

# 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 Property and Casualty Insurance Series 12-04

150 questions – 2.5-hour time limit

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

### 1.0 Insurance Regulation 11%

#### 1.1 Licensing

- Purpose
- Process (744.058, .059, .062)
- Types of licensees
  - Producers (744.052, .053)
  - Consultants (744.605, .609, .626;  
OAR 836-071-0150)
  - Adjusters (744.531)
  - Nonresidents (744.063)
  - Temporary (744.073)
- Maintenance and duration
  - Renewal and nonrenewal (744.072, .074)
  - Continuing education requirements (744.072(4); OAR 836-071-0215–0250)
  - Reinstatement (744.018, .072(6))
  - 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 (744.074)
  - 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))
  - Producer appointment (744.078)
  - Termination of appointment (744.079, .081)
  - Unfair claim settlement practices (746.230;  
OAR 836-080-0205–0250)
- Producer regulation
  - Fiduciary and trust account responsibilities (744.083; OAR 836-074-0020–0050)
  - Place of business/records maintenance (744.068)

- Controlled business (746.065, .160)
- Shared commissions (744.076, .077;  
OAR 836-071-0269–0277)
- 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 and 0010)
  - Illegal inducement (746.035)
- Examination of records (744.068(2, 3))
- 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 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 14%**

### **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 10%**

##### **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 13%**

##### **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) 13%

### 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 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 9%**

### **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 8%**

### **10.1 Umbrella/excess liability policies**

Personal (DL 98 01)

Commercial (CU 00 01)

### **10.2 Specialty liability insurance**

Errors and omissions

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

### **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

Difference in conditions

### **10.9 Residual markets**

Joint Underwriting Association (735.200-.260;  
737.390)

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