

# 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 Producer's Examination for Property and Casualty Insurance Series 12-04

150 questions – 2.5-hour time limit

### 1.0 Insurance Regulation 11%

#### 1.1 Licensing

Purpose

Process (ORS 744.058, .059, .062)

Types of licensees

Producers (ORS 744.052, .053)

Consultants (ORS 744.605, .609, .626;  
OAR 836-071-0150)

Adjusters (ORS 744.531)

Nonresidents (ORS 744.063)

Temporary (ORS 744.073)

Maintenance and duration

Renewal and nonrenewal (ORS 744.072, .074)

Continuing education requirements (ORS  
744.072(4); OAR 836-071-0215–0250)

Reinstatement (ORS 744.018, .072(6))

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 744.074)

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))

Producer appointment (ORS 744.078)

Termination of appointment (ORS 744.079,  
.081)

Unfair claim settlement practices

(ORS 746.230; OAR 836-080-0205–0250)

Producer regulation

Fiduciary and trust account responsibilities  
(ORS 744.083; OAR 836-074-0020–0050)

Place of business/records maintenance  
(ORS 744.068)

Controlled business (ORS 746.065, .160)  
Shared commissions (ORS 744.076, .077;  
OAR 836-071-0269–0277)

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 744.068(2, 3))

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 10%

#### 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

Reciprocals

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 14%

### 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 6%

#### 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 6%

#### 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 13%

#### 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)

## **7.0 Commercial Package Policy (CPP) 13%**

### **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

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

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 5%

### 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 11%

### 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 11%

### 10.1 Umbrella/excess liability policies

Personal (DL 98 01)

Commercial (CU 00 01)

### 10.2 Specialty liability insurance

Errors and omissions

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 National Flood Insurance Program**

"Write your own" versus government

Eligibility

Coverage

Limits

Deductibles

**10.6 Other policies**

Boatowners

Difference in conditions

**10.7 Residual markets**

Joint Underwriting Association (ORS 735.200-.260;  
737.390)

Oregon FAIR Plan Association (ORS 735.005, .015,  
.045)