

# Your Exam Content Outline

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 Personal Lines Insurance Series 12-86

**100 questions – Two-hour time limit**

### 1.0 Insurance Regulation 11%

#### 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 1302.03, 1302.04, 1304.03)
- 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)
  - Fiduciary requirements (Reg 4301.01–4301.09)
  - License to transact business (402:12)
  - Unfair claim settlement practices (417:4(XV); Reg 1001.01–.11, Reg 1002.01–.20)
- 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 17%

### 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
- Limits of liability
  - Per occurrence (accident)
  - Per person
  - Split
  - Combined single
- Restoration/nonreduction of limits
- Coinurance
- 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)
- Binders (407:6)
- Concealment, misrepresentation or fraud (407:22; RL 638:20)
- Claim settlement time limits (407:12, 12-a; Reg 1002.05)

#### **4.0 Dwelling ('02) Policy 10%**

##### **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 22%**

##### **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 22%**

##### **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)
- 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; 1406.01)
- Medical costs coverage (RL 264:16)
- After market parts regulation (407-D)

##### **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 — New Hampshire (PP 01 76)
  - Towing and labor costs (PP 03 03)
  - Extended non-owned coverage (PP 03 06)
  - Miscellaneous type vehicle (PP 03 23)
  - Joint ownership coverage (PP 03 34)

#### **7.0 Other Coverages and Options 7%**

##### **7.1 Umbrella/excess liability policies**

- Personal (DL 98 01)

##### **7.2 National Flood Insurance Program**

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

##### **7.3 Other policies**

- Boatowners