

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 Property and Casualty Insurance Series 14-06

150 questions – 2.5-hour time limit

1.0 Insurance Regulation 7%

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 10.703,.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 (Rule 76.9903–.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 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
- 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

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
- Negligence
 - Elements of a negligent act
 - Defenses against negligence
- Damages
 - Compensatory — special versus general
 - Punitive
- Absolute liability
- Strict liability
- Vicarious liability
- Causes of loss (perils)
- 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
 - 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
 - Contribution by equal shares
- Limits of liability
 - Per occurrence (accident)
 - Per person
 - Aggregate — general versus products — completed operations
 - Split
 - Combined single
- Restoration/nonreduction of limits
- Coinsurance
- Vacancy or unoccupancy
- Named insured provisions
 - Duties after loss
 - Assignment
 - Abandonment
- Insurer provisions
 - Liberalization
 - Subrogation
 - Salvage
 - Claim settlement options
 - Duty to defend
- Third-party provisions
 - Standard mortgage clause
 - Loss payable clause
 - No benefit to bailee

3.4 Louisiana laws, regulations and required provisions

- Louisiana Valued Policy Law (22:1318)
- Louisiana Insurance Guaranty Association (22:2051–2070)
- Louisiana standard fire insurance policy (22:1311)
- 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 107–297, 109–144, 110–160)

4.0 Dwelling Policy ('93) (Louisiana-Specific) 7%

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

5.0 Homeowners ('00) Policy 15%

5.1 Coverage forms

HO-2 through HO-6
HO-8

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 Section II — Liability coverages

Coverage E — Personal liability
Coverage F — Medical payments to others
Additional coverages

5.5 Perils insured against

5.6 Exclusions

5.7 Conditions

5.8 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)
Earthquake (HO 04 54)
Scheduled personal property (HO 04 61)
Ordinance or law (HO 04 77)
Personal property replacement cost (HO 04 90)
Home day care (HO 04 97)
Business pursuits (HO 24 71)
Watercraft (HO 24 75)
Personal injury — Louisiana (HO 24 81)

6.0 Auto Insurance 16%

6.1 Laws

Louisiana Motor Vehicle Safety Responsibility Law
(LRS 32:853-910, 1021-3, 1041-3)
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)

6.2 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)

Named driver exclusion — Louisiana
(PP 13 43)

6.3 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)

7.0 Commercial Package Policy (CPP) 11%

7.1 Components of a commercial policy

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

7.2 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

7.3 Commercial property ('02)

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 (CP 04 05)
Spoilage (CP 04 40)
Peak season limit of insurance (CP 12 30)
Value reporting form (CP 13 10)

7.4 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)

7.5 Commercial inland marine

Commercial inland marine conditions form
Inland marine coverage forms
Accounts receivable
Bailee's customers
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

7.6 Equipment breakdown ('08)

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

7.7 Farm coverage ('88)

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

- Coverage J — Medical payments
- Mobile agricultural machinery and equipment coverage form
- Livestock coverage form
- Definitions
- Causes of loss (basic, broad and special)
- Conditions
- Exclusions
- Limits
- Additional coverages

8.0 Businessowners ('02) Policy 6%

8.1 Characteristics and purpose

8.2 Businessowners Section I — Property

- Coverage
- Exclusions
- Limits of insurance
- Deductibles
- Loss conditions
- General conditions
- Optional coverages
- Definitions

8.3 Businessowners Section II — Liability

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

8.4 Businessowners Section III — Common Policy Conditions

8.5 Selected endorsements

- Louisiana changes (BP 01 30)
- Protective safeguards (BP 04 30)
- Utility services — direct damage (BP 04 56)
- Utility services — time element (BP 04 57)

9.0 Workers Compensation Insurance 8%

9.1 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)

9.2 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

9.3 Premium computation

- Job classification — payroll and rates
- Experience modification factor
- Premium discounts

9.4 Other sources of coverages

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

10.0 Other Coverages and Options 9%

10.1 Umbrella policies

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

10.2 Specialty liability insurance

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

10.3 Surplus lines

- Definitions and markets
- Licensing requirements

10.4 Fidelity and Surety bonds

- Nature of fidelity bonds
 - Insuring agreement
 - Bond period
 - Discovery period
 - Limit of liability
 - Aggregate
 - Single loss
 - Termination of coverage
- Nature of surety bonds
 - Principal, obligee, surety
 - Contract bonds
 - License and permit bonds
 - Judicial bonds

10.5 Aviation insurance

- Aircraft hull

10.6 Ocean marine insurance

- Major coverages
 - Hull insurance
 - Cargo insurance
 - Freight insurance
- Implied warranties
- Perils
- General and particular average

10.7 National Flood Insurance Program

"Write your own" versus direct

Eligibility

Coverage

Limits

Deductibles

10.8 Other policies

Boatowners

Difference in conditions

10.9 Residual markets

Louisiana Citizens Property Insurance Corporation

(LRS 22:2291-2315)

FAIR and Coastal Plans (LRS 22:15, 16, 2321)