

Your Exam Content Outline

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

Oregon Consultant's Examination for General Lines Insurance Series 12-11

150 questions – 2.5-hour time limit

1.0 Insurance Regulation 12%

1.1 Licensing

- Purpose
- Process (ORS 744.619, .635; OAR 836-071-0150)
- Types of licensees
 - Producers (ORS 744.052, .053)
 - Consultants (ORS 744.605, .609, .626)
 - Adjusters (ORS 744.531)
 - Nonresident consultants (ORS 744.026, .621)
- Maintenance and duration
 - Renewal and nonrenewal (ORS 744.008, .009; OAR 836-071-0130)
 - Reinstatement (ORS 744.018)
 - Assumed business name (ORS 744.028(2), .068)
 - Change of address or telephone number (ORS 744.028(1), .068)
 - Reporting of actions (ORS 744.089)
- Disciplinary actions
 - Cease and desist orders (ORS 731.252)
 - License probation, suspension, revocation or refusal to issue or renew (ORS 744.013)
 - Civil penalty (ORS 731.988)
 - Criminal penalty (ORS 731.992)

1.2 State regulation

- Director's general duties and powers (ORS 731.236)
- Company regulation
 - Solvency (ORS 731.554(6))
 - Unfair claim settlement practices (ORS 746.230; OAR 836-080-0205–0250)
- Unfair trade practices
 - Misrepresentation (ORS 746.075, .100)
 - False advertising (ORS 746.110; OAR 836-080-0155)
 - Rebating (ORS 746.045)
 - Unfair discrimination (ORS 746.015; OAR 836-081-0005, 0010, 0020, 0030)
 - Illegal inducement (ORS 746.035)
 - Suitability (OAR 836-080-0001–0043, 836-080-0090)
- Examination of records (ORS 744.024, .026)

Privacy of Consumer Information (ORS 746.620, .630, .665)

1.3 Federal regulation

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

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
 - Reciprocal
 - 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 producer
 - 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 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
- 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
 - Functional replacement cost
 - Market value
 - Agreed value
 - Stated amount
 - Valued policy

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 and additional
- Policy period
- Policy territory
- Cancellation and nonrenewal
- Deductibles
- Other insurance
 - Nonconcurrency
 - Primary and excess
- Limits of liability
 - Per occurrence (accident)
 - Per person
 - Aggregate—general versus products—completed operations
 - Split
 - Combined single
- Policy limits
- 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 the bailee

3.4 Oregon laws, regulations and required provisions

- Oregon Insurance Guaranty Association (ORS 734.510–.710)
- Cancellation and nonrenewal
 - Commercial liability (ORS 742.700–.710)
 - Property (ORS 742.224, 746.687)
- Binders (ORS 742.043)
- Rates (ORS 737.025, .310)
- Policy forms (ORS 742.003)
- Suit against insurer (ORS 742.240)
- Concealment, misrepresentation or fraud (ORS 742.013, .208, .702(1)(b))
- Unfair discrimination (ORS 746.018)
- Federal Terrorism Insurance Program (15 USC 6701; Public Law 109–144, 110–160)

4.0 Dwelling Policy 5%

4.1 Characteristics and purpose

4.2 Coverage forms — Perils insured against

- Basic — Oregon ('04)
- Broad ('02)
- Special ('02)

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 — Oregon (DP 01 36)
- 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 4%

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 — Oregon (HO 01 36)
- Limited fungi, wet or dry rot, or bacteria coverage (HO 04 04, HO 04 05, HO 04 06)
- Earthquake (HO 04 54)
- Scheduled personal property (HO 04 61)
- Personal property replacement cost (HO 04 90)
- Permitted incidental occupancies — residence premises — Oregon (HO 05 42)
- Home day care — Oregon (HO 05 97)
- Business pursuits (HO 24 71)
- Watercraft (HO 24 75)
- Personal injury (HO 24 82)

6.0 Auto Insurance 8%

6.1 Laws

- Oregon Motor Vehicle Financial Responsibility Law
- Required motor vehicle limits of liability (ORS 806.070)
- Other ways to prove responsibility (ORS 806.011, .060, .080)
- Personal injury protection (ORS 742.520–.544)
 - Medical
 - Loss of income
 - Funeral
 - Death
 - Essential services
 - Exclusions from coverage
 - Arbitration
- Uninsured/underinsured motorist (ORS 742.500–.510)
 - Definitions
 - Bodily injury
 - Property damage
 - Required limits
- Aftermarket Crash Parts Act (ORS 746.287, .292)

6.2 Personal ('05) auto policy

- Definitions
- Liability coverage
 - Bodily injury and property damage
 - Supplementary payments
 - Exclusions
- Medical payments coverage
- Uninsured motorists 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 — Oregon (PP 01 94)
 - Towing and labor costs (PP 03 03)
 - Extended non-owned coverage — vehicles furnished or available for regular use (PP 03 06)
 - Miscellaneous type vehicle (PP 03 23)
 - Joint ownership coverage (PP 13 35)

6.3 Commercial auto ('06)

- 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
 - Lessor — additional insured and loss payee (CA 20 01)
 - 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)

- 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 coverages
 - Extortion — commercial entities (CR 04 03)
 - Guests' property (CR 04 11)

7.5 Commercial inland marine

- 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
 - Installation floater
 - Signs
 - Valuable papers and records
- Transportation coverages
 - 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

- Farm property coverage form ('03)
 - Coverage A — Dwellings
 - Coverage B — Other private structures
 - Coverage C — Household personal property
 - Coverage D — Loss of use
 - Coverage E — Scheduled personal property
 - Coverage F — Unscheduled farm personal property

7.0 Commercial Package Policy (CPP) 18%

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
 - Supplementary payments
 - Who is an insured
 - Limits of insurance
 - Conditions
 - Definitions
 - Exclusions
- 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 coverage form (CG 00 39)

7.3 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

- Coverage G — Other farm structures
- Farm liability coverage form ('06)
 - 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 ('06) Policy 6%

8.1 Characteristics and purpose

8.2 Businessowners Section I — Property

- Coverages
- Exclusions
- Limits
- 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

- Hired auto and non-owned auto liability (BP 04 04)
- Protective safeguards (BP 04 30)
- Utility services — direct damage (BP 04 56)
- Utility services — time element (BP 04 57)

9.0 Workers Compensation Insurance 13%

9.1 Workers compensation laws

- Type of law
 - Monopolistic versus competitive
 - Compulsory versus elective
- Oregon Workers Compensation Law (ORS Chapter 656)
 - Exclusive remedy (ORS 656.018)
 - Employment covered (required, voluntary, leased) (ORS 656.017, .023, .027–.041)
 - Covered injuries (ORS 656.005(7))
 - Occupational disease (ORS 656.802–.804)
 - Benefits provided (ORS 656.202, .204, .206, .208, .210, .211, .212, .214, .216, .245, .258)

Workers Compensation Handicapped Workers Program (ORS 656.628)

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
- Selected endorsement
 - Voluntary compensation

9.3 Premium computations

- Job classification
- Rates
- Payroll
- Adjustment upon audit
- Experience modification factor
- Premium discounts

9.4 Other sources of coverage

- Oregon Workers Compensation Fund Insurance Plan (ORS 656.730; OAR 836-043-0001–0091)
- Self-insured employers and employer groups (ORS 656.403, .407)

10.0 Other Coverages and Options 13%

10.1 Umbrella/excess liability policies

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

10.2 Specialty liability insurance

- Errors and omissions
- Professional liability
- Directors and officers liability
- Fiduciary liability
- Liquor liability
- Employment practices liability

10.3 Surplus lines

- Definitions and markets
- Licensing requirements

10.4 Surety bonds

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

10.5 Aviation insurance

- Aircraft hull
- Aircraft liability
- Airport liability
- Hangarkeepers liability

10.6 Ocean marine insurance

- Major coverages
 - Hull insurance
 - Cargo insurance
 - Freight insurance
 - Protection and indemnity
- Implied warranties
- Perils

General and particular average

10.7 National Flood Insurance Program

"Write your own" versus government

Eligibility

Coverage

Limits

Deductibles

10.8 Other policies

Boatowners

Difference in conditions

10.9 Residual markets

Joint Underwriting Association

(ORS 735.200-.260; 737.390)

Oregon FAIR Plan Association

(ORS 735.005, .015, .045)

10.10 Alternative funding mechanisms

Self-insured

Pooling

Risk retention groups

Captives