

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 Surplus Lines Insurance Series 14-10

50 questions – One-hour time limit

1.0 Insurance Regulation 12%

1.1 Licensing regulation for surplus lines

- Purpose (22:1541)
- Definitions (22:1542(18), 1962(F))
- Who may be licensed
 - Individuals (22:1546(A))
 - Business entity (22:1546(B))
 - Resident versus nonresident (22:1548)
- Licensing requirements (22:1547(I))
 - Current license
 - Experience
- Maintenance and duration
 - Expiration (22:1547(B))
 - Renewal (22:19, 1547(C))
 - Change of address (22:1547(G))
 - Assumed names (22:1552)
 - Reporting of actions (22:1563)
- Continuing education requirements (22:1547(c)(3), 1573)
- Disciplinary actions
 - Hearings (22:1968, 2191–2208)
 - Cease and desist order (22:1969)
 - Suspension and revocation (22:441)
 - Penalties (22:1969, 1970)
 - Reinstatement (22:1547(D))

1.2 State regulation

- Commissioner's general duties and powers (22:2, 1967)
- Unfair trade practices (22:1964)
 - Misrepresentation (22:1964(1, 18))
 - False advertising (22:1964(2))
 - Defamation (22:1964(3))
 - Boycott, coercion and intimidation (22:1214(4))
 - False financial statements (22:1964(5))
 - Unfair discrimination (22:1964(7))
 - Rebating (22:1964(8))
- Unfair claims settlement practices (22:1964(4))
- Insurance fraud (22:1964(13), 1921–1929)
- Privacy of Consumer Financial Information (Reg 76 Sec 9901–.9953)

2.0 General Insurance 8%

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 Surplus Lines Markets and Practices 80%

3.1 United States nonadmitted market

- Insurance exchanges
- Foreign nonadmitted market

3.2 Alien insurers

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

3.3 Alternative markets

- Captive insurers
- Risk retention groups
- Purchasing groups
- Independently procured insurance (22:439(B))

3.4 Eligible surplus lines insurers

- Requirements (22:435)
- List of approved unauthorized insurers (22:436)
- Withdrawal of eligibility (22:436(E), (F))
- Service of process (22:432)

3.5 Surplus lines coverages

- Characteristics and uses
- Types of coverages available

3.6 Requirements for placement of surplus lines insurance (22:432)

- Diligent search
 - Affidavit (22:438)
 - Exempt risks (22:443)
- Notice to insured (22:433)
 - Unauthorized insurer
 - Louisiana Insurance Guaranty Association
 - Stamp
 - Countersignature
- Evidence of insurance
- Premium tax itemization (22:855)

3.7 Authority of surplus lines broker (22:1903)

- Binding
- Underwriting
- Claims
- Commissions

3.8 Records of licensee

- Content of records (22:437)
- Maintenance (22:437)
- Penalties (22:440, 444)

3.9 Surplus lines tax (22:439, 855)

- Amount
- Collection
- Remittance
- Policy fees, service charges and commissions