

# Your Exam Content Outline

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

## Oregon Consultant's Examination for General Lines Insurance Series 12-11

150 questions – 2.5-hour time limit

**PLEASE NOTE: All code and RL references refer to ORS, unless otherwise noted.**

### 1.0 Insurance Regulation 17%

#### 1.1 Licensing

- Purpose
- Process (744.619, .635; OAR 836-071-0150)
- Types of licensees
  - Producers (744.052, .053)
  - Consultants (744.605, .609, .626)
  - Adjusters (744.531)
  - Nonresident consultants (744.026, .621)
- Maintenance and duration
  - Renewal and nonrenewal (744.008, .009; OAR 836-071-0130)
  - Reinstatement (744.018)
  - Assumed business name (744.028(2), .068)
  - Change of address or telephone number (744.028(1), .068)
  - Reporting of actions (744.089)
- Disciplinary actions
  - Cease and desist orders (731.252)
  - License probation, suspension, revocation or refusal to issue or renew (744.013)
  - Civil penalty (731.988)
  - Criminal penalty (733.992)

#### 1.2 State regulation

- Director's general duties and powers (731.236)
- Company regulation
  - Solvency (731.554(6))
  - Unfair claim settlement practices (746.230; OAR 836-080-0205–0250)
- Unfair trade practices
  - Misrepresentation (746.075, .100)
  - False advertising (746.110; OAR 836-080-0155)
  - Rebating (746.045)
  - Unfair discrimination (746.015; OAR 836-081-0005, 0010)
  - Illegal inducement (746.035)
- Examination of records (744.024, .026)
- Privacy of Consumer Information (746.620)

#### 1.3 Federal regulation

- Fair Credit Reporting Act (15 USC 1681–1681d)
- Fraud and false statements including 1033 waiver (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 Oregon laws, regulations and required provisions

- Oregon Insurance Guaranty Association (734.510–.710)
- Cancellation and nonrenewal
  - Commercial liability (742.700–.710)
  - Property (742.224, 746.687)
- Binders (742.043)
- Rates (737.025, .310)
- Policy forms (742.003)
- Suit against insurer (742.240)
- Concealment, misrepresentation or fraud (742.013, .208, .702(1)(b))
- Unfair discrimination (746.018)
- Terrorism Risk Insurance Act of 2002 and Extension Act of 2005 (15 USC 6701; Public Law 109–144)

### 4.0 Dwelling 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 — Oregon (DP 01 36)  
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 — Oregon (HO 01 36)  
Limited fungi, wet or dry rot, or bacteria coverage  
(HO 04 26, HO 04 27)  
Earthquake (HO 04 54)  
Scheduled personal property (HO 04 61)  
Personal property replacement cost (HO 04 90)  
Permitted incidental occupancies — Oregon  
(HO 05 42)  
Home day care — Oregon (HO 05 97)  
Business pursuits (HO 24 71)  
Personal injury (HO 24 82)  
Watercraft (HO 24 75)

### 6.0 Auto Insurance 6%

#### 6.1 Laws

Oregon Motor Vehicle Financial Responsibility Law  
Required motor vehicle limits of liability  
(RL 806.070)  
Other ways to prove responsibility (RL 806.011,  
.060, .080)

Personal injury protection (742.520–.544)

Medical  
Loss of income  
Funeral  
Death  
Essential services  
Exclusions from coverage  
Arbitration

Uninsured/underinsured motorist (742.500–.510)

Definitions  
Bodily injury  
Property damage  
Required limits

Aftermarket Crash Parts Act (746.287, .292)

#### 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 — Oregon  
(PP 01 94)  
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 ('04)

- 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  
Oregon Workers Compensation Law (Chapter 656)  
Exclusive remedy (RL 656.018)  
Employment covered (required, voluntary, leased) (RL 656.017, .023, .027–.041)  
Covered injuries (RL 656.005(7))  
Occupational disease (RL 656.802–.804)  
Benefits provided (RL 656.202, .204, .206, .208, .210, .211, .212, .214, .216, .245, .258)  
Workers Compensation Handicapped Workers Program (RL 656.628)

### **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

### **9.3 Premium computations**

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

### **9.4 Other sources of coverage**

Oregon Workers Compensation Fund Insurance Plan (RL 656.730; OAR 836-043-0001–0091)  
Self-insured employers and employer groups (RL 656.403, .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**

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**

Joint Underwriting Association (735.200-.260;  
737.390)

Oregon FAIR Plan Association (735.005, .015,  
.045)

**10.10 Alternative funding mechanisms**

Self-insured

Pooling

Risk retention groups

Captives