

Your Exam Content Outline

For examinations on and after March 1, 2007

If you do not receive all four pages of this outline, please contact Prometric.

The following outline describes the content of one of the Louisiana insurance exams. The outline is the basis of the exam. The exam 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 Insurance Series 14-04

100 questions – Two-hour time limit

1.0 Insurance Regulation 12%

1.1 Licensing

- Types of licensees (22:1137, 1212(F))
 - Individual producer (22:1132(6), 1136(A))
 - Business entity (22:1132(2), 1136(B))
 - Resident versus nonresident (22:1136, 1138, 1146)
 - Temporary (22:1141)
- Maintenance and duration
 - Expiration (22:1137(B))
 - Renewal (22:1137(C))
 - Change of address (22:1137(G))
 - Assumed names (22:1140)
 - Reporting of actions (22:1149)
 - Continuing education requirements (22:1193; Rule 10 Sec 703, 705)
- Disciplinary actions
 - Hearings (22:1216, 1351-1367)
 - Cease and desist order (22:1217)
 - License probation, suspension, revocation, or refusal to issue or renew (22:1142)
 - Penalties with or without suspension of license (22:1217, 1217.1)

1.2 State regulation

- Commissioner's general duties and powers (22:2, 1215)
- Company regulation
 - Certificate of authority (22:35, 37)
 - Unfair claims settlement practices (22:1214(14))
 - Appointment (22:1144)
 - Termination of appointment (22:1145)
- Producer regulation
 - Controlled business (22:1134(C))
 - Shared commissions (22:1143)
 - Payment to unlicensed entities (22:1148)
- Unfair trade practices (22:1214)
 - Misrepresentation (22:1214(1, 18))
 - False advertising (22:1214(2))
 - Defamation (22:1214(3))

Boycott, coercion and intimidation (22:1214(4))

False financial statements (22:1214(5))

Unfair discrimination (22:1214(7))

Rebating (22:1214(8))

Examination of books and records (22:1215, 1301, 1309)

Insurance fraud (22:1214(13), 1241-1247.1)

Privacy of Consumer Financial Information (Reg 76 Sec 9901-.9933, .9945-.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 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 Property Insurance Basics 17%

3.1 Principles and concepts

- Insurable interest
- Underwriting
 - Function
 - Loss ratio
- Rates
 - Types
 - Loss costs
 - Components
- Hazards
 - Physical
 - Moral
 - Morale
- 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

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
- 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
- Third-party provisions
 - Standard mortgage clause
 - Loss payable clause
 - No benefit to the bailee

3.4 Louisiana laws, regulations and required provisions

- Louisiana Valued Policy Law (22:695)
- Louisiana Insurance Guaranty Association (22:1375–1394)
- Louisiana standard fire insurance policy (22:691)
- Cancellation and nonrenewal (22:636)
 - Commercial (22:636.4)
 - Homeowners (22:635.3, 636.2, .6, 1471)
- Binders (22:631, 632)
- Loss payment (22:658)
- Terrorism Risk Insurance Act of 2002 and Extension Act of 2005 (15 USC 6701; S467)

4.0 Dwelling Policy ('93) (Louisiana-Specific) 10%

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 — Section I 20%

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 Perils insured against

5.5 Exclusions

5.6 Conditions

5.7 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)

6.0 Commercial Package Policy (CPP) 18%

6.1 Components of a commercial policy

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

6.2 Commercial property ('95)

- Commercial property conditions form
- Coverage forms
 - Building and personal property
 - Glass coverage
 - Condominium association
 - Condominium commercial unit-owners
 - Builders risk
 - Business income
 - Legal liability
 - Extra expense
- Causes of loss forms
 - Basic
 - Broad
 - Special
 - Earthquake
- Selected endorsements

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

6.3 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

6.4 Boiler and machinery ('01)

- Equipment breakdown protection coverage form (BM 00 20)
 - Selected endorsements
 - Business income — Report of values (BM 15 31)
 - Actual cash value (BM 99 59)

6.5 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
- 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 ('02) Policy — Property 10%

7.1 Characteristics and purpose

7.2 Businessowners Section I — Property

- Definitions
- Coverage
- Causes of loss
- Conditions
- Limits
- Deductibles

Exclusions
Optional coverages

7.3 Businessowners Section III – Common Policy Conditions

7.4 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)

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
Implied warranties
Perils
General and particular average

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

Coastal plan and FAIR plan (22:1430–1430.18)