

**Maryland Property Producer  
State and General Sections  
Series 20-17 & 20-18  
80 scored questions (plus 10 unscored)**

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**Property Producer State Section  
Series 20-18  
35 questions- 45-minute time limit**

**1.0 Insurance Regulation**

**1.1 Licensing**

**17% (5 items)**

Purpose

Process (*Insurance Article Annotated Code- Sec. 10-115; Sec.10-116;  
Sec. 10-104*)

Initial Licensure Qualifications

Examination

License fee & application

Exemptions to Licensure

Types of licensees

Producers

Business entity producers

Nonresident producers

Temporary

Advisers

Public insurance adjusters

Portable Electronics Insurance Limited Lines license

Maintenance and duration (*Insurance Article Annotated Code- Sec. 10-116;  
Sec. 10-117(b)(1)*)

Reinstatement and renewal

Address change

Reporting of actions

Assumed names

Requirement to report felony convictions

Renewal

Continuing education requirements, exemptions and penalties

Duration and Termination

Disciplinary actions

Cease and desist order

Hearings

Probation, suspension, revocation, refusal to issue or renew

Penalties and fines

Fraud

**1.2 State regulation**

**67% (20 items)**

Commissioner's general duties and powers (*Insurance Article Annotated  
Code-Sec. 2-205(a)(2)*)

State Specific Definitions (*Insurance Article Annotated Code- Sec. 10-401; Sec.  
27-209; Sec. 27-213; Sec. 10-201; Sec 10-126; Ref: COMAR Sec. 31.08.06.02*)

Insurer Regulation

Insurance Information and Privacy Protection

Cancellation & Non-Renewal

Personal

Commercial

- Notice of Renewal Premium
- Certificate of authority
- Binders
- Solvency
- Rates
- Policy forms
- Examination of books and records
- Producer appointments
  - Producer's Contract with Insurer versus Producer's Appointment with Insurer
  - Producer's Individual Appointment versus Business Entity Appointment
  - Maintaining Record of Appointment Notice
- Termination of producer appointment
- Producer regulation (*Insurance Article Annotated Code-Sec. 27-212(d)*)
  - Examination of Books and Records
  - Insurance Information and Privacy Protection
  - Fiduciary Responsibilities (*COMAR- Sec. 31.03.03*)
  - Bail Bond (*COMAR- Sec. 31.03.05.02(B)(1); Sec. 31.03.05.05*)
  - Acting for Unlicensed Insurer
  - Record Retention
  - Activities of Unlicensed Individual
  - Payment and sharing of Commissions
  - Charging of fees
  - Misrepresentation, twisting, and rebating
  - Responsibility for Trust Accounts
  - Impersonation
  - Larceny
  - Unlicensed persons compensation
- Premium Finance Companies/Agreements
- Unfair or deceptive insurance practices (*Insurance Article Annotated Code-Sec. 19-107(a)(2); Sec. 27-501; Sec. 27-213, 212*)
  - Misrepresentation
  - False advertising
  - Defamation of insurer
  - Boycott, coercion and intimidation
  - False financial statements
  - Failure to maintain complaint record
  - Unfair discrimination(*Insurance Article Annotated Code-Sec. 19-107(a)(2); Sec. 27-501; Sec. 27-213, 212*)
  - Unfair claims settlement practices
  - Rebating
- Insurance fraud regulation
- Insurance Information and Privacy Protection

### **1.3 Federal regulation**

**3% (1 item)**

- Fair Credit Reporting Act (*15 USC 1681–1681d; Insurance Article Annotated Code- Sec. 27-501*)
- Fraud and false statements including 1033 waiver (*18 USC 1033, 1034*)

### **1.4 Maryland laws, regulations and required provisions**

**13% (4 items)**

- Property and Casualty Insurance Guaranty Corporation
- Surplus Lines
- Homeowners Coverage
  - Water backup from sewers and drains
- Cancellation and nonrenewal (*Insurance Article Annotated Code-Sec. 27-609*)
- Lead Liability

Concealment, misrepresentation or fraud  
Appraisal  
Federal Terrorism Insurance Program  
Joint Insurance Association (JIA)  
Fair Credit Reporting Act  
Flood Insurance

**Property Producer General Section**  
**Series 20-17**  
**55 questions- 60-minute time limit**

**2.0 General Insurance**

**14% (7 Items)**

**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

Risk retention and risk purchasing groups

Surplus Lines Carriers

Self-insurance groups

Purchasing 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**

Types

Captive

Independent

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**

**14% (7 Items)**

#### **3.1 Principles and concepts**

- Insurable interest
- Underwriting
  - Function
  - Expense ratio, combined ratio
  - 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
- Coinurance
- Loss valuation
  - Actual cash value
  - Replacement cost
  - Functional replacement cost
  - Guaranteed 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, additional
- Lienholders

- Policy period
- Policy territory
- Cancellation and nonrenewal
- Deductibles
- Other insurance
  - Nonconcurrency
  - Primary and excess
  - Pro rata share
  - Contribution by equal shares
- Policy limits
- Restoration/nonreduction of limits
- Coinurance
- Vacancy or unoccupancy
- Named insured provisions
  - Duties after loss
  - Assignment
  - Abandonment
- Insurer provisions
  - Liberalization
  - Appraisal
  - Subrogation
  - Salvage
  - Claim settlement options
- Third-party provisions
  - Standard mortgage clause
  - Loss payable clause
  - No benefit to the bailee

#### **4.0 Dwelling Policy**

**16% (8 Items)**

##### **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 — Maryland
- Automatic increase in insurance
- Broad theft coverage
- Dwelling under construction

##### **4.7 Personal liability supplement**

#### **5.0 Homeowners Policy**

**28% (14 Items)**

##### **5.1 Coverage forms**

- HO-2 through HO-6

##### **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 Liability Coverages**

Personal Liability  
Medical Payments to Others

**5.5 Perils insured against**

**5.6 Additional Coverages**

Debris Removal  
Trees, Shrubs, and Other Plants  
Fire Department Service Charge  
Property Removed  
Credit Card, Fund Transfer Card, Forgery, and Counterfeit Money  
Loss Assessment  
Glass or Safety Glazing Material  
Landlord's Furnishings  
Building Additions and Alterations  
First Aid Expenses  
Damage to Property of Others

**5.7 Exclusions**

Lead paint liability abatement

**5.8 Conditions**

**5.9 Selected endorsements**

Special provisions — Maryland  
Business Pursuits  
Limited fungi, wet or dry rot, or bacteria coverage  
Permitted incidental occupancies — residence premises  
Earthquake  
Identity fraud expense  
Scheduled personal property  
Personal property replacement cost  
Home day care  
Valuable Papers  
Computers  
Watercraft

**6.0 Auto Insurance**

**6% (3 Items)**

**6.1 Maryland auto insurance policy**

Definitions  
Coverage for damage to your auto  
Collision  
Limited collision  
Comprehensive  
Deductibles  
Substitute transportation  
Towing and labor  
Bodily injury coverage  
Personal Injury Protection  
Liability/damage to someone else's property  
General provisions  
Duties after an accident or loss  
Selected endorsements  
Maryland mandatory endorsement  
Mobile home

Waiver of deductible

**6.2 Commercial auto**

Commercial auto coverage forms

Business auto

Garage

Truckers

Coverage form sections

Covered autos

Garagekeepers coverage

Trailer interchange coverage

Physical damage coverage

Exclusions

Conditions

Definitions

Selected endorsements

Individual named insured

Mobile equipment

Lessor — additional insured and loss payee — Maryland

**7.0 Commercial Package Policy (CPP)**

**16% (8 Items)**

**7.1 Components of a commercial policy**

Common policy declarations

Common policy conditions

Interline endorsements

One or more coverage parts

**7.2 Commercial property**

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

Earthquake

Selected endorsements

Ordinance or law

Spoilage

Peak season limit of insurance

Protective Safeguards

Value reporting form

**7.3 Commercial inland marine**

Nationwide marine definition

Commercial inland marine conditions form

Inland marine coverage forms

Accounts receivable

Bailee's customer

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

#### **7.4 Boiler and Machinery**

- Equipment breakdown
- Equipment breakdown protection coverage form
- Selected endorsement
  - Actual cash value

#### **7.5 Farm coverage**

- Farm property coverage form
  - 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
- Cause of loss (basic, broad and special)
  - Conditions
  - Exclusions
  - Limits
- Additional coverages

#### **7.6 Commercial Crime**

- General Definitions
  - Burglary
  - Theft
  - Robbery
- Coverages
  - Employee theft
  - Forgery or alteration
  - Inside the premises (theft of money or securities)
  - Inside the premises (robbery or safe burglary of other property)
  - Outside the premises (Theft, Disappearance, or Destruction)
  - Computer fraud
  - Funds transfer fraud
  - Money orders and counterfeit paper currency

### **8.0 Businessowners Policy**

**2% (1 item)**

#### **8.1 Characteristics and purpose**

#### **8.2 Businessowners Section I — Property**

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

**8.3 Businessowners Section III — Common Policy Conditions**

**8.4 Selected endorsements**

Protective safeguards

Utility services — direct damage

Utility services — time element

**9.0 Other Coverages and Options**

**4% (2 Items)**

**9.1 Aviation insurance**

Aircraft hull

**9.2 Ocean marine insurance**

Major coverages

Hull insurance

Cargo insurance

Freight insurance

Perils

**9.3 National Flood Insurance Program**

"Write your own" versus government

Eligibility

Coverages

Limits

Deductibles

**9.4 Other policies**

Boatowners

Personal watercraft

Recreational vehicles

Difference in conditions

**9.5 Residual markets**

Joint underwriting and reinsurers association (FAIR) plan