

# Your Exam Content Outline

The following outline describes the content of one of the Connecticut insurance examinations. The outlines are the basis of the examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weights assigned to each part of the examination. For example, 10 percent means that 6 questions will be drawn from the section on a 60-question exam, 10 will be drawn on a 100-question exam and 15 will be drawn on a 150-question exam.

## Connecticut Surplus Lines Broker's Examination Series 18-07

**60 questions – One-hour time limit**

### 1.0 Insurance Regulation 8%

#### 1.1 Licensing regulation for surplus lines

- Process (38a-769)
- Who may be licensed (38a-794)
  - Individuals
  - Firm, association or corporation
- Licensing requirements (38a-794)
  - Non-resident reciprocity (38a-769)
- Maintenance and duration
  - Renewal (38a-794(b))
  - Change in name or address (38a-771)
- Disciplinary actions
  - Cease and desist order (38a-817)
  - Suspensions, revocations, refusal to issue or renew, fines (38a-774, 777, 817(b, e))

#### 1.2 State regulation

- Commissioner's general duties and powers (38a-8, 10, 740)
- Unfair and prohibited practices
  - Misrepresentation (38a-816(1), (8))
  - False advertising (38a-816(1), (2))
  - Defamation of insurer (38a-816(3))
  - Boycott, coercion and intimidation (38a-816(4))
  - False financial statements (38a-816(5))
  - Failure to maintain complaint record (38a-816(7))
  - Rebating (38a-816(9), 825)
  - Twisting (38a-826)
- Unfair claim settlement practices (38a-816(6))

### 2.0 General Insurance 5%

#### 2.1 Concepts

- Risk management key terms
  - Risk
  - Exposure
  - Hazard
  - Peril
  - Loss
- Methods of handling risk
  - Avoidance
  - Retention
  - Sharing

- Reduction
- Transfer
- Elements of insurable risks
- Adverse selection
- Law of large numbers
- Reinsurance

#### 2.2 Insurers

- Types of insurers
  - Stock companies
  - Mutual companies
  - Fraternal benefit societies
  - Lloyd's associations
  - Risk retention groups
- Private versus government insurers
- Admitted versus nonadmitted insurers
- Domestic, foreign and alien insurers
- Financial status (independent rating services)
- Marketing (distribution) systems

#### 2.3 Producers and general rules of agency

- Insurer as principal
  - Producer/insurer relationship
- Authority and powers of producers
  - Express
  - Implied
  - Apparent

#### 2.4 Contracts

- Elements of a legal contract
  - Offer and acceptance
  - Consideration
  - Competent parties
  - Legal purpose
- Distinct characteristics of an insurance contract
  - Contract of adhesion
  - Aleatory contract
  - Personal contract
  - Unilateral contract
  - Conditional contract
- Legal interpretations affecting contracts
  - Ambiguities in a contract of adhesion
  - Reasonable expectations
  - Indemnity
  - Utmost good faith
  - Representations/misrepresentations
  - Warranties
  - Concealment
  - Fraud
  - Waiver and estoppel

### **3.0 Surplus Lines Markets and Practices 87%**

#### **3.1 United States nonadmitted market**

- Insurance exchanges
- Foreign nonadmitted market

#### **3.2 Alien insurers**

- London market
  - Lloyd's of London
  - Other London companies
- Other alien markets
- United States trust funds

#### **3.3 Alternative markets**

- Captive insurers
- Risk retention groups
- Purchasing groups
- Independently procured insurance

#### **3.4 Eligible surplus lines insurers**

- Requirements (Reg 38a-740-2, 4, 6)
- List of eligible surplus lines insurers (Reg 38a-740-8)
  - White list (Reg 38a-740-1(k))
- Withdrawal of eligibility (Reg 38a-740-9)
- Power of attorney (Reg 38a-740-4(i))

#### **3.5 Surplus lines coverages**

- Characteristics and uses
- Types of coverages available

#### **3.6 Requirements for placement of surplus lines insurance**

- Diligent search (38a-741(b))
  - Broker affidavit
  - Exportable list (38a-741(a))
- Notice to insured (38a-745)
  - Connecticut Insurance Guaranty Association

#### **3.7 Authority of surplus lines broker**

- Binding
- Underwriting
- Claims
- Commissions

#### **3.8 Records of licensee (38a-742)**

- Content of records
- Maintenance

#### **3.9 Surplus lines tax (38a-743)**

- Amount
- Collection
- Remittance
- Penalty and interest
- Tax return
- Policy fees and service charges (Reg 38a-707-7)