

# Your Exam Content Outline

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

## Utah Personal Lines Examination Series 17-20

**100 questions – Two-hour time limit**

### 1.0 Insurance Regulation 10%

#### 1.1 Licensing

- Purpose (31A-23a-101)
- Process (31A-23a-103-105, 107, 302)
- Types of licensees (31A-23a-106, 203, 401)
  - Producers
  - Consultants
  - Adjusters
  - Nonresidents (31A-23a-109)
- Maintenance and duration
  - Renewal (31A-23a-105)
  - Continuing education requirements (31A-23a-202; Reg R590-142-1 through 10)
  - Reinstatement (31A-23a-111(2), 113)
  - Assumed name (31A-23a-110(2))
  - Change of address or telephone number (31A-23a-412(1)(c))
  - Reporting of actions (31A-23a-105(2)(b))
- Disciplinary actions
  - License termination, suspension, or revocation (31A-2-308(10)(a); 31A-23a-111)
  - Probation (31A-23a-112)
  - Monetary forfeiture (fines) (31A-2-308)

#### 1.2 State regulation

- Commissioner's general duties and powers (31A-2-201)
- Company regulation
  - Solvency (31A-4-105, 105.5)
  - Rates (31A-19a-201-203)
  - Policy forms (31A-21-201-203)
  - Producer appointment (31A-23a-115; Reg R590-244-1-14)
  - Termination of appointment (Reg R590-244-1-14)
  - Unfair claim settlement practices (31A-26-303; Reg R590-190-192)
- Producer regulation
  - Fiduciary and trust account responsibilities (31A-23a-409)
  - Place of business/records maintenance (31A-23a-412)
  - Controlled business (31A-23a-502)
  - Shared commissions (31A-23a-504)

- Unfair marketing practices (Reg R590-154)
    - Misrepresentation (31A-21-105; 31A-23a-402(1))
    - False advertising (31A-23a-402(1))
    - Rebating (31A-23a-402(2))
    - Unfair discrimination (31A-23a-402(3))
    - Boycott, coercion or intimidation (31A-23a-402(4))
    - Illegal inducement (Reg R590-154-11)
  - Examination of records (31A-2-203-205; 31A-23a-412)
  - Privacy of Consumer Information (Reg R590-206)
  - Insurance fraud regulation (31A-31-103-106)
  - Personal liability for unpaid claims (31A-15-105)
- #### 1.3 Federal regulation
- Fair Credit Reporting Act (15 USC 1681-1681d)
  - Fraud and false statements (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
    - 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 Utah laws, regulations and required provisions
- Utah Property and Casualty Insurance Guaranty Association (31A-28-202-210, 212-215, 217-218, 220, 222)
  - Cancellation, issuance and renewal (31A-21-303)
  - Binders (31A-21-102)
  - Other insurance (31A-21-307)
  - Suit against insurer (31A-21-313)

Concealment or fraud (RL 76-6-521)  
Federal Terrorism Insurance Program (15 USC  
6701; Public Law 107-297, 109-144, 110-160)

#### **4.0 Dwelling ('02) 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 — Utah (DP 01 43)  
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 — Utah (HO 01 43)  
Limited fungi, wet or dry rot, or bacteria coverage  
(HO 04 26, HO 04 27)  
Permitted incidental occupancies — residence  
premises (HO 04 42)  
Earthquake (HO 04 54)  
Scheduled personal property (HO 04 61)  
Personal property replacement cost (HO 04 90)  
Home day care (HO 04 97)  
Business pursuits (HO 24 71)  
Personal injury (HO 24 82)  
Watercraft — Utah (HO 25 12)

#### **6.0 Auto Insurance 19%**

##### **6.1 Laws**

Utah Financial Responsibility of Motor Vehicle  
Owners and Operators Act (RL 41-12a-101-104)  
Required motor vehicle limits of liability  
(31A-22-301-304)  
Personal injury protection (31A-22-306-309)  
Medical  
Loss of income  
Special damages allowance  
Funeral  
Death  
Uninsured/underinsured motorist  
(31A-22-305-305.3)  
Definitions  
Bodily injury  
Property damage (31A-22-305.5)  
UM/UIM rejection  
Required limits  
Utah Assigned Risk Insurance Plan (31A-22-310)  
Aftermarket Crash Parts Act (31A-22-316-319)

##### **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 — Utah  
(PP 01 93)  
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 Personal umbrella policies (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 including Joint Underwriting Association (31A-2-214)**