

**Nebraska Producer's Examination for
Property and Casualty Insurance
Series 13-04**

**150 questions (plus 5 unscored items)
2.5-hour time limit**

1.0 Insurance Regulation 15%

1.1 General

State specific licensing requirements

License issuance (44-4052, 4053)

 Application

License maintenance

 Change of name/phone number/address/email address (44-4054(8))

 Assumed business name (44-4057)

 Reporting of actions (44-4065)

 Continuing education including exemptions (44-3901–3908)

 Penalties

 Appointment and termination process

License duration

 Renewal/nonrenewal (44-4054)

 Reinstatement

 Continuation

 Termination (44-4062)

 Surrender

 Lapse

 Inactivity due to military service

 Inactivity due to extenuating circumstances

Disciplinary actions related to the license

 Denial

 Probation

 Suspension (44-2633, 4059)

 Surrender

 Revocation or refusal to issue or renew (44-2633, 4059)

Penalties

 Civil

 Criminal

 Hearings (44-4059(2))

 Fines (44-2634, 4059(4))

 Cease and desist order (44-1529, 1542)

1.2 Licensing Types, Purposes, and Processes

License types (44-4054)

- Producer (44-4049, 4054)
- Consultant (44-2606–2635)
- Public adjuster
- Agency
- Resident (44-2625, 4055, 4063)
- Nonresident (44-2625, 4055, 4063)
- Temporary (44-4058)
- Surplus lines
- Crop

Licensing requirements

- Eligibility and qualification

1.3 State Regulation

Acts constituting insurance transaction

- Negotiate
- Sell
- Solicit

Director's general duties and powers (44-101.01, 2635)

Producer regulatory requirements

- Policy signatures
- Application signatures
- Premium payment
- Producer representation
- Commissions/compensation and fees (44-4060)
- Controlled business (44-361.01, .02)
- Appointment (44-4061)
- Fiduciary responsibility
- Impersonation
- Records maintenance (44-5905)
- Claims reporting

Company regulatory requirements

- Solvency
- Financial requirements
- Certificate of authority (44-303)
- State of domicile
- Records maintenance
- Policy forms/rates/exceptions
- Appointment/termination
- Capital and surplus requirements (44-214, 305)
- Unfair trade practices complaint register (44-1525(9); Reg Ch 21)

Difference between admitted, non-admitted, foreign, and domestic insurers

Unfair trade practices

Unfair discrimination (44-1525(7))

Misrepresentation (44-1525(1))

False or deceptive advertising (44-1525(2))

Claims settlement

Boycott (44-1525(4))

Coercion (44-1525(4))

Intimidation (44-1525(4))

Defamation (44-1525(3))

False financial statements

Fraud

Illegal inducements including rebating and twisting (44-361, 1525(8))

Misappropriation of funds

Testimonials

Comparisons

Nondisclosure of fees or charges (44-354)

Other prohibited practices

Comingling of funds

Non-transparency

STOLI/IOLI

Prohibited fees/premiums/extra charges

Larceny

Acting without a license

Unfair claims settlement practices (44-1539, 1540)

Nonpublic personal information and privacy protection

Policy replacement

Solicitation and sales

Advertising

Provisions/rules

Policy summary

Buyer's Guide

Illustrations

Suitability

Backdating

Selection criteria and unfair discrimination

Insurance Fraud Act (44-6601–6608)

Privacy of Insurance Consumer Information Act (44-901–925)

1.4 Federal Regulation

Federal Law (18 U.S. Code § 1033)

Fair Credit Reporting Act (15 USC 1681–1681d)

Fraud and false statements including 1033 and 1034 waiver
"Prohibited Persons" Waiver (Consent to Work) (18 U.S. Code § 1033-1034)
Other federal regulations
 Do Not Call List (Telephone Consumer Protection Act)
 Can-Spam Act
 Sarbanes-Oxley Act
 Terrorism Risk Insurance Act
 Consumer Data Privacy and Security Act
 National Flood Insurance Program

2.0 General Insurance

10%

2.1 Risk management key terms

Risk
Exposure
Hazard
Peril
Loss
Insurance

2.2 Methods of handling risk

Avoidance
Retention
Risk-sharing
Reduction
Transfer

2.3 Other concepts

Elements of insurable risks
Adverse selection
Law of large numbers
Reinsurance
Indemnity/pay on behalf of

2.4 Types of insurers

Captives
Stock
Mutual
Reciprocal
Risk retention groups
Risk purchasing group
Self-insurers
Re-insurers

2.5 Comparison of insurers

- Private versus government insurers
- Authorized / admitted versus unauthorized/nonadmitted insurers
- Domestic, foreign, and alien insurers

2.6 Financial solvency status

- A.M. Best
- Standard and Poor's
- Moody's
- State Guarantee Funds
- National Association of Insurance Commissioners (NAIC)

2.7 Distribution methods

- Independent agent
- Direct writer
- Exclusive
- Captive
- Risk purchasing groups
- Managing General Agents (MGA)
- Wholesalers
- Aggregators

2.8 Rate filing and forms services

- Insurance Services Office (ISO)
- American Association of Insurance Services (AAIS)
- Surety and Fidelity Association of America (SFAA)
- NCCI or other state rate-making entity

2.9 Rules of agency

- Insurer as principal
- Producer/agent/broker-insurer
- Adjuster relationships

2.10 Authority and powers of producers/agents/brokers

- Express
- Implied
- Apparent
- Contractual

2.11 Elements of a legal contract

- Offer and acceptance
- Consideration
- Competent parties
- Legal purpose

2.12 Distinct characteristics of an insurance contract

- Contract of adhesion
- Aleatory
- Personal

Unilateral

Conditional

2.13 Legal interpretations affecting contracts

Insurable interest

Ambiguities in a contract of adhesion

Reasonable expectations

Indemnity

Utmost good faith

Concealment

Representations

Misrepresentations

Warranties

Fraud

Waiver and estoppel

3.0 Property and Casualty Insurance Basics

14%

3.1 Insurable interest

3.2 Underwriting

Loss history

Loss ratio

Credit scores

Risk appetite/acceptability

Inspections

3.3 Rates

Types

Loss costs

Components

3.4 Hazards

Physical

Moral

Morale

3.5 Negligence

Elements of a negligent act

Defenses against negligence

3.6 Types of damages

Compensatory (special versus general)

Punitive

3.7 Types of liability

Absolute

Strict

Vicarious

3.8 Causes of loss

- Direct
- Consequential
- Indirect
- Contingent

3.9 Property key coverage terms and definitions

- Named perils
- Broad
- Special perils
- Vacancy or unoccupancy
- Blanket versus specific insurance

3.10 Types of building construction

- Frame
- Masonry
- Joisted masonry
- Fire resistive

3.11 Loss valuation

- Actual cash value
- Replacement cost
- Functional replacement cost
- Market value
- Agreed value
- Stated amount
- Valued policy
- Broad evidence rule
- Actual loss sustained

3.12 Policy construction

- Declarations
- Definitions
- Insuring agreement
- Conditions
- Exclusions

3.13 Additional/supplementary coverage and endorsements

3.14 Common policy conditions

- Insureds — named
- First named
- Additional
- Policy period
- Territory
- Cancellation and nonrenewal
- Coinsurance and deductibles

- Cooperation
- 3.15 Loss payment provisions
 - Nonconcurrency
 - Primary and excess
 - Pro rata
 - Contributions by equal shares
 - Apportionment
- 3.16 Limits of liability/insurance
 - Per occurrence
 - Per loss
 - Per claim
 - Per person
 - Aggregate
 - Split
 - Combined single
 - Bodily injury
 - Property damage
- 3.17 Liability key coverage terms and definitions
 - Restoration/nonreduction of limits
 - Claims made
 - Retroactive date
 - Extended reporting period/tail
- 3.18 Named insured responsibilities
 - Duties after loss
 - Assignment and abandonment
 - Notice
 - Cancellation
- 3.19 Other policy conditions
 - Liberalization
 - Subrogation
 - Salvage
 - Claims settlement options and duty to defend
- 3.20 Third-party provisions
 - Standard mortgage clause
 - Loss payable clause
 - No benefit to the bailee
 - Additional insured
 - Additional named insured
- 3.21 State plans
 - Nebraska Valued Policy Law (44-501.02)
 - Nebraska Property and Liability Insurance Guaranty Association (44- 2401–2418)

- FAIR plan
- Wind and Hail Associations
- Assigned risk
- Joint Underwriting Association (JUA)
- 3.22 State regulations
 - Cancellation and nonrenewal (44-522)
 - Binders
 - Loss payment
 - Arbitration
 - Certificates of insurance
- 3.23 Federal Insurance Programs
 - Terrorism Insurance Program (TRIA) (15 USC 6701; Public Law 107–297, 109–144, 110–160)
 - National Flood Insurance Program (NFIP)
 - Federal Crop Insurance Program (FCIP)
- 3.24 Time element coverages

4.0 Dwelling Policy 7%

- 4.1 Eligibility
- 4.2 Perils insured against
 - DP-1 (basic)
 - DP-2 (broad)
 - DP-3 (special)
- 4.3 Property coverages
 - A, B, C, D, E, and other
- 4.4 Definitions, exclusions, and conditions
- 4.5 Policy endorsements
 - Special provisions (DP 01 26)
 - Automatic increase of insurance (DP 04 11)
 - Broad form theft coverage (DP 04 72)
 - Dwelling under construction (DP 11 43)
 - Ordinance and law
- 4.6 Personal liability supplement
- 4.7 Cancellation/nonrenewal
 - Reasons
 - Notice

5.0 Homeowners Policy 11%

- 5.1 Eligibility
- 5.2 Perils insured against
- 5.3 Definitions, conditions, and exclusions
- 5.4 Coverage forms

HO-2 through HO-6 and HO-8

5.5 Section I -- Property coverages

Coverage A, B, C, D and additional coverages

Special limits

5.6 Section II -- Liability coverages

Coverage E, F, and additional coverages

5.7 Policy endorsements

Special provisions (HO 01 26)

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-based business (HO 04 97, HO 24 71)

Personal injury (HO 24 82)

Water backup (HO 24 75)

Additional limits

5.8 Cancellation/nonrenewal

Reasons

Notice

6.0 Auto Insurance

13%

6.1 State Auto Laws

State plans

Nebraska Automobile Insurance Plan

Nebraska Motor Vehicle Safety Responsibility Act (RL 60-501–569)

Required limits of liability (RL 60- 501(10), 534)

Required proof of financial responsibility (RL 60-346)

No-fault coverage

Personal injury protection

Property protection

Residual liability

Uninsured/underinsured motorist (44- 6401–6414)

Definitions

Bodily injury

Required limits

Cancellation/nonrenewal

Reasons (44-515)

Notice (44-516–519, 523; RL 60- 544)

Other state laws

Constructive total loss

Arbitration

Rental vehicle coverage

Aftermarket parts regulation (Reg Title 210 Chapter 45)

State Motor Vehicle Financial Responsibility Law

Stacking

6.2 Personal Auto Policy

Eligibility

Definitions, conditions, and exclusions

Liability coverage

Combined single limits versus split limits

Bodily injury and property damage

Supplementary payments

Exclusions

Medical payments coverage

Uninsured/underinsured motorist coverage

Bodily injury

Property damage

Required limits

Coverage for damage to your auto

Collision

Other than collision

Deductibles

Transportation expenses

Exclusions

Substitute transportation

Towing (PP 03 03)

Labor (PP 03 03)

Selected endorsements

Extended non-owned coverage (PP 03 06)

Joint ownership coverage (PP 03 34)

Mexico coverage

Territory

Miscellaneous type vehicle (PP 03 23)

Drive other car (DOC)

Transportation network coverage

6.3 Commercial Auto

Eligibility

Definitions, conditions, and exclusions

Coverage forms

Business auto

Motor carrier

Auto dealers

Coverage form sections

- Symbols/covered auto
- Liability
- Garagekeepers
- Trailer interchange
- Physical damage
- Selected endorsements
 - Drive other car coverage (CA 99 10)
 - Lessor — additional insured and loss payee (CA 20 01)
 - Individual named insured (CA 99 17)
 - Pollution liability — broadened coverage (CA 99 48; CA 99 55)
 - Mobile equipment (CA 20 15)
 - Auto medical payments coverage (CA 99 03)
 - Broad form products coverage (CA 25 01)
 - Employees as insureds
- Commercial carrier regulations
 - The Motor Carrier Act of 1980
 - Endorsement for motor carrier policies of insurance for public liability (MCS-90)
 - SAFER System

7.0 Commercial Package Policy

10%

7.1 General

- Components of a commercial policy
 - Declarations
 - Conditions
 - Interline endorsements
 - One or more coverage parts

7.2 Commercial General Liability

- Coverages
 - Bodily injury and property damage liability
 - Personal and advertising injury liability
 - Medical payments
 - Damage to the property of others (fire legal liability)
- Coverage features
 - Per occurrence/aggregate
 - Occurrence versus claims-made
 - Premises and operations
 - Products and completed operations
 - Insured contract
 - Contingent liability
- Selected endorsements
 - Employers liability
 - Per project

- Per location
- Blanket additional insured
- Claims-made features
 - Triggers
 - Retroactive date
 - Extended reporting periods
 - Claim information
- Pollution liability
 - Coverage form
 - Limited coverage form
 - Extension endorsement

7.3 Commercial Property

- Definitions, conditions, and exclusions
- Coverage forms
 - Building and personal property
 - Condominium association
 - Builder's risk
 - Business income
 - Legal liability
 - Extra expense
- Causes of loss forms
 - Basic
 - Broad
 - Special
 - Difference in Conditions (DIC)
 - Earthquake/flood
- Selected endorsements
 - Ordinance and law (CP 04 05)
 - Spoilage (CP 04 40)
 - Peak season limit of insurance (CP 12 30)
 - Value reporting form (CP 13 10)

7.4 Commercial Crime

- General definitions
 - Burglary
 - Theft
 - Robbery
 - Employee dishonesty
- Crime coverage forms
 - Commercial crime (discovery/loss sustained)
- Coverages
 - Employee dishonesty

- Theft
- Forgery or alteration
- Inside/outside the premises
- Computer fraud
- Funds transfer fraud
- Money orders and counterfeit paper currency insurance

Other crime coverage

- Extortion — commercial entities (CR 04 03)
- Lessees of safe deposit boxes
- Securities deposited with others
- Guests' property (CR 04 11)
- Safe depository

7.5 Commercial Inland Marine

- Nationwide marine definition
- Commercial inland marine conditions
- Inland marine coverage forms

- Accounts receivable
- Bailee's customer
- Commercial articles
- Contractors equipment floater
- Electronic data processing
- Equipment dealers
- Installation floater
- Jewelers and furrier block
- Signs
- Valuable papers and records
- Builder's risk

Transportation cargo coverages

- Common carrier liability
- Motor truck and transit coverage forms

Exclusions and endorsements

7.6 Equipment Breakdown

- Definitions, coverages, and exclusions (EB 00 20)

Selected endorsements

- Actual cash value (EB 99 59)
- Refrigeration

7.7 Farm Coverage

- Eligibility
- Definitions, conditions, and exclusions
- Farm property coverage form
 - Coverage A, B, C, D, E, F, and G

- Farm liability coverage form
 - Coverage H, I, J
- Other forms and coverages
 - Livestock coverage
 - Mobile agricultural machinery and equipment coverage
 - Additional coverages
 - Crop insurance
- Causes of loss
 - Basic, broad and special
- Policy basics
 - Limits of insurance

8.0 Businessowners Policy

7%

- 8.1 Eligibility
- 8.2 Definitions and exclusions
- 8.3 Section I – Property
 - Coverages
 - Limits of insurance
 - Deductibles
 - Optional coverages
- 8.4 Section II -- Liability
 - Coverages
 - Limits of insurance
- 8.5 Section III -- Common policy conditions
- 8.6 Selected endorsements
 - Hired auto and non-owned auto liability (BP 04 04)
 - Protective safeguards (BP 04 30)
 - Utility services-direct damage and time element (BP 04 56-57)

9.0 Workers Compensation Insurance

7%

- 9.1 State specific markets and laws
 - Monopolistic versus competitive and compulsory versus elective
- 9.2 Nebraska Workers' Compensation Act
 - Exclusive remedy (RL 48-111)
 - Employment covered (RL 48-106, 114, 115)
 - Covered injuries (RL 48-101, 102, 127, 151(2)(4–8))
 - Occupational disease (RL 48-151(3))
 - Benefits provided (RL 48-119–126, 162.01)
 - Workers' Compensation Trust Fund (RL 48-128, 162.02)
 - Second/subsequent injury fund
 - Arising out of employment/course of employment (AOE/COE)
- 9.3 Federal workers compensation laws

Federal Employers Liability Act (FELA) (45 USC 51–60)
Longshore and Harbor Workers Compensation Act (33 USC 901- 944, 948-980)
The Jones Act (46 USC 688)

9.4 Workers compensation and employers liability

General section

Parts One, Two, Three, Four, Five, and Six

9.5 Selected endorsements

Voluntary compensation

Foreign coverage

Waiver of subrogation

Other states

9.6 Rating factors

Job classification

Payroll

Experience-modification factor

Premium discounts

Participation plans

Surcharges

9.7 Other sources of workers compensation coverage

Nebraska Workers' Compensation Plan (RL 44-3,158)

Assigned risk plan

Self-insured employers and employer groups (RL 48-144.02(2), 48-145)

10.0 Other Coverages and Options

6%

10.1 Specialty Coverages

Types of umbrella/excess/following form liability policies

Personal (DL 98 01)

Commercial (CU 00 01)

Types of specialty liability insurance

Professional

Errors and omissions

Directors and officers

Fiduciary

Liquor

Employment practices

Employee benefits

Identity fraud expense coverage

Cyber liability/data breach

Construction wrap-up

Active assailant

Kidnap and ransom (K&R)

10.2 Surplus Lines

- Eligibility and disclosure

- Collection of premium tax and fees

- Definitions

 - Difference between admitted and non-admitted market carriers

- Excess and surplus binding authority limitations

10.3 Bonds

- Bond provisions

 - Insuring agreement

 - Bond period

 - Discovery period

 - Limit of liability

 - Termination of coverage

- Parties to a bond

 - Principal

 - Obligee

 - Surety

- Purpose of the bonds

 - Surety

 - Fidelity

- Types of fidelity coverage

 - Employee theft

 - Public official

 - Financial institution

 - Fiduciary

- Types of surety bonds

 - Contract

 - Bid

 - Performance

 - Completion

 - License

 - Judicial

 - Permit

10.4 Ocean Marine Insurance

- Major coverages

 - Hull

 - Cargo

 - Freight

 - Protection and indemnity (P&I)

- Policy provisions

 - Implied warranties

- Perils of the sea
- General and particular average

10.5 Aviation Insurance

- Policy coverages and provisions
 - Hull
 - Cargo and freight
 - Aircraft liability
 - Implied warranties
 - Perils
 - General and particular average

10.6 National Flood Insurance

- Types of flood insurance
 - "Write your own"
 - Government
- Flood insurance provisions
 - Eligibility
 - Coverage
 - Limits
 - Deductibles
 - Waiting period
- Pre-FIRM, Post-FIRM (flood insurance rate map)

10.7 Other Policies

- Boatowners policies, personal watercraft, and recreational vehicles