

Your Exam Content Outline

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

Nebraska Producer's Examination for Casualty Insurance Series 13-23

100 questions – Two-hour time limit

1.0 Insurance Regulation 11%

1.1 Licensing

- Process (44-4052, 4053)
- Types of licensees (44-4054)
 - Producers (44-4049, 4054)
 - Consultants (44-2606–2635)
 - Resident versus nonresident (44-2625, 4055, 4063)
 - Temporary (44-4058)
- Maintenance and duration
 - Renewal (44-4054)
 - Name or address change (44-4054(8))
 - Reporting of actions (44-4065)
 - Assumed names (44-4057)
- Continuing education requirements including ethics education (44-3901–3908)
- Disciplinary actions
 - Right to hearing (44-4059(2))
 - Suspension, revocation or refusal to issue or renew (44-2633, 4059)
 - Fines (44-2634, 4059(4))
 - Cease and desist order (44-1529, 1542)

1.2 State regulation

- Director's general duties and powers (44-101.01, 2635)
- Company regulation
 - Certificate of authority (44-303)
 - Capital and surplus requirements (44-214, 305)
 - Unfair claims settlement practices (44-1539, 1540)
 - Examination of books and records (44-1527, 5904)
 - Appointment (44-4061)
 - Termination of appointment (44-4062)
 - Unfair trade practices complaint register (44-1525(9); Reg Ch 21)
- Producer regulation
 - Sharing commissions (44-4060)
 - Controlled business (44-361.01, .02)
 - Prohibited fees or charges (44-354)
 - Records retention (44-5905)

Unfair trade practices

- Misrepresentation (44-1525(1))
- False advertising (44-1525(2))
- Defamation of insurer (44-1525(3))
- Boycott, coercion or intimidation (44-1525(4))
- Unfair discrimination (44-1525(7))
- Rebating (44-361, 1525(8))
- Insurance Fraud Act (44-6601–6608)
- Privacy of Insurance Consumer Information Act (44-901–925)

1.3 Federal regulation

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

2.0 General Insurance 11%

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
 - 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 licensees
 - 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

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
 - Contribution by equal shares
- Limits of liability
 - Per occurrence (accident)
 - Per person
 - Aggregate — general versus products — completed operations
 - Split
 - Combined single
- Named insured provisions
 - Duties after loss
 - Assignment
- Insurer provisions
 - Liberalization
 - Subrogation
 - Duty to defend

3.4 Nebraska laws, regulations and required provisions

- Nebraska Valued Policy Law (44-501.02)
- Nebraska Property and Liability Insurance Guaranty Association (44-2401–2418)
- Cancellation and nonrenewal (44-522)
- Concealment, misrepresentation or fraud (44-358; 44-6601–6608; RL 28-631)
- Rate and Form Act (44-7501–7535)
- Federal Terrorism Insurance Program (15 USC 6701; Public Law 109–144, 110–160)

4.0 Homeowners ('00) Policy 15%

4.1 Coverage forms

- HO-2 through HO-6

4.2 Definitions

4.3 Section II — Liability coverages

- Coverage E — Personal liability
- Coverage F — Medical payments to others
- Additional coverages

4.4 Exclusions

4.5 Conditions

4.6 Selected endorsements

- Special provisions — Nebraska (HO 01 26)
- Limited fungi, wet or dry rot, or bacteria coverage (HO 04 26, HO 04 27)
- Permitted incidental occupancies — residence premises (HO 04 42)
- Home day care (HO 04 97)

Business pursuits (HO 24 71)
Watercraft (HO 24 75)
Personal injury (HO 24 82)

5.0 Auto Insurance 16%

5.1 Laws

Nebraska Motor Vehicle Safety Responsibility Act
(RL 60-501–569)
Required limits of liability (RL 60-501(10),
534)
Required proof of financial responsibility
(RL 60-346)
Nebraska Automobile Insurance Plan
Uninsured/underinsured motorist (44-6401–6414)
Definitions
Bodily injury
Required limits
Cancellation/nonrenewal
Grounds (44-515)
Notice (44-516–519, 523; RL 60-544)
Notice of eligibility in assigned risk plan
(44-520)
After market parts regulation
(Reg Title 210 Chapter 45)

5.2 Personal auto ('05)

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 expense
Exclusions
Duties after an accident or loss
General provisions
Selected endorsements
Amendment of policy provisions – Nebraska
(PP 01 85)
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)

5.3 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)
Broad form products coverage (CA 25 01)
Auto medical payments coverage (CA 99 03)
Drive other car coverage (CA 99 10)
Individual named insured (CA 99 17)
Pollution liability — broadened coverage
(CA 99 48; CA 99 55)
Commercial carrier regulations
The Motor Carrier Act of 1980
Endorsement for motor carrier policies of
insurance for public liability (MCS-90)

6.0 Commercial Package Policy (CPP) 10%

6.1 Components of a commercial policy

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

6.2 Commercial general liability ('07)

Commercial general liability coverage forms
Bodily injury and property damage liability
Personal and advertising injury liability
Medical payments
Exclusions
Supplementary payments
Who is an insured
Limits of insurance
Conditions
Definitions

Occurrence versus claims-made
Premises and operations
Products and completed operations
Insured contract

6.3 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)

6.4 Farm coverage

- Farm liability coverage forms ('06)
 - Coverage H — Bodily injury and property damage liability
 - Coverage I — Personal and advertising injury liability
 - Coverage J — Medical payments
- Definitions
- Conditions
- Exclusions
- Limits
- Additional coverages

7.0 Businessowners ('06) Policy 10%

7.1 Characteristics and purpose

7.2 Businessowners Section II — Liability

- Coverages
- Exclusions
- Who is an insured
- Limits of insurance
- General conditions
- Definitions

7.3 Businessowners Section III — Common Policy Conditions

7.4 Selected endorsement

- Hired auto and non-owned auto liability (BP 04 04)

8.0 Workers Compensation Insurance 9%

8.1 Workers compensation laws

- Types of laws
 - Monopolistic versus competitive
 - Compulsory versus elective
- Nebraska Workers' Compensation Act
 - Exclusive remedy (RL 48-111)
 - Employment covered (required, voluntary) (RL 48-106, 114, 115)
 - Covered injuries (RL 48-101, 102, 127, 151(2)(4-8))
 - Occupational disease (RL 48-151(3))
 - Benefits provided (RL 48-119-126, 162.01)
 - Workers' Compensation Trust Fund (RL 48-128, 162.02)
- Federal workers compensation laws
 - Federal Employers Liability Act (FELA) (45 USC 51-60)
 - U.S. Longshore and Harbor Workers' Compensation Act (33 USC 901-950)
 - The Jones Act (46 USC 688)

8.2 Workers compensation and employers liability insurance policy

- General sections
 - 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 endorsement
 - Voluntary compensation

8.3 Premium computation

- Job classification — payroll and rates
- Experience modification factor
- Premium discounts

8.4 Other sources of coverage

- Nebraska Workers' Compensation Plan (RL 48-3,158)
- Self-insured employers and employer groups (RL 48-144.02(2), 48-145)

9.0 Other Coverages and Options 4%

9.1 Umbrella/excess liability policies

- Personal (DL 98 01)
- Commercial (CU 00 01)

9.2 Specialty liability insurance

- Errors and omissions
- Professional liability
- Directors and officers liability
- Fiduciary liability
- Liquor liability
- Employment practices liability

9.3 Surplus lines

- Definitions and markets
- Licensing requirements

9.4 Surety bonds

- Principal, obligee, surety
- Contract bonds
- License and permit bonds
- Judicial bonds

9.5 Aviation insurance

- Aircraft liability

9.6 Ocean marine insurance

- Major coverages
- Protection and indemnity

9.7 Other policies

- Boatowners