

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 Producer's Examination for Surplus Lines Insurance Series 12-05

50 questions – One-hour time limit

1.0 Insurance Regulation 12%

1.1 Licensing regulation for surplus lines

- Purpose (ORS 735.400)
- Definitions (ORS 731.066, .144, 744.05)
- Types of licensees
 - Individuals (ORS 735.450(1), 744.053)
 - Business entity (ORS 731.116)
 - Nonresident (ORS 735.450(2), 744.063)
- Licensing requirements (ORS 735.450(1,2), .455;
OAR 836-071-0500)
 - Current license
 - Prior experience
- Maintenance and duration
 - Renewal (ORS 744.072)
 - Change of address (ORS 744.068(4))
 - Assumed business names (ORS 744.068(1))
- Continuing education requirements (ORS
744.072(4,5))
- Disciplinary actions
 - Hearings (ORS 731.240)
 - Cease and desist order (ORS 731.248, .252)
 - Suspension, revocation, or refusal to renew
(ORS 735.480, 744.074)
 - Penalties (ORS 735.485, .490)
 - Reinstatement (ORS 744.072(6))

1.2 State regulation

- Director's general duties and powers (ORS
731.236, 735.420, .475)
- Unfair trade practices
 - Misrepresentation (ORS 746.075, .100)
 - False advertising (ORS 746.110;
OAR 836-080-0155)
 - Rebating (ORS 746.045)
 - Unfair discrimination (ORS 746.015;
OAR 836-081-0005 and 0010, 0020, 0030)
 - Illegal inducement (ORS 746.035)
 - Suitability (OAR 836-080-0001–0043,
836-080-0090)
- Examination of records (ORS 744.068(2,3))
- Privacy of Consumer Information
(ORS 746.620, .630, .665)
- Surplus Lines Association of Oregon (ORS 735.430)

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
 - Self insurers
 - 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 producers
 - 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 Surplus Lines Markets and Practices 80%

3.1 United States nonadmitted market

- Insurance exchanges
- Foreign nonadmitted market

3.2 Alien insurers

- London market
 - Lloyd's of London
 - Underwriters
 - Brokers
 - Other London companies
- Other alien markets
- United States trust funds

3.3 Alternative markets

- Risk retention groups (ORS 735.300–.365)
- Purchasing groups (ORS 735.300, .305, .325–.335)
- Independently procured insurance (ORS 731.144)

3.4 Eligible surplus lines insurers

- Requirements (ORS 735.415)
- Withdrawal of eligibility (ORS 735.420)
- Service of process (ORS 735.485)

3.5 Surplus lines coverages

- Characteristics and uses
- Types of coverages available

3.6 Requirements for placement of surplus lines insurance

- Diligent search (ORS 735.410, .425)
 - Affidavit (ORS 735.425)
- Notice to insured (ORS 735.435)
 - Unlicensed insurer
 - Oregon Insurance Guaranty Association (ORS 734.510–.710)
- Evidence of insurance (ORS 735.435)

3.7 Binding authority (ORS 735.435)

3.8 Records of licensee

- Content of records (ORS 735.460(1))
- Maintenance (ORS 735.460)
- Reporting (ORS 735.465)

3.9 Surplus lines tax (ORS 735.470, .475)

- Amount
- Collection
- Remittance