

Your Exam Content Outline

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

Louisiana Examination for Casualty Insurance Series 14-05

100 questions - 120-minute time limit

1.0 Insurance Regulation 9%

1.1 Licensing

- Types of licensees (22:1547, 1962(F))
 - Individual producer (22:1542(6), 1546(A))
 - Business entity (22:1542(2), 1546(B))
 - Resident versus nonresident (22:1546, 1548, 1560)
 - Temporary (22:1553)
- Maintenance and duration
 - Expiration (22:1547(B))
 - Renewal (22:1547(C))
 - Change of address (22:1547(G))
 - Assumed names (22:1552)
 - Reporting of actions (22:1563)
 - Continuing education requirements (22:1573; Rule 10.703, .705 & Rule 10.711)
- Disciplinary actions
 - Hearings (22:1968, 2191, 2193-2195, 2197, 2198, 2204-2208)
 - Cease and desist order (22:1969)
 - License probation, suspension, revocation, or refusal to issue or renew (22:1554)
 - Penalties with or without suspension of license (22:1969, 1970)

1.2 State regulation

- Commissioner's general duties and powers (22:2, 1967)
- Company regulation
 - Certificate of authority (22:65, 66)
 - Unfair claims settlement practices (22:1964(14))
 - Appointment (22:1558)
 - Termination of appointment (22:1559)
- Producer regulation
 - Controlled business (22:1544(C))
 - Shared commissions (22:1557)
 - Payment to unlicensed entities (22:1562)
- Unfair trade practices (22:1964)
 - Misrepresentation (22:1964(1, 18))
 - False advertising (22:1964(2))
 - Defamation (22:1964(3))
 - Boycott, coercion and intimidation (22:1964(4))

- False financial statements (22:1964(5))
- Unfair discrimination (22:1964(7))
- Rebating (22:1964(8))
- Examination of books and records (22:1967, 1981, 1990)
- Insurance fraud (22:1964(13), 1921-1929)
- Privacy of Consumer Financial Information (37:XIII.9903-.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 7%

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

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 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

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
 - Contribution by equal shares
- Limits of liability
 - Per occurrence (accident)
 - Per person
 - Aggregate — general versus products — completed operations
 - Split
 - Combined single
- Named insured provisions
 - Duties after loss
 - Assignment
- Insurer provisions
 - Liberalization
 - Subrogation
 - Duty to defend

3.4 Louisiana laws, regulations and required provisions

- Louisiana Insurance Guaranty Association (22:2051–2070)
- Cancellation and nonrenewal (22:887)
 - Commercial (22:1267)
 - Homeowners (22:1265, 1333, 1335, 1336)
- Binders (22:870, 1555)
- Loss payment (22:1892)
- Federal Terrorism Insurance Program (15 USC 6701; Public Law 107–297, 109–144, 110–160)

4.0 Homeowners ('00) Policy — Section II 15%

4.1 Coverage forms

- HO-2 through HO-6
- HO-8

4.2 Definitions

4.3 Section II — Liability coverages

- Coverage E — Personal liability
- Coverage F — Medical payments to others
- Additional coverages

4.4 Exclusions

4.5 Conditions

4.6 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)
- Home day care (HO 04 97)
- Business pursuits (HO 24 71)
- Watercraft (HO 24 75)
- Personal injury — Louisiana (HO 24 81)

5.0 Auto Insurance 16%

5.1 Laws

- Louisiana Motor Vehicle Safety Responsibility Law (LRS 32:851–910, 1021–3, 1041–3)

- Required limits of liability (LRS 32:900)
- Louisiana Automobile Insurance Plan (LRS 32:1043)
- Uninsured/underinsured motorist (LRS 22:1295)
 - Definitions
 - Bodily injury
 - Property damage
 - UM/UIM selection/rejection form
 - Required limits
- Cancellation/nonrenewal (LRS 22:1266)
 - Grounds
 - Notice
 - Notice of eligibility in assigned risk plan
- Aftermarket crash parts regulation (LRS 51:2421-2425)

5.2 Personal auto ('05) policy

- Definitions
- Liability coverage
 - Bodily injury and property damage
 - Supplementary payments
 - Exclusions
- Medical payments coverage
- Uninsured motorist 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 — Louisiana (PP 01 95)
 - Towing and labor costs (PP 03 03)
 - Extended non-owned coverage (PP 03 06)
 - Miscellaneous type vehicle (PP 03 23)
 - Joint ownership coverage (PP 03 34)
 - Named driver exclusion – Louisiana (PP 13 43)

5.3 Commercial auto ('10) policy

- 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
 - Louisiana – lessor – additional insured and loss payee (CA 04 13)
 - 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)

6.0 Commercial Package Policy (CPP) 10%

6.1 Components of a commercial policy

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

6.2 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
- 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
 - Pollution liability coverage form
 - Pollution liability limited coverage form
 - Pollution liability coverage extension endorsement

6.3 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 coverage
- Extortion — commercial entities (CR 04 03)

6.4 Farm coverage ('06)

- Farm liability coverage forms
 - Coverage H — Bodily injury and property damage liability
 - Coverage I — Personal and advertising injury liability
 - Coverage J — Medical payments
- Definitions
- Conditions
- Exclusions
- Limits
- Additional coverages

7.0 Businessowners ('06) Policy — Liability 9%

7.1 Characteristics and purpose

7.2 Businessowners Section II — Liability

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

7.3 Businessowners Section III — Common Policy Conditions

7.4 Selected endorsements

- Louisiana changes (BP 01 30)

8.0 Workers Compensation Insurance 13%

8.1 Workers compensation laws

- Types of laws
 - Monopolistic versus competitive
 - Compulsory versus elective
- Louisiana Workers Compensation Act (LRS Title 23 Chapter 10)
 - Exclusive remedy (LRS 23:1032)
 - Employment covered (required, voluntary) (LRS 23:1031, 1035, 1035.1, 1044-1047)
 - Covered injuries (LRS 23:1021, 1081)
 - Occupational disease (LRS 23:1031.1)
 - Benefits provided (LRS 23:1034.2, 1201, 1203, 1210, 1221, 1224, 1226, 1231-1236, 1251-1255)
 - Second injury fund (LRS 23:1371, 1377, 1378)
- Federal workers compensation laws
 - Federal Employer Liability Act (FELA) (45 USC 51-60)
 - U.S. Longshore & Harbor Workers' Compensation Act (33 USC 901-950)
 - The Jones Act (46 USC 688)

8.2 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
- Voluntary compensation endorsement

8.3 Premium computation

- Job classification — payroll and rates
- Experience modification factor
- Premium discounts

8.4 Other sources of coverages

- Louisiana Workers' Compensation Corporation (LRS 23:1391-1393)
- Self-insured employers and employer groups (LRS 23:1168, 1195)

9.0 Other Coverages and Options 8%

9.1 Umbrella policies

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

9.2 Specialty liability insurance

- Errors and omissions
- Professional liability
- Director and officers liability
- Fiduciary liability
- Liquor liability

9.3 Surplus lines

- Definitions and markets
- Licensing requirements

9.4 Fidelity and Surety bonds

- Nature of Fidelity Bonds
 - Insuring agreement
 - Bond period
 - Discovery period
 - Limit of liability
 - Aggregate
 - Single loss
 - Termination of coverage
- Nature of Surety bonds
 - Principal, obligee, surety
 - Contract bonds
 - License and permit bonds
 - Judicial bonds

9.5 Other policies

- Boatowners