

Your Exam Content Outline

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

Nebraska Producer's Examination for Property Insurance Series 13-22

100 questions – Two-hour time limit

1.0 Insurance Regulation 13%

1.1 Licensing

- Process (44-4052, 4053)
- Types of licensees (44-4054)
 - Producers (44-4049, 4054)
 - Consultants (44-2606–2635)
 - Resident versus nonresident (44-2625, 4055, 4063)
 - Temporary (44-4058)
- Maintenance and duration
 - Renewal (44-4054)
 - Name or address change (44-4054(8))
 - Reporting of actions (44-4065)
 - Assumed names (44-4057)
- Continuing education requirements including ethics education (44-3901–3908)
- Disciplinary actions
 - Right to hearing (44-4059(2))
 - Suspension, revocation or refusal to issue or renew (44-2633, 4059)
 - Fines (44-2634, 4059(4))
 - Cease and desist order (44-1529, 1542)

1.2 State regulation

- Director's general duties and powers (44-101.01, 2635)
- Company regulation
 - Certificate of authority (44-303)
 - Capital and surplus requirements (44-214, 305)
 - Unfair claims settlement practices (44-1539, 1540)
 - Examination of books and records (44-1527, 5904)
 - Appointment (44-4061)
 - Termination of appointment (44-4062)
 - Unfair trade practices complaint register (44-1525(9); Reg Ch 21)
- Producer regulation
 - Sharing commissions (44-4060)
 - Controlled business (44-361.01, .02)
 - Prohibited fees or charges (44-354)
 - Records retention (44-5905)

- Unfair trade practices
 - Misrepresentation (44-1525(1))
 - False advertising (44-1525(2))
 - Defamation of insurer (44-1525(3))
 - Boycott, coercion or intimidation (44-1525(4))
 - Unfair discrimination (44-1525(7))
 - Rebating (44-361, 1525(8))
- Insurance Fraud Act (44-6601–6608)
- Privacy of Insurance Consumer Information Act (44-901–925)

1.3 Federal regulation

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

2.0 General Insurance 13%

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
 - Reciprocal
 - Lloyd's associations
 - Risk retention groups
 - Surplus lines
- 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 licensees

- 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 Property and Casualty Insurance Basics 16%

3.1 Principles and concepts

- Insurable interest
- Underwriting
- Function
- Loss ratio

- Rates

- Types
- Loss costs
- Components

- Hazards

- Physical
- Moral
- Morale

- Causes of loss (perils)

- Concurrent causation

- Named perils versus special (open) perils

- Direct loss

- Consequential or indirect loss

- Blanket versus specific insurance

- Basic types of construction

- Loss valuation

- Actual cash value
- Replacement cost
- Functional replacement cost
- Market value
- Agreed value

- Stated amount

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
- Limits of liability
- Restoration/nonreduction of limits
- Coinsurance
- Vacancy or unoccupancy
- Named insured provisions
- Duties after loss
- Assignment
- Abandonment
- Insurer provisions
- Liberalization
- Subrogation
- Salvage
- Claim settlement options
- Third-party provisions
- Standard mortgage clause
- Loss payable clause
- No benefit to the bailee

3.4 Nebraska laws, regulations and required provisions

- Nebraska Valued Policy Law (44-501.02)
- Nebraska Property and Liability Insurance Guaranty Association (44-2401–2418)
- Cancellation and nonrenewal (44-522)
- Concealment, misrepresentation or fraud (44-358; 44-6601–6608; RL 28-631)
- Rate and Form Act (44-7501–7535)
- Federal Terrorism Insurance Program (15 USC 6701; Public Law 109–144, 110–160)

4.0 Dwelling ('02) Policy 8%

4.1 Characteristics and purpose

4.2 Coverage forms — Perils insured against

- Basic
- Broad
- Special

4.3 Property coverages

- Coverage A — Dwelling
- Coverage B — Other structures
- Coverage C — Personal property

Coverage D — Fair rental value
Coverage E — Additional living expense
Other coverages

4.4 General exclusions

4.5 Conditions

4.6 Selected endorsements

Special provisions — Nebraska (DP 01 26)
Automatic increase in insurance (DP 04 11)
Broad theft coverage (DP 04 72)
Dwelling under construction (DP 11 43)

4.7 Personal liability supplement

5.0 Homeowners ('00) Policy 17%

5.1 Coverage forms

HO-2 through HO-6

5.2 Definitions

5.3 Section I — Property coverages

Coverage A — Dwelling
Coverage B — Other structures
Coverage C — Personal property
Coverage D — Loss of use
Additional coverages

5.4 Perils insured against

5.5 Exclusions

5.6 Conditions

5.7 Selected endorsements

Special provisions — Nebraska (HO 01 26)
Limited fungi, wet or dry rot, or bacteria coverage
(HO 04 26, HO 04 27)
Permitted incidental occupancies — residence
premises (HO 04 42)
Earthquake (HO 04 54)
Scheduled personal property (HO 04 61)
Personal property replacement cost (HO 04 90)
Home day care (HO 04 97)

6.0 Commercial Package Policy (CPP) 13%

6.1 Components of a commercial policy

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

6.2 Commercial property ('07)

Commercial property conditions form
Coverage forms
Building and personal property
Condominium association
Condominium commercial unit-owners
Builders risk
Business income
Legal liability
Extra expense
Causes of loss forms
Basic
Broad
Special
Selected endorsements
Ordinance or law coverage (CP 04 05)

Spoilage coverage (CP 04 40)
Peak season limit of insurance (CP 12 30)
Value reporting form (CP 13 10)

6.3 Commercial inland marine ('04)

Nationwide marine definition
Commercial inland marine conditions form
Inland marine coverage forms
Accounts receivable
Bailee's customer
Commercial articles
Contractors equipment floater
Electronic data processing
Equipment dealers
Installation floater
Jewelers block
Signs
Valuable papers and records
Transportation coverages
Common carrier cargo liability
Motor truck cargo forms
Transit coverage forms

6.4 Equipment breakdown ('08)

Equipment breakdown protection coverage form
(EB 00 20)
Selected endorsement
Actual cash value (EB 99 59)

6.5 Farm coverage

Farm property coverage forms ('03)
Coverage A — Dwellings
Coverage B — Other private structures
Coverage C — Household personal property
Coverage D — Loss of use
Coverage E — Scheduled farm personal
property
Coverage F — Unscheduled farm personal
property
Coverage G — Other farm structures
Mobile agricultural machinery and equipment
coverage form
Livestock coverage form
Definitions
Causes of loss (basic, broad and special)
Conditions
Exclusions
Limits
Additional coverages

7.0 Businessowners ('06) Policy 15%

7.1 Characteristics and purpose

7.2 Businessowners Section I — Property

Coverage
Exclusions
Limits
Deductibles
Loss conditions
General conditions
Optional coverages
Definitions

7.3 Businessowners Section III — Common Policy Conditions

7.4 Selected endorsements

Protective safeguards (BP 04 30)

Utility services — direct damage (BP 04 56)

Utility services — time element (BP 04 57)

8.0 Other Coverages and Options 5%

8.1 Aviation insurance

Aircraft hull

8.2 Ocean marine insurance

Major coverages

Hull insurance

Cargo insurance

Freight insurance

8.3 National Flood Insurance Program

"Write your own" versus government

Eligibility

Coverage

Limits

Deductibles

8.4 Other policies

Boatowners

Difference in conditions

8.5 Residual markets

Joint underwriting or joint reinsurance pool

(44-7525)