

# Your Exam Content Outline

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

## Utah Consultant's Examination for Property and Casualty Insurance Series 17-10

150 questions – 2.5-hour time limit

### 1.0 Insurance Regulation 17%

#### 1.1 Licensing

- Purpose (31A-23a-101)
- Process (31A-23a-103-105, 107, 302)
- Types of licensees (31A-23a-106, 203, 401)
  - Producers
  - Consultants
  - Adjusters
  - Nonresidents (31A-23a-109)
- Maintenance and duration
  - Renewal (31A-23a-105; Reg R590-141-3(A))
  - Continuing education requirements (31A-23a-202; Reg R590-142-1-10)
  - Reinstatement (31A-23a-113)
  - Assumed name (31A-23a-110(2))
  - Change of address or telephone number (31A-23a-412(1)(c))
  - Reporting of actions (31A-23a-105(2)(b))
- Disciplinary actions
  - License termination, suspension, or revocation (31A-2-308(10)(a); 31A-23a-111)
  - Probation (31A-23a-112)
  - Monetary forfeiture (fines) (31A-2-308)

#### 1.2 State regulation

- Commissioner's general duties and powers (31A-2-201)
- Company regulation
  - Solvency (31A-4-105, 105.5)
  - Rates (31A-19a-201-203)
  - Policy forms (31A-21-201-203)
  - Producer appointment (31A-23a-302; Reg R590-101-4(A))
  - Termination of appointment (Reg R590-101-4(B))
  - Unfair claim settlement practices (31A-26-303; Reg R590-190-192)
- Producer regulation
  - Fiduciary and trust account responsibilities (31A-23a-409)
  - Place of business/records maintenance (31A-23a-412)
  - Controlled business (31A-23a-502)

- Shared commissions (31A-23a-504)
- Unfair marketing practices (Reg R590-154)
- Misrepresentation (31A-21-105; 31A-23a-402(1))
- False advertising (31A-23a-402(1))
- Rebating (31A-23a-402(2))
- Unfair discrimination (31A-23a-402(3))
- Boycott, coercion or intimidation (31A-23a-402(4))
- Illegal inducement (Reg R590-154-11)
- Examination of records (31A-2-203-205; 31A-23a-412)
- Privacy of Consumer Information (31A-23a-417; Reg R590-206)
- Insurance fraud regulation (31A-31-103-106)
- Personal liability for unpaid claims (31A-15-105)

#### 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
  - 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 Utah laws, regulations and required provisions

Utah Property and Casualty Insurance Guaranty Association (31A-28-202-210, 212-215, 217-218, 220, 222)  
Cancellation, issuance and renewal (31A-21-303)  
Binders (31A-21-102)  
Other insurance (31A-21-307)  
Suit against insurer (31A-21-313)  
Concealment or fraud (RL 76-6-521)  
Terrorism Risk Insurance Act of 2002 and Extension Act of 2005 (15 USC 6701; Public Law 109-144)

### 4.0 Dwelling ('02) Policy 4%

#### 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

#### 4.6 Selected endorsements

Special provisions — Utah (DP 01 43)  
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 — Utah (HO 01 43)  
Limited fungi, wet or dry rot, or bacteria coverage (HO 04 26, HO 04 27)  
Permitted incidental occupancies (HO 04 42)

Earthquake (HO 04 54)  
Scheduled personal property (HO 04 61)  
Personal property replacement cost (HO 04 90)  
Home day care (HO 04 97)  
Business pursuits (HO 24 71)  
Personal injury (HO 24 82)  
Watercraft — Utah (HO 25 12)

### 6.0 Auto Insurance 6%

#### 6.1 Laws

Utah Financial Responsibility of Motor Vehicle Owners and Operators Act (RL 41-12a-101-104)  
Required motor vehicle limits of liability (31A-22-301-304)  
Personal injury protection (31A-22-306-309)  
Medical  
Loss of income  
Special damages allowance  
Funeral  
Death  
Uninsured/underinsured motorist (31A-22-305-305.3)  
Definitions  
Bodily injury  
Property damage (31A-22-305.5)  
UM/UIM rejection  
Required limits  
Utah Assigned Risk Insurance Plan (31A-22-310)  
Aftermarket Crash Parts Act (31A-22-316-319)

#### 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 — Utah (PP 01 93)  
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 03 34)

#### 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) 17%

### 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 ('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 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 ('07)

- 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 13%**

**9.1 Workers compensation laws**

- Type of law
  - Monopolistic versus competitive
  - Compulsory versus elective
- Utah Workers Compensation Law
  - Exclusive remedy (RL 34A-2-105)
  - Employment covered (required, voluntary) (RL 34A-2-103, 104)

- Covered injuries (RL 34A-2-401, 402)
- Occupational disease (RL 34A-3-101-112)
- Benefits provided (RL 34A-2-401, 408-418)
- Employers' Reinsurance Fund (RL 34A-2-702, 703)
- Uninsured Employers' Fund (RL 34A-2-704)

**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 endorsements
  - Voluntary compensation
  - Anniversary rating date
  - Other states
  - Sole proprietors, partners, officers and others coverage

**9.3 Premium computations**

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

**9.4 Other sources of coverage**

- Workers' Compensation Fund (31A-22-1001; 31A-33-101-118)
- Self-insured employers (RR R612-3-1-7)

**9.5 Rating organization (31A-19a-401-407)**

**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 (31A-15-103)**

- 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 including Joint Underwriting Association (31A-2-214)**

## **10.10 Alternative funding mechanisms**

Self-insured

Pooling

Risk retention groups

Captives