

Your Exam Content Outline

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

Vermont Producer's Examination for Property Insurance Series 14-41

100 questions – Two-hour time limit

All citations are Vermont Insurance Statutes Title 8, unless otherwise noted. When preceded by "Reg" refer to Vermont Department Regulations, when preceded by "Bul" refer to Vermont Department Bulletins.

1.0 Insurance Regulation 10%

1.1 Licensing

- Process (4800; 4813f)
- Types of licensees (4791)
 - Resident (4800(3)(A))
 - Nonresident (4800(3)(B); 4813h)
 - Temporary (4800(3)(D)(ii); 4813k)
- Maintenance and duration
 - Renewal and expiration (4798)
 - Address change (4800(3)(F))
 - Assumed business name (4813j)
 - Reporting of actions (4813o)
 - Continuing education requirements (4800a; Reg 2000-2 Sec 4)
- Disciplinary actions
 - Denial of license (4800(3)(E))
 - Cease and desist order (3661)
 - Suspension, revocation or nonrenewal (4804; 4806)
 - Penalties (3661(a)(2); 4804(d))

1.2 State regulation

- Commissioner's general duties and powers (4726; 4804)
- Company regulation
 - Certificate of authority (3368)
 - Unfair claim settlement practices (4724(9); Reg 79-2 Sec 1-7)
 - Policy forms (3541)
 - Examination of records (3565)
 - Producer appointment (4798(c); 4813l)
 - Termination of appointment (4798(d); 4813m)
- Producer regulation
 - Acting without a license (4793; 4813c)
 - Shared commissions (4796)
 - Trust accounts — anti-commingling (Reg 95-1; 4724(12))
 - Controlled business (4795)

- Duties (4813c)
- Unfair trade practices (4724)
- Misrepresentation (4724(1, 11, 13))
- False advertising (4724(2))
- Defamation (4724(3))
- Boycott, coercion and intimidation (4724(4))
- False financial statements and entries (4724(5))
- Illegal inducement (4724(6))
- Unfair discrimination (4724(7))
- Rebating (4724(8))
- Failure to maintain complaint record (4724(10))
- Failure to act as fiduciary (4724(12); Reg 95-1)
- Unsuitability (4724(16))
- Nondisclosure of fees or charges (4724(14))
- Consumer privacy regulation (IH-2001-01)

1.3 Federal regulation

- Fair Credit Reporting Act (15 USC 1681–1681d)
- Fraud and false statements (18 USC 1033, 1034)

2.0 General Insurance 9%

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
 - 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 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
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 Insurance Basics 13%

3.1 Principles and concepts

Insurable interest
Underwriting
Function
Loss ratio
Rates
Types
Loss costs
Components
Hazards
Physical
Moral
Morale
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, additional
Policy period
Policy territory
Cancellation and nonrenewal
Deductibles
Other insurance
Nonconcurrency
Primary and excess
Pro rata
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
Third-party provisions
Standard mortgage clause
Loss payable clause
No benefit to bailee

3.4 Vermont laws, regulations and required provisions

Vermont Property and Casualty Insurance
Guaranty Association (3611–3626)
Renewal notice (3882; 4715)
Cancellation and nonrenewal
(3879–3881; 3883; 4711–4714)
Consent to rate (4688(f); Reg 85-1 Sec 1–9)
Loss payment (3868; Reg 79-2 Sec 6, 8)
Discrimination (3861)
Coinsurance (3961–3968)
Federal Terrorism Insurance Program
(Bul 142, 150; 15 USC 6701;
Public Law 107–297, 109–144, 110–160)

4.0 Dwelling ('02) Policy 7%

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 — Vermont (DP 01 44)
- 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 Perils insured against

5.5 Exclusions

5.6 Conditions

5.7 Selected endorsements

- Special provisions — Vermont (HO 01 44)
- Limited fungi, wet or dry rot, or bacteria coverage — Vermont (HO 04 02)
- 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 — Vermont (HO 23 45)

6.0 Auto Insurance 7%

6.1 Laws

- Cancellation/nonrenewal
 - Grounds (4223)
 - Notice (4224-4226)

6.2 Personal ('05) auto policy

- Definitions
- 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 — Vermont (PP 01 72)
 - Towing and labor costs (PP 03 03)

- Miscellaneous type vehicle (PP 03 23)
- Joint ownership coverage — Vermont (PP 03 80)

6.3 Commercial auto ('06)

- Commercial auto coverage forms
 - Business auto
 - Garage
 - Business auto physical damage
 - Truckers
 - Motor carrier
- Coverage form sections
 - Covered autos
 - Physical damage coverage
 - Exclusions
 - Conditions
 - Definitions
- Selected endorsements
 - Lessor — additional insured and loss payee (CA 20 01)
 - Mobile equipment (CA 20 15)
 - Individual named insured (CA 99 17)

7.0 Commercial Package Policy (CPP) 14%

7.1 Components of a commercial policy

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

7.2 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)

7.3 Commercial inland marine

- Commercial inland marine conditions form
- Inland marine coverage forms
 - Accounts receivable
 - Bailee's customers
 - 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

7.4 Equipment breakdown ('08)

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

7.5 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
- Mobile agricultural machinery and equipment coverage form
- Livestock coverage form
- Definitions
- Cause of loss (basic, broad and special)
- Conditions
- Exclusions
- Limits
- Additional coverages

8.3 Businessowners Section III — Common Policy Conditions

8.4 Selected endorsements

- Protective safeguards (BP 04 30)
- Utility services — direct damage (BP 04 56)
- Utility services — time element (BP 04 57)

9.0 Other Coverages and Options 5%

9.1 Ocean marine insurance

- Hull insurance
- Cargo insurance
- Freight insurance

9.2 National Flood Insurance Program

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

8.0 Businessowners ('06) Policy 13%

8.1 Characteristics and purpose

8.2 Businessowners Section I — Property

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