

# 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 Insurance Series 17-22

**100 questions – Two-hour time limit**

### 1.0 Insurance Regulation 13%

#### 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 13%

#### 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 16%**

### **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 and additional  
Policy period  
Policy territory  
Cancellation and nonrenewal  
Deductibles  
Other insurance  
Nonconcurrency  
Primary and excess  
Limits of liability  
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 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)

## **4.0 Dwelling ('02) Policy 8%**

### **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 17%

#### 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 Perils insured against

#### 5.5 Exclusions

#### 5.6 Conditions

#### 5.7 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)

### 6.0 Commercial Package Policy (CPP) 13%

#### 6.1 Components of a commercial policy

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

#### 6.2 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)

#### 6.3 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

#### 6.4 Equipment breakdown ('08)

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

#### 6.5 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
- Mobile agricultural machinery and equipment coverage form
- Livestock coverage form
- Definitions
- Causes of loss (basic, broad and special)
- Conditions
- Exclusions
- Limits
- Additional coverages

### 7.0 Businessowners ('10) Policy 15%

#### 7.1 Characteristics and purpose

#### 7.2 Businessowners Section I — Property

- Coverages
- Exclusions
- Limits
- Deductibles
- Loss conditions
- General conditions

Optional coverages  
Definitions

**7.3 Businessowners Section III – Common Policy Conditions**

**7.4 Selected endorsements**

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

**8.0 Other Coverages and Options 5%**

**8.1 Aviation insurance**

Aircraft hull

**8.2 Ocean marine insurance**

Major coverages  
Hull insurance  
Cargo insurance  
Freight insurance

**8.3 National Flood Insurance Program**

"Write your own" versus government  
Eligibility  
Coverage  
Limits  
Deductibles

**8.4 Other policies**

Boatowners  
Difference in conditions

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