

# 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 Industrial Fire Series 14-09

50 questions – One-hour time limit

### 1.0 Insurance Regulation 15%

#### 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)
- 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)
  - Rates (22:1451, 1457)
  - 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))
  - Unfair discrimination (22:1964(7))
  - Rebating (22:1964(8))

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

#### 1.3 Federal regulation

- Fraud and false statements (18 USC 1033, 1034)

### 2.0 General Insurance 20%

#### 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
- Authorized versus unauthorized insurers
- Domestic, foreign and alien insurers
- 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
- 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 25%**

#### **3.1 Principles and concepts**

- Insurable interest
- Hazards
- Causes of loss (perils)
- Specified (named) perils
- Direct loss
- Consequential or indirect loss
- Loss valuation
  - Actual cash value
  - Replacement cost
  - Valued policy forms

#### **3.2 Policy structure**

- Declarations
- Definitions
- Insuring agreement or clause
- Conditions
- Exclusions
- Endorsements

#### **3.3 Common policy provisions**

- Insured — named, first named
- Policy period
- Policy territory
- Cancellation and nonrenewal
- Deductibles
- Other insurance
  - Pro rata
- Vacancy or unoccupancy
- Named insured provisions
  - Duties after loss
  - Assignment
  - Abandonment
  - Suit against the insurer
- Insurer provisions
  - Liberalization
  - Subrogation
  - Salvage
  - Claim settlement options
- Standard mortgage clause
- Appraisal

### **4.0 Standard Fire Policy 15%**

#### **4.1 Organization of the Standard Fire Policy**

- Declarations
- Insuring agreement
- Conditions
- Exclusions
- Endorsements

#### **4.2 Extended coverage**

### **5.0 Industrial Fire Policies 25%**

#### **5.1 Dwelling policy (owner occupied)**

- Insuring agreement
- Definitions
- Coverage
- Perils insured against
- General exclusions
- Conditions

#### **5.2 Contents only policy**

- Insuring agreement
- Definitions
- Coverage
- Additional personal property coverage
- Personal property not covered
- Optional coverages
- Perils insured against
- General exclusions
- Conditions