

YOUR EXAM CONTENT OUTLINE

for examinations on or after March 1, 2006.

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

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 Insurance

Series 12-84

100 questions - Two-hour time limit

1.0 Insurance Regulation 9%

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, 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 12%

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 Insurance Basics 21%

3.1 Principles and concepts

Insurable interest
Underwriting
 Function
 Loss ratio
Rates
 Types
 Loss costs
 Components
Hazards
 Physical
 Moral
 Morale
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
Property limits
Restoration/nonreduction of limits
Coinsurance
Vacancy or unoccupancy
Name insured provisions
 Duties after loss
 Assignment
 Abandonment
Insurer provisions
 Liberalization
 Subrogation
 Salvage
 Claim settlement options
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 9%

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)

5.0 Homeowners ('00) Policy 19%

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 Perils insured against

5.5 Exclusions

5.6 Conditions

5.7 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)

6.0 Commercial Package Policy (CPP) 14%

6.1 Components of a commercial policy

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

6.2 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)

6.3 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

6.4 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)

6.5 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
- Mobile agriculture machinery and equipment coverage form
- Livestock coverage form
- Definitions
- Causes of loss (basic, broad and special)
- Conditions
- Exclusions
- Limits
- Additional coverages

7.0 Businessowners ('02) Policy 11%

7.1 Characteristics and purpose

7.2 Businessowners Section I — Property

- Coverage
- Exclusions
- Limits
- Deductibles
- Loss conditions
- General conditions
- Optional coverages
- Definitions

7.3 Businessowners Section III — Common Policy Conditions

7.4 Selected endorsements

- Protective safeguards (BP 04 30)
- Utility services — direct damage (BP 04 56)
- Utility services — time element (BP 04 57)

8.0 Other Coverages and Options 5%

8.1 Aviation insurance

- Aircraft hull

8.2 Ocean marine insurance

- Major coverages
 - Hull insurance
 - Cargo insurance
 - Freight insurance

8.3 National Flood Insurance Program

- "Write your own" versus government
- Eligibility
- Coverage
- Limits
- Deductibles

8.4 Other policies

- Boatowners
- Difference in conditions

8.5 Residual markets

- Joint underwriting or joint reinsurance associations (412:26)