

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 Producer's Examination for Personal Lines Insurance Series 13-21

100 questions – Two-hour time limit

1.0 Insurance Regulation 11%

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 11%

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 Property and Casualty Insurance Basics 17%

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)
- Concurrent causation
- 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
 - Limits of liability
 - Per occurrence (accident)
 - Per person
 - Split
 - Combined single
 - 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 Nebraska laws, regulations and required provisions
- Nebraska Valued Policy Law (44-501.02)
 - Nebraska Property and Liability Insurance Guaranty Association (44-2401–2418)
 - Cancellation and nonrenewal (44-522)
 - Concealment, misrepresentation or fraud (44-358; 44-6601–6608; RL 28-631)

4.0 Dwelling ('02) Policy 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**
- 4.6 Selected endorsements**
 - Special provisions — Nebraska (DP 01 26)
 - 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 22%

- 5.1 Coverage forms**
 - HO-2 through HO-6
- 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 — Nebraska (HO 01 26)
 - 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)
 - Watercraft (HO 24 75)
 - Personal injury (HO 24 82)

6.0 Auto Insurance 22%

- 6.1 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)
- 6.2 Personal auto ('05)**
 - 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 expense
 - Exclusions
 - Duties after an accident or loss
 - General provisions
 - Selected endorsements
 - Amendment of policy provisions — Nebraska (PP 01 85)
 - 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)

7.0 Other Coverages and Options 7%

- 7.1 Umbrella/excess liability policies**
 - Personal (DL 98 01)
- 7.2 National Flood Insurance Program**
 - "Write your own" versus government
 - Eligibility
 - Coverage
 - Limits
 - Deductibles
- 7.3 Other policies**
 - Boatowners