

# 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 Consultant's Examination for Property and Casualty Insurance Series 13-08

150 questions – 2.5-hour time limit

### 1.0 Insurance Regulation 5%

#### 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 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
  - 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 Auto Insurance 15%

#### 3.1 Laws

- Nebraska Motor Vehicle Safety Responsibility Act (RL 60-501–569)
  - Required limits of liability (RL 60-501(10), 534)
  - Required proof of financial responsibility (RL 60-346)
- Nebraska Automobile Insurance Plan
- Uninsured/underinsured motorist (44-6401–6414)
  - Definitions
  - Bodily injury
  - Required limits
- Cancellation/nonrenewal
  - Grounds (44-515)
  - Notice (44-516–519, 523; RL 60-544)
  - Notice of eligibility in assigned risk plan (44-520)
- After market parts regulation (Reg Title 210 Chapter 45)

#### 3.2 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
  - Deductible liability coverage (CA 03 01)
  - Lessor — additional insured and loss payee (CA 20 01)
  - Mobile equipment (CA 20 15)
  - Broad form products coverage (CA 25 01)
  - False pretense coverage (CA 25 03)
  - Auto medical payments coverage (CA 99 03)
  - Drive other car coverage (CA 99 10)
  - Hired autos specified as covered autos you own (CA 99 16)
  - Individual named insured (CA 99 17)
  - Employees as insureds (CA 99 33)
  - Pollution liability — broadened coverage (CA 99 48; CA 99 55)
- Commercial carrier regulations
  - The Motor Carrier Act of 1980
  - Endorsement for motor carrier policies of insurance for public liability (MCS-90)

### 4.0 Commercial Package Policy (CPP) 30%

#### 4.1 Components of a commercial policy

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

#### 4.2 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
- Premises and operations
- Products and completed operations
- Insured contract
- Owners and contractors protective liability coverage form
- Pollution liability
  - Pollution liability coverage form (CG 00 39)
  - Pollution liability limited coverage form (CG 00 40)
  - Pollution liability coverage extension endorsement (CG 04 22)

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

#### 4.4 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)
  - Lessees of safe deposit boxes (CR 04 09)
  - Securities deposited with others (CR 04 10)
  - Guests' property (CR 04 11)
  - Safe depository (CR 04 12)

#### 4.5 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

#### 4.6 Equipment breakdown ('08)

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

#### 4.7 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
- Farm liability coverage forms ('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

### 5.0 Businessowners ('06) Policy 4%

#### 5.1 Characteristics and purpose

#### 5.2 Businessowners Section I — Property

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

#### 5.3 Businessowners Section II — Liability

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

#### 5.4 Businessowners Section III — Common Policy Conditions

## 5.5 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)

## 6.0 Workers Compensation Insurance 14%

### 6.1 Workers compensation laws

- Types of laws
  - Monopolistic versus competitive
  - Compulsory versus elective
- Nebraska Workers' Compensation Act
  - Exclusive remedy (RL 48-111)
  - Employment covered (required, voluntary) (RL 48-106, 114, 115)
  - Covered injuries (RL 48-101, 102, 127, 151(2)(4-8))
  - Occupational disease (RL 48-151(3))
  - Benefits provided (RL 48-119-126, 162.01)
  - Workers' Compensation Trust Fund (RL 48-128, 162.02)
- Federal workers compensation laws
  - Federal Employers Liability Act (FELA) (45 USC 51-60)
  - U.S. Longshore and Harbor Workers' Compensation Act (33 USC 901-950)
  - The Jones Act (46 USC 688)

### 6.2 Workers compensation and employers liability insurance policy

- General sections
  - 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 endorsements
  - Voluntary compensation
  - Foreign coverage endorsement

### 6.3 Premium computation

- Job classification — payroll and rates
- Experience modification factor
- Premium discounts
- Participating (dividend) plans
- Retrospective rating

### 6.4 Other sources of coverage

- Nebraska Workers' Compensation Plan (RL 48-3, 158)
- Self-insured employers and employer groups (RL 48-144.02(2), 48-145)

## 7.0 Other Coverages and Options 27%

### 7.1 Umbrella/excess liability policies

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

### 7.2 Specialty liability insurance

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

### 7.3 Surplus lines

- Definitions and markets
- Licensing requirements

### 7.4 Surety bonds

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

### 7.5 Aviation insurance

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

### 7.6 Ocean marine insurance

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

### 7.7 National Flood Insurance Program

- "Write your own" versus government
- Eligibility
- Coverage
- Limits
- Deductibles

### 7.8 Other policies

- Boatowners
- Difference in conditions

### 7.9 Residual markets

- Joint underwriting or joint reinsurance pool (44-7525)

### 7.10 Alternative funding mechanisms

- Self-insured
- Pooling
- Risk retention groups
- Captives

### 7.11 Federal Terrorism Insurance Program (15 USC 6701; Public Law 109-144, 110-160)