

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.

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

Vermont Producer's Examination for Property and Casualty Insurance

Series 14-31

150 questions – 2.5-hour time limit

1.0 Insurance Regulation 10%

1.1 Licensing

- Process (4800, 4813f)
- Types of licensees (4791)
 - Resident (4800(3)(A))
 - Nonresident (4800(3)(B); 4813h)
 - Temporary (4800(3)(D)(ii); 4813k)
- Maintenance and duration
 - Renewal and expiration (4798)
 - Address change (4800(3)(F))
 - Assumed business name (4813j)
 - Reporting of actions (4813o)
 - Continuing education requirements (4800a; Reg 2000-2 Sec 4)
- Disciplinary actions
 - Denial of license (4800(3)(E))
 - Cease and desist order (3661)
 - Suspension, revocation or nonrenewal (4804; 4806)
 - Penalties (3661(2); 4804(d))

1.2 State regulation

- Commissioner's general duties and powers (4726)
- Company regulation
 - Certificate of authority (3368)
 - Unfair claim settlement practices (4724(9); Reg 79-2 Sec 1-7)
 - Policy forms (3541)
 - Examination of records (3565)
 - Producer appointment (4798(c), 4813l)
 - Termination of appointment (4798(d), 4813m)
- Producer regulation
 - Acting without a license (4793)
 - Shared commissions (4796)

- Controlled business (4795)
- Unfair trade practices (4724)
 - Misrepresentation (4724(1, 11, 13))
 - False advertising (4724(2))
 - Defamation (4724(3))
 - Boycott, coercion and intimidation (4724(4))
 - False financial statements and entries (4724(5))
 - Illegal inducement (4724(6))
 - Unfair discrimination (4724(7))
 - Rebating (4724(8))
 - Failure to maintain complaint record (4724(10))
 - Failure to act as fiduciary (4724(12))
 - Nondisclosure of fees or charges (4724(14))
- Consumer privacy regulation (Reg. H-01-1 Art II Sec 5-10)

1.3 Federal regulation

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

2.0 General Insurance 9%

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
 - 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 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
- 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 10%

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, 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 bailee

- 3.4 Vermont laws, regulations and required provisions**
 - Vermont Property and Casualty Insurance Guaranty Association (3611–3626)
 - Renewal notice (3882, 4715)
 - Cancellation and nonrenewal (3879–3881, 3883, 4711–4714)
 - Consent to rate (4688(f); Reg 85-1 Sec 1–9)
 - Loss payment (3868, Reg 79-2 Sec 6, 8)
 - Discrimination (3861)
 - Coinsurance (3961–3968)
 - Pollution coverage (Bul 111)
 - Required provisions (4203)
 - Terrorism Risk Insurance Act of 2002 (HR 3210; Bul 147)
- 4.0 Dwelling ('02) Policy 2%**
 - 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 — Vermont (DP 01 44)
 - 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
 - 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 — Vermont (HO 01 44)
 - Limited fungi, wet or dry rot, or bacteria coverage — Vermont (HO 04 02)
 - 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 — Vermont (HO 23 45)
 - Business pursuits (HO 24 71)
 - Watercraft (HO 24 75)
 - Personal injury (HO 24 82)
- 6.0 Auto Insurance 21%**
 - 6.1 Laws**
 - Vermont Motor Vehicle Financial Responsibility and Insurance Laws (RL 23 Sec 800–943)
 - Required limits of liability (RL 23 Sec 800)
 - Required proof of insurance (Bul 77)
 - Vermont Automobile Insurance Plan (4241–4246)
 - Eligibility
 - Liability limitations
 - Physical damage coverage limitations
 - Uninsured/underinsured motorist (RL 23 Sec 941)
 - Definitions
 - Required limits of liability
 - Bodily injury
 - Property damage
 - Cancellation/nonrenewal
 - Grounds (4223)
 - Notice (4224–4226)
 - Notice of eligibility in assigned risk plan (4227)
 - Binders (RL 23 Sec 942)
 - Surcharges (4671–4675)
 - 6.2 Personal ('05) auto policy**
 - Definitions
 - Liability coverage
 - Bodily injury and property damage
 - Supplementary payments
 - Exclusions
 - Medical payments
 - Uninsured motorist/underinsured motorist 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 — Vermont (PP 01 72)
 - 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 — Vermont
(PP 03 80)

6.3 Commercial auto ('01)

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
Conditions
Definitions
Exclusions
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) 9%

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
Premises and operations
Products and completed operations
Insured contract

7.3 Commercial property ('91)

Commercial property conditions form
Coverage forms
Building and personal property
Glass coverage
Condominium association

Condominium commercial unit-owners
Builders risk
Business income
Legal liability
Extra expense
Causes of loss forms
Basic
Broad
Special
Earthquake
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 premises
Computer fraud
Funds transfer fraud
Money orders and counterfeit paper currency
Other crime coverage
Extortion — commercial entities

7.5 Commercial inland marine

Commercial inland marine conditions form
Inland marine coverage forms
Accounts receivable
Bailee's customers
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 ('03)

Farm property coverage forms

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 agricultural machinery and equipment
coverage form

Livestock coverage form

Definitions

Cause 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

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

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 laws

Type of law

Compulsory versus elective

Vermont Workers' Compensation Law

(RL 21 Sec 601–711)

Exclusive remedy (RL 21 Sec 622)

Employment covered (required, voluntary)
(RL 21 Sec 616, 706)

Covered injuries (RL 21 Sec 618–620, 649)

Occupational disease (RL 21 Sec 601(7, 23))

Benefits provided

(RL 21 Sec 632–635, 640–648)

Federal workers compensation laws

Federal Employer Liability Act (FELA)

(45 USC 51–60)

U.S. Longshore & 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

Voluntary compensation endorsement

9.3 Premium computation

Job classification — payroll and rates

Experience modification factor

Premium discounts

9.4 Other sources of coverages

Vermont workers compensation administration fund

(RL 21 Sec 711)

Self-insured employers and employer groups

(RL 21 Sec 687, 687a)

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

Professional liability

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, surety

Contract bonds

License and permit bonds

Judicial bonds

10.5 Ocean marine insurance

Hull insurance

Cargo insurance

Freight insurance

Protection and indemnity

10.6 National Flood Insurance Program

"Write your own" versus government

Eligibility

Coverage

Limits

Deductibles