

# YOUR EXAM CONTENT OUTLINE

for examinations on or after March 1, 2006.

*If you do not receive all six pages of this outline, please contact Prometric.*

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The following outline describes the content of one of the New Hampshire 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.

## **New Hampshire Producer's Examination for Property and Casualty Insurance**

### **Series 12-64**

### **150 questions – 2.5 hour time limit**

#### **1.0 Insurance Regulation 13%**

##### **1.1 Licensing**

Process (402-J:5, 6)

Types of licensees

Producer (402-J:2, 14)

Producer with appointment (402-J:14)

Business entity (402-J:6)

Financial institutions (406-C:1–19)

Resident versus nonresident  
(402-J:8, 16; Reg 1301.06)

Temporary (402-J:11)

Maintenance and duration

Renewal (402-J:7(II–IV))

Change of address (402-J:7(VI))

Reporting of actions (402-J:17)

Assumed names (402-J:10)

Continuing education requirements  
(Reg 1302.04)

Disciplinary actions

Cease and desist order (417:12)

Denial, suspension or revocation  
(402:49; 402-J:12)

Penalties and fines (400-A:15(III); 402:42, 48;  
402-J:12(IV); 417:10, 13)

##### **1.2 State regulation**

Commissioner's general duties and powers  
(400-A:3, .15; 417:5, 5-a, 14)

Company regulation

Producer appointment (402-J:14)

Termination of appointment (402-J:15)

Producer regulation

Acting without a license (402-J:3, 13)

Commissions (402-J:13)

Conversion of funds by producer (402:53)

Controlled business (402:74)

License to transact business (402:12)

Unfair claim settlement practices  
(417:4(XV); Reg 1001.01–.16)

Unfair insurance trade practices

Misrepresentation (402:46; 417:4(I, II))

Twisting (402:47; 417:4(I))

False information and advertising (417:4(III))

Defamation (417:4(IV))

Boycott, coercion and intimidation (417:4(V))

Illegal inducement (417:4(VII))

Unfair discrimination (417:4(VIII))

Rebating (402:39–41; 417:4(IX))

Examination of books and records (400-A:37)

Insurance fraud regulation

(400-A:36-b(II); 417:23; RL 638:20)

Consumer privacy regulation (Reg 3001–3006)

#### **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

Authorized versus unauthorized 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  
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

### **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  
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 New Hampshire laws, regulations and required provisions**

New Hampshire Valued Policy Law (407:11)  
New Hampshire Insurance Guaranty Association (404-B)  
Standard fire policy (407:1- 2-a, 22)  
Cancellation and nonrenewal (417-B; 417-C)  
Binders (407:6)  
Concealment, misrepresentation or fraud (407:22; RL 638:20)  
Claim settlement (407:12; Reg 1001.02)  
Terrorism Risk Insurance Act of 2002 (HR 3210)

### **4.0 Dwelling ('89) 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 — New Hampshire (DP 01 28)  
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 12%**

#### **5.1 Coverage forms**

HO-2 through HO-6

#### **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 — New Hampshire (HO 01 28)  
Limited fungi, wet or dry rot, or bacteria coverage (HO 04 26, HO 04 27)  
Permitted incidental occupancies (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)  
Business pursuits (HO 24 71)  
Watercraft (HO 24 75)  
Personal injury (HO 24 82)

### **6.0 Auto Insurance 14%**

#### **6.1 Laws**

New Hampshire Motor Vehicle Financial Responsibility Law  
Required limits of liability (RL 259:61, 264:20)  
New Hampshire Automobile Reinsurance Facility Plan (Reg 1405)  
New Hampshire Commercial Auto Insurance Plan  
Uninsured/underinsured motorist (RL 264:15)  
Definitions  
Bodily injury  
Required limits  
Cancellation/nonrenewal (417-A)  
Grounds  
Notice  
Notice of eligibility in Automobile Reinsurance Facility Plan (417-A:5(V))  
Residency statement (417-A:3-b)  
Medical costs coverage (RL 264:16)  
After market parts regulation (407-D)

#### **6.2 Personal ('98) auto policy**

Definitions  
Liability coverage  
Bodily injury and property damage  
Supplementary payments  
Exclusions  
Medical payments  
Uninsured motorist  
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 — New Hampshire (PP 01 76)  
Towing and labor costs (PP 03 03)  
Extended non-owned coverage for named individual (PP 03 06)  
Miscellaneous type vehicle (PP 03 23)  
Joint ownership coverage (PP 03 34)

#### **6.3 Commercial auto ('01)**

Commercial auto coverage forms  
Business auto  
Garage  
Business auto physical damage  
Coverage form sections

- Covered autos
- Liability coverage
- Garagekeepers 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)
  - Hired autos specified as covered autos you own (CA 99 16)
  - Individual named insured (CA 99 17)
  - Pollution liability — broadened coverage (CA 99 48; CA 99 55)

## **7.0 Commercial Package Policy (CPP) 10%**

### **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 ('01)**

- 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 liability
  - 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
  - Pollution liability coverage form (CG 00 39)
  - Pollution liability limited coverage form (CG 00 40)
  - Pollution liability coverage extension endorsement (CG 04 22)

### **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 ('02)**

- 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 paper currency
- Other crime coverage
  - Extortion — commercial entities (CR 04 03)

### **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
  - Equipment dealers
  - Installation floater
  - Jewelers block
  - Signs
  - Valuable papers and records
- Transportation coverages
  - Common carrier cargo liability
  - Motor truck cargo forms
  - Transit coverage forms

- 7.6 Boiler and machinery ('01)**
  - Equipment breakdown protection coverage form (BM 00 20)
  - Selected endorsements
    - Business income — Report of values (BM 15 31)
    - Actual cash value (BM 99 59)
- 7.7 Farm Coverage ('98)**
  - Farm property coverage form
    - Coverage A — Dwellings
    - Coverage B — Other private structures
    - Coverage C — Household personal property
    - Coverage D — Loss of use
    - Coverage E — Scheduled farm personal property
    - Coverage F — Unscheduled farm personal property
    - Coverage G — Other farm structures
  - Farm liability coverage form
    - Coverage H — Bodily injury and property damage liability
    - Coverage I — Personal advertising injury liability
    - Coverage J — Medical payments
  - Mobile agriculture machinery and equipment coverage form
  - Livestock coverage form
  - Definitions
  - Causes of loss (basic, broad and special)
  - Conditions
  - Exclusions
  - Limits
  - Additional coverages
- 8.0 Businessowners ('02) Policy 8%**
  - 8.1 Characteristics and purpose**
  - 8.2 Businessowners Section I — Property**
    - Coverage
    - 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 7%**
  - 9.1 Workers compensation law**
    - Types of law
      - Monopolistic versus competitive
      - Compulsory versus elective
    - New Hampshire Workers Compensation Law (RL Ch 281-A)
      - Exclusive remedy (RL 281-A:8)
      - Employment covered (required, voluntary) (RL 281-A:2(VI), 2(VIII), 3, 5, 6, 18, 18-a)
      - Covered injuries (RL 281-A:2(XI), 12, 14)
      - Occupational disease (RL 281-A:2(XIII); 16)
      - Benefits provided (RL 281-A:23–23-b, 25–37)
      - Subsequent injury fund (RL 281-A:55)
    - Federal workers compensation laws
      - Federal Employer Liability Act (FELA) (45 USC 51–60)
      - U.S. Longshore and Harbor Workers Compensation Act (33 USC 904)
      - The Jones Act (46 USC 688)
  - 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 computation**
    - Job classification — payroll and rates
    - Experience modification factor
    - Premium discounts
  - 9.4 Other sources of coverages**
    - Assigned risk plan (404-C:1–13)
    - Self-insured employers and employer groups (404-C:5-a; RL 281-A:5-a–5-c)

**10.0 Other Coverages and Options 7%**

**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, 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 or joint reinsurance associations  
(412:26)