

# 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 Property Insurance Series 14-04

**100 questions - 120-minute time limit**

### 1.0 Insurance Regulation 12%

#### 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 10.703, .705 & Rule 10.711)
- Disciplinary actions
  - Hearings (22:1968, 2191, 2193-2195, 2197, 2198, 2204-2208)
  - 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 (22:65, 66)
  - 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 (37:XIII.9903-.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 8%

#### 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

## 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 17%

### 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
  - 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
- Restoration/nonreduction of limits
- Coinsurance
- Vacancy or unoccupancy
- Named 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 bailee

### 3.4 Louisiana laws, regulations and required provisions

- Louisiana Valued Policy Law (22:1318)
- Louisiana Insurance Guaranty Association (22:2051–2070)
- Louisiana standard fire insurance policy (22:1311)
- Cancellation and nonrenewal (22:887)
  - Commercial (22:1267)
  - Homeowners (22:1265, 1333, 1335, 1336)
- Binders (22:870, 1555)
- Loss payment (22:1892)
- Federal Terrorism Insurance Program (15 USC 6701; Public Law 107–297; 109–144, 110–160)

## 4.0 Dwelling Policy ('93) (Louisiana-Specific) 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

## **5.0 Homeowners ('00) Policy – Section I 20%**

### **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 Perils insured against**

### **5.5 Exclusions**

### **5.6 Conditions**

### **5.7 Selected endorsements**

Special provisions – Louisiana (HO 01 17)  
Limited fungi, wet or dry rot, or bacteria coverage  
– Louisiana (HO 03 41, HO 03 42)  
Permitted incidental occupancies (HO 04 42)  
Earthquake (HO 04 54)  
Scheduled personal property (HO 04 61)  
Ordinance or law (HO 04 77)  
Personal property replacement cost (HO 04 90)  
Home day care (HO 04 97)

## **6.0 Commercial Package Policy (CPP) 18%**

### **6.1 Components of a commercial policy**

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

### **6.2 Commercial property ('07)**

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**

Commercial inland marine conditions form

Inland marine coverage forms  
Accounts receivable  
Bailee's customers  
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 Equipment breakdown ('11)**

Equipment breakdown protection coverage form  
(EB 00 20)  
Selected endorsement  
Actual cash value (EB 99 59)

### **6.5 Farm coverage ('03)**

Farm property coverage forms  
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 agricultural machinery and equipment  
coverage form  
Livestock coverage form  
Definitions  
Causes of loss (basic, broad and special)  
Conditions  
Exclusions  
Limits  
Additional coverages

## **7.0 Businessowners ('06) Policy – Property 9%**

### **7.1 Characteristics and purpose**

### **7.2 Businessowners Section I – Property**

Coverage  
Exclusions  
Limits of insurance  
Deductibles  
Loss conditions  
General conditions  
Optional coverages  
Definitions

### **7.3 Businessowners Section III – Common Policy Conditions**

### **7.4 Selected endorsements**

Louisiana changes (BP 01 30)  
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 7%**

### **8.1 Aviation insurance**

Aircraft hull

### **8.2 Ocean marine insurance**

Major coverages

Hull insurance

Cargo insurance

Freight insurance

Implied warranties

Perils

General and particular average

### **8.3 National Flood Insurance Program**

"Write your own" versus direct

Eligibility

Coverage

Limits

Deductibles

### **8.4 Other policies**

Boatowners

Difference in conditions

### **8.5 Residual markets**

Louisiana Citizens Property Insurance Corporation

(LRS 22:2291-2314)

FAIR and Coastal Plans (LRS 22:2321)