provided as soon as you become the owner.
  - If the vehicle is an additional one to the auto listed on the declaration page, the insured must request coverage within 14 days of becoming the owner to continue coverage.
  - If the newly acquired auto replaces the auto listed on the declarations page, coverage is provided automatically for 14 days.

NEWLY ACQUIRED VEHICLE

A newly acquired auto includes:

- The insured receives physical damage coverage as of the date they become the owner.
  - But the insurer must be notified of the new additional auto within 14 days of its acquisition and
  - The auto currently listed on the declarations page must be insured for physical damage coverage
  - If the auto currently listed on the declarations page is not covered for physical damage coverage
  - The insured must notify the insurer and request coverage within 4 days of the acquisition of the new additional auto or
  - No physical damage coverage will be provided.
- These requirements and descriptions apply to “collision" and "other than collision”.



Newly Acquired Simplified

Additional auto to the policy

- 14 days liability coverage and
- 14 days physical damage coverage if on the policy somewhere or
- 4 days physical damage coverage if not on the policy anywhere

Replacement auto to the policy

- 14 days liability coverage and
- 14 days physical damage coverage if on the policy somewhere or
- 4 days physical damage coverage if not on the policy anywhere

Declarations Page

Tazmanian Devil ← "You" +
100 The Underground
Cartoon City CA 01005

No Doze Ins Agcy
800 Write-It

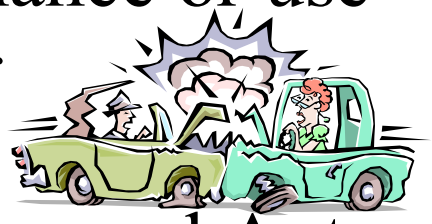
2022 Honda CRV	2026 Chevy Trax
Part A Liability	**Part A Liability**
Part B Medical Payments	**Part B Medical Payments**
Part C Uninsured Motorists	**Part C Uninsured Motorists**
	Part D Physical Damage

OWNED AUTO vs NON-OWNED AUTO

- A motor vehicle is considered to be an owned auto if it is the vehicle listed on the declaration page.
- It is the vehicle the named insured owns and insures under the Personal Auto Policy.
- An auto policy provides liability insurance protection when the named insured or any family member is legally liable for causing bodily injury or property damage to another while operating an owned or non-owned vehicle.
- A borrowed or rented auto used by the named insured or family members are non-owned autos.
- If an insured injures a person or causes property damage while operating a non-owned auto and if the owner of the non-owned auto has no insurance, the insured will have protection from their policy.
- If the non-owned has coverage, then
- The insured driving the non-owned auto will have excess coverage over what the primary coverage the vehicle owner has for liability coverage and physical damage coverage if on the operator's policy.
- The owner of the non-owned auto will not have coverage from the operator's policy.

PAP Part A. Liability - Insured

1. You or Family Member;
   a. Ownership, maintenance or use
   b. Any Auto or Trailer



2. Anyone using Your Covered Auto

Just like the MAP. →

The PAP Adds Vicarious Liability Coverage that the MAP Does Not

B. "Insured" as used in this Part means:

3. For "your covered auto", any person or organization but only with respect to legal responsibility for acts or omissions of a person for whom coverage is afforded under this Part.
4. For any auto or "trailer", other than "your covered auto", any other person or organization but only with respect to legal responsibility for acts or omissions of you or any "family member" for whom coverage is afforded under this Part. This provision (B.4.) applies only if the person or organization does not own or hire the auto or "trailer".



PAP Part A. Liability - Insured

3. Any Person or Organization using Your Covered Auto
   a. ie: Fellow employee uses your car to go to post office for the employer and has an accident.
   b. Both fellow employee and employer are covered by this part.

PAP Part A. Liability - Insured

4. Any auto or trailer used by you or family member other than Your Covered Auto any person or organization.
   a. ie: You or family member drive a fellow employees auto to post office.
   b. You or family member are covered
   c. Employer is also covered by this part
   d. Will apply coverage only if auto is not owned or hired by the person or organization.

PAP Part A Simplified

- Pays Bodily Injury and property damage to others
- When you or family members cause bodily injury,
- Using any covered owned or non-owned auto
- Pays when permissive user causes bodily injury to others using "your covered auto"
- Covers others that have an exposure because of the insured or family member (vicarious liability)
- Subject to exclusions, such as
- Vehicle sharing, racing, demo derbies inside a facility, etc. and any vehicle designed for flight, etc. are not covered (2018)

SUPPLEMENTARY PAYMENTS

In addition to the policy's limits of liability for bodily injury or property damage to others, the insurer, on behalf of the named insured, will also pay for certain additional expenses incurred as a result of the operation, maintenance or use of the covered auto.

The following are supplementary payments as listed in the policy:

- Up to $250 for the cost of bail bonds, including related traffic violations.
- Premiums on appeal bonds and bonds to release attachments in any suit the insurer defends;
- Interest accruing before and after a judgment (i.e. pre or post-judgment)
- Up to $200 a day for loss of earnings because of attendance at trials or at the insurers request,
- Or any other usual or likely expenses incurred by the insurer's request as long as they are reasonable.

AUTO LIABILITY EXCLUSIONS

The insurer will not provide bodily injury or property damage liability protection for any person with regard to any of the exclusions listed in the PAP.

(1) intentional injury to others;

(2) injury or damage to others while using the auto as a livery to carry persons for a fee (TNC);

(3) Injuries sustained that would be covered by Workers' Compensation;

(4) damage to property owned by the insured (i.e. garage, fence) or the property of others that is rented to, used by or in the care or control of the insured; or

(5) anyone using the auto who is in the business of servicing autos (i.e., garage exclusion such as\test driving an auto after repairs or servicing).

COVERAGE LIMITS

- The coverage limits provided by Part A may be written on a split or combined single limit basis.
- The limits appearing in the declarations are the maximum the insurer will pay resulting from any one auto accident.
- Split limit policies (i.e. $250,000 per person/$500,000 per accident/$250,000 property damage) pay up to a specific limit per person, per accident and for property damage.
- Single limit policies (i.e. $500,000) provide a total maximum limit for all of the types of losses.
- Legal expenses incurred do not reduce the insured's coverage limit. They are paid in addition to it.

Part B MEDICAL PAYMENTS COVERAGE

- Under this coverage part the insurer will pay for necessary medical and funeral expenses
- Because of bodily injury to an insured or guest occupants of the auto.
- Within three (3) years of the date of the accident.
- Up to the per person limit of liability
- Insured and family members getting out of a motor vehicle, or is struck while a pedestrian is covered as long as the injured person was struck by a vehicle designed for use on a public road.
- This type of coverage functions differently than medical payments coverage under a homeowner's policy, for instance.
- In an HO-3 policy the Section II coverage of medical payments provides coverage for bodily injury to others.
- The equivalent coverage in the PAP provides coverage for the insured, family members in an auto or a pedestrian and anyone else occupying the auto (i.e. guest passengers).

Part C UNINSURED MOTORISTS COVERAGE

- This coverage part will pay compensatory damages that an insured is entitled to collect (from his or her own policy) if
- He or she suffers bodily injury as a result of being struck by another driver
- Who does not carry any auto liability insurance.
- Up to the limits of liability on the declarations page
- UM coverage pays damages for bodily injury to an insured and does not provide property damage liability coverage.

Part C UNINSURED MOTORISTS COVERAGE

UNINSURED MOTOR VEHICLE DEFINED

(1) not covered by motor vehicle liability insurance nor a bond;

(2) hit-and-run or “phantom” auto whose operator or owner cannot be identified;

(3) an auto that was insured at the time of the accident, but whose insurer has since become insolvent; or

(4) an auto that is covered by liability insurance but the coverage limit carried is lower than the state required minimum.

INSUREDS

- An insured under this coverage part is the named insured, any family member, and any person occupying the covered auto.
- To be eligible, the injured party must not be at fault.

LIMITS OF LIABILITY

- The coverage limits provided for this coverage part are based on a per person/per accident basis.
- The limit of liability appearing in the declarations for this coverage is the maximum amount that the insurer will pay for damages resulting from any one accident.
- The coverage limits carried for UM may not exceed those carried for bodily injury liability.

UNDERINSURED MOTORIST COVERAGE

- This coverage is also included in Part C.
- It covers bodily injury sustained by an insured caused by an at-fault (negligent) operator who possesses insurance, but
- The limits of liability carried by the "at-fault" driver are not sufficient to cover the damages awarded to an injured insured.
- An insured who is injured by an underinsured motorist can collect benefits from his or her own policy.
- Underinsured motorist coverage provides protection for persons who are legally entitled to recover damages adequate from owners or operators of insured motor vehicles or trailers whose auto policies do not provide adequate liability limits to cover damages incurred.



UNDERINSURED MOTORIST COVERAGE

An injured person has a claim under this Part when the limits for auto liability covering the owner of the responsible auto are:
(1) less than the limits shown for the limits this Part has on the declarations page; and
(2) not sufficient to pay for damages sustained by the injured person.

For example;

- Bob is struck by another driver and is awarded $35,000 of bodily injury damages.
- The at-fault driver's policy provides BI limits of $20,000 per person.
- Bob carries an underinsured motorist limit of $50,000
- Bob collects $20,000 from the at-fault driver, then
- Collects $15,000 from his policy (35,000 – 20,000)

- If Bobs award was $100,000
- He would collect $20,000 from the at-fault driver, then
- Collects $30,000 from his policy (50,000 – 20,000)

UNINSURED MOTORISTS EXCLUSIONS

An uninsured motor vehicle does not include:

- A government vehicle;
- a vehicle operated on rails;
- a vehicle designed for use off public roads;
- a vehicle being used as a residence;
- a vehicle being operated by a self-insurer;
- or a vehicle owned by a named insured.

Part D PHYSICAL DAMAGE COVERAGE

- This part of the PAP provides property insurance protection for the covered auto on non-owned autos used by the named insured and family members.
- There are two primary forms of coverage provided by this coverage part including
- Collision coverage and
- Other than collision coverage, also referred to as comprehensive coverage.
- Both of these coverages pay for direct and accidental damage to the covered or listed auto and any non-owned autos
- Coverage is subject to a deductible.
- Coverage is based on the ACV of the auto

Collision

- No-fault coverage
- Pays after a deductible
- If someone other than the insured is at-fault for the loss;
  - The insured collects from their own policy and
  - Then their insureds carrier sues or subrogates the at-fault party
- Collision losses are from
  - Contact with another auto
  - Contact with an object
  - Upset or overturn

Other than Collision

- No-fault coverage
- Pays after a deductible
- Other than Collision losses are from things such as;
  - Contact with an animal
  - Glass not from a collision loss
  - Flood
  - Fire
  - Etc., etc., etc.

Loss caused by the following is considered other than "collision":
1. Missiles or falling objects;
2. Fire;
3. Theft or larceny;
4. Explosion or earthquake;
5. Windstorm;
6. Hail, water or flood;
7. Malicious mischief or vandalism;
8. Riot or civil commotion;
9. Contact with bird or animal; or
10. Breakage of glass.
If breakage of glass is caused by a "collision", you may elect to have it considered a loss caused by "collision".

PHYSICAL DAMAGE EXCLUSIONS

- Electrical or mechanical breakdown,
- Normal wear and tear
- Damage caused by freezing or road damage to tires
- Loss to electronic equipment such as CB radios, cell phones, radar detectors, scanners, navigational systems, personal computers, internet access systems, tape decks, radios and stereos, video entertainment systems or televisions unless permanently installed in the auto and
- Installed where the manufacturer intended it to be

Transportation Expenses

- Part D also includes transportation coverage when the insureds vehicle has a covered physical damage loss
- $30 per day to a
- Maximum of $900
- Coverage starts after 48 hours for a theft, and
- An insured loses use of the auto for 24 hours for other covered losses
- The insureds auto is stolen and the carrier finds the auto 20 days later. How many days does the insurer pay for the rental assuming the insured rented a vehicle for the full 20 days? 18 Days
- The insureds auto is in a fender bender and it takes 5 days for the auto to be repaired. How many days does the insurer pay for the rental assuming the insured rented a vehicle for the full 5 days? 5 Days

Physical Damage Limits of liability

o ACV of the auto or the amount of repair, whichever is lower

o Non-owned trailers $1,500

o Custom equipment $1,500 (endorsement needed for more)

o Electronic equipment not installed where the manufacturer intended $1,500 (endorsement needed for more)

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OPTIONAL COVERAGES

Towing and Labor Coverage

- Additional premium.
- This coverage is applicable to owned and non-owned autos.
- The policy will pay up to $25 toward towing costs or
- For labor costs incurred at the site of a breakdown.

Rental reimbursement

- Additional premium.
- Maximum daily amount and
- Total maximum limit.
- Insured can select a limit they desire higher than the free coverage

DUTIES FOLLOWING a LOSS

Duties of the insured in the event that a loss occurs

- Notify the insurer as soon as reasonably possible after a loss occurs
- Take reasonable steps to protect the property from further damage;
- Cooperating with the insurer in the investigation,
- Submit to physical exams if required;
- Authorize the insurer to obtain medical reports or other pertinent records; and
- Submit a written proof of loss (i.e. completed claim form) when required.

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PART F GENEARAL PROVISIONS

This part of the PAP includes nine additional provisions including but not limited to:

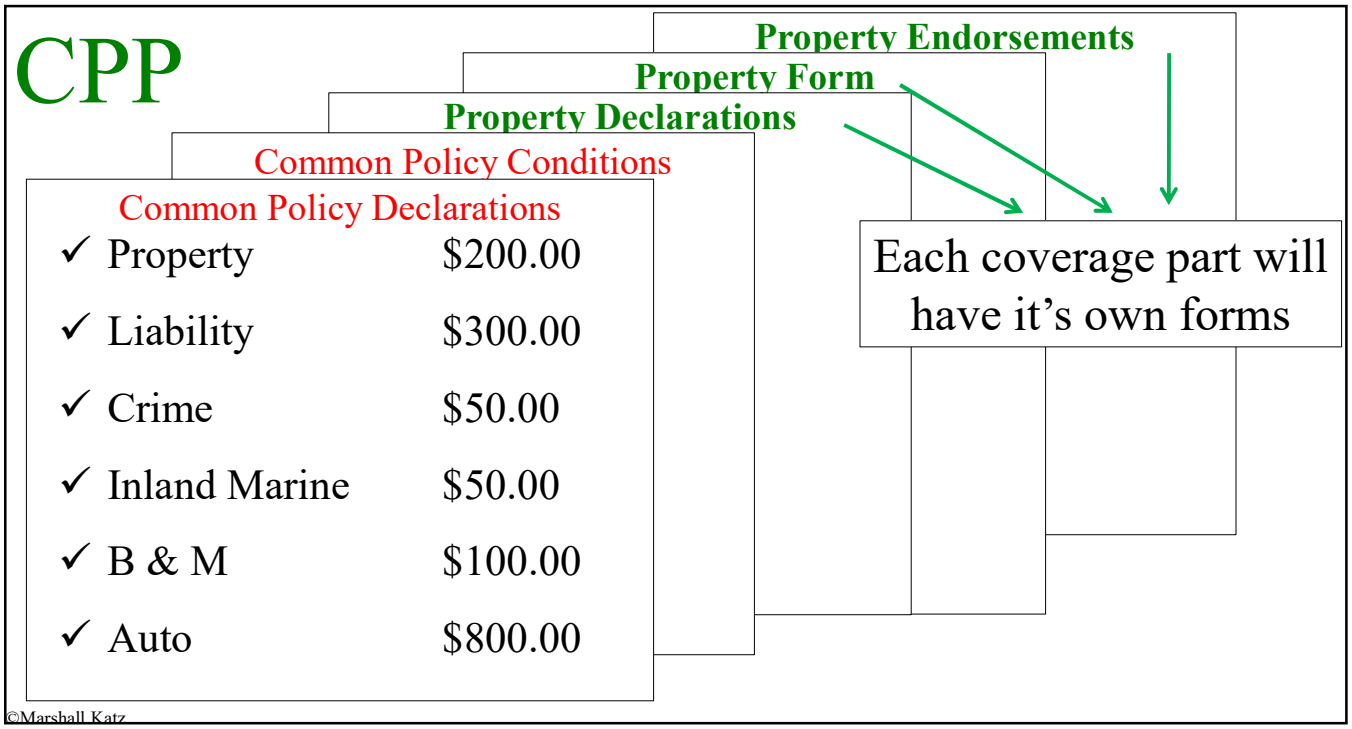
- Policy period and territory; cancellation; assignment (transfer of rights and interest); legal action; fraud; and other insurance.
- Policy period is inception to expiration listed on the declarations page
- The policy's coverage territory includes;
  - The United States
  - The United States territories and possessions,
  - Puerto Rico and
  - Canada (not Mexico).

Commercial Policy Set-Up

- **Insurance Services Office (ISO) created;**
  - **Commercial Lines Forms**
    - CPP, CGL, BOP
  - **Personal Lines Forms**
    - HO, DP, Umbrella



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Commercial Package Policy (CPP)

- Multiple coverage parts chosen = package
- One coverage part chosen = mono-line
- Common Policy Conditions
  - Applies to all coverage parts chosen
  - Cancellation
    - 10 days nonpayment
    - 30 days other reasons

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Commercial Package Policy (CPP)

- Common Policy Conditions
  1. Cancellation
  2. Changes
  3. Examination of books and records
  4. Inspections and surveys
  5. Premiums
  6. Transfer of your rights and duties with permission - assignment

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Commercial Package Policy (CPP)

- Common Policy Conditions
- Examination of books and records (3 years back)
  - **Deposit premium** is based on an estimate of sales or payroll

    The insured estimates $3 mil. in sales for a $3,000 premium
  - **Audit premium** or return is based on actual sales or payroll

    The audit now shows $6 mil. in sales for a $3,000 audit bill

    The audit now shows $1.5 mil. in sales for $1,500 refund

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Important Commercial Forms

- Commercial Property
- Commercial General Liability
- Commercial Auto
- Commercial Inland Marine
- Commercial Crime
- Business Owners Policy
- Farm Coverages
- Ocean Marine Coverage

Each one of these are normally full-day classes.

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Building & Personal Property Form

- **Insured would cover;**
  - Building only (tenants occupy building)
  - Building & contents (owner occupies building)
  - Contents only (tenant policy)
- ACV
- Replacement cost by endorsement



Marshall insures a $5,000,000 building on a special form CPP that you the students occupy for your businesses. The building catches fire and destroyed.

The policy will pay?

a. The building and contents of Marshall.

b. The building, contents and loss of income of Marshall.

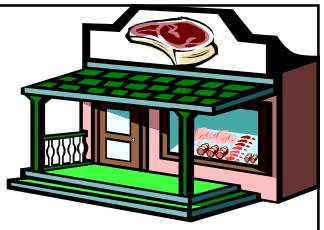
c. Marshalls' building.

d. Marshalls' building and you the students business personal property.

- The CP form is a scheduled coverage
- If not scheduled, it's not covered

©Marshall Katz

CP Coverages



- **Coverage A Building (Real)**
  - Brick and mortar, wood and steel
  - Permanently installed items
  - Outdoor items (tables/chairs, light poles, heaters, etc.)
  - Personal property used to service the building & grounds (lawnmowers, ladders, vacuum, etc.)
  - If not covered anywhere else;
    - Additions under construction
    - Materials and supplies for the project within 100' of the premises

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Items used to service the premises; riding tractors, paint brushes, etc.

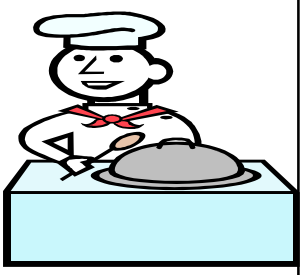
DP
CP
BOP
} Coverage A - Building

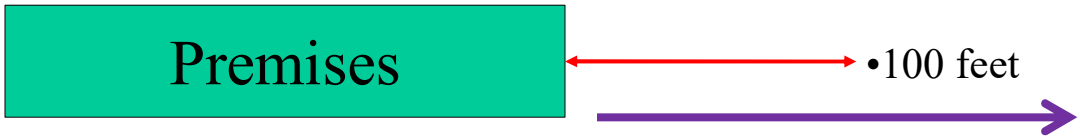
HO
Coverage C – Personal Property

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Coverages

- **Coverage B Business Personal Property (Stuff)**
  - Furniture and fixtures
  - Portable machinery and equipment items
  - Inventory
  - Improvement and betterments made to the space
  - Leased property like copy machines for a copy store
  - Property of others in insureds CCC like a consignment shop
  - In the building or
  - In the open within 100 feet of the premises





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The insured is covered by a CP Basic form for their bicycle store and is having a blow out 75% off sale to make room for ski equipment. They set up a display of bikes and banner 75' away from the building. A micro burst smashes all the bikes to pieces. What will the insured collect?

a. Nothing, as wind is not covered on the basic form CP

b. Covered for the bike inventory

c. Covered for the bike inventory and banner

d. Covered if they had a Broad form CP

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We insure a small building on a CPP policy for $500,000. The building has a fire causing $100,000 in fire damage and the cleanup will cost another $125,000. How much will the insured collect on the entire loss?

a. $225,000

b. $100,000

c. $125,000

d. $150,000

$100,000 for fire loss
25,000 for debris (100k X 25%)
25,000 additional



©Marshall Katz

We insure a small building on a CPP policy for $500,000. The building has a fire causing $100,000 in fire damage and the cleanup will cost another $125,000. How much will the insured collect on the entire loss?

a. $225,000
b. $100,000
c. $125,000
d. $135,000

$100,000 for fire loss
25,000 for debris (100k X 25%)
10,000 additional



©Marshall Katz

Debris Removal on CP

Prior Forms

- Loss
- Plus up to 25% of the loss
- Plus $10,000 if needed

New Forms for Licensing Test

- Loss
- Plus up to 25% of the loss
- Plus $25,000 if needed

If the exam answers have both results, use the most current for the exam

©Marshall Katz

Coverage Extensions

- 80% to value needed
  - Buildings built or acquired ($250,000)
  - Business Personal Property (any location, $100,000)
  - Will end:
    - When policy expires or
    - 30 days
    - Whichever comes 1st
- Satellite dish - $1,000
- Trees, shrubs or plants - $250/item

©Marshall Katz

MAIA insures a $1,000,000 building on a Commercial Property Policy. August 14th they purchase another building for $500,000. On September 5th their unendorsed policy renews and on September 10th the newly acquired building burns down. The policy will pay MAIA?

a. Nothing

b. $500,000

c. $250,000

d. 249,750

Look for trigger words like this.

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The DP policy form provides how much coverage per tree, shrub and plant?

a. $100 b. $250 c. $500 d. $1,000

The HO policy form provides how much coverage per tree, shrub and plant?

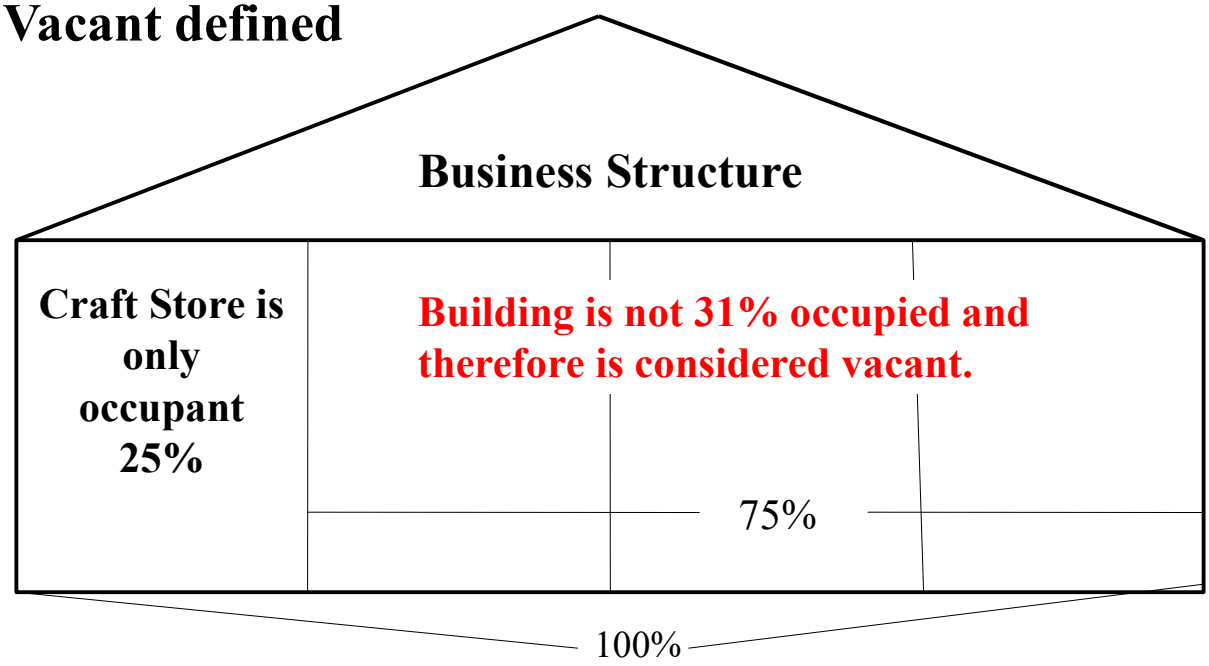
a. $100 b. $250 c. $500 d. $1,000

The CPP policy form provides how much coverage per tree, shrub and plant?

a. $100 b. $250 c. $500 d. $1,000

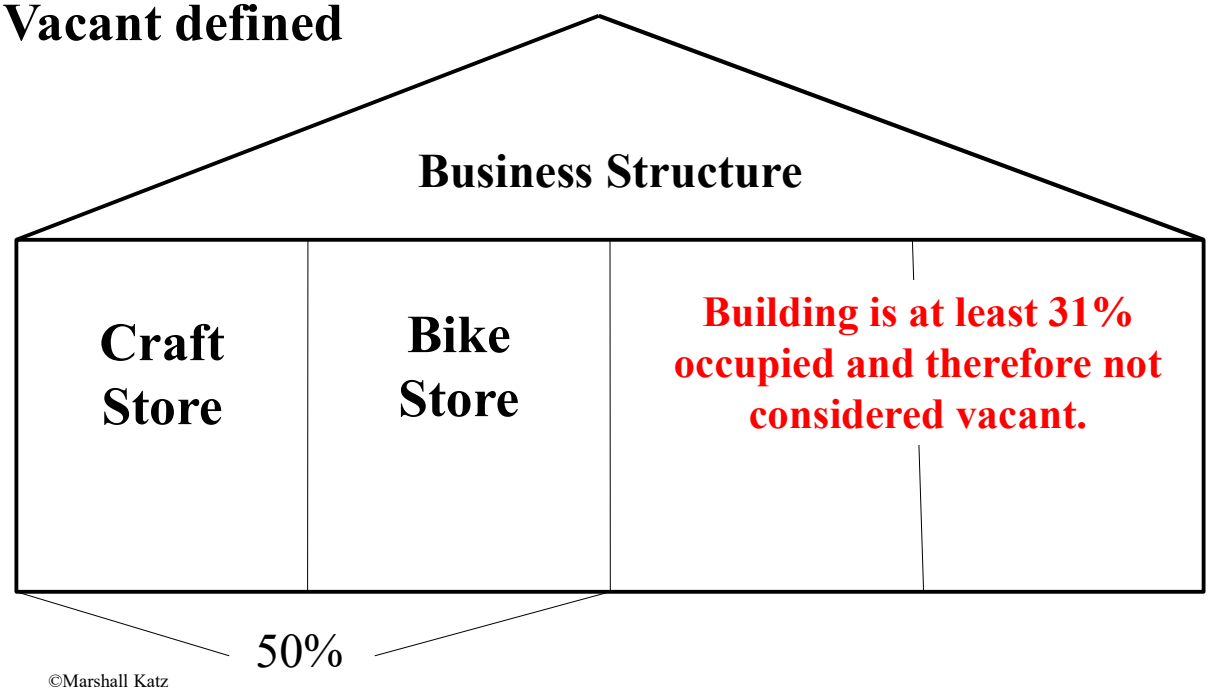
©Marshall Katz

Vacant defined



©Marshall Katz

Vacant defined



©Marshall Katz

Question 103 from Extra Practice Exam

An inured covers her 10 unit office building. Currently, three of the units are being used for clerical work and three others are being rented as storage space. Four of the units are empty. According to the Building and Personal Property Form, this building is considered to be:

a. Vacant

b. Condemned

c. Occupied

d. Excluded

The answer key refers to C which is incorrect:

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(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its ***customary*** operations; and/or

(ii) Used by the building owner to conduct customary operations.

Storage is not a customary operations.

©Marshall Katz, MS

Vacant Issues

- Vacancy over 60 days =
- No coverage for;
  - Vandalism
  - Sprinkler leakage
  - Internal Water Damage
  - Glass breakage
  - Theft
- 15% penalty for all other losses

Policy form

The thief did vandalism causing water damage and glass breakage.

- Except in MA; no coverage from the MA change endorsement for fire or lightning

©Marshall Katz, MS

A newly built 3 month old 6 family habitational building that only has 1 tenant has a fire loss of $100,000 will collect, ignoring deductible?

a. $100,000
b. $ 85,000
c. $ 80,000
d. Nothing

A newly built 3 month old Springfield MA 6 family habitational building that only has 1 tenant has a fire loss of $100,000 will collect, ignoring deductible?

a. $100,000
b. $ 85,000
c. $ 80,000
d. Nothing

CP Cause of Loss Forms

- **Basic**
  - Fire, lightning, E.C., V&MM, sprinkler leakage, sinkhole collapse, volcanic action, (like DP-1)
- **Broad**
  - Everything in Basic, plus COBS
  - Collapse, Objects Falling, Breakage of Glass, Snow and sleet – the weight of
- **Special**
  - Open peril coverage on everything
  - Includes theft
  - No cash coverage – need commercial crime

©Marshall Katz

Sinkhole



Formed by underground deposits of lime or dolomite worn away by underground rivers or streams.

©Marshall Katz

FatKatzStrings Inc. owns two warehouses in which they store business personal property. Both locations and business contents are covered by the Building and Personal Property Broad Cause of Loss form. Several computers and other articles of property are stolen during a break-in. There is also damage to the building as a result of the break-in. What is covered?

a. Nothing

b. Building — Vandalism is covered to the building under the Broad form.

c. Computers — Theft is not covered for BPP under the Broad form.

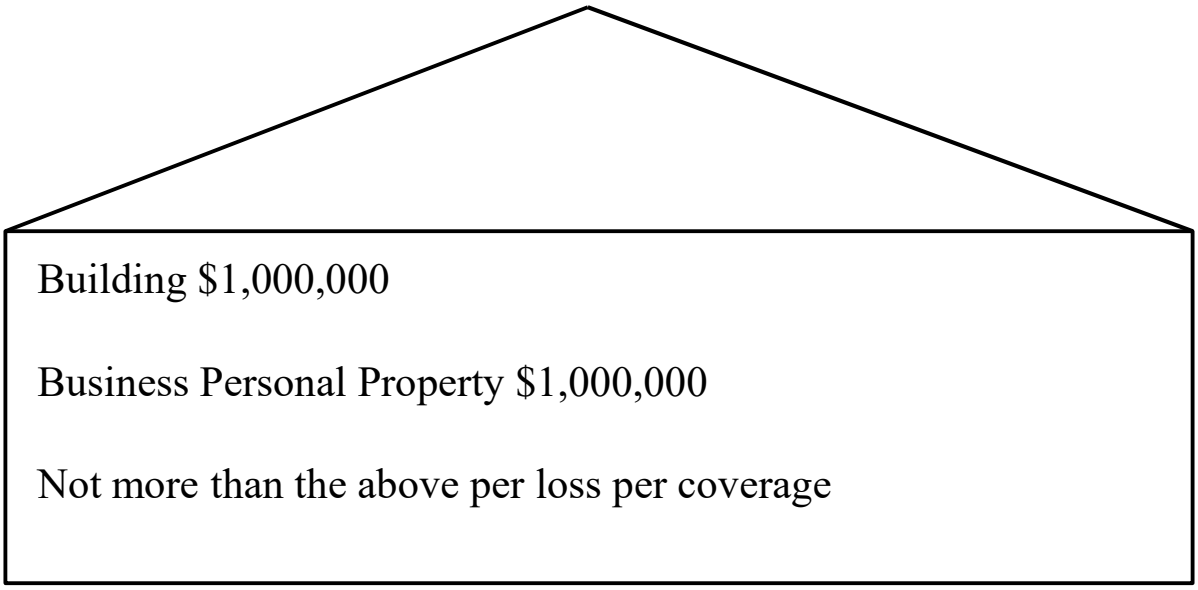
d. Building and computers

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Forms & Endorsements to Ponder

- **Earthquake Form**
  - 168 hours (7 days = single loss)
  - Separate deductible for building and business personal property
- **Peak Season Endorsement**
  - Increase the contents limit by a % during…a peak season (Christmas, Halloween, Bike Week, etc)
- **Value Reporting Form**
  - To keep the insured values current as commercial exposures have fluctuating personal property values
  - The insured reports values – quarterly, monthly, etc.
  - Triggers certain coverage and helps with coinsurance clauses

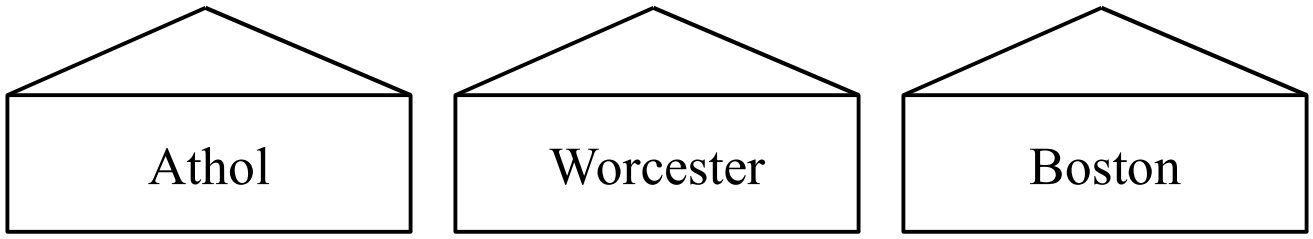
Specific Insurance



©Marshall Katz

Blanket Insurance

- Blanket $5,000,000 for all buildings and business personal property
- The same franchise store at 3 locations
- Each building is 1 million w 1 million BPP
- The $5,000,000 can be used at any location

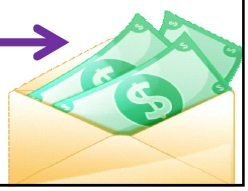


©Marshall Katz

Business Income Form

- Optional
- Covers gross earnings (including profit)
- Covered loss
- **2 Options that**
  - Monthly Limit of Indemnity
  - Agreed Value Amount

Waives coinsurance



©Marshall Katz

Business Income Form

- Coinsurance provision of 50, 60, 70, 80, 90 or 100% of the business's annual income
- Pays during "period of restoration"
- 72 hour or three-day deductible
- 120 days coverage (BOP 12 months)
- Civil Authority - (4) four consecutive weeks
- Extended Business Income
  - Starts on the day could have restored operations
  - This provides 60 days coverage



©Marshall Katz

3. "Period of restoration" means the period of time that:
a. Begins:
(1) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
(2) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;
caused by or resulting from any Covered Cause of Loss at the described premises;
and
b. Ends on the earlier of:
(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
(2) The date when business is resumed at a new permanent location.

©Marshall Katz

The insured has a Basic form CP with the Business Income form attached to the policy. The insured asks you how to waive the co-insurance requirement and you tell them?

a. Waiving the co-insurance requirement is not possible

b. Add the Extra Expense coverage form

c. Add both the Monthly Limit of Indemnity and Agreed Value options

d. Add either the Monthly Limit of Indemnity or Agreed Value option

©Marshall Katz

MAIA insures a building for $1,000,000 on a basic form CPP. A strange May snowfall collapses the roof. The building has $200,000 in damage and MAIA suffers a $50,000 business income loss. MAIA will collect how much?

a. Nothing

b. $250,000

c. $200,000

d. $50,000



©Marshall Katz

MAIA insures a building for $1,000,000 on a broad form CPP. A strange May snowfall collapses the roof. The building has $200,000 in damage and MAIA suffers a $50,000 business income loss. MAIA will collect how much?

a. Nothing
b. $250,000
c. $200,000
d. $50,000



©Marshall Katz

Extra Expense

- Optional
- Covers expenses needed after a covered loss
- To minimize the business income loss
- During the period of restoration
- No 3-day deductible like in business income
- i.e.
  - Rent of temporary location
  - Rental of office equipment
  - Telling customers of the temporary location



©Marshall Katz

Builder's Risk

- A covered building under construction means the building or structure (not personal property)
- Including foundations, fixtures, machinery, equipment used to service the building
- Materials and supplies used or purchased for construction within 100' of the premises
- Existing buildings are not covered
- Automatic termination;
  - 60 days after being occupied
  - Interest ceases
  - Accepted by purchaser
  - Property abandoned

©Marshall Katz

Which of the following benefits from leasehold interest coverage?

a. Tenant with favorable lease

b. Building owner

c. A tenant who subleases a building

d. Building owner doing renovations.

- The insured pays $5/s.f. per month when everything in the area is $25/s.f. and has a 25 year lease.
- If a loss occurs in year 5 and they have to move to a $25/s.f. lease; they have a 20 year loss of $20/s.f.

©Marshall Katz

General Liability (GL)

- **Occurrence**
  - Pays claims that happen during the policy period, regardless of when the claim is presented like Asbestosis or Mesothelioma claims
- **Claims Made**
  - Mostly used for professional policies for mistakes
  - Pays claims:
    - After a retroactive period (specified in the policy)
    - Filed prior to the end of the policy period
    - Tails are optional for claims that are presented after the policy expiration date only, not for more coverage
      - Basic: 60 days & 5 years
      - Optional unlimited tail would be purchased to cover until the end of time

Claims Made Retro Dates

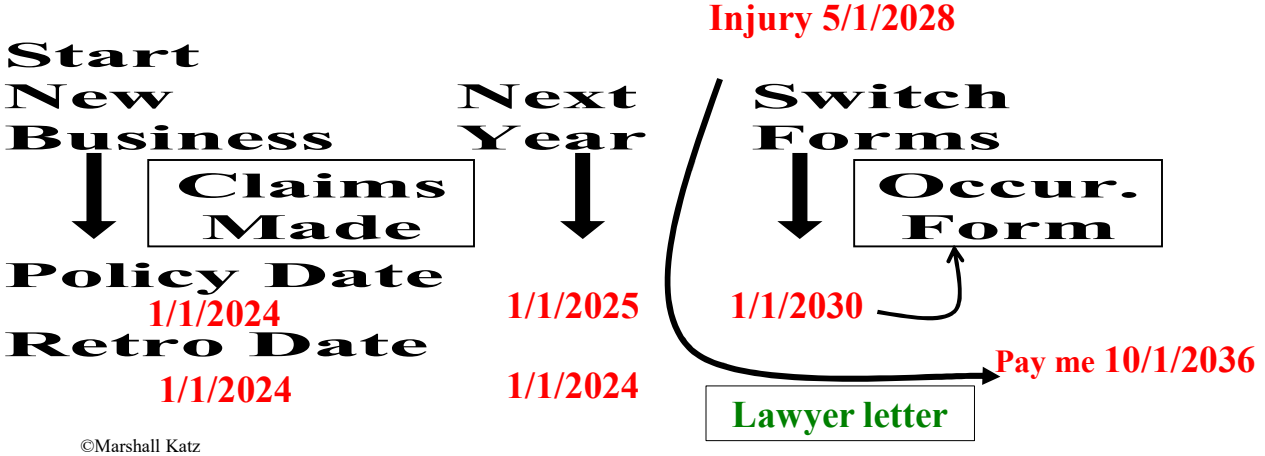
- **Same as the policy inception date**
  - New businesses
- **Date prior to the policy renewal date**
  - An ongoing semi-new businesses over 1 year old
- **None**
  - Ongoing well established businesses

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CGL Versions

Occurrence Form — Pays claims that occur during policy period.

Claims Made Form — Pays claims that occur after a retro date and filed prior to the end of the policy.



©Marshall Katz

CGL Coverage Sections

Coverage A

Bodily Injury & Property Damage to Others

1. Premises & Operations

a. Carriage attendant damages a car moving carriages in the lot

b. Slip and fall by a customer on a wet floor in a grocery store

c. Carpenter ruins a dining room table while installing kitchen cabinets

d. While building I-290 in Worcester MA a bridge collapsed

e. While installing a TV set an explosion occurred

f. Use of mobile equipment as it's not an auto, so it's GL

©Marshall Katz

CGL Coverage Sections

Coverage A

Bodily Injury & Property Damage to Others

2. Products & Completed Operations

a. A customer smelled glue at home, and had an allergic reaction

b. The Big Dig Collapse!

c. Kansas City hotel lobby collapse

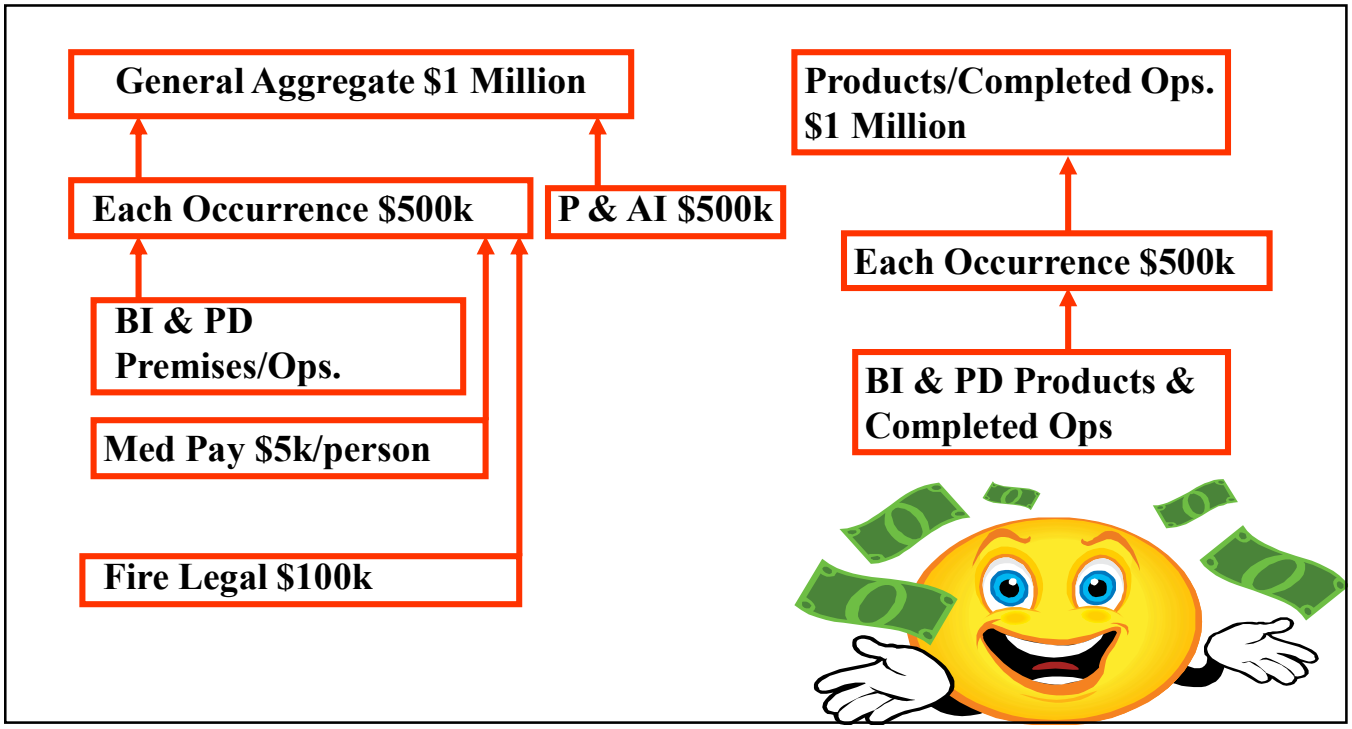
d. Mechanic forgot to put in oil during oil change

e. 2 Requirements for a Products & Completed Ops claim

(1) product or job relinquished to buyer

(2) product or contractor off premises

©Marshall Katz



Premises vs. Products

- Both have a separate per occurrence limit
- Both have a separate aggregate annual limit
- i.e.- BI/PD $300,000/occurrence $600,000 annual aggregate

Claims for 1 year				
	Premises	Paid	Products	Paid
Claim 1	400,000	300,000		
Claim 2	300,000	300,000		
Claim 3			500,000	300,000
Claim 4			200,000	200,000
Claim 5	100,000	0		
Claim 6			100,000	100,000
Totals	800,000	600,000	800,000	600,000

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CGL Coverage Sections

Coverage A

Bodily Injury & Property Damage to Others

3. Fire Legal (Damage to Premises Rented)

a. pays claims for property damaged insured rents up to $100,000

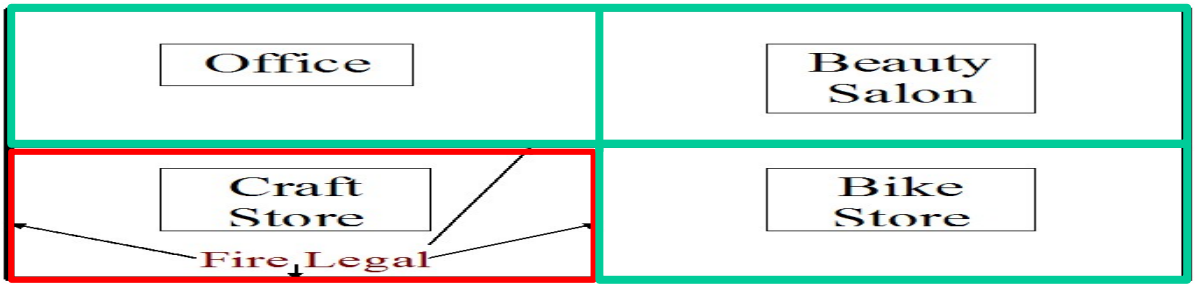
b. Limit may be increased

c. insured liable for the damages

d. property is in the c.c.c. of insured

e. liability coverage forms do not pay for property insured damages while in their c.c.c.

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The building is occupied by tenants.

The craft store causes a fire.

The landlord insures the building for the replacement cost of: $200,000

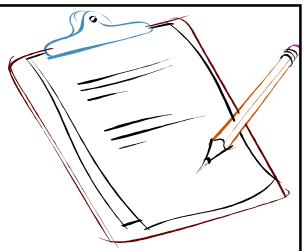
The Landlords carrier subro's the craft store after paying the claim.

The craft stores gl policy pays as follows;

Fire Legal	50,000
CGL	150,000
	-0-

©Marshall Katz

Contractual



- **Independent Contractors**
  - Certificate of Insurance
    - Shows coverage's the contractor has in force
    - Snapshot of coverage's for that moment
  - Hold-harmless agreement
    - A legal document showing 1-party (A) holding a 2nd-party (B) harmless for their acts.
    - i.e. – a hotel holds a paving company harmless for injuries caused by the paving company
    - A GL policy coverage needs to be purchased to cover the hotels exposure

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Automatically Covered Contracts Under the CGL

Lease – leasing office space

Easement – with municipality / utility

Agreement with municipalities – sign permit

Sidetrack with Rail Road – track business owns

Elevator maintenance agreements – holding elevator maintenance company harmless for acts of maintenance department

Plus, anything they would be liable for anyway

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CGL Coverage Sections

Coverage B

Personal Injury

Libel, slander, defamation of character. false arrest, wrongful entry, invasion of privacy or eviction

Advertising Injury

Copyright infringement, misappropriation of advertising ideas

Coverage C

Medical Payments to Others

$5,000 per person

1 Year



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CGL Coverage Sections

Coverage A

Bodily Injury & Property Damage to Others

1. Premises & Operations
2. Products & Completed Operations
3. Fire Legal

Coverage B

Personal Injury

Advertising Injury

Coverage C

Medical Payments to Others

For the what coverage part covers it question

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Supplemental payments

- **Court claims stuff**
  a. Expenses to defend like attorney fees
  b. $250: per day earnings,
  c. Bail bonds
  d. Bonds to release attachments
  e. Pre and post judgment interest
  f. Costs taxed against insured
  g. Extra claims checkbook

Defense Inside/Outside the Limits

- Defense outside the limits of liability is supplemental or extra☺
- Defense inside the limits of liability could eat up all the limits before they go to court☹

Policy Limit checkbook	Supplemental checkbook
$1,000,000	Lawyers $1,000,000
	Court costs $500,000
	Miscellaneous $500,000
	Etc., etc., etc.

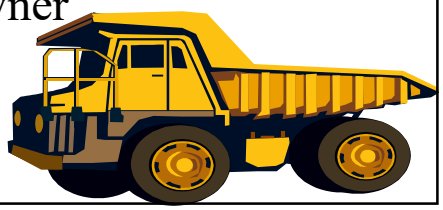
CGL Insured - Defined

- Business named in the declarations page
  - Marshall, dba Katz Cabinetmaking
  - Coopersmith, Inc
  - FatKatzStrings, LLC
- Named joint ventures (Marshall & MAIA)
- Named partnerships (Marshall & Friend)
- Automatic Insureds – not named but covered when working in the business of the named insurd
  - Employees of the named insured
  - Real estate manager of the named insured
  - Volunteer workers of the named insured

Business Auto Policy (BAP)

Why the need for a business auto policy?

- Delivery with a pickup truck, van, or SUV
- Livery with any vehicle type
- Individually owned P/U or van over 9,999 pounds GVW and no ISO symbol
- Vehicle is owned by an entity (corp., LLC, etc.)
- Vehicle is leased to someone other than owner
  - Leasing business
- Fleet = 5 or more power units



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Symbols

- These dictate what vehicles are covered on BAP
- The MA personal auto parts 2-12 cover any auto

Symbol	Vehicle	Symbol	Vehicle
1	Any auto for liability	6	Owned for uninsured
2	Owned – BI/PD & physical damage	7	Listed for BI/PD & physical damage
3	Owned private passenger for BI/PD & physical damage	8	Hired – BI/PD – rented, hired or borrowed for business trip
4	Owned other than private passenger for BI/PD	9	Non-owned – BI/PD – vicarious liability
5	Owned for no fault laws		

ITEM TWO
SCHEDULE OF COVERAGES AND COVERED AUTOS

This policy provides only those coverages where a charge is shown in the premium column below. Each of these coverages will apply only to those "autos" shown as covered "autos." "Autos" are shown as covered "autos" for a particular coverage by the entry of one or more of the symbols from the COVERED AUTOS Section of the Business Auto Coverage Form next to the name of the coverage.

COVERAGES	COVERED AUTOS (Entry of one or more of the symbols from the COVERED AUTOS Section shows which autos are covered autos)	LIMIT	PREMIUM
Compulsory Bodily Injury		$20,000 each person $40,000 each accident	
Personal Injury Protection		$8,000 each person	
LIABILITY INSURANCE			
COVERED "AUTOS" Optional Bodily Injury	7, 8, 9	$ each person $ each accident	
Property Damage (Compulsory Limit $5,000)	7, 8, 9	$ each accident	
Liability		$ each accident	
Medical Payments		$ each person	
Uninsured Motorists (Compulsory Limits - $20,000/40,000)		$ each person $ each accident	
Underinsured Motorists		$ each person $ each accident	

Table continued on next page.

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Newly Acquired Autos

- **Symbols 1, 2, 3, 4, 5, 6, 19**
  - New vehicles covered
  - Until policy expiration date
- **Symbol 7**
  - New vehicles covered…if
    - Cover all owned autos for that coverage
    - Replacement vehicle has same coverage for vehicle it replaced
    - 30 day window to endorse the policy for coverage

Symbol 7 activates all coverages				
Vehicle 1	**Vehicle 2**	**Vehicle 3**	**Vehicle 4**	**Vehicle 5**
Liability	**Liability**	**Liability**	**Liability**	Yes
Med Pay		**Med Pay**		No
Coll	**Coll**			No
Comp		**Comp**	**Comp**	No
UM	**UM**	**UM**	**UM**	Yes
PIP	**PIP**	**PIP**	**PIP**	Yes

Currently Owned

Symbol 7 activates all coverages					
Vehicle 1	Vehicle 2	Vehicle 3	Vehicle 4	Vehicle 5	Vehicle 6
Liab	Liab	Liab	Liab		No
MP		MP			No
Coll	Coll				No
Comp		Comp	Comp	Comp	No
UM	UM	UM	UM		No
PIP	PIP	PIP	PIP		No

Currently Owned

Symbol 2 activates all coverages					
Vehicle 1	Vehicle 2	Vehicle 3	Vehicle 4	Vehicle 5	Vehicle 6
Liab	Liab	Liab	Liab		Yes
MP		MP			Yes
Coll	Coll				Yes
Comp		Comp	Comp	Comp	Yes
UM	UM	UM	UM		Yes
PIP	PIP	PIP	PIP		Yes

So if symbols 1-6 & 19

- Any new vehicle purchased
- Has any coverage on the policy

BAP Miscellaneous

- **Covered Pollution** – coming from parts of the vehicle needed to operate the vehicle and after a covered accident : engine oil, transmission fluid (not what the vehicle is hauling-need pollution liability coverage endorsement)
- LongHaul Truckers had to swerve to avoid a deer and tipped over. All of the following would be covered, except?
  - Number 2 heating oil
  - Engine oil
  - Transmission fluid
  - Windshield washer fluid

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ENDORSEMENTS)

Drive Other Car endorsement (DOC)

- This endorsement is used when the policy is issued to an entity
- Will cover an employee who does not have a family or personal auto policy.
- The employee is covered as an insured under the BAP while driving a company covered auto.
- The DOC endorsement will protect him or her and resident spouse when driving a car not covered under the employer's policy

Individual Named Insured endorsement

- This endorsement is used when the policy is issued to an individual
- Will cover an employee who does not have a family or personal auto policy.
- The employee is covered as an insured under the BAP while driving a company covered auto.
- This endorsement will protect him or her, resident spouse and family members when driving a car not covered under the employer's policy

Who is an Insured?

1. YOU for any “covered auto”
2. Permissive users for covered autos (employee)
3. Vicariously liable for actions of insured to another injured party 

Who is an Insured (liability)?

Others vicariously liable for actions of an insured

- General contractor is covered on the subs policy when the sub injures someone or something while working on behalf of the general contractor
- Additional Insured MM 99 50
  - Can name anyone
  - Premium charge
  - Carrier approval

Policy Language: Anyone liable for the conduct of an "insured“ described above but only to the extent of that liability.

Who is not an Insured?

Others Not insureds when

1. They own the auto that YOU borrowed or rented (Enterprise, Avis, Budget)
2. Employee using their vehicle on agency behalf (Need Employee as Insured End. to stop subrogation to employee)
3. Garage type business (Almost Fixed It)
4. Non-employee, partner, lessee when loading or unloading (someone's loading my truck, not me)
5. Partners or members using their own vehicle or HH member vehicles (need their own policy)

Who's an insured?

	Named Insured	Automatic			
MAP	Listed on the declarations	Household members	Permissive users		
BAP	Listed on the declarations	Permissive Users	Those vicariously liable: GC responsible for a sub-contractor.		
HO / CPL	Listed on the declarations	Resident Relatives	Those under 21 in your care	Kids away at college under 24 years old	Caring for pet or using covered watercraft not in the business
CP/CGL	Listed on the declarations	Employees	Real Estate Managers	Volunteers	
BOP	Listed on the declarations	Employees	Real Estate Managers	Volunteers	

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BAP more

- **Mobile equipment** (MM 20 11)
  - Schedules certain equipment not considered autos onto the BAP (covered on the CGL or BOP)
  - Items typically that are not registered for road use or are not required to be registered like sidewalk snow throwers which are excluded from the CGL



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Mobile Equipment

(1) Bulldozers
(2) Forklifts
(3) Caterpillars
(4) Bobcats
(5) Farm machinery
(6) Vehicles used off public roads.
(7) Vehicles that travel on crawler treads
(8) Vehicles, self-propelled not (trailers), maintained primarily to provide mobility to work tools

Designed for off road use.

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Which of the following is not mobile equipment?

a. Bulldozer

b. Dump truck used only on the premises

c. Road grader

d. Riding snow removal equipment

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More Auto



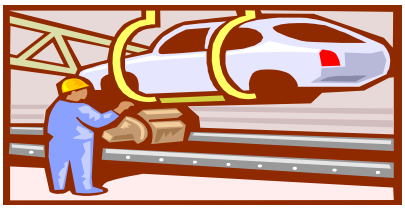
- **Auto Dealer and Garage Policy Coverage**
  - Auto Exposures
    - For owned autos liability and physical damage coverage
    - For mechanics causing damage to others using customer vehicles
    - For customer vehicles damaged while in the c.c.c. of the mechanic (bailee coverage, fell off the lift)
  - GL exposures
    - Premises & Operations
    - Products & Completed Operations
    - Personal & Advertising Injury
    - Medical Payments to Others



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Commercial Inland Marine

- **Bailee**
  - C.C.C. for a fee
  - Drycleaner
  - Auto mechanic

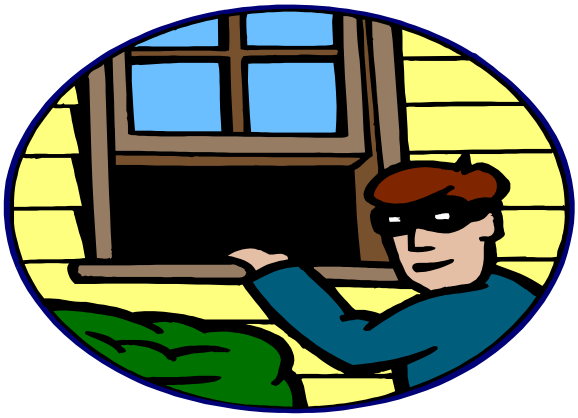


- **Installation floater**
  - Covers insureds property until it's someone else's
  - Large machine for customer needs to covered from the plant (100' from premises) where made until installed and accepted by purchaser

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Crime

- **Burglary**
  - Visible signs of forced entry
  - Objects
- **Robbery**
  - Face to face confrontation
  - People
- **Theft**
  - Includes burglary & robbery
  - Gone



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An insured has a safe burglary policy and someone breaks into the building and forces the guard to get the combination and open the safe. The items stolen would be?

a. covered as burglary

b. not covered — No damage to the safe

c. covered less deductible

d. covered as robbery



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Loss Sustained Form vs. Discovery Crime Forms

Loss Sustained Form covers

- Losses that are sustained during the policy period and
- Discovered within 1-year of the policy expiration.
- If coverage is renewed or is replaced with new coverage, this 1-year extended period to discover loss terminates.

Discovery form

- Functions similar to the Claims-Made GL form and
- Loss must occur on or after a retroactive date and
- Be discovered during the discovery form policy period, or
- Within **60 days** of its expiration.

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Crime - more

- **Custodian**
  - Inside
  - Employee
- **Messenger**
  - Outside
  - Employee

The insureds sister visits the store and is asked to take a deposit to the bank. On the way she is robbed. This would be?

a. Robbery inside
b. Robbery outside
c. Not covered
d. Theft

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Other crime coverages

- **Kidnap and Ransom**
  - Can cover monies to be paid and travel for someone recovering the person (ie: Global Rescue)
- **Extortion**
  - Can cover money and other property
  - When a threat is made



©Marshall Katz

Equipment Breakdown

- **Old term – Boiler & Machinery (B & M)**
- **High pressure vessels**
  - Steam boiler
  - Air conditioner system (i.e.: Trane)
  - Many more categories
- **Covers**
  - The vessel
  - Physical damage to building and contents
  - Liability
  - Expediting expenses $25,000
  - Accidents from disintegration not breakdown

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Businessowners (BOP)

- **Small business situations**
- **Set up like the HO forms**
  - Section I Property
  - Section II Liability





- **Eligibility**
  - Apartment buildings – no size limit
  - Office buildings – 6 stories
  - Drugstores, barber/beauty salons, bookstore, bakery
- **Not eligible**: contractors, banking businesses, car dealers, amusement park and in general…large businesses

©Marshall Katz

All of the following are eligible for a BOP except?

a. Tavern

b. Amusement Park

c. Bakery

d. Barber shop

Looking for any large business as the answer

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Businessowners (BOP)

2 peril forms

1. **Standard perils**
   a. Fire, lightning, EC, v & mm, sprinkler leakage, volcanic eruption
   b. Same as basic form CPP

2. **Open (all-risk)**

©Marshall Katz

Businessowners (BOP)

Eligibility

What is the maximum number of employees for a fast food restaurant?

a. 25
b. 50
c. 70
d. 100

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DP	DP-1 Basic	DP-2 Broad	DP-3 Special Open on bldgs. Named on contents
HO	HO-2 Broad	HO-3-Special Open on bldgs. Named on contents	HO-5 Special Open on everything
CP	Basic	Broad	Special
BOP	Standard	Special	

BOP Options to Purchase

- **Both forms**
  - Employee dishonesty, signs $2,500 detached, $1,000 attached, equipment breakdown (B&M), earthquake
- **Standard Form**
  - Burglary & Robbery
    - Named peril crime
- **Special Form**
  - Money & Securities
    - Open peril "all risk"



Section II / Liability Coverage

- Same as CGL
- **Medical payments are also included**
  - Reported within 1 year of the date of the accident. (CGL 1 year)
  - The medical payment limit begins at $5,000per person
- **Damage to premises rented to you limit is $50,000. (CGL $100,000)**
- Supplementary payments are also provided by the liability section

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CPP	BOP
• Basic	• Standard
• Broad	• Special
• Special	• Replacement cost
• ACV	• Business Income
• Business Income	– Included
– Endorsement	– No co-insurance
– Co-insurance	– Actual loss 12 months
• Extra Expense	• Extra Expense
– Endorsement	– Included
• $250 deductible	– Actual loss 12 months
	• $500 deductible

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Automatic Increase – Inflation Guard

- $100,000 building
- Loss 150 days into the policy
- How much coverage is on the building in addition to the $100,000 if 8% added

- 100,000 X .08 = 8,000 (annual increase)
- ÷ 365 = 21.92/day (diem)
- X 150 = 3,288 added to $100,000

©Marshall Katz

BOP Endorsements

- **Spoilage Coverage**
  - 2 causes of loss
    - Breakdown, or
    - Contamination and power outage
- **Hired and Non-Owned Auto**
  - When insured does not have a BAP
  - Like symbols 8 & 9 on BAP
- **Protective Safeguards (next slide)**
- **Utility Services (next slide)**

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Protective Safeguards Policy Credit

- What peril is this dealing with? Fire
- How many hours can the sprinklers be shut off before notifying the insurance company? 48

©Marshall Katz

Utility Services Endorsements

- **Needed for power failure off-premises**
  - Utility services – water, gas, electric, cable
- **Time element** endorsement
  - Loss of use & income
  - Like when a Halloween store is not open at Halloween
- **Direct damage** endorsement
  - Loss of property (florist shop for wilted flowers)



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POLICY NUMBER:

COMMERCIAL PROPERTY
CP 15 45 10 12

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

UTILITY SERVICES – TIME ELEMENT

This endorsement modifies insurance provided under the following:

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
EXTRA EXPENSE COVERAGE FORM

SCHEDULE

Premises Number	Building Number	Utility Services Limit Of Insurance	Enter "X" for each applicable property.					
			Water Supply Property	Waste-water Removal Property	Communication Supply Property (including overhead transmission lines)	Communication Supply Property (not including overhead transmission lines)	Power Supply Property (including overhead transmission lines)	Power Supply Property (not including overhead transmission lines)
		$						
Causes Of Loss Form Applicable:								

All of the following are options. Except?

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A Business Owners Policy covers all of the following losses, EXCEPT:

a. Medical payment claims submitted within three years of the accident

b. Fire legal liability up to the policy's sublimit

c. Host liquor liability losses

d. Bodily injury to others suffered on the premises

©Marshall Katz, MS

Medical Payments

CPL	**3 years**
HO	**3 years**
MAP	**2 years**
CGL	**1 year**
BOP	**1 year**

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Farm Coverage

- Coverage A Dwelling
- Coverage B Private Structures
- Coverage C Stuff
- Coverage D Loss of Use

HO Section I

- Coverage E Scheduled Farm Stuff — Big items
- Coverage F Unscheduled farm Stuff — Small items
- Coverage G Farm Structures — Barns, silos, etc.
- Coverage H BI / PD Liability — Premises / Operations
- Coverage I Personal & Advertising Liability
- Coverage J Medical Payments to Others

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Other Farm Stuff



- **Mobile Agricultural Machinery & Equipment**
  - Tractors
  - Trailers
- **Which of the following newly acquired livestock would not be covered under the Livestock Coverage Form within 30 days?**

a. Cows
b. Horses
c. Chickens
d. Hogs

2 legs and is considered poultry – livestock have 4 legs

©Marshall Katz

Farm Forms

- Basic
- Broad
- Special

Like CPP



©Marshall Katz

Ocean Marine

- Open Cargo Coverage – covers any shipment
- Trip Transit Coverage – covers 1 shipment
- **Perils Covered**
  - **– Of the Sea**
    - External of the ship
    - Storm, running aground
  - **– On the Sea**
    - Internal of the ship
    - Fire, explosion
  - **- Jettison**
    - Legal throwing overboard of cargo
  - **- Barratry**
    - Illegal act of the captain or crew



Fire aftermath aboard a cargo ship carrying 4,000 Volkswagen Group vehicles: The Felicity Ace, which was en route to a Rhode Island port from Emden, Germany, sank about 250 miles off the Azores Islands as it was being towed, MOL Ship Management in Singapore said in a statement. Port officials said some of the vehicles are electric and their lithium-ion batteries made a fire aboard the ship difficult to extinguish. The ship caught fire Feb. 16 and was abandoned at sea. Listed among the ship's cargo are 1,100 Porsches, 189 Bentleys plus an unspecified number of Lamborghini and Audi vehicles.



LCS2 - Pirate Catcher

©Marshall Katz

Nationwide Marine Definition

- **Specifies property types that may be insured on inland marine and ocean marine insurance forms.**
- **Property usually is moveable, in transit, or has some relationship to transportation or communication.**

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This definition applies to Inland and Ocean Marine exposures and recognizes the following classes of property as those eligible to be covered by some sort of marine insurance:

1. Imports (i.e., Ocean Marine)
2. Exports (i.e., Ocean Marine)
3. Domestic shipments (i.e., railroads, ships, autos, barges)
4. Instrumentalities of transportation and communication (i.e., municipally owned bridges, tunnels, pipelines, power transmission lines, and radio and TV equipment)
5. Personal property risk floaters (i.e., Personal Article, Personal Effects, Personal Property)

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National definition of marine insurance, all would be included EXCEPT?

A. Domestic goods

B. Building alterations materials

C. Communication

D. Imports

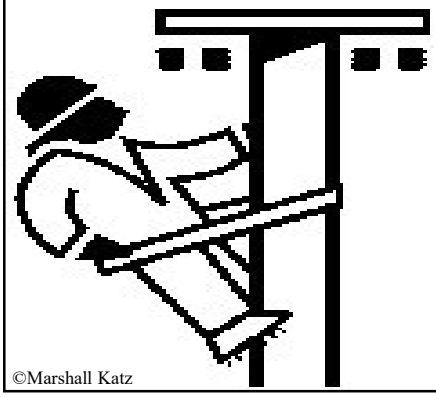
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LIQUOR LIABILITY

- "dram shop" liability, this is a commercial liability coverage that is needed by anyone involved in
- the manufacturing, distributing, sales or supervising of alcoholic beverages
- per occurrence/aggregate limit basis
- provides coverage for a bar owner who serves alcohol to a customer and
- the impaired bar customer injures a third party once leaving the bar
- excluded on the CGL unless not in the business of serving, selling, etc
- excluded on the BOP unless not in the business of serving, selling, etc.

Workers Compensation







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Workers Compensation

- **In the past employees had to sue the employer for compensation under common law, then**
- **The employer can use the 3 Common Law Defenses to defend itself**
  1. Employee was negligent (using cell while driving)
  2. Fellow employee was negligent (they hurt the fellow employee so sue them not the boss)
  3. Employee assumed the risk (any job has some risk)

©Marshall Katz

Workers Compensation

- **1917 – No Fault Coverage**
- **State Mandated Laws = Compulsory**
- **Voluntary Laws = Elective**
- Workers compensation coverage is considered the exclusive remedy to prevent employers from being sued for work related injury or illness
- Self insurance is allowed if;
  - Employer has been in business for 5 years, and
  - Purchases a surety bond
- **Some states today allow an employee to opt-out of being covered by workers compensation and to bring a common law suit against the employer**

©Marshall Katz

Who is required to be covered by workers compensation?

- Wage and salaried employees
- Domestics working 16 hours or more per week

Who is not required to be covered by workers compensation?

- Sole proprietors and partners
- LLC members and LLP partners.
- Corporate officers who own at least a 25% interest in the corporation (if they file an exemption).
- Independent contractors.
- Domestic workers who work less than 16 hours per week

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SOURCES OF WORKERS' COMPENSATION COVERAGE

- All States require an employer to demonstrate his or her financial ability to pay for injuries to employees.

Methods available to employers in which to prove the required financial responsibility include:

(1) purchasing private insurance coverage from an insurer;

(2) securing insurance from an assigned risk plan;

(3) securing coverage through a State fund (i.e., whether a competitive or monopolistic State fund);

(4) self-insuring by posting a bond, cash or securities with a particular State (an entity must be in business for five years before it is allowed to self-insure); or

(5) purchasing excess insurance. The most common method used is the purchasing of private insurance from a Workers' Compensation carrier.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY — **WC 00 00 01 A**
Original Printing — *Issued May 1, 1988* — **Standard**

INFORMATION PAGE

Insurer: Policy Number:

1. The Insured: Katz Wood Inc
   Mailing address: Rochdale MA
   Other workplaces not shown above:
   _____ Individual _____ Partnership
   XX Corporation or _____
2. The policy period is from 9/6/2026 to 9/6/2026 at the insured's mailing address.
3. A. Workers Compensation Insurance: Part One of the policy applies to the Workers' Compensation Law of the states listed here: All except NOWW
   B. Employers Liability insurance: Part Two of the policy applies to work in each state listed in Item 3. A. The limits of our liability under Part Two are:
   Bodily Injury by Accident $100,000 each accident
   Bodily Injury by Disease $500,000 policy limit
   Bodily Injury by Disease $100,000 each employee
   May be higher.
   C. Other States insurance: Part Three of the policy applies to the states, if any, listed here: All except NOWW
   D. This policy includes these endorsements and schedules: Jones, Foreign
4. The premium for this policy will be determined by our Manuals of Rules, Classifications, Rates and Rating Plan. All information required below is subject to verification and change by audit.

Classifications	Code No.	Premium Basis Total Estimated Annual Remuneration	Rate Per $100 of Remuneration	Estimated Annual Premium

Total Estimated Annual Premium $

Minimum Premium $1.95 Expense Constant $

Countersigned by _____

© 1987 National Council on Compensation Insurance

Workers Compensation Policy Part 1 Coverage

- **Covers workers while under the direction of the employer.**
  - Union carpenter cuts hand off while using a saw working for the union boss.
  - Sales person injured while in the company car doing sales calls
- **Does not cover the employee while moonlighting (doing the same job as side work).**
  - Union carpenter cuts hand while using a saw working for the household boss.
  - Sales person injured while in the company car going to the market for the spouse

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Workers Compensation Policy Part 1 Coverage

1. **Statutory Coverages Part 1 (DRMD)**

Disability - pays cash wages, temporarily, permanently, totally or partially many derivatives

Rehabilitation for injury or re-train for a new job type

Medical – unlimited and necessary expenses

Death benefits for survivors - pays funeral and weekly benefits

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Workers Compensation Policy Part 2 Coverage

2. Employers Liability Part 2

a. 3rd party legal suits

b. Parents suing for loss of child, etc.

c. $100,000/accident, $500,000 aggregate, $100,000/disease starting limits

d. Can increase limits

e. 4 types of coverage (3c's) next slide…

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Workers Compensation Policy Part 2 Coverage

2. Employers Liability Part 2

d) 4 types of coverage (3c's)

a. 3rd party action over (ladder mfg. sues employer after employees family sues ladder manufacturer as employee was allowed to use the ladder incorrectly)

b. Employer dual capacity (the employer made a ladder employee got hurt using that was made incorrectly)

c. Consequential injury to 3rd party (spouse had a stroke from worrying over their spouses injury or disease)

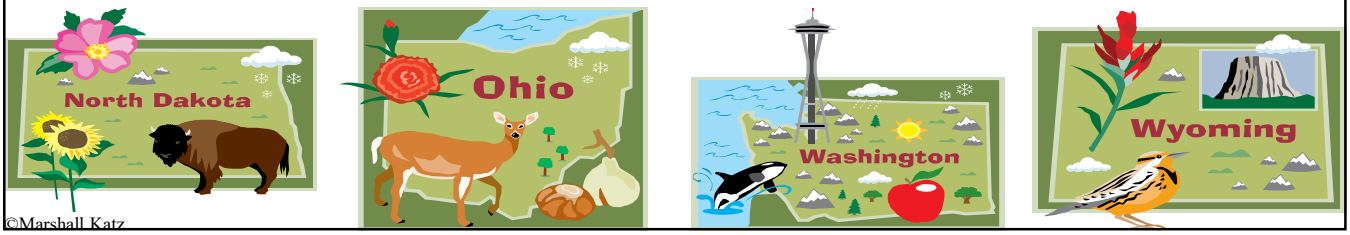
d. Care & loss of services (Duhhhh)

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Workers Compensation Policy Part 2 Coverage

2. Other States Part 3 C

a. Lists states for 3A Benefits and 3B Liability
b. Optional
c. Need to list other states do work in at once
d. 30-day grace period from the policy effective date
c. Monopolistic States – the state sells insurance
NOWW - ND, OH, WA, WY



©Marshall Katz

Which is an exclusion under Part Two of the Workers Compensation and Employers Liability Policy?

a. Care and loss of service
b. Consequential injury to a spouse of the insured worker.
c. Actions brought against the insured in a capacity other than as an employer
d. Injury occurring to an employee who is permanently assigned to work outside the State not listed on the policy

©Marshall Katz

Policyholder's Name: The Cabinet Making People — Effective: 04/28/2007 Quoted: 04/28/2007

Factors and Rating Criteria:

Employer's Liability Limits:	100/500/100
Experience Mod:	1
ARAP:	1

Classifications and Related Information:

Class Code and Description:	Payroll:	Rate:	Empl:	Premium:
5437 - CARPENTRY-INSTALL CABINET OR INSIDE TRIM	$50,000	6.88	1	$3,440
8810 - CLERICAL OFFICE EMPLOYEES NOC	$25,000	0.15	1	$38
8742 - SALESPERSON,COLLECTOR,MESSENGER-OUTSIDE	$100,000	0.29	1	$290
7380 - DRIVERS AND HELPERS-NOC-COMMERCIAL	$25,000	7.13	1	$1,783

Estimated Premiums and Adjustments:

Total Manual Premium:	$ 5,551
Unmodified Premium:	$ 5,551
Total Modified Premium:	$ 5,551
Total Estimated Standard Premium:	$ 5,551
ARAP:	$ 0
Expense Constant:	$ 284
Terrorism Charge:	$ 60
Assessment:	$ 233
Total Estimated Annual Premium:	$ 6,128

Premiums based on:
a. type of work
b. all payroll
c. per $100 of payroll

Your Total Estimated Cost is: $6,128
Down Payment: $1,838

This is for Quote purposes only. All Applications are subject to Prevailing Rates,

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Workers Compensation Endorsements

- **Voluntary Compensation Endorsement**
  - For state exempt workers (domestic, casual)
  - Domestic = house help
  - Casual = independent contractors
- **Subsequent Injury Fund**
  - For previously injured employees when
  - They have a second injury leading to permanent total disability
  - To draw benefits so that current new employer is not penalized

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What type of loss experience is reflected by an experience modification factor of 1.25 ?

a. Higher than average
b. Lower " "
c. Average
d. Severe

Average = starting rates

Lower = good loss ratios

Higher = bad loss ratios

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Workers Compensation Endorsements

- **Federal Employers Liability Act (FELA)**
  - For railroad workers to take legal action against the railroad as a result of their injury or death.
  - This law is not applicable to U.S. postal workers
- **US Longshoremen & Harbor Workers**
  - Employee works on the dock
  - Employee works on offshore rigging
  - Not for members of the US Navy
- **Jones Act**
  - Employee works on the ship

- **The boat manufacturer sends the lead engineer with the new ship for its maiden voyage.**
- **The engineer needs to be covered while at sea.**

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How long are children of an injured worker paid through Workers' Comp as a result of the death of their father on the job?

a. Until 18 or out of college
b. Forever
c. Only if spouse is already deceased
d. Never, only spousal benefits provided

The law says "Children are eligible only if they are under age 18, are full-time students or are unable to work because of physical or mental disabilities".

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Bonds

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The Surety is
Obliged to indemnify the obligee
against acts of the
Principal

Bonds

Fidelity

Surety	ABC Insurance Co.
Obligee	1st National Bank
Principal	Teller

Surety

Surety	ABC Insurance Co.
Obligee	City
Principal	Contractor

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If Jim a teller for the Mutual Savings Bank is found to have stolen deposits from the ATM machine, how will the employee bond respond?

a. Surety indemnifies the principal

b. Principal indemnifies the obligee

c. Obligee indemnifies the principal

d. Surety indemnifies the obligee

©Marshall Katz

The relationship between an insurer and an insured is most like which of the following?

a. Principal / Obligee

b. Principal / Surety

c. Obligee / Surety

d. Surety / Obligee

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Surety Bonds

- **Contract Bonds**
  - **Bid bonds** – provide protection for the party requiring a bid. The bond will cover the difference in bids from the low bid to the next higher bid should the contractor not enter into the contract.
  - **Performance bonds** - provide protection for the party hiring the contractor. The bond will cover the difference in bids from the low bid to the next higher bid should the contractor not finish the project.

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More Bonds

- **Judicial Bonds** – issued due to court requirements such as executor of an estate or bail bonds
- **Fidelity Bonds -** Protect an employer from their employee
  - Individual Bond – covers named employee
  - Scheduled Bonds
    - Named schedule covers those employees named
    - Position schedule covers those positions named
  - Blanket Bonds – covers everyone (like blanket CP)

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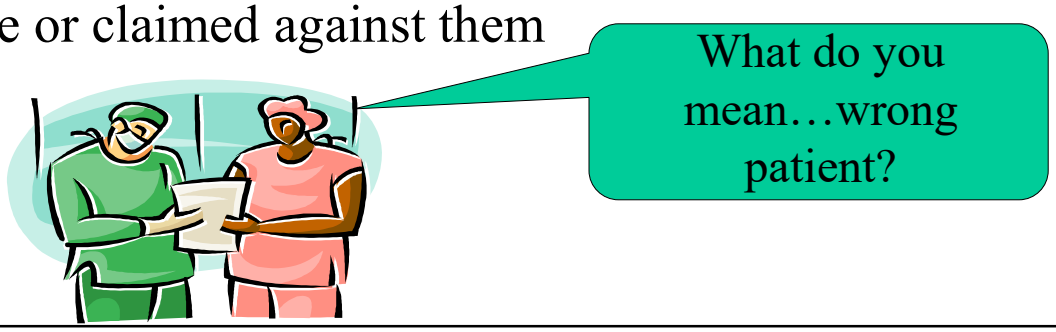
Professional



©Marshall Katz

Professional

1. Not covered under the CPL, HO, BOP
2. Not excluded by the CGL but a usually added endorsement will exclude coverage
3. Insureds need to buy a separate policy when a mistake is made or claimed against them



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Professional

- A customer calls the office to add a new Escalade to the policy and states they don't want Collision or Comprehensive on the policy.
- A week later they call to report an at-fault collision loss and you tell them they didn't purchase coverage
- They insisted they did and
- The agency has nothing in writing indicating otherwise
- Oops it's an E & O Errors & Omissions claim

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Professional

Jim walks into his doctors office for an appointment and trips over the rug and gets hurt and has to go the hospital. What policy will cover Jim's medical costs?

a. The doctors BOP

b. The doctors malpractice policy

c. The doctors office policy

d. The doctors workers compensation policy

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Professional

Jim walks into his doctors office for an appointment and the doctor cuts the wrong body part. What policy will cover Jim's medical costs?

a. The doctors BOP

b. The doctors malpractice policy

c. The doctors office policy

d. The doctors workers compensation policy

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Commonly in professional liability policies, if 2 errors resulted in several claims each, the deductible would be applied to:

a. Each Claim
b. Each Error
c. Each Claimant
d. Total Claim Amount

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DIRECTORS AND OFFICERS (D & O))

- liability protection to a corporation director or officer
- due to an officer's errors and/or omissions
- legal suits by stockholders or others arising out of mismanagement.

FIDUCIARY LIABILITY

- to protect an employer they fails to perform fiduciary duties when managing pension plan funds
- a fiduciary is one who is in a position of trust

EMPLOYMENT PRACTICES LIABILITY

- protects an employer if sued by an employee for claims
- alleging wrongful termination, unfair discrimination and sexual harassment, etc.

Umbrella & Excess

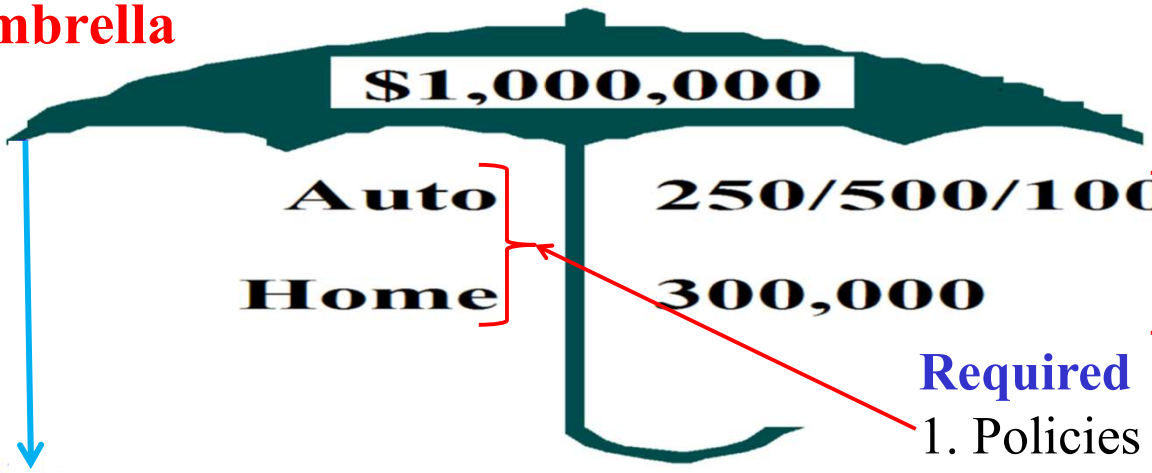


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Umbrella Policy

- A policy that provides excess limits over required underlying limits and
- Some broader coverage not provided in the required underlying policy but is covered in the umbrella minus a Self Insured Retained (SIR) amount, for example:
  - The MAP only gives US, US Possessions and Territories, Puerto Rico and Canada
  - The umbrella policy could state the territory as worldwide giving broader auto coverage

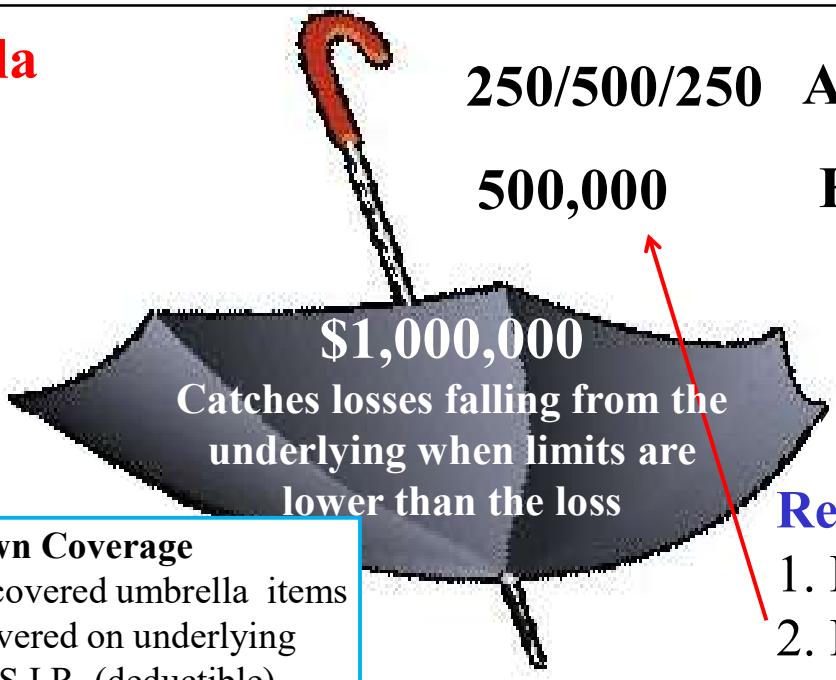
Umbrella



Required
1. Policies
2. Limits

Drop Down Coverage
- Not covered by underlying, but
- Is covered by the umbrella
- Minus S.I.R. (deductible)

Umbrella



250/500/250 Auto

500,000 HO

Required
1. Policies
2. Limits

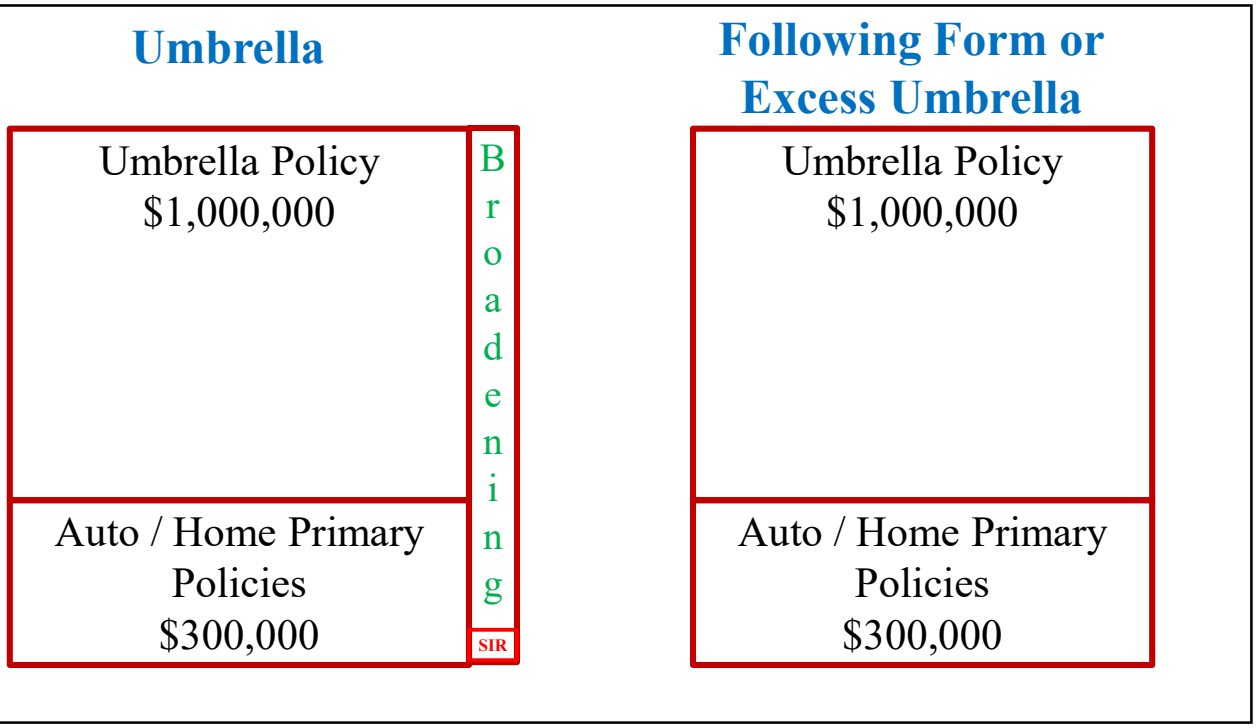
Drop Down Coverage
- Other covered umbrella items
- Not covered on underlying
- Minus S.I.R. (deductible)

Excess Policies

- Can be just mono-lined focused providing additional liability coverage over one type of coverage; Ie: GL, Auto, Etc. and
- Can be just following form of the underlying with no broadened coverage, for example:
  - The MAP only gives US, US Possessions and Territories, Puerto Rico and Canada
  - The umbrella could be the same territory
  - Not broader like an umbrella



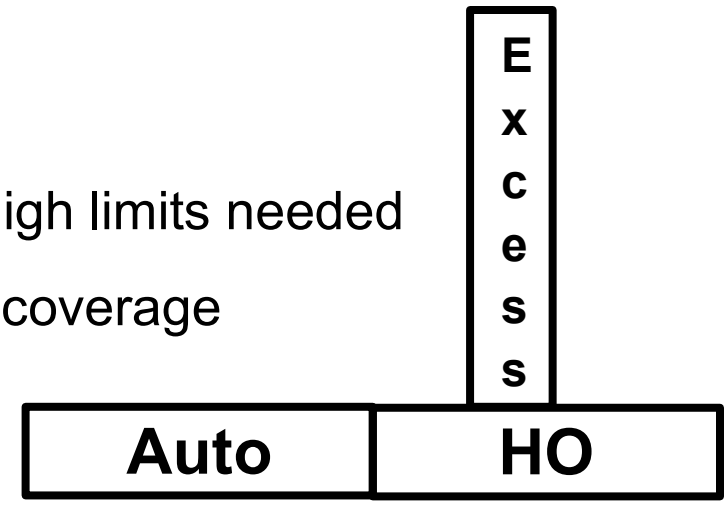
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Excess Only Policy

Characteristics

- Higher limits only
- Buffer layers when high limits needed
- Often for one line of coverage



Someone has an umbrella policy for $1,000,000 with a $10,000 retention and an underlying policy for $1,000,000. If there is a total covered loss on both the primary and umbrella of $1,500,000, how much will the umbrella policy pay?

a. $480,000

b. $490,000

c. $500,000

d. $510,000

- The primary policy pays 1st the $1,000,000 and
- Then the umbrella policy pays 2nd the full $500,000 claim balance
- No SIR by the insured

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Someone has an umbrella policy for $1,000,000 with a $10,000 retention and an underlying policy for $1,000,000. If there is a total loss of $1,000,000; how much will the umbrella policy pay if the underlying does not cover the loss but the umbrella does?

a. $1,440,000

b. $ 990,000

c. $1,000,000

d. $1,500,000

- The primary policy does not pay and
- Then the umbrella policy pays $990,000 after
- The insured pays their $10,000 SIR

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Umbrella SIR

Covered by underlying

- Underlying pays 1st
- Umbrella pays after the underlying if a covered umbrella claim
- No SIR applies to the insured

Not covered by the underlying

- So, no underlying payment
- Umbrella pays if a covered umbrella claim
- SIR applies to the insured

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National Flood Insurance Program (NFIP)

- Administered by the Federal Insurance and Mitigation Administration (FIMA) which is part of the Federal Emergency Management Agency (FEMA)
- Policies can be written directly with the NFIP or through a "write your own" insurance company that merely services for the NFIP and receives a payment
- All policy forms and rates (subject to zone) are the same throughout the country for the NFIP
- A community needs to be eligible by complying with FEMA (dams, levies, walls, building) for insureds to purchase an NFIP policy

Who sells flood coverage policy?

a. Any city or town in MA

b. The state in which someone resides

c. An insurance company

d. A federal assistance program

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National Flood Insurance Program (NFIP)

- Coverage A Dwelling (real) (maximum $250,000 dwelling form)
- Coverage B Contents (stuff inside a building at that location) (maximum $100,000)
- Additional coverages
  - Sandbagging property when a flood is eminent in the area $1,000, no deductible and
  - Moving property to protect it from loss when a flood is eminent in the area $1,000, no deductible

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Coverage Limits Available from the NFIP

	EMERGENCY Program	Basic Limits	Additional Limits	Total Limit Available
BUILDING COVERAGE				
Single Family	$ 35,000 *	$ 60,000	$190,000	$250,000
2-4 Family	$ 35,000 *	$ 60,000	$190,000	$250,000
Other Residential	$100,000**	$175,000	$325,000	$500,000
Non-Residential	$100,000**	$175,000	$325,000	$500,000
CONTENTS COVERAGE				
Residential	$ 10,000	$ 25,000	$ 75,000	$100,000
Non-residential	$100,000	$150,000	$350,000	$500,000

* In Alaska, Guam, Hawaii, and U.S. Virgin Islands, the amount available is $50,000.
** In Alaska, Guam, Hawaii, and U.S. Virgin Islands, the amount available is $150,000.

Residential Condominium Building Association Policy – up to $250,000 per residential unit

More NFIP



- Flood defined – 2 conditions
  - General = large area
  - Temporary = water recedes
- Deductibles - $1,000 (applies separately to building and contents)
- Qualified flood area – anywhere except some Coastal Barrier Resource Areas (CBRA) defined properties
- Waiting period for new policy – 30 days, except when there's a federal backed mortgage closing

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Which of the following would be covered by a NFIP policy?

a. Lawn furniture in the basement

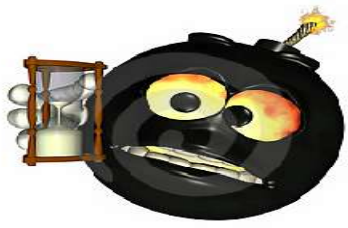
b. Bedroom set in the basement

c. An auto

d. Kitchen appliances

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MA Law



©Marshall Katz

Licenses



- **Producer**
  - Resident licensed in the persons home state
  - Collects a commission
  - Can not charge a fee
  - Non-Resident license to work in another state to transact insurance
  - i.e.
    - Person resides and licensed in MA
    - Works in RI and needs a RI non-resident license
  - An employee that only answers the phone is exempt from licensing requirements

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What is transacting insurance?

- Issuing a policy to a MA resident
- Issuing a policy to a MA business
- Soliciting someone to purchase a policy
- Negotiating a policy of insurance
- Explaining coverage

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Mass. Gen'l Laws Chapter 175 Section 162 allows an unlicensed agency employee to negotiate and solicit insurance while on the premises of the agency so long as the employee is under the immediate supervision of a licensed producer who is also on the agency's premises.

Section 162 goes on to state that any negotiation or solicitation while off of the premises of the agency must be done by a licensed producer.

So an unlicensed employee cannot negotiate or solicit insurance from home or while at the agency without a licensed producer at the agency.

Dan

Daniel J. Foley, Jr., Esq.Vice President of Government Affairs & General Counsel
Mass. Association of Insurance Agents 91 Cedar Street, Milford, MA 01757

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- **Producer**
  - Massachusetts General Laws (MGL) Chapter 175, Section 149R
    - the producer must retain all required transactional, contract, and claims records
    - for at least 1 year after
    - the specified period of coverage has expired

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Licenses

- **Resident Business Entity**
  - Corporation, LLC, Partnership gets a license and
  - It also has to have at least one licensed person
- **Public Adjuster**
  - Represents the policyholder for appraisal process
- **Motor Vehicle Damage Appraiser**
  - Evaluates damage to a vehicle after a loss

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Licenses

- **Advisor**
  - Advises about coverage, policies, companies, etc.
  - Charges a fee
  - Does not receive a commission
  - They are the only ones that can state we advise or counsel
  - Acting as an advisor without a license
    - $500 fine or
    - Prison 6 months or
    - Both

©Marshall Katz

Portable Electronics License

- For vendors that sell portable electronics
- Insurance provides coverage for:
  - Theft
  - Mechanical failure
  - Malfunction
  - Damage
- Fines of $500 per violation or $5,000 aggregate

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Viaticals (Life Settlements)

Player Program

Firm – Provider – Viatee

Policy owner – Insured – Viator

Life Settlement Broker – Negotiator

The broker negotiates a deal for the firm to buy a life insurance policy from the terminally ill policy owner.



©Marshall Katz

- The insured on a $1,000,000 life insurance policy is diagnosed terminal (6 months to live)
- The insured hires a broker to sell his life insurance policy
- A firm provides (provider) gives him $700,000 cash for the policy
- The insured uses the money for the bucket list and
- Dies 6 months after receiving the check
- The firm gets the $1,000,000 as;
  - They are the owner on the policy
  - They are the beneficiary on the policy
  - As long as they continue premiums until the insureds death to keep the policy active
  - They paid the broker something to negotiate the contract
  - Whatever is left is the profit the firm made from helping the insured

©Marshall Katz

Viaticals - more

- Right to rescind by insured (viator) – 15 days
- From the receipt of the loan proceeds
- If insured dies during rescind period – contract is null and void and insureds beneficiary collects proceeds, and
- Payment needs to be made to provider (viatee)
- Monies need to go to a state or federally charted institution trustee or escrow agent then distributed to insured in a lump sum or installments
- Life settlement = sale for any reason
- Viatical = sale for terminal illness

©Marshall Katz

Viaticals - more

- Life settlement = sale for any reason
- Viatical = sale for terminal illness

A terminally ill insured sold his life policy to benefit from a viatical settlement. What will happen?

a. The broker sells their policy to the viator

b. The viator sells the policy to the broker

c. The viator buys the policy from the viatee

d. The viatee buys the policy from the viator

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Temporary Licenses

- **Issued to:**
  - Surviving spouse, or
  - Court appointed person, when
    - Licensed person
      - Dies
      - Becomes disabled and
      - To continue the agency for the benefit of its customers
- **No exam**
- **Issued for 180 days**

©Marshall Katz

License Qualifications

Resident Producer	Non-Resident Producer	Business Entity	Advisor
Live in MA	Licensed in home state	Need 1 person licensed	Show a resume
18 years old	Good standing and an active license	Show articles of incorporation	18 years old
Pass test	Pay license fee	Pay license fee	Pass test
Honest person		$75/member	Honest person
Pay license fee			Pay license fee
3 years - $225 expires on birthday			3 years - $200 expires on date 1st license received

Licenses - More

- **Producer license**
  - 3 years - $225.00 – expires on birthday
  - Additional lines = endorsed on current license
  - **Lapsed license**
    - Before 12 months has gone by – pay the license fee doubled
    - After 12 months has gone by – start over (new test and license)
  - **Fee exemptions**
    - Blind
    - Widow or widower of someone licensed
    - Veteran – need DD-214

©Marshall Katz

Change of address

- Must notify the DOI within 30 days

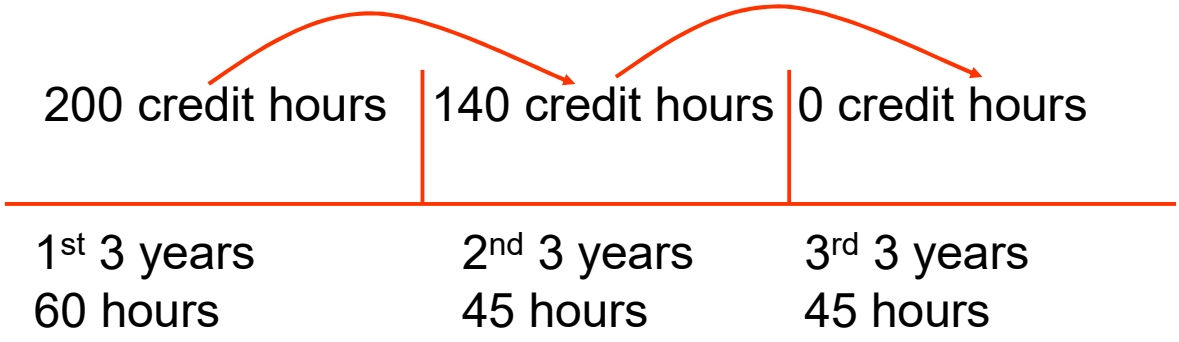
Assumed names or Impersonation

- Must get permission from the DOI before using any name not on the license in question
- Impersonation could be someone claiming to be a producer when they are not or a producer claiming to be a licensed insurance adviser when they are not
- Fine of $100 if not approved

©Marshall Katz

Continuing Education – April 4, 1983

- 60 credits 1st 3-year period
- 45 credits each 3-year period, forever



- Missing CE = license suspended until CE obtained
- Ethics must have every 3 years a 3-credit course.

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Continuing Education Period

- Period measured from when 1st licensed
- To 1st birthday within 3 years
- 1st license issued September 20, 2021
- Birthday September 27, 2021
- So from 9/20/21 – 9/27/23 need 60 credits
- Then every 3 full years while licensed
- So 9/27/23 – 9/27/26 need 45 credits and so on

Create something for your records later in cased asked by the DOI?

Date of course	Name of course	Provider Name	Course location	Course number	Number of credits	CE form received ✓

Keep tabs for each 3-year history and keep files for all the certificates.

©Marshall Katz, MS

Military Discount



- MAIA will provide a 20% discount for all education classes for veterans.
- **Before registering for a class, please contact our Education department at 508-634-2900 to verify your veteran status.**

License Problems (Hearings)

- Commissioner may revoke or suspend a license
  - After a hearing (21-day notice)
  - For cause (larceny, rebating, etc.)
- 3 referees provided at the hearing
- Fine $500 for acting under revoked or suspended license
- Convicted felons (number 6. in the list)
  - May have license issued
  - They need to get permission

©Marshall Katz

License Non-Renewal or Decline

- Notice sent to the applicant in writing by the DOI
- Appeal by the applicant must be requested promptly within 30 days of receipt of the notice from the DOI
- Hearing must be held within 20 days from the receipt of appeal request
- Hearing results notice for suspension or revocation must be sent by DOI within 21 days after the hearing

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Commissioner of Insurance "Superintendent" of Insurance

- Administer insurance laws (legislature makes them)
- Appointed by the Governor
- Issue, suspend and revoke licenses
- Fine for failure to cease and desist
- Attorney General prosecutes
- Approves companies, policy forms and rates to ensure fair and open competition
- Inland marine policies are exempt from form and rate filing
- Domestics
  - Require an affidavit on financial condition
  - Every 5 years
  - Company pays cost of divisions audit

©Marshall Katz

Commissioner - more

- **Reviews insurance companies**
  - Reserves for Life insurers
  - Surplus for P & C insurers

  } Rainy day fund
- **Issues cease and desist orders**
  - For illegal acts or unfair competition after
  - The DOI has received a complaint and had an investigation and
  - Determined the act was willful and had intent and
  - Able to issue a $10,000 fine for each act after cease & desist but
  - Cannot issue a jail sentence

©Marshall Katz

All of the statements regarding the Commissioner of Insurance are true, except?

a. Regulates insurance advertising

b. Promulgates insurance regulations

c. Examines domestic insurance companies

d. Issues cease and desist orders

©Marshall Katz

Harry is found stealing money from the insurance company he represents. Which of the following is true?

a. The Commissioner of Insurance fines him and the Attorney General revokes his license

b. The Commissioner of Insurance revokes his license and the Attorney General issues a cease and desist

c. The Attorney General fines him and the Commissioner of Insurance revokes his license

d. The Attorney General revokes the license and the Commissioner of Insurance arrests him

©Marshall Katz

When the Commissioner of Insurance issues a producer license who is the principal in this relationship??

a. Agency the producer works for

b. Producer

c. Commissioner

d. Insured

©Marshall Katz

When the agency hires a producer who is the principal in this relationship??

a. Agency

b. Producer

c. Commissioner

d. Insured

©Marshall Katz

License Appointments With Companies

- **15-day reporting requirement from when;**
  - New business is written
  - Agency contract is signed
- **Company pays an appointment fee**
- **Termination of appointment by the carrier anytime**
  - Notify commissioner with 30 days
  - Notify agent within 15 days
  - The agent may still get commissions on existing policies until they are cancelled or replaced.

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Who makes the exam questions?

1. Commissioner
2. Committee
3. Prometric Staffers
4. Insurance Professionals

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Unethical Conduct

L&M $1,000 Fine – Others $500

MISREP = 6 Letters = 6 Months Jail
Others 1 Year

Rebating – Fraud – Larceny
Both $ Fine & Jail

Larceny = ? Steal Money →

Rebating – Who Gets The Fine & Jail?
The One Making the Offer & The One Accepting It

©Marshall Katz

Marshall is caught pocketing returned premium checks on his customers cancelled policies. He could get?

a. Fine of $500 and jail of 1 year

b. Fine of $500 and jail of 6 months

c. Fine of $1,000 and jail of 1 year

d. Fine of $1,000 and jail of 6 months

- Stealing money = Larceny
- The money is a fiduciary fund and
- The producers license can be suspended or revoked

©Marshall Katz, MS

Misrepresentation may be considered to be?

a. Telling the insured an accurate overly high price

b. Advertising a false fact that leads someone to purchase a policy

c. Refunding some of the premium to make the policy less expensive

d. Keeping the insureds claim check

©Marshall Katz, MS

Which of the following is true regarding unethical conduct?

a. Misrepresentation carries a $500 fine and 6 months in jail

b. Misrepresentation carries a $1,000 fine and 6 months in jail

c. Misrepresentation carries a $1,000 fine or 1 year in jail

d. Misrepresentation carries a $1,000 fine or 6 months in jail

What is the Maximum penalty a producer could pay for violating insurance regulations?

a. $500

b. $1,000

c. $2,500

d. $7,500



What is the Maximum penalty a producer could pay for violating insurance regulations?

a. $500

b. $1,000

c. $2,500

d. $10,000 ← Pick that for a cease-and-desist order.

All of the following are penalties a producer is subject to if he violates a cease and desist order, EXCEPT:

a. $10,000 fine
b. License suspension
c. License revocation
d. Community service

They (Prometric) have now, on both exams (P&C, LAH), replaced community service with **"Required to take an insurance regulatory course"**

All of the following are penalties a producer is subject to if he violates a cease and desist order, EXCEPT:

a. $10,000 fine
b. License suspension
c. License revocation
d. Required to take an insurance regulatory course

Doesn't mean that community service one will not appear, but he saw the newer version on the Property exam he took in AUG and the Casualty exam he just passed THUR 10/3/2019

©Marshall Katz, MS

Federal law says that you can go to prison for all of the following except:

a. Failure to produce

b. Impersonation

c. Misappropriation of premiums

d. Material misrepresentation

©Marshall Katz, MS

Which of the following could be rebating?

a. Pen with agency imprint

b. Norman Rockwell Calendar with agency name on the cover

c. Leather briefcase with the agency name printed on it

d. Lunch when reviewing policy

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Unethical Conduct

L&M $1,000 Fine – Others $500
MISREP = 6 Letters = 6 Months Jail
Others 1 Year

Rebating – Fraud – Larceny
Both $ Fine & Jail

Larceny = ? Steal Money

The One Making the Offer & The One Accepting It
Rebating – Who Gets The Fine & Jail?

Misrepresentation
Twisting - Most Popular Form
Induce to Lapse a Policy

©Marshall Katz

Someone may be guilty of commingling when?

a. Using customer money to pay utilities
b. Using customer money to go to a casino
c. Using customer money to pay payroll
d. All of the above

Premium Trust Account
- to keep customer money separate
- checks written or electronically swept against the account

©Marshall Katz

False Advertising

Vague, Confusing, Misleading is an unfair trade practice and

The DOI must give a producer a chance to resolve the situation

Advertising copies must be kept by a company for up to……4 years

©Marshall Katz

- **Defamation**
  - Lying about someone or something's character
- **Unfair Discrimination**
  - Using race, color, creed, or marital status in making a rate or
  - Using coercion (a condition of a loan) to purchase a policy or
  - Intimidation or
  - Boycotting
- **Perjury**
  - When making a false statement
  - Such as a signed (claim form)



©Marshall Katz

Unfair Claims Practices

- Pocketing insureds claim checks
- Telling someone not to place a valid claim
- 60 Minutes
  when a camera crew shows up at the office
- The Golden Rule
  do unto others, as you want done unto you
- The Tuna Test
  if it looks bad, smells bad, feels bad… it is probably is bad

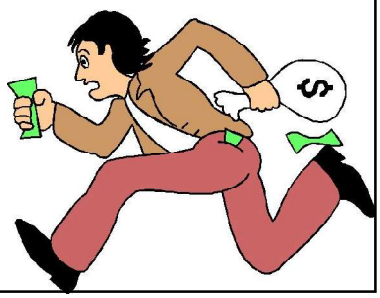
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Embezzlement

– Stealing money from an insurance company

– 5 year jail sentence

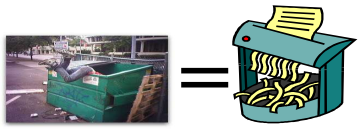
– 15 years jail if company went bankrupt



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INSURANCE INFORMATION AND PRIVACY PROTECTION ACT

- Chapter 175I states that the Insurance Information and Privacy Protection Act brought about by the Gramm-Leach-Bliley Act of 1999 is designed to protect the public against the publishing or making public personal information of an individual.
- Whenever an application is completed,
- A policy is delivered or
- A policy is renewed and
- Personal information is collected from an insured or applicant,
- A written notice should be provided to them.
- At the latest, when new insurance is being sought, this notice must be provided at the time of policy delivery.
- This notice must describe what's collected and to whom it is distributed



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Company contractual relationships with independent agencies

- Must give the agency 180 days notice to cancel contract
- Must renew and write policies during that time
- No time extension if a direct writer agent

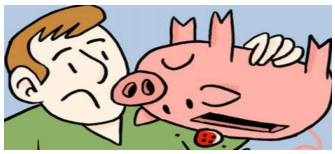
Sharing commissions

- Not allowed with an unlicensed individual
- Allowed if a licensed resident producer

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Insurer Guaranty or Insolvency Fund

- Protects the public when a carrier goes bankrupt
- Funded by all authorized & admitted member insurers
- The maximum benefit is $300,000
- E & S insurers are not under the fund



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Property Insurance

- 12:01 AM standard policy effective time
- Applications are required for new policies
- MA requires use of the 1943 NY Standard Fire policy or an approved equivalent.
- MA provides a 2-year limitation on claim recovery from a 3rd party
- Highly protected risks
  - Buildings with protection systems
  - Burglar alarms, sprinklers, etc.



©Marshall Katz

Cancellation/Nonrenewal

- The insured (not the mortgagee) can request cancellation at any time
- Non-payment to the company: Insured 10 days/mortgagee 20 days
- When policy less than 60 days old company can cancel for any reason: Insured 5 days/mortgagee 20
- When policy older the 60 days can cancel only for;
  - Fraud
  - Material misrepresentation on application
  - Increase in hazard
  - Conviction of crime that increase risk
  - Non-payment of premium

Not claims

- Non-renew notice: MA=45 days, generic 30

The carrier has to provide the DOI with more information when fraud reported.

How many days notice does a company have to give the insured to non-renew the homeowners policy?

a. 10
b. 30
c. 45
d. 60

How many days notice does a company have to give the insured to non-renew MA homeowners policy?

a. 10
b. 30
c. 45
d. 60

©Marshall Katz

generic

10 days

Mortgagee can;
1. Pay premium
2. File a claim

MORTGAGEE NOTICE – If an **insurer cancels** a property insurance policy, it must provide a **mortgagee** or lienholder with ***20 days written notice*** of cancellation. If the insurer intends to **non-renew**, it must provide the **mortgagee** with **10 days** written notice of non-renewal.

MA Amendatory Endorsements

- Changes the ISO generic policies to conform to MA law

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More Property

- **City or town liens**
  - Protection for city or town
  - Claim funds can go into escrow account until insured fixes building or cleans lot
- **Vacancy**
  - Fire or lightning not covered if
  - 1 to 3 family homes after 60 days or
  - 4 or more family homes after 30 days
  - 20-day notice of cancellation when the carrier finds out the building is vacant
- **Loss payment**
  - Company has 30 days to pay claim not generic of 60
  - Measured from receiving proof of loss form and
  - If the building is a total loss, MA law requires the policy limit be paid

MA Property Insurance Underwriting Association?

1. The plan will not write vacant or dilapidated buildings as they inspect all properties.
2. Ther plans purpose is to provide coverage for those unable to get coverage
3. All carriers writing HO insurance participate in the costs
4. Coverage with the Massachusetts Property Insurance Underwriting Association takes effect at 12:01 A.M. on the date the Association receives the application and payment of premium.
5. The policy is written for a period of 12 months

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What is the purpose of the MA Property Insurance Underwriting Association?

a. To charge the consumer more because the property is located on Cape Cod.

b. To provide fair access to insurance requirements.

c. To place impossible to insure properties.

d. To write vacant properties liability only coverage.



Casualty Law

- **Liquor Liability**
  - A needed policy when the business is found negligent in the sale, providing or supervising alcohol, "when in the business" and
  - Injury was sustained and lawsuit brought
  - Separate policy from GL, BOP, Etc.
  - Host liquor (party) is covered in CGL and BOP when not in the business of selling, serving of alcohol
  - Cancellation
    - Non-pay 30 days
    - Other reasons 60 days



©Marshall Katz

Casualty - more

- **Workers Compensation**
  - Lost wages 66 2/3% average weekly wage – permanent disability
  - Lost wages 60% average weekly wage – temporary disability
  - Wages based on last 26 weeks from all sources of income
  - All injuries must be reported to the Division of Industrial Accidents (DIA)
  - Assigned Risk Pool are for hard-to-place risks

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The Workers' Compensation Assigned Risk Plan was created for those that?

a. have employees that do window washing only

b. have employees with physical limitations only

c. have a maximum number of employees set by the state

d. are unable to obtain coverage in the voluntary market

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Workers Compensation

- No payment to the injured worker for the 1st 5 days
- Once the injured worker is out 21 days then payment is made for the 1st 5 days
- Checks must start on the 14th day after injury



©Marshall Katz

MA Auto Policy (MAP)

2015 Lancer Evolution X



©Marshall Katz

- This is not the complete MA Auto Policy (MAP).
- It's only the stuff needed for the Pearson exam per the outline created by the state.
- There is no physical damage questions coming from the MAP.
- The only physical damage questions you will see is from the PAP.

©Marshall Katz, MS

MA Personal Auto Policy



Eligibility

- Land motor vehicle
  - Coupe, sedan, wagon, p/u, van, motorcycle, motor home
- Trailers designed to be pulled by a private passenger vehicle
- Personally owned (no llc's, inc.'s or dba's)
- If leased, the lease must be at least 1 year long

Auto Defined

Land motor vehicle, except if;

1. Used to plow **f**arm fields
2. **O**perated on rail or crawler treads
3. **U**sed as a residence
4. A **r**ecreational vehicle

FOUR

©Marshall Katz

Private Passenger Eligible Autos Defined

2 vehicle types

1. **Private passenger** – coupe, sedan, convertible or station wagon
2. **Pick-up truck, van or SUV**
   a. Not used for delivery, unless incidental
   b. Has GVW of 9,999 lbs. or less (less than 10,000 lbs.), or
   c. Has an ISO symbol
3. Neither vehicle can be used for livery (carrying people for a fee)
   a. Stipends are ok (.50/mile)
   b. A fee per rider is not ok

©Marshall Katz

Your Auto - "LATR"

- **Part 1 only covers "Your Auto"**
- **Insured can give permission to drive "Your Auto"**
- **"Your Auto"**
  1. Vehicles **L**isted on the declarations page
  2. **T**emporary substitute – broke or stolen
  3. **R**eplacement vehicle for a vehicle listed on the declarations page
  4. **A**dditional auto for the declarations page
     a. 7 days
     b. Broadest coverage on the policy
     c. Have not told the company we have it yet

©Marshall Katz

Declarations Page

Tazmanian Devil ← **You**
100 The Underground
Cartoon City CA 01005

No Doze Ins Agcy
800 Write-It

2015 Buick Wagon	2021 Honda CR-V
Part 1 Bodily Injury to Others	Part 1 Bodily Injury to Others
Part 2 PIP	Part 2 PIP
Part 3 Uninsured Motorist	Part 3 Uninsured Motorist
Part 4 Property Damage to Others	Part 4 Property Damage to Others
Part 5 Bodily Injury to Others	Part 5 Bodily Injury to Others
Part 6 Medical Payments	Part 6 Medical Payments
	Part 7 Collision
	Part 9 Comprehensive
	Part 10 Sub Trans
	Part 11 Towing & Labor
Part 12 Underinsured Motorist	Part 12 Underinsured Motorist

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Auto Defined

Land motor vehicle, except if;

1. Used to plow farm fields
2. Operated on rail or crawler treads
3. Used as a residence
4. A recreational vehicle

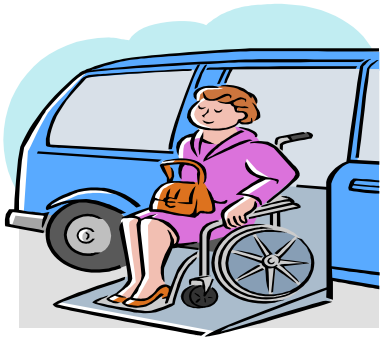
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"Occupying"

- In
- On
- Getting in
- Getting out





Coverages like

- Bodily injury liability
- PIP
- Uninsured motorists
- Underinsured motorists
- Medical payments



Household Members

Resident Relatives

2 Tests

1. **Related by;**
   a. Blood
   b. Marriage
   c. Adoption
   d. Includes Wards, Foster & Step Children

&

2. **Resident of Insureds Household**
   a. Not just visiting

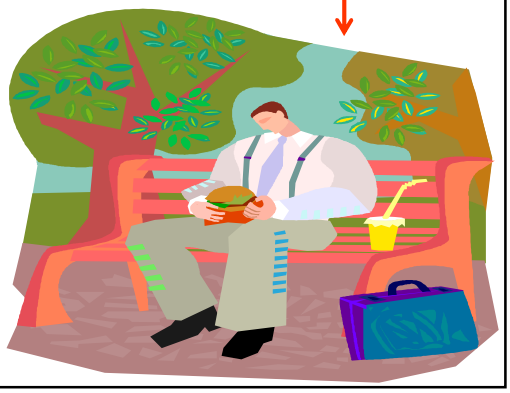
3. **No live-ins**
   a. Boy/Girl friends
   b. House help



©Marshall Katz

"Pedestrian"

- Hit by an auto
- Not "occupying" one



Compulsory Insurance

- Insured's must have all 4 parts of compulsory coverages for road use vehicles that must meet the financial responsibility requirement
- Vehicles that are designed
- Not required to buy optional
- Only lienholders can force Collision and Comprehensive coverages when there is a loan on the vehicle

©Marshall Katz

MAP Limits of Liability to Others

- **Compulsory** (must have for every MA plate personal & commercial) as proof of financial responsibility
  - 25,000 per person bodily injury
  - 50,000 per accident bodily injury
  - 30,000 property damage
- **Mandatory Offer** (must offer every customer no matter what their driving record looks like)
  - 40,000 per person bodily injury
  - 90,000 per accident bodily injury
  - 5,000 property damage

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What does 25/50 mean?

- We will only pay $25,000 when one person is injured or killed no matter how many people or entities are suing
- We will only pay $50,000 when 2 or more people are injured or killed in an accident no matter how many people or entities are suing

Limits of Liability



25,000 per person

50,000 per accident

Bodily injury awards issued by the court are as follows;

		2nd example
Person A	**10,000**	**20,000**
Person B	**30,000**	**25,000**
Person C	**5,000**	**15,000**
	~~45,000~~	~~60,000~~
	40,000	**50,000**

Part 1 Compulsory BI to Others

- 20,000/person 40,000/accident minimum limit
- Higher limits are not available
- What's not covered;
  - Coverage on private ways
  - Coverage in other states and Canada
  - Financial responsibility coverage
  - Guest occupant coverage

  - Livery (TNC/Uber/Lyft, etc.)
  - Ride Share
  - Car Share
- Who's insured:
  - Named insured and HH members using "your auto"
  - Permissive users using "your auto"
- Insurer can subrogate the insured for material misrepresentations (drivers, garaging, etc.)

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Part 2 Personal Injury Protection

- Per person limit, no limit on how many occupants of the vehicle would be covered as primary coverage even if they had a policy of their own
- Other insurance clause
  - If insured and household members in other vehicles
  - The other vehicles insurance is primary
  - If other vehicles insurance is less than $8,000 (say $5,000) then
  - MAP PIP will pay up to $8,000 ($3,000 in above)
  - If other vehicles insurance is $8,000 or more then PIP pays $0
- $8,000/person PIP limit – Higher limits are not available
- No-fault coverage

©Marshall Katz

Part 2 Personal Injury Protection

- 2 years coverage from the date of the accident
- No coverage: while occupying a motorcycle, intoxication leads to the accident, workers comp., racing or use as TNC or vehicle sharing arrangement
- Who's covered:
  - Named insured in any vehicle or as a pedestrian
  - Occupants of the insureds household in any vehicle or as a pedestrian
  - Anyone occupying "your auto" (LATR)
  - Any pedestrian hit in MA by "your auto" or
  - Any MA resident hit in another state by "your auto"

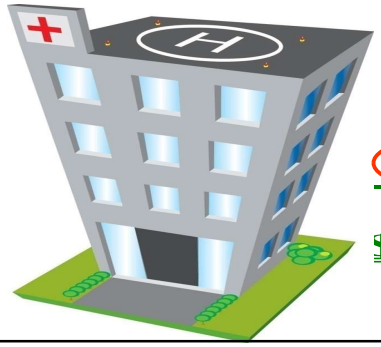
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PIP Medical Expenses



Hospital bills from the er	$10,000
PIP is primary for 1st $2,000	2,000
Sent to BC/BS	8,000
BC/BS deductible	1,000
Balance after deductible	7,000
Co-insurance	20%
Not paid by BC/BS	1,400
PIP will pay	$ 4,400

Reasonable / Necessary



PIP will pay whatever a private health plan will not pay except experimental medicine.

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PIP – Lost Wages

$600/week

X 75% PIP

$450/week

$300/week from Employer Disability Income Plan

$150/week from PIP
PIP coordinates with other plans

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Replacement Services

Stuff you normally do but can not because of a car accident

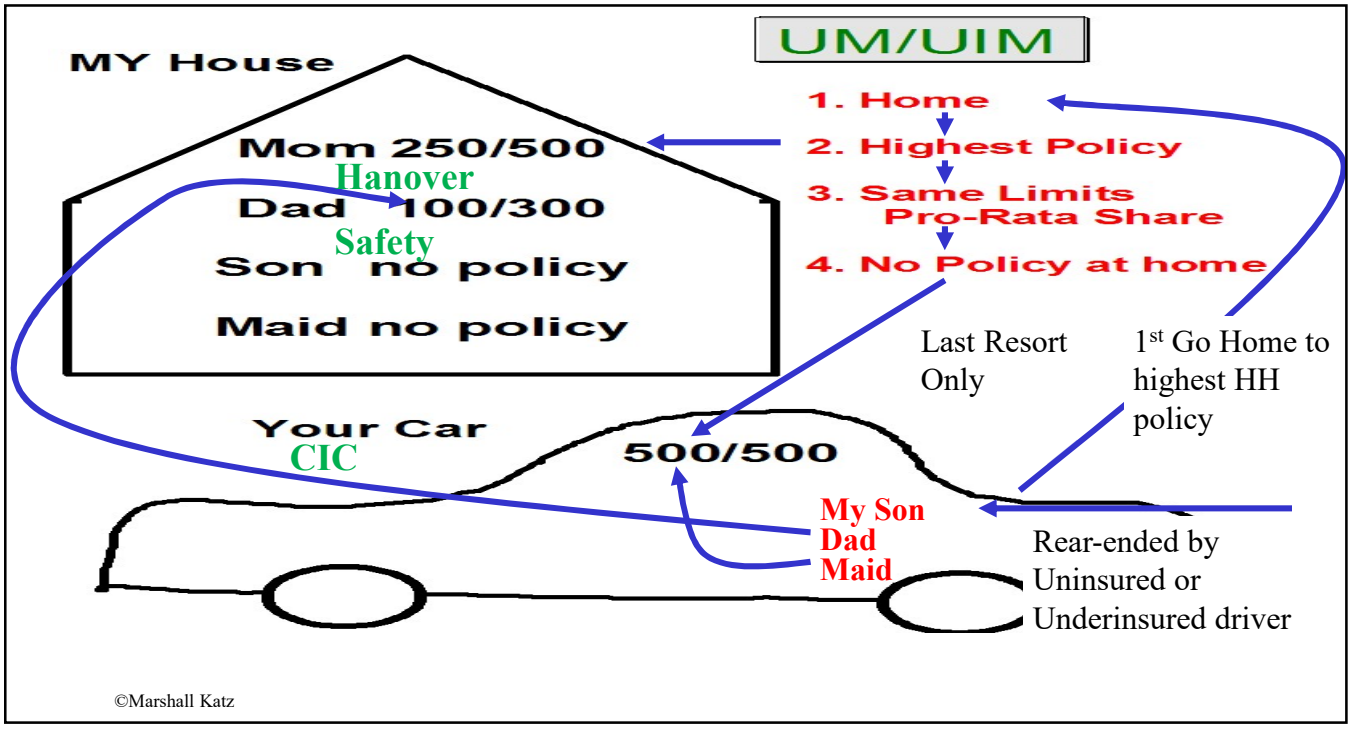
- Drive your children to school
- Shovel the driveway
- Mow the lawn
- Grocery shopping
- etc

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Part 3 BI by Uninsured Motorists

- What is an uninsured auto?
  - Stolen auto - Hit and run auto
  - No insurance - Insolvent insurer at time of court
  - Insurer denies coverage
- 20,000/person – 40,000/accident
- Higher limits may be purchased if also on part 5
- 35,000/person – 80,000/accident mandatory offer
- Who's covered:
  - Named insured and maybe others
- Coverage reduced to $35,000/$80,000 when:
  - A thief is injured by an at-fault driver
- No coverage for TNC, vehicle sharing use, racing

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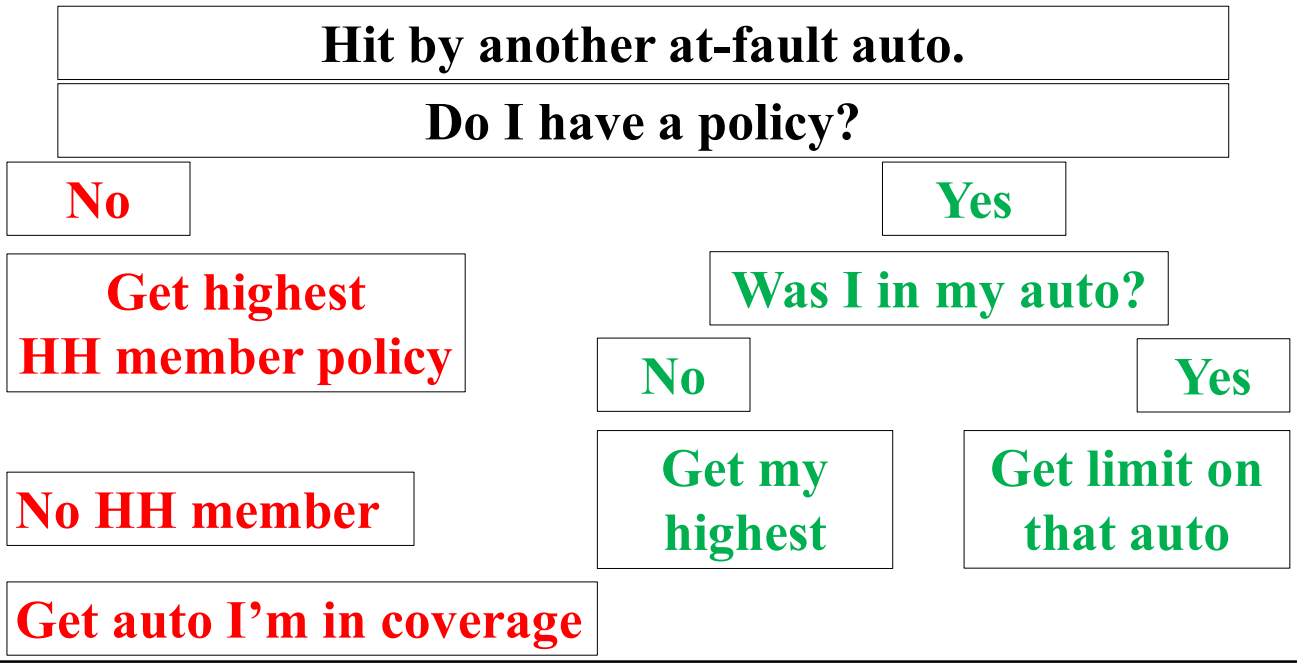


Uninsured / Underinsured

- **You don't own a car policy** – you get your highest household members policy coverage
- **You don't own a car policy and don't have a household member -** you get the vehicle you are in policy coverage
- **You do own a car policy and in another non-owned auto** – you get your highest policy limit
- **You are in an owned auto** – you get that policy limit

© Marshall Katz

UM / UIM



Who	Where does UM / UIM coverage come from?
Husband (250/500)	He will always get his limits in any auto accident
Wife (100/300)	She will always get her limits in any auto accident and not husbands.
Son (20/40)	He will always get his limits in any auto accident and not get mom or dads.
Daughter (no policy)	She will always get dads limits in any auto accident as the highest limit.
Live-in listed operator friend (no policy)	Whatever Vehicle they are occupying only.

Part 4 Property Damage to Others

- What is property damage?
  - Hitting a house, car or other property, and
  - The other party wants payment
  - Also covers sales tax and loss of use of the property
- $5,000 minimum limits
- Higher limits can be purchased
- Mandatory offer of $5,000 for bad driver
- Who's insured for coverage:
  - Named insured and household members, using any auto
  - Permissive users using "your auto"

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Any Auto

- My 14 year old borrows the neighbors Jeep to go to store with the neighbors permission
- My 14 year old hits an $80,000 Mercedes and totals it
- My neighbor calls his insurance company and finds out his insurance was cancelled for non-pay before the accident
- Can my 14 year old use my policy when the neighbor and my son get a subrogation bill for $80,000?
- Yes, the 14 year old is an insured or household member using any auto.
- The 14 year old is a household member and does not have to be licensed for coverage.
- No coverage for the neighbor.

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Any Auto

- My 40 year old live-in listed operator friend borrows the neighbors Jeep to go to store with the neighbors permission
- My 40 year old live-in listed operator friend hits an $80,000 Mercedes and totals it using the neighbors Jeep
- My neighbor calls his insurance company and finds out his insurance was cancelled for non-pay before the accident
- Can my 40 year old live-in listed operator friend use my policy when the neighbor and my 40 year old live-in listed operator friend get a subrogation bill for $80,000?
- No, they are not the insured or household member using any auto

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Part 4 Property Damage to Others

- **Exclusions:**
  - **Livery or vehicle sharing use**
  - **Profit making carpool**
  - **Thief** steals car and causes damage
  - **Garage** – when mechanic causes damage using insured auto as the carrier will pay for the insured, then subrogate the mechanic
  - **Business vehicles** – Insured drives a large rig for work, causes damage and the employer does not have insurance. When driver subro'd, their personal auto will not pay unless using a private passenger type vehicle
  - **Regular Use Autos** – discussed later
  - **Racing**

©Marshall Katz

Optional Insurance

- No parts required by law
- Physical damage may be required by lienholder
- Parts 5 thru 12 do not cover:
  - Livery use of an auto ("transportation networks" like Uber, Lyft, etc.)
  - Vehicle sharing arrangements (rideshare, turu, Boston Car Share, Flightshare, etc.)



©Marshall Katz

Optional Insurance



- Parts 5-12 do not cover:
  - Custom equipment installed on a p/u or van
    - Such as bed liners, caps or covers
    - Can add the Custom Equipment Endorsement
  - Over $1,000 in electronic equipment installed in places not made by vehicle manufacturer
    - Can add Electronic Equipment Endorsement

©Marshall Katz

Electronics

What would a $5,000 radio be covered for on an unendorsed MAP if;

1. **Installed in the dash and replaces a $250 radio that was installed by the manufacturer? $5,000**

2. **Installed under the dash? $1,000**

   Add the electronic equipment endorsement to cover the $5,000 value.

Optional Insurance

- Parts 5-12 do not cover:
  - Radar Detectors
  - Intentional damage like road rage
  - Racing

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Part 5 Optional BI to Others

- 20,000/person 40,000/accident minimum limit
- 35,000/person 80,000/accident mandatory offer
- Higher limits are available
- Why part 5?
  - Coverage on private ways
  - Coverage in other states and Canada
  - Financial responsibility coverage
  - Guest occupant coverage
- Who's insured:
  - Named insured and HH members using any auto
  - Permissive users using "your auto"

©Marshall Katz

Part 5 Optional BI to Others

- Financial responsibility coverage
  - An insured has 20/40 limits on their part 5 MAP
  - While driving in Canada they kill someone in an at-fault auto accident
  - If Canada has a $500,000 financial responsibility limit
  - Their policy will pay $500,000 if required

  - An insured has 250/500 limits on their part 5 MAP
  - While driving in VT they kill someone in an at-fault auto accident
  - If VT has a 25/50 financial responsibility limit
  - Their policy can still pay up to their $250,000 limit

©Marshall Katz

Any Auto

- 14 year old borrows neighbors Jeep to go to store
- 14 year hurts the driver in the Mercedes
- Neighbor calls insurance company and finds out his insurance was cancelled for non-pay
- Can the 14 year use dad's policy when the neighbor gets sued?
- Yes, insured or household member using any auto.
- The 14 year old is a household member and does not have to be licensed for coverage.
- No coverage for the neighbor.

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Any Auto

- My 40 year old live-in listed operator friend borrows the neighbors Jeep to go to store with the neighbors permission
- My 40 year old live-in listed operator friend hits the driver of the Mercedes and does bodily injury using the neighbors Jeep
- My neighbor calls his insurance company and finds out his insurance was cancelled for non-pay before the accident
- Can my 40 year old live-in listed operator friend use my policy when the neighbor and my 40 year old live-in listed operator friend get sued?
- No, they are not the insured or household member using any auto

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When asked, an individual must prove financial responsibility to which of the following ?

a. The Governor
b. The insurer
c. RMV
d. The Commissioner

Part 1 only shows financial responsibility for MA roads…

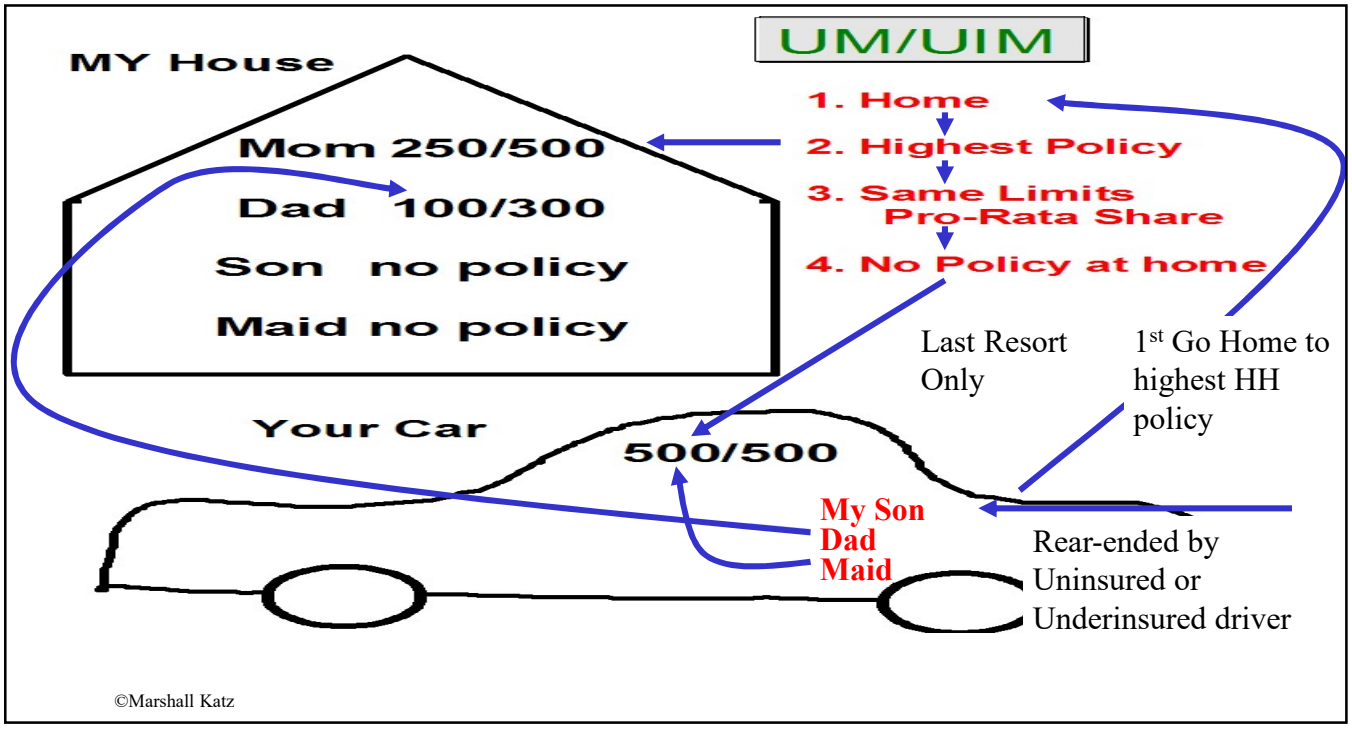
Part 5 shows financial responsibility for the US, US possessions and territories, Puerto Rico & Canada

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Part 12 BI by Underinsured Motorists

- What is an underinsured auto?
  - At-fault in an accident
  - Limits are not sufficient to pay court award, and
  - Limits are lower than coverage on this part
- 20,000/person – 40,000/accident
- Higher limits may be purchased if also on part 5
- 35,000/person – 80,000/accident mandatory offer
- Who's covered: same as part 3
  - Named insured and maybe others
- What's not covered
  - Livery, sharing, profitmaking carpool, racing, thief

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UIM Trigger

Pays the difference if the injured parties UIM coverage is larger than the at-fault parties BI

$500,000 Court Award		2nd example
Injureds UIM	100/300	250/500
At-faults BI Limit	100/300	100/300
First from At-faults	100,000	100,000
Second from UIM	0 (100-100)	150,000 (250-100)

©Marshall Katz

UIM Trigger

Pays the difference if the injured parties UIM coverage is larger than the at-fault parties BI

UM - Trigger is the fact that at-fault is uninsured.

$500,000 Court Award		2nd example	UM
Injureds UIM	100/300	250/500	250/500
At-faults BI	100/300	100/300	0
First from the At-faults policy	100,000	100,000	0
Second from UIM	0 (100-100)	150,000 (250-100)	250/500

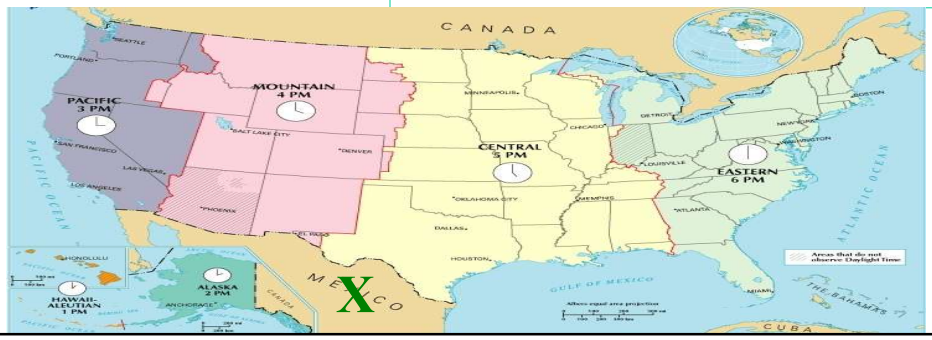
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Policy Territory

- **Part 1**
  - MA roads only
  - No private ways
  - Not out of state

Parts 2 - 12

- U.S.
- U.S. territories & possessions
- Puerto Rico
- Canada
- Private ways



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After Market Parts

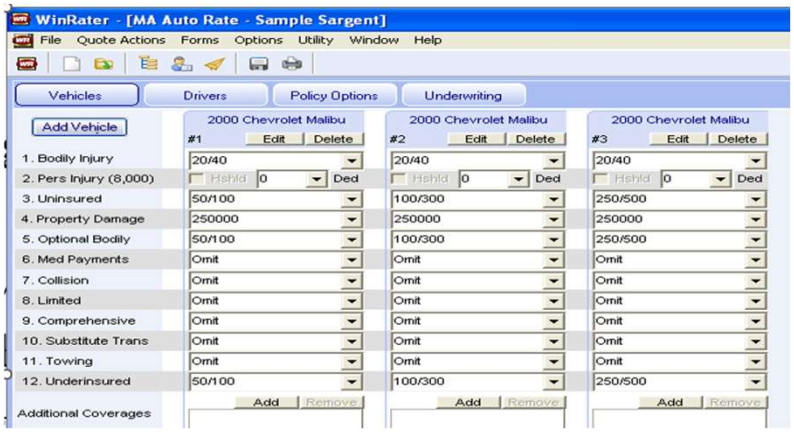
- When used or after market parts are used to fix a vehicle,
- Company must notify insured when the vehicle is appraised
- If the company did not notify the insured with the estimate, they could be practicing bad faith claims



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Rating

- Garaging
- Vehicle
- Age of vehicle
- Deductibles
- Coverage
- Drivers
- Surcharges
- Discounts
- Lowered rates for those 65 and older if they completed a safe-driver course



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Cancellation & Non-Renewal

Cancellation

- 20-day notice required to cancel
- Sent - Certificate of Mailing

Non-renewal

- 45-day notice required
- Certificate of Mailing

If policy effective for 90 days, company can only cancel for;

- Non-Payment
- Drivers license suspended
- Registration suspended
- Fraud
- Material misrepresentation

If the policy is in effect for less than 90-days, they can cancel the policy for non-payment with only a 10-day notice.

©Marshall Katz

After how many days can a policy issued to someone in Worchester MA be cancelled for non-payment, fraud or license suspension?

a. 45 days
b. 60 days
c. 90 days
d. 120 days

After how many days can an auto policy be cancelled for non-payment, fraud or license suspension?

a. 45 days
b. 60 days
c. 100 days
d. 120 days

A bleed over non-MAP question?
If you see 90, pick 90 that's MAP

All are reasons for automatic termination of the MA Auto Policy EXCEPT?

a. The insured cancels their only plate online at www.rmv.gov
b. They sell one of their two insured cars to a friend
c. A new policy is purchased with another company or agency and a 2A is sent
d. The insured sells their only auto and does not register another one within 30 days

Notice of cancellation must be sent in which way?

a. Registered mail

b. Next day

c. Certified mail

d. Postal receipt regular mail

MA Joint Underwriters Association (MJUA)

- Developed CAR (Commonwealth Auto Reinsurers)
- Assigned risk plan (now known as MAIP)
- High risk drivers
- Those in the military in MA with vehicles registered in their home state
- SDIP
  - Good drivers = credit
  - Bad drivers = surcharged
- Those placed into MAIP will
  - Receive a notice of company assigned to them and coverage given
  - Have 30 days to request a reassignment from initial time placed there or renewal date

©Marshall Katz

Appraisal Massachusetts Law Chapter 175, Section 113O governs the payment limits, deductibles, and claim requirements for fire and theft (comprehensive) coverage on motor vehicles.

Key Provisions

1. Payment Limits & Deductibles

a. All fire and theft/comprehensive policies must pay for loss or damage to the insured vehicle up to the actual cash value (ACV) of the vehicle, minus a $500 deductible

b. Insurers must offer an optional additional coverage to reduce the deductible from $500 to $300, except they may refuse it based on claims paid. Refusal must not be based on age, sex, race, occupation, or principal place of garaging of the vehicle.

c. The charge for this optional coverage must not exceed the actuarial cost of the $200 reduction.

2. Glass Coverage Option

a. At the policyholder's option, insurers must provide a $100 deductible for damage to glass of any covered motor vehicle.

The automatic deductible for the Personal Auto Policy is?

1. The other than collision deductible
2. Nothing
3. The deductible selected by the insured
4. The collision deductible

The automatic deductible for the MA Auto Policy is?

1. The other than collision deductible
2. Nothing
3. The deductible selected by the insured
4. The collision deductible

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Appraisal Massachusetts Law Chapter 175, Section 113O governs the payment limits, deductibles, and claim requirements for fire and theft (comprehensive) coverage on motor vehicles.

Key Provisions

3. No Depreciation Deduction Option

a. Insurers must offer coverage allowing the ACV to be calculated without depreciation, so the payout is at least the agreed value for the vehicle, provided the insurer can inspect the vehicle at application.

4. Theft Claim Requirements

a. No payment for theft claims is made until the insured has received notice from the police that a statement in compliance with MA law has been filed.

5. Fire Claim Requirements

a. No payment for fire claims is made until the insured has filed a statement and the insurer has reviewed it with the fire authority within a reasonable time, determining no fraud is involved.

b. If the insurer denies a fire claim, it must give appropriate notice within a reasonable time to all lienholders of the insured vehicle.

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Non-MA Auto Question Type

An insured covered by an auto policy has bodily injury liability limits that are lower than the state required minimum. If he or she is involved in an at-fault accident, the injured party may collect benefits under his or her own policy from which of the following coverage parts?

a. Uninsured Motorists

Not in the MAP

b. Underinsured Motorists

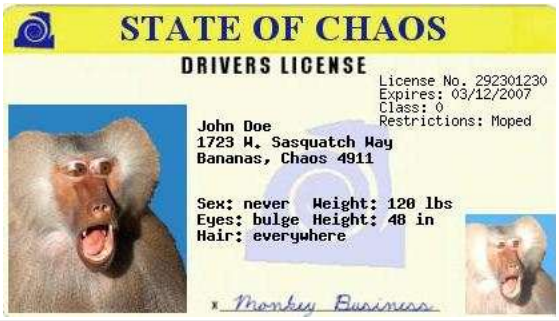
c. Bodily Injury Liability

d. Other than Collision

Non-MA Auto Question Type

All of the following are rating classifications except?

a. Age
b. Sex
c. Marital Status
d. Territory



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Non-MA Auto Question Type

Which of the following endorsements may be added to an auto policy to modify the definition of covered auto?

a. A named non-owner endorsement
b. Miscellaneous type vehicles endorsement
c. Drive Other Car Coverage endorsement
d. Joint Ownership Coverage endorsement

Non-MA Auto Question Type

Which of the following vehicles may be insured by a Personal Auto Policy ?

a. Dump truck

b. Three-wheeler Ok for MAP not PAP

c. Van being used as a taxi

d. Pick up truck used for farming

©Marshall Katz

PAP vs MAP Nomenclature

PAP	MAP
Part A – BI & PD	Parts 1 BI, 4 PD & 5 BI
Part B - Medical Payments	Part 6 Medical Payments
Part C - Uninsured Motorist	Part 3 Uninsured Motorists
Part D - Physical Damage	
Collision	Part 7 Collision
OTC	Part 9 Comprehensive

©Marshall Katz

The Player Roster

We, us and our will pay when…

	You	HH Member	Listed Operator	Permissive User
Part 1	Your auto	Your auto	Your auto	Your auto
Part 2	Any auto	Any auto	↓	↓
Part 3	↓	↓	↓	↓
Part 4	↓	↓	↓	↓
Part 5	↓	↓	↓	↓
Part 6	↓	↓	↓	↓
Part 7	↓	↓	↓	↓
Part 8	↓	↓	↓	↓
Part 9	↓	↓	↓	↓
Part 12	↓	↓	↓	↓

- Live-ins will get broad Part 2 PIP coverage.
- Subject to policy exclusions, provisions and rules.

Where do the questions come from?

Property

- **Policy Types** 22
  - Chapters 4, 5, 7, 8, 13
  - DP, HO, CP, BOP, Marine
  - Earthquake, Watercraft, Farm, Mobile Home
- **Property Terms and Concepts** 28
  - Chapters 1, 2, 3
- **Law** 30

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Where do the questions come from?
Casualty

- **Policy Types** **22**
  - **Chapters 6, 7, 8, 9, 10, 11**
  - **PAP, WC, BOP, Professional, Bonds, Umbrella**
- **Property Terms and Concepts** **28**
  - **Chapters 1, 2, 3**
- **Law** **30**

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Suggested Exam Passing Schedule

2 Days Prior to Testing

✓ Relax

✓ Do not study

✓ Get caught up in the office & at home

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Suggested Exam Passing Schedule

The Day Before Testing

- If boss allows - “use a sick day or vacation day”
- Spend about 4 hours in the morning reviewing
- Do something fun in the afternoon
- Get to bed early

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Test Day

- Get up early
- Eat something
- Get to test site 1 hour prior to test time
- Leave book at home
- Plan on being there 4 hours

Bring with you

1. Government issued picture ID with signature

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At the Test Center

- All personal items must be placed in a locker
- Make sure the facility has one before going
- The only things that can be brought into the testing room are the locker key and your ID
- They will wand you for electronic devices
- They will provide ear muffs, calculator, pen and paper for notes

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The Exam

- Remember the “odd man out” rule.
- Remember to SWAG it vs. WAG it when you don’t know the answer.
- Look for except questions and understand what they are getting at.
- Do not get rattled if on a bad run.



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The Exam

- Find a rhythm.
- If you have to guess…make it logical.
- Never review a question already answered as most people will change a correct answer to an incorrect one.
- When finished the proctor will have your results to take with you to apply for a license.

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What if I don't pass?

- Not a big deal, it's only an exam, except for another $37 for each exam
- If you fail both…re-book both… immediately!
- If you pass one…only re-book the other.
- Re-book immediately until you pass.
- Go through the book immediately after the exam and highlight areas of concern for study with different color highlighter
- Consider taking at night, Saturday or Sunday so that nobody but you knows you are taking it? It's your business, if you pay for it.

©Marshall Katz

Please email me your exam results.

I am interested in;

1. How you did
2. Stuff on the exam we did not discuss in enough detail or at all.
3. Other

Thanks

marshkatz2013@gmail.com

If you need the state to know things about your experience taking the exams.

Shauna Pike

Director of Producer Licensing

MA Division of Insurance

One Federal Street, Suite 700

Boston, MA 02110

Shauna.Pike@mass.gov

Go here to apply for your license.

https://nipr.com/

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Last 2 days

- Hopefully we gave you enough information to pass the MA state licensing exam
- **In the real world;**
  - It's up to you and your company to be trained for day-to-day situations
  - To know there is a difference between companies like ISO, MSO, AAIS and companies that have their own forms
  - To know there is a difference in form dates
  - To know not all forms are the same if they "contains"
- I hope to see all in **CE classes** to help further that task: **www.massagent.com**

©Marshall Katz, MS

Questions Comments Suggestions

©Marshall Katz

Last One!!!!! Phew☺

- Good luck on the state exam.
- Thank you for your attendance.
- Stay Safe!

©Marshall Katz

The actual emails for your reading.

Next day after class 12 14 22

took the tests today. passed both. 85 on property and 81 casualty. your class helped me most in two areas. First, I read the questions without the word "except" and that helped me to identify the answer more easily by seeking the true items. Next, i read every (yes every) question a second time after selecting an answer to help me verify that I read the question correctly.

There seemed to be about 7 or 8 questions on the casualty referring back to HO and DP. Common questions in both tests numbered about 5 or 6, as I recall. There were three questions on life settlements in the casualty test. I found it interesting that there were NO coinsurance questions on the property test - none. Also, I believe the test was simpler to pass because almost every question was short. There were no "paragraph" length questions. That made understanding what was being asked quite a bit simpler.

keep providing the two-day instruction exactly like you are currently.

©Marshall Katz, MS

November 17 2022

Also, I took the exam online at home. Was really challenging to get set up technology wise and I was really stressful the way they did their pre test monitoring. They had me move my computer and I around the house to find the right place in the right environment, close curtains, move camera around the room and under tables, empty pockets.. They spent 20 minutes just checking out all the environment and it was really stressful. The proctors were difficult to understand with heavy accents. I'm not sure I would recommend this option unless someone is tech savvy and understands what they're getting into. Much easier probably to go to a Center and not get stressed out before the exam like I did. Maybe an option for someone who had to travel far but I highly recommend they do all the pre test work and download of application in advance

©Marshall Katz

I took the exam 9/3/21 following the class on 8/31 and 9/1. I also opted to relax instead of studying in between like you said. I passed with flying colors on the P&C Exam. 79 on the property and 83 on the casualty. Didn't really feel like I knew more than 50% of the questions. I just SWAG'd a lot of it. Unfortunately my memory isn't the best so I am not much use as to the subject matter on the exams. It seemed like there were at least 10-15 softball questions that appeared on both exams. Like what coverage would be used for hitting an animal (comprehensive), what a hazard is, etc.…

There were handful of questions about "Life Settlement Policies" and who is authorized to settle a payout. Also, there weren't any questions requiring me to know the auto coverage symbols (1-9). There were some questions about non-owned autos and what would be covered but nothing requiring knowledge of each symbol. Thank you again for your help preparing.

©Marshall Katz, MS

I took the 2-day virtual licensing course on 7/14 and 7/15 and just took both exams today (7/21). I passed both, with a 90% on Property and a 91% on Casualty. Clearly I wasted way too many brain cells, but felt confident throughout the test for the most part. Your course definitely helped me get more familiar with the material and application of same so THANK YOU. I found reading through the entire book more than once to be challenging, honestly! What also helped was taking the practice exams (back of the book, the extra questions you provided, and the MAIA online questions). Even though there weren't that many verbatim, a lot of them were VERY similar in nature and I may not have known the answer if I hadn't practiced it! It also helps you get familiar with the different styles of questions, practice SWAG, etc…

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Dec 11, 2020, 4:29 PM

Hi Marshall,

I wanted to reach out and let you know I passed both my exams this morning; Property with a 78 and Casualty with a 79. Your PowerPoints along with the practice tests provided online by MAIA saved my life here! Truth be told, I had not looked at my book for 2 MONTHS before this week; between work being so busy and everything going on personally I was not able to prepare as I should have. When you mentioned reading the book 2-3 times already, I grimaced to myself. But your information was invaluable and between that and the practice tests I was able to be fairly well prepared, all things considered.

Some of your questions were on my test, like…

A surplus lines producer is used to provide insurance with all of the following except?

a. Admitted markets b. Authorized carriers c. Primary life and health insurance d. Non-admitted markets

The question on slide 105 ('The Johnsons have an unendorsed Homeowners special form…") was on one of my tests, and contents special limits came up at least 3-4 times (silverware, firearms, business property on premises) between both exams. The definition of liberalization clause was on both my exams, as was the definition of risk, a question about Boiler and Machinery – Equipment Breakdown, confirming which was not part of the MA Auto Policy Territory (Mexico) and this question verbatim from your slides:



Dec 11, 2020, 4:29 PM

Hi Marshall,

What type of loss experience is reflected by an experience modification factor of 1.25

a. Higher than average b. Lower c. Average d. Severe

As far as what we didn't cover expressly in the two day class, I'd say there were a couple WC items we didn't touch upon and there was a random "what is not covered in a yacht policy" question that I had no clue about. I probably should have focused a bit more on BOPs and what the Commissioner's functions were (I had two or three questions per exam related to the Commissioner) too. But in general, I was well informed enough to pass and I can't thank you enough for everything you did.

Tue, Dec 15, 8:57 AM (1 day ago)
to me

Good Morning Marshall,

I took your class on 12/8 and 12/9 and passed my test yesterday 12/14!!

I got at 72 on both! LISTEN TO WHAT MARSHALL SAYS!! Your tips

got me my passing grade! Thank you!

©Marshall Katz, MS

12/12/2020 12:22 PM (1 hour ago) to me

Hi Marshall,

I wanted to follow up on you with the results of my exam. I took your 2-day webinar class on 12/8 & 12/9 last week and took the exams this Monday 12/14/2020 in Lowell.

I passed both exams – Property 89% and Casualty 80%.

I wanted to thank you so much for all your help. Your class was very informative, well planned and thorough, and gave me the tools I needed to pass with flying colors. The practice tests were extremely helpful and you went above and beyond to prepare me for the test structure and procedure.

©Marshall Katz, MS

10 26 20

Id recommend anyone to resist the urge to go back and change answers. I marked 2 questions I wasn't sure about, but didn't change them. Had I changed them, who knows, its entirely possible I would have failed the test.

I just passed Property with 75%. Too many brain cells unfortunately.

One strategy i used was choosing the same answer for questions that appeared on both tests - I hope that helps other people pass.

Thanks for the help, your class was awesome considering I have a tough time with ADD in lectures.

©Marshall Katz, MS

Thank you for that, would you believe I looked at the questions at the back of the book last night. The 100 review questions….most of those questions were on the test verbatim. I hadn't done them previously because I has signed up for the online training so I was concentrating on that too much. So make sure to tell your classes that all those questions will show up. Thanks for all of your help.

©Marshall Katz

The gap between the class and test dates is to be blamed on COVID!)

The most helpful tool I utilized for the test were the practice tests supplied by MAIA. Those were SO helpful, and I kept going through each test until I was scoring 80s/90s! Also, I never heard of SWAG until your class - this was a lifesaver on the test. There were definitely questions that I was unsure of, but this method help me just get THROUGH it and pass!

Although I paid attention in class, I hadn't completely memorized all the charts, coverages, exclusions, etc. I spent more of my final studying time just rewriting the core information. I took a practice exam provided by MassAgents and scored a 63%. I definitely thought I was going to fail the exam and was extremely stressed out.
Test Results:
Property taken on 6/27/20: 84% Casualty taken on 6/29/20: 74%

There were a lot of Questions that stated: all of these apply " except". I caught a few of my errors on those.

I did take the test 2 weeks after your class and I scored a 76, and 81. I was hoping the grades would be higher but Ill take it!!

I also highly recommend the practice tests!!! Do them over and over. I made flashcards for the ones I did get wrong and used your charts from your slide presentation.

When I first started the exam I wasn't feeling very confident as I realized the questions weren't at all what I had in the practice test so I again took your advice writing down 1-2-3-4 and crossing out as I went through each possible answer and by process of elimination came up with what I thought to be the correct answer.

I attended your 2 day P&C licensing class on 9/13 and 9/14. I had been in the auto industry for over 25 years and in the insurance world for 8 days. I took the test one week later and passed on my first attempt (scores of 74 and 76).

SWAG is powerful. Being able to rule out answers and make an educated guess was perfect for someone like me had experience in the field and understands the stuff.

You were correct: taking those exams gave me a flavor of the questions and confidence re: what to expect. , I followed your advice to a tee: when I went on a "bad" run, I did not get rattled- I stayed with it and kept my focus.

81% each. The first test took me a little while longer because of the nerves but I heeded your advice and did not go back and change any answers. I felt that most of the questions were different then the pretest but I was able to use common sense and SWAG

I got a bunch of Commissioner-focused questions- duties of
I had a lot of "WHO is insured in the following situation?" where it laid out a BAP, MAP, CPP, or Homeowners scenario
I had a few captive questions, a few implied authority questions
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A word to the wise for future students, the practice questions were a huge help, to include the ones you provided in class. Many were verbatim on the exam

I was is your class 6/28 and 6/29 and took the exams yesterday in Worcester. I got an 87 on Property and an 80 on Casualty! Obviously too many brain cells were used, but I still had enough left to get a 70 on the Advisor's exam

I would certainly recommend to anyone taking the exam is to focus heavily on the endorsements

©Marshall Katz, MS

I was the one that came up to you during lunch and told you that I was taking the exam on friday the 21st and I said that I wanted to cancel because I thought that I was going to fail and you told me not to do that. I took your advice and took the tests on friday and passed both

However, many of the questions on the test are verbatim the same questions asked in the practice exam you gave us. Word of advice to other classes, KNOW THOSE QUESTIONS AND YOU WILL PASS!

took the exam the day after class and scored 87 and 83 and didn't think I did that well!!!

The test had about 10 questions that were exactly the same on each section which surprised me. The questions as an overall were not as tricky as I thought they were going to be as long as I read them carefully.

Wed, Jul 21, 3:18 PM

I took the 2-day virtual licensing course on 7/14 and 7/15 and just took both exams today (7/21). I passed both, with a 90% on Property and a 91% on Casualty. Clearly I wasted way too many brain cells, but felt confident throughout the test for the most part. Your course definitely helped me get more familiar with the material and application of same so THANK YOU. I found reading through the entire book more than once to be challenging, honestly! What also helped was taking the practice exams (back of the book, the extra questions you provided, and the MAIA online questions). Even though there weren't that many verbatim, a lot of them were VERY similar in nature and I may not have known the answer if I hadn't practiced it! It also helps you get familiar with the different styles of questions, practice SWAG, etc…

In terms of the exams themselves, I thought they were pretty straightforward focusing on the major topics and basics, with just a few questions that I didn't study or the course didn't cover directly. Some things that I remember specifically that I struggled with:

There were more Crime questions than I anticipated about various coverage parts and Discovery Form, etc.
2-3 questions about Valuable Papers – what's covered and what's not, etc…
A question about damage to a rental car and if/how the MAP would cover physical damage and loss of use
2-3 questions on Life Settlement Broker topic. Referred to as something else which threw me off a little
3-4 questions about Other Insurance Provisions for the various policies (HO, Dwelling, BOP). Had an understanding of what each meant (i.e. primary/excess), but had trouble remembering which applied to what policy

©Marshall Katz, MS

I wanted to say thank you again for the licensing webinar you did on 06/25-06/26/20. I successfully passed BOTH exams on the first try!
Class Date: 06/25/20-06/26/20
Casualty Exam: 07/06/20 (77%) Property Exam: 07/09/20 (81%)

(The gap between the class and test dates is to be blamed on COVID!)

The most helpful tool I utilized for the test were the practice tests supplied by MAIA. Those were SO helpful, and I kept going through each test until I was scoring 80s/90s! Also, I never heard of SWAG until your class - this was a lifesaver on the test. There were definitely questions that I was unsure of, but this method help me just get THROUGH it and pass!

I am excited to begin this new chapter in my career. Thank you for always making the class content you teach insightful and easy to digest!!

July 17, 2019 email
I just wanted to say Thank You!! I passed the P and C licensing class and have applied for my license. I would not have if it was not for your class!!

I have a Bachelors Degree in Business and I have worked in the industry for 20 years in customer service so I thought this would be an easy task as I was already familiar with many insurance terms/procedures.

To my dismay, It actually proved to be quite challenging. I could not pass the practice exams that you recommended nor the samples in the book. You were right when you told those of us who work in the industry to " forget what you know" in the intro of your class.

Your class and the slides that you shared with us made a world of difference. Your stories and jokes made it fun.

The Question examples were especially helpful. There were a lot of Questions that stated: all of these apply " except". I caught a few of my errors on those.

I did take the test 2 weeks after your class and I scored a 76, and 81. I was hoping the grades would be higher but Ill take it!!

©Marshall Katz

I just wanted to say Thank You!! I passed the P and C licensing class and have applied for my license. I would not have if it was not for your class!!

I would suggest to future students to take the test even closer than that. A few days to a week out should have been fine. I also highly recommend the practice tests!!! Do them over and over. I made flashcards for the ones I did get wrong and used your charts from your slide presentation.

©Marshall Katz

Jun 10, 2019

Hi Marshall,

I just finished my exams and received an 84% on the property and 80% on the casualty. I was shocked that I did so well. Obviously attending your two day class was a huge help and I also kept going through all the practice exams. Saturday morning I went through every test answering all 874 questions, tracking my scores and finished overall with a 74%. I did the same thing on Sunday morning and finished with a 78%. I then took your advice and didn't do any studying on Sunday afternoon, I felt pretty confident going into the testing center today.



Jun 10, 2019 (cont.)

Most of my questions were about Mass Auto and Personal Lines, only one math question. When I first started the exam I wasn't feeling very confident as I realized the questions weren't at all what I had in the practice test so I again took your advice writing down 1-2-3-4 and crossing out as I went through each possible answer and by process of elimination came up with what I thought to be the correct answer. Although the questions weren't exactly the same, they were similar.

The other thing I forgot with the tests, I had quite a few questions that were the same on both.

9/24/2108

I attended your 2 day P&C licensing class on 9/13 and 9/14. I had been in the auto industry for over 25 years and in the insurance world for 8 days.

Your insurance knowledge, professional demeanor, sincere desire to help and high quality of class material must be applauded. I believe attending your class gave me a specific game plan and an approach to test taking. I took the test one week later and passed on my first attempt (scores of 74 and 76).

I look forward to taking more classes with you.

©Marshall Katz, MS

So here's a story that you can share with anyone who is thinking about taking your class,

I read three chapters of the property and casualty book before my brain couldn't handle it anymore. I never read the whole thing. I took zero practice exams and did 3/15 end of chapter exams in the book. I went to your class paid attention and took good notes.

SWAG is powerful. Being able to rule out answers and make an educated guess was perfect for someone like me had experience in the field and understands the stuff.

71 and 76. I'm mad I overstudied for the second one. Thanks again!

Hi Marshall, **August 23, 2018**

Good news: 72 and 79; Bad news: too many brain cells wasted!

I took your class on AUG 15-16 and took the exam on AUG 22. I completely agree- don't wait too long to take the exam! I spent the day before the exam going over practice exams where I struggled but improved with time. You were correct: **taking those exams gave me a flavor of the questions and confidence re: what to expect.** It also gave me a chance to practice swag and looking for the out-of-place option. Also, to your credit, **I followed your advice to a tee: when I went on a "bad" run, I did not get rattled- I stayed with it and kept my focus.** I saw my breakdown on my Property test (72) and I really struggled on CP and BOP questions- I was surprised that I only got something like 7/25 correct. Clearly, I was very strong in all of the other sectors- I think I went 18/18 on the "General" sector. To your point- stay focused, read the question CAREFULLY and execute well on the material in which you know well….. I also marked a lot of questions as there is PLENTY of time on these exams, however, upon review, I think I only changed a few…..

Hi Marshall, August 23, 2018

Regarding my exams, here are a few observations:
-unfortunately, I got zero math problems! Not one!
-surprisingly, I got a bunch of Commissioner-focused questions- duties of
-I had a lot of "WHO is insured in the following situation?" where it laid out a BAP, MAP, CPP, or Homeowners scenario
-I had a few captive questions, a few implied authority questions
-had a bunch of risk definition questions
-a bunch of " 'not driving / not investing money is an example of _____" (avoidance, and there were many more like this re: hazard, etc)
-very few worker's comp questions
-2-3 HO-6 questions

Thanks again Marshall!

Hi Marshall,

I was in your prop/casualty class on Aug. 15th and 16th and I wanted to follow up and let you know I passed both with 81% each ☺ The first test took me a little while longer because of the nerves but I heeded your advice and did not go back and change any answers. In regards to topics of questions, there were a few meaty black and white slides you had said no one ever gets back to you on, (additional coverages on BOP) and there weren't any questions I recall from that section.

There was only 1 symbol question (symbol 5), no math questions, barely any questions regarding dates or amount of $$ something was covered for. I felt that most of the questions were different then the pretest but I was able to use common sense and SWAG to determine the answer they were looking for. About 5-7 repeat questions on both exams.

Thank you so much, your class was informative/helpful and you were a delight!

PS I found your Cornish hens at the grocery store over the weekend:

August 2018

I was in your P&C Licensing class on July 24th and 25th and took my exams today – I passed with an 85 in Property and an 84 in Casualty!! I was shocked when I saw my results. My test was originally scheduled for August 11th but I took your advice and rescheduled it for an earlier date, which I think made all the difference. Reading the book, taking the quizzes after every chapter, and going over your PowerPoint were key factors in remembering what felt like endless amounts of information. The acronyms you gave us and the stories you told relating to the concepts really stuck in my head and jogged my memory during the exams. Thank you so much for everything! I truly believe that I would not have passed without your class!!

©Marshall Katz, MS

September 2017

Hi Marshall,

I hope this e-mail finds you well.

I passed both the P&C exams on the first shot!

A sincere thanks for the training course.

A word to the wise for future students, the practice questions were a huge help, to include the ones you provided in class. Many were verbatim on the exam. I would suggest special attention to the coverages for HO1-5, DP1-DP3 and perils. Most of the most convoluted questions related to homeowners coverage and perils/commerical coverages. Having a firm grasp of the law, basics, regulations and other sections made the exam a lot easier than I expected.

©Marshall Katz, MS

July 26, 2018

Hello Mr. Katz

I was in your P&C licensing class on Tuesday/Wednesday and took the test today and passed with a 79 on property and 77 on Casualty. I thought I was not ready in the morning and that I for sure failed the property while I was taking the exam but did better on that test, must have been the nerves. I had three life settlement questions which I was surprised to see but tried to swag my way through them.

Thanks for the help,

©Marshall Katz, MS

Question: Just wanted to let you know I took a class with Marshall Katz last week and although not prepared for the class as I wasn't registered, I took the exams today and passed both with an 82%! I am the first in my agency to pass on the first go…

©Marshall Katz

I was is your class 6/28 and 6/29 and took the exams yesterday in Worcester. I got an 87 on Property and an 80 on Casualty! Obviously too many brain cells were used, but I still had enough left to get a 70 on the Advisor's exam! It was so helpful for me to take the practice exam you gave us, as well as the ones in the book, over and over – I felt like I knew those questions backwards and forwards and luckily got a lot of them on the tests. Like you said, the advisor's exam had a lot of the same questions too but leaned more towards commercial lines.

Date: Feb 10, 2016
Good Afternoon Marshall,

Per your request in class, I am writing you to let you know my exam results. I was in the class Jan 26 and 27 and I took the exams yesterday (Feb 9). I **passed both** Property and Casualty exams. Something **I would certainly recommend to anyone taking the exam is to focus heavily on the endorsements** that can be added to the policy (**specifically commercial lines**).

©Marshall Katz

Dear Marshall,

I took your class on Tuesday and Wednesday (1/26-1/27/16) and **passed today with an 81 on both exams**. I wasted a few more brain cells than I should have but that's alright. I wanted to **thank you for showing us what to** look for in the exam. **Some of the questions they had were the most convoluted descriptions ever but I made sure to use your tips and advice about what to look for and did not get frustrated.** This test was two weeks of stress that I am relieved to not have to worry about anymore. Thank you for your help again. I really believe your class is what helped me pass.

Regards,

12 31 14 email

Marshall - I passed the P&C Adviser exam last night. Score was 80 - a little lower than I thought but I'll take it! Thanks for suggesting we take this in your producer license class- **I passed the producer tests on Dec. 23.**

The adviser test was similar to the producer test but there were many more obscure questions and I guess my swagging was not as effective. But I did stick with my first impulse and the bottom line is that it's done.

©Marshall Katz, MS

Dear Marshall,
I was in your course on November 19th and 20th and **I was the one that came up to you during lunch and told you that I was taking the exam on friday the 21st and I said that I wanted to cancel because I thought that I was going to fail** and you told me not to do that. I took your advice and **took the tests on friday and passed both**! Thank you for your help!
Best,

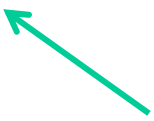
©Marshall Katz, MS

Hello Marshall,

I took your September 22,23 review class for P& C license. I thought the class was very helpful. I took the exam that Friday and passed with 85 property and 81 casualty. The following week I took the advisor exam and passed with a 72.

I have one question that I am hoping you can help me with. I am completing the advisor application and I must submit a contract/agreement to go with my application. Would you have a sample advisor contract/agreement so I can see what one looks like. I have no idea on how to create on. I looked online but didn't find anything helpful. Would greatly appreciate any help you could give me.

Thank You



Yes, you will email me and I will send one after you pass.

Hi Marshall,

I was in your Mon/Tue (9/22-23) P&C Licensing class and just took both exams today in Worcester. I got a 76 (Property) & 78 (Casualty) and am very relieved that it's over. **I had heard that it was good to take the exams soon after the class, but I found just one day in between** (and working!) **was way too stressful and didn't allow me to review as much as I would have liked. On the other hand, the info was very fresh in my mind** and I attribute my passing directly to your class. You hit on a lot of key words that were so helpful in determining an answer, like "farm" for a PAP! (Got that one!)

Was it Aviation Insurance you had asked us to let you know about if we had any questions on the test? I had 3: 1 on the Property side about aircraft hull coverage and 2 on the Casualty side; one concerned the payment to a passenger without determining liability (as I try to recall from my fried

Sent: Monday, April 14, 2014 10:45 AM
I wanted to thank you again for your pre-licensing class on the March 26th and 27th. I took the exams on the 31st and passed with an 81 and 78. I apparently used too many brain cells. **However, many of the questions on the test are verbatim the same questions asked in the practice exam you gave us. Word of advice to other classes, KNOW THOSE QUESTIONS AND YOU WILL PASS!**

You asked us to let you know about any type of strange questions. So here were mine:
I was asked 3 questions on Boat Hull coverage 2 on property and 1 on casualty
I was also asked 3 Aircraft hull questions 1 in property and 2 on casualty.
An aircraft liability question
I was asked about deductibles on credit card and identity theft.
Items stored with robbery and burglary coverage in a safe deposit endorsement i.e. money, securities, bank notes, travelers checks. Took a SWAG guess on this one.

Hope this helps. And again thank you!!!! I look forward to the next class I have with you.

©Marshall Katz, MS

I wanted to say thank you for all of your great knowledge.

I took your P&C review class (for the second time) on Wednesday and Thursday of last week. I had taken it over the summer but waited until January to take the exam and missed both parts by a few points. This time, I booked my exams on Friday and Monday and passed both with a 71 and 76. I decided not to use any more brain cells than I needed J **I cannot stress to others how important it is not to wait and to book the exams immediately after.**

Your class was awesome and was oh so helpful. Thank you again

©Marshall Katz, MS

Email 07 15 2013

So I took your class on the 26th and 27th of June and took my test on July 1st and though I didn't pass the property right away, I did pass the casualty with a 75%. **I could kick myself because I went in and changed answers to the property test and believe that might have not helped me pass.** I did go back though on Tuesday, July 9th and took the property class after reviewing the things you had said and the power point presentation that I purchased and got an 80% on the test! An 80%! Oh my goodness, I couldn't believe it! Thank you so much for your class. I look forward to many more classes with you!

©Marshall Katz

From an executive in banking, no insurance experience. 6/26/13

I just wanted to let you know that I passed the 2 exams first time, 75% and 77%. I was extremely surprised to pass both. I studied about 7 hours over the weekend and wasn't getting more than 60-65% in the online practice tests. I tried to change my exam time from Monday, but it was too late, so I decided to roll the dice anyway and ended up passing. I thought the exam was a fair bit easier than the practices. Many of the options in the multi choice made no sense when you read them. I ran the table in the Law, General and Basics sections, which allowed me to get away with weak performances in BOP, CPP and Auto.

Thanks for the course, I think that was a basis in the fundamentals that helped with a way of thinking about questions. The guidance on how many questions come from each part was helpful too.

©Marshall Katz

- Email 11 15 12
- Thank you again. If I may make a comment ….. **one of the things that helped me immensely was literally reading the book cover to cover and taking the quizzes at the end of each chapter**. I don't know if everyone does but it should be strongly recommended to anyone who will take advantage of your class.
-
- Very best regards,

©Marshall Katz

Recent feedback 05 03 12

Thank you for that, would you believe I looked at the **questions at the back of the book** last night. The 100 review questions….**most of those questions were on the test verbatim**. I hadn't done them previously because I has signed up for the online training so I was concentrating on that too much. So make sure to tell your classes that all those questions will show up. Thanks for all of your help.

©Marshall Katz

Email

Hi Marshall, I would like to thank you for all your help with the licensing class. Your stories and tips were a big help. I took my Property test Friday morning at 10:00 am and PASSED! I took the Casualty test at 1:30 and PASSED! YEHHHHHHHHHHHHHHH!

Phone call; **took the exam the day after class and scored 87 and 83 and didn't think I did that well!!!**

©Marshall Katz

Well it wasn't pretty but we got the job done.

I was in your December 6th and 7th review course and ended up passing Property on 12-22 with a 71 and Casualty on 12-29 with a 70.

I found your review course to be very helpful. I wish I knew sooner because I would have liked to take the tests right after or as close to the review class as possible. **Having no previous insurance background I felt that the outline for the review class was instrumental in my passing. It really helped me narrow down the study areas and the sample questions and text were great.**

I realize that it is hard to jam 14 chapters of the text into a 2-day crash course, but the only recommendation that I would have would be to spend a little more on the law. In the tests I felt that was the hardest area to complete. Other than that everything was pretty much spot on.

Thanks again for everything.

Respectfully,

©Marshall Katz

Hi Marshall,

I took your prep class on January 18-19 and then took my exam on the 20th. I PASSED with an 80 and 81!!! I'm still in shock since I've only been in insurance since August. **The test had about 10 questions that were exactly the same on each section which surprised me.** Also, they had quite a few questions regarding home day cares. These questions were looking for more in depth answers than what we went over in class so I thought I'd let you know so others can look into it more before testing. I had no questions at all about coinsurance, which was actually disappointing since I felt prepared for them. **The questions as an overall were not as tricky as I thought they were going to be as long as I read them carefully.**

Thanks for all your helpful information and insight into the test. I look forward to more classes with you in the future.

©Marshall Katz

I took your licensing class last week and I took both exams today. I passed both with scores much better than I was expecting. Since the class, I have been cramming the practice questions, reviewing the book again, and going through your slides again as well. The extra practice exams were definitely a huge help. I had some exam questions that were the same as the practice exams, or very similar. I know you said not to do much the day of the exam, but I actually got up early and reviewed the slides one more time before the exams, which I think helped me out as well.

I have been in law enforcement for 30 years and am preparing for a career change, so I was a little nervous about the exam, but all went better than expected. Thank you for the help!

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