

**Nebraska Producer's Examination for
Property Insurance
Series 13-22
100 questions (plus 5 unscored items)
2-hour time limit**

1.0 Insurance Regulation 12%

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

12%

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
Reciprocals
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

16%

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 **8%**

- 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 **18%**

- 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 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
- 5.7 Cancellation/nonrenewal
 - Reasons
 - Notice

6.0 Commercial Package Policy

13%

- 6.1 General
 - Components of a commercial policy
 - Declarations
 - Conditions
 - Interline endorsements
 - One or more coverage parts
- 6.2 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

6.3 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)

6.4 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

6.5 Equipment Breakdown

- Definitions, coverages, and exclusions.
- Selected endorsements
 - Actual cash value
 - Refrigeration

6.6 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

7.0 Businessowners Policy

15%

- 7.1 Eligibility
- 7.2 Definitions and exclusions
- 7.3 Section I -- Property
 - Coverages
 - Limits of insurance
 - Deductibles
 - Optional coverages
- 7.4 Section III -- Common policy conditions
- 7.5 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)

8.0 Other Coverages and Options **6%**

8.1 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

8.2 Aviation Insurance

Policy coverages and provisions

Hull
Cargo and freight
Aircraft liability
Implied warranties
Perils
General and particular average

8.3 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)

8.4 Other Policies

Boatowners policies, personal watercraft, and recreational vehicles