

# Your Exam Content Outline

The following outline describes the content of one of the Louisiana 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.

## Louisiana Examination for Casualty Insurance Series 14-05

100 questions – Two-hour time limit

### 1.0 Insurance Regulation 9%

#### 1.1 Licensing

- Types of licensees (22:1547, 1962(F))
  - Individual producer (22:1542(6), 1546(A))
  - Business entity (22:1542(2), 1546(B))
  - Resident versus nonresident (22:1546, 1548, 1560)
  - Temporary (22:1553)
- Maintenance and duration
  - Expiration (22:1547(B))
  - Renewal (22:1547(C))
  - Change of address (22:1547(G))
  - Assumed names (22:1552)
  - Reporting of actions (22:1563)
  - Continuing education requirements (22:1573; Rule 10 Sec 703, 705)
- Disciplinary actions
  - Hearings (22:1968, 2191–2208)
  - Cease and desist order (22:1969)
  - License probation, suspension, revocation, or refusal to issue or renew (22:1554)
  - Penalties with or without suspension of license (22:1969, 1970)

#### 1.2 State regulation

- Commissioner's general duties and powers (22:2, 1967)
- Company regulation
  - Certificate of authority (22:37, 65)
  - Unfair claims settlement practices (22:1964(14))
  - Appointment (22:1558)
  - Termination of appointment (22:1559)
- Producer regulation
  - Controlled business (22:1544(C))
  - Shared commissions (22:1557)
  - Payment to unlicensed entities (22:1562)
- Unfair trade practices (22:1964)
  - Misrepresentation (22:1964(1, 18))
  - False advertising (22:1964(2))
  - Defamation (22:1964(3))
  - Boycott, coercion and intimidation (22:1964(4))
  - False financial statements (22:1964(5))

- Unfair discrimination (22:1964(7))
- Rebating (22:1964(8))
- Examination of books and records (22:1967, 1981, 1990)
- Insurance fraud (22:1964(13), 1921–1929)
- Privacy of Consumer Financial Information (Reg 76 Sec 9901–.9953)

#### 1.3 Federal regulation

- Fair Credit Reporting Act (15 USC 1681–1681d)
- Fraud and false statements (18 USC 1033, 1034)

### 2.0 General Insurance 7%

#### 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
  - Self insurers
  - Surplus lines
- Private versus government insurers
- Authorized versus unauthorized insurers
- Domestic, foreign and alien insurers
- Financial status (independent rating service)
- Marketing (distribution) systems

#### 2.3 Producers and general rules of agency

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

Responsibilities to the applicant/insured

## 2.4 Contracts

Elements of a legal contract

- Offer and acceptance
- Consideration
- Competent parties
- Legal purpose

Distinct characteristics of an insurance contract

- Contract of adhesion
- Aleatory contract
- Personal contract
- 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 Casualty Insurance Basics 13%

### 3.1 Principles and concepts

Insurable interest

Underwriting

- Function
- Loss ratio

Rates

- Types
- Loss costs
- Components

Hazards

- Physical
- Moral
- Morale

Negligence

- Elements of a negligent act
- Defenses against negligence

Damages

- Compensatory — special versus general
- Punitive

Absolute liability

Strict liability

Vicarious liability

### 3.2 Policy structure

Declarations

Definitions

Insuring agreement or clause

Additional/supplementary coverage

Conditions

Exclusions

Endorsements

### 3.3 Common policy provisions

Insureds — named, first named, additional

Policy period

Policy territory

Cancellation and nonrenewal

Deductibles

Other insurance

- Nonconcurrency
- Primary and excess
- Pro rata
- Contribution by equal shares

Limits of liability

- Per occurrence (accident)
- Per person
- Aggregate — general versus products — completed operations
- Split
- Combined single

Named insured provisions

- Duties after loss
- Assignment

Insurer provisions

- Liberalization
- Subrogation
- Duty to defend

### 3.4 Louisiana laws, regulations and required provisions

Louisiana Insurance Guaranty Association  
(22:2051–2070)

Cancellation and nonrenewal (22:887)

Commercial (22:1267)

Homeowners (22:1265, 1333, 1335, 1336)

Binders (22:870, 1555)

Loss payment (22:1892)

Federal Terrorism Insurance Program

(15 USC 6701; Public Law 109–144, 110–160)

## 4.0 Homeowners ('00) Policy — Section II 15%

### 4.1 Coverage forms

HO-2 through HO-6

HO-8

### 4.2 Definitions

### 4.3 Section II — Liability coverages

Coverage E — Personal liability

Coverage F — Medical payments to others

Additional coverages

### 4.4 Exclusions

### 4.5 Conditions

### 4.6 Selected endorsements

Special provisions — Louisiana (HO 01 17)

Limited fungi, wet or dry rot, or bacteria coverage  
— Louisiana (HO 03 41, HO 03 42)

Permitted incidental occupancies (HO 04 42)

Home day care (HO 04 97)

Business pursuits (HO 24 71)

Watercraft (HO 24 75)

Personal injury — Louisiana (HO 24 81)

## 5.0 Auto Insurance 16%

### 5.1 Laws

Louisiana Motor Vehicle Safety Responsibility Law  
(LRS 32:853–1043)

- Required limits of liability (LRS 32:900)
- Louisiana Automobile Insurance Plan (LRS 32:1043)
- Uninsured/underinsured motorist (LRS 22:1295)
  - Definitions
  - Bodily injury
  - Property damage
  - UM/UIM selection/rejection form
  - Required limits
- Cancellation/nonrenewal (LRS 22:1266)
  - Grounds
  - Notice
  - Notice of eligibility in assigned risk plan
- Aftermarket crash parts regulation (LRS 51:2421–2425)

## 5.2 Personal auto ('05) policy

- Definitions
- Liability coverage
  - Bodily injury and property damage
  - Supplementary payments
  - Exclusions
- Medical payments coverage
- Uninsured motorist coverage
- Coverage for damage to your auto
  - Collision
  - Other than collision
  - Deductibles
  - Transportation expenses
  - Exclusions
- Duties after an accident or loss
- General provisions
- Selected endorsements
  - Amendment of policy provisions — Louisiana (PP 01 95)
  - Towing and labor costs (PP 03 03)
  - Extended non-owned coverage (PP 03 06)
  - Miscellaneous type vehicle (PP 03 23)
  - Joint ownership coverage (PP 03 34)

## 5.3 Commercial auto ('06) policy

- Commercial auto coverage forms
  - Business auto
  - Garage
  - Business auto physical damage
  - Truckers
  - Motor carrier
- Coverage form sections
  - Covered autos
  - Liability coverage
  - Garagekeepers coverage
  - Trailer interchange coverage
  - Physical damage coverage
  - Exclusions
  - Conditions
  - Definitions
- Selected endorsements
  - Louisiana – lessor – additional insured and loss payee (CA 04 13)
  - Mobile equipment (CA 20 15)
  - Auto medical payments coverage (CA 99 03)

- Drive other car coverage (CA 99 10)
- Individual named insured (CA 99 17)
- Commercial carrier regulations
  - The Motor Carrier Act of 1980
  - Endorsement for motor carrier policies of insurance for public liability (MCS-90)

## 6.0 Commercial Package Policy (CPP) 10%

### 6.1 Components of a commercial policy

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

### 6.2 Commercial general liability ('07)

- Commercial general liability coverage forms
  - Bodily injury and property damage liability
  - Personal and advertising injury liability
  - Medical payments
  - Exclusions
  - Supplementary payments
  - Who is an insured
  - Limits of insurance
  - Conditions
  - Definitions
- Occurrence versus claims-made
- Claims-made features
  - Trigger
  - Retroactive date
  - Extended reporting periods — basic versus supplemental
  - Claim information
- Premises and operations
- Products and completed operations
- Insured contract
- Pollution liability
  - Pollution liability coverage form
  - Pollution liability limited coverage form
  - Pollution liability coverage extension endorsement

### 6.3 Commercial crime ('06)

- General definitions
  - Burglary
  - Theft
  - Robbery
- Crime coverage forms
  - Commercial crime coverage forms (discovery/loss sustained)
  - Government crime coverage forms (discovery/loss sustained)
- Coverages
  - Employee theft
  - Forgery or alteration
  - Inside the premises — theft of money and securities
  - Inside the premises — robbery or safe burglary of other property
  - Outside the premises
  - Computer fraud
  - Funds transfer fraud

Money orders and counterfeit money  
Other crime coverage  
Extortion — commercial entities (CR 04 03)

#### **6.4 Farm coverage ('88)**

Farm liability coverage forms  
Coverage H — Bodily injury and property damage liability  
Coverage I — Personal and advertising injury liability  
Coverage J — Medical payments

Definitions  
Conditions  
Exclusions  
Limits  
Additional coverages

### **7.0 Businessowners ('02) Policy — Liability 9%**

#### **7.1 Characteristics and purpose**

#### **7.2 Businessowners Section II — Liability**

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

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

#### **7.4 Selected endorsements**

Louisiana changes (BP 01 30)

### **8.0 Workers Compensation Insurance 13%**

#### **8.1 Workers compensation laws**

Types of laws  
Monopolistic versus competitive  
Compulsory versus elective  
Louisiana Workers Compensation Act (RL 23 Ch 10)  
Exclusive remedy (RL 23:1032)  
Employment covered (required, voluntary) (RL 23:1031, 1035, 1035.1, 1044–1047)  
Covered injuries (RL 23:1021, 1081)  
Occupational disease (RL 23:1031.1)  
Benefits provided (RL 23:1034.2, 1201, 1203, 1210, 1221, 1224, 1226, 1231–1236, 1251–1255)  
Second injury fund (RL 23:1371, 1377, 1378)  
Federal workers compensation laws  
Federal Employer Liability Act (FELA) (45 USC 51–60)  
U.S. Longshore & Harbor Workers' Compensation Act (33 USC 901–950)  
The Jones Act (46 USC 688)

#### **8.2 Workers compensation and employers liability insurance policy**

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

#### **8.3 Premium computation**

Job classification — payroll and rates  
Experience modification factor  
Premium discounts

#### **8.4 Other sources of coverages**

Louisiana Workers' Compensation Corporation (RL 23:1391–1393)  
Self-insured employers and employer groups (22:1982; RL 23:1168, 1195)

### **9.0 Other Coverages and Options 8%**

#### **9.1 Umbrella policies**

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

#### **9.2 Specialty liability insurance**

Errors and omissions  
Professional liability  
Director and officers liability  
Fiduciary liability  
Liquor liability

#### **9.3 Surplus lines**

Definitions and markets  
Licensing requirements

#### **9.4 Surety bonds**

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

#### **9.5 Other policies**

Boatowners