

Your Exam Content Outline

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

Oregon Producer's Examination for Personal Lines Insurance Series 12-14

100 questions – Two-hour time limit

PLEASE NOTE: All code and RL references refer to ORS, unless otherwise noted.

1.0 Insurance Regulation 10%

1.1 Licensing

- Purpose
- Process (744.058, .059, .062)
- Types of licensees
 - Producers (744.052, .053)
 - Consultants (744.605, .609, .626; OAR 836-071-0150)
 - Adjusters (744.531)
 - Nonresidents (744.063)
 - Temporary (744.073)
- Maintenance and duration
 - Renewal and nonrenewal (744.072, .074)
 - Continuing education requirements (744.072(4); OAR 836-071-0215–0250)
 - Reinstatement (744.018, .072(6))
 - Assumed business name (744.028(2), .068)
 - Change of address or telephone number (744.028(1), .068)
 - Reporting of actions (744.089)
- Disciplinary actions
 - Cease and desist orders (731.252)
 - License probation, suspension, revocation or refusal to issue or renew (744.074)
 - Civil penalty (731.988)
 - Criminal penalty (733.992)

1.2 State regulation

- Director's general duties and powers (731.236)
- Company regulation
 - Solvency (731.554(6))
 - Producer appointment (744.078)
 - Termination of appointment (744.079, .081)
 - Unfair claim settlement practices (746.230; OAR 836-080-0205–0250)
- Producer regulation
 - Fiduciary and trust account responsibilities (744.083; OAR 836-074-0020–0050)
 - Place of business/records maintenance (744.068)

- Controlled business (746.065, .160)
- Shared commissions (744.076, .077; OAR 836-071-0269–0277)
- Unfair trade practices
 - Misrepresentation (746.075, .100)
 - False advertising (746.110; OAR 836-080-0155)
 - Rebating (746.045)
 - Unfair discrimination (746.015; OAR 836-081-0005 and 0010)
 - Illegal inducement (746.035)
- Examination of records (744.068(2, 3))
- Privacy of Consumer Information (746.620)

1.3 Federal regulation

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

2.0 General Insurance 10%

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
- 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 producer

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 Property and Casualty Insurance Basics 26%

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 and additional

Policy period

Policy territory

Cancellation and nonrenewal

Deductibles

Other insurance

Nonconcurrency

Primary and excess

Limits of liability

Per occurrence (accident)

Per person

Aggregate—general versus products—completed operations

Split

Combined single

Policy limits

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 Oregon laws, regulations and required provisions

Oregon Insurance Guaranty Association

(734.510–.710)

Cancellation and nonrenewal

Property (742.224, 746.687)

Binders (742.043)
Rates (737.025, .310)
Policy forms (742.003)
Suit against insurer (742.240)
Concealment, misrepresentation or fraud (742.013, .208, .702(1)(b))
Unfair discrimination (746.018)
Terrorism Risk Insurance Act of 2002 and Extension Act of 2005 (15 USC 6701; Public Law 109-144)

4.0 Dwelling 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 — Oregon (DP 01 36)
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 19%

5.1 Coverage forms

HO-2 through HO-6
HO-8

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 — Oregon (HO 01 36)
Limited fungi, wet or dry rot, or bacteria coverage (HO 04 26, HO 04 27)
Earthquake (HO 04 54)
Scheduled personal property (HO 04 61)
Personal property replacement cost (HO 04 90)

Permitted incidental occupancies — Oregon (HO 05 42)
Home day care — Oregon (HO 05 97)
Business pursuits (HO 24 71)
Personal injury (HO 24 82)
Watercraft (HO 24 75)

6.0 Auto Insurance 19%

6.1 Laws

Oregon Motor Vehicle Financial Responsibility Law
Required motor vehicle limits of liability (RL 806.070)

Other ways to prove responsibility (RL 806.011, .060, .080)

Personal injury protection (742.520–.544)

Medical
Loss of income
Funeral
Death
Essential services
Exclusions from coverage
Arbitration

Uninsured/underinsured motorist (742.500–.510)

Definitions
Bodily injury
Property damage
Required limits

Aftermarket Crash Parts Act (746.287, .292)

6.2 Personal ('05) auto policy

Definitions

Liability coverage

Bodily injury and property damage
Supplementary payments
Exclusions

Medical payments coverage

Uninsured motorists coverage

Coverage for damage to your auto

Collision
Other than collision
Deductibles
Transportation expenses
Exclusions

Duties after an accident or loss

General provisions

Selected endorsements

Amendment of policy provisions — Oregon (PP 01 94)
Towing and labor costs (PP 03 03)
Extended non-owned coverage — vehicles furnished or available for regular use (PP 03 06)
Miscellaneous type vehicle (PP 03 23)
Joint ownership coverage (PP 03 34)

7.0 Other Coverages and Options 6%

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

7.4 Residual markets

Joint Underwriting Association
(735.200-.260; 737.390)
Oregon FAIR Plan Association
(735.005, .015, .045)