

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 – Two-hour 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 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 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

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 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
- 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

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 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 ('02)

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 ('08)

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

6.5 Farm coverage ('88)

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 ('02) 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 22:2291–2315)

FAIR and Coastal Plans (LRS 22:15, 16, 2321)