

# 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 Producer's Examination for Property and Casualty Insurance Series 17-04

150 questions – 2.5-hour time limit

### 1.0 Insurance Regulation 11%

#### 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)
  - Continuing education requirements (31A-23a-202; Reg R590-142-1 through 10)
  - Reinstatement (31A-23a-111(2), 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-115; Reg R590-244-1–14)
  - Termination of appointment (Reg R590-244-1–14)
  - 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 (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 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
  - 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 12%

### 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)  
Federal Terrorism Insurance Program (15 USC  
6701; Public Law 107-297, 109-144, 110-160)

Business pursuits (HO 24 71)  
Personal injury (HO 24 82)  
Watercraft — Utah (HO 25 12)

## **6.0 Auto Insurance 13%**

### **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

## **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 12%**

### **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 — residence  
premises (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)

- 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) 11%

### 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 8%**

### **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
- 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 8%**

### **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

### **10.6 Ocean marine insurance**

- Major coverages
  - Hull insurance
  - Cargo insurance
  - Freight insurance

Protection and indemnity

**10.7 National Flood Insurance Program**

"Write your own" versus government

Eligibility

Coverage

Limits

Deductibles

**10.8 Other policies**

Boatowners (31A-22-1501–1504)

Difference in conditions

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