

Your Exam Content Outline

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

Louisiana Examination for Fidelity and Surety Series 14-08

50 questions – One-hour time limit

1.0 Insurance Regulation 17%

1.1 Licensing

- Types of licensees (22:1547, 1962(F))
 - Individual producer (22:1542(6), 1546(A))
 - Business entity (22:1542(2), 1546(B))
 - Resident versus nonresident (22:1546, 1548, 1560)
 - Temporary (22:1553)
- Maintenance and duration
 - Expiration (22:1547(B))
 - Renewal (22:1547(C))
 - Change of address (22:1547(G))
 - Assumed names (22:1552)
 - Reporting of actions (22:1563)
 - Continuing education requirements (22:1573; Rule 10 Sec 703, 705)
- Disciplinary actions
 - Hearings (22:1968, 2191–2208)
 - Cease and desist order (22:1969)
 - License probation, suspension, revocation, or refusal to issue or renew (22:1554)
 - Penalties with or without suspension of license (22:1969, 1970)

1.2 State regulation

- Commissioner's general duties and powers (22:2, 1967)
- Company regulation
 - Certificate of authority (22:37, 65)
 - Unfair claims settlement practices (22:1964(14))
 - Appointment (22:1558)
 - Termination of appointment (22:1559)
- Producer regulation
 - Controlled business (22:1544(C))
 - Shared commissions (22:1557)
 - Payment to unlicensed entities (22:1562)
- Unfair trade practices (22:1964)
 - Misrepresentation (22:1964(1, 18))
 - False advertising (22:1964(2))
 - Defamation (22:1964(3))
 - Boycott, coercion and intimidation (22:1964(4))
 - False financial statements (22:1964(5))

- Unfair discrimination (22:1964(7))
- Rebating (22:1964(8))
- Examination of books and records (22:1967, 1981, 1990)
- Insurance fraud (22:1964(13), 1921–1929)
- Privacy of Consumer Financial Information (Reg 76 Sec 9901–.9953)

1.3 Federal regulation

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

2.0 General Insurance 13%

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
 - Self insurers
 - Surplus lines
- Private versus government insurers
- Authorized versus unauthorized insurers
- Domestic, foreign and alien insurers
- Financial status (independent rating service)
- 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
- 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 Surety Bonds 40%

3.1 Nature of surety bonds

- Surety bonds versus insurance
- Parties of a surety bond
 - Principal
 - Obligee
 - Surety

3.2 Types of surety bonds

- Contract bonds
 - Bid
 - Performance
 - Payment
 - Maintenance
 - Miscellaneous contract
- Purpose of license and permit bonds
 - Compliance
 - Financial
 - Credit
 - Indemnity
 - Good faith
- Public official bond
 - Statutory versus common law or voluntary
 - Individual
 - Name schedule
 - Position schedule
- Judicial bonds
 - Attachment
 - Garnishment
 - Sequestration
 - Stay of execution
 - Release attachment
 - Bail
 - Appeal
 - Cost
 - Injunction

- Dissolve injunction
- Discharge mechanic's lien
- Fiduciary bonds
 - Probate
 - Equity
 - Federal bankruptcy court

Federal

- Internal revenue
- Customs
- Immigrant

Miscellaneous surety bonds

- Indemnity
- Financial guarantee
- Lost instrument
- Reclamation
- Self-insurance workers compensation
- Small Business Administration (SBA) Surety Bond Guarantee Program

4.0 Fidelity Coverage 30%

4.1 Nature of fidelity bonds

- Insuring agreement
- Bond period
- Discovery period
- Limit of liability
 - Aggregate
 - Single loss
- Termination of coverage

4.2 Employee dishonesty coverage

- Individual bonds
- Blanket
- Scheduled
 - Named employee
 - Specified position

4.3 Financial institution bonds

- Form 14 Securities dealers
- Form 15 Finance companies
- Form 23 Credit unions
- Form 24 Banks and thrifts
- Form 25 Insurance companies
 - A — Fidelity
 - B — On premises
 - C — In transit
 - D — Forgery or alteration
 - E — Securities (forgery)
- Coverage riders
 - Automated teller machines (ATM)
 - Computer systems
 - Extortion coverage
 - Fraudulent real property mortgages
 - Insurers of registered checks or personal money orders
 - Pension plans, ERISA compliance
 - Servicing contractors
 - Trading loss
 - Voice initiated electronic funds transfer (VIT)