

**Maryland Property and Casualty Producer
State and General Sections
Series 20-19 & 20-20
120 scored questions (plus 10 unscored)**

**Property and Casualty Producer State Section
Series 20-20
40 questions- 45-minute time limit**

1.0 Insurance Regulation

1.1 Licensing

14% (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

34% (12 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 Article Annotated Code-Sec. 10-118; COMAR- Sec. 31.15.12.03(B)*)

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
- Competitive Rating

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

9% (3 items)

- Property and Casualty Insurance Guaranty Corporation
- Surplus Lines
- Homeowners Coverage
 - Water backup from sewers and drains
 - Cancellation and nonrenewal

- Lead Liability
- Maryland Insurers Insolvency Fund
- Cancellation and nonrenewal (*Insurance Article Annotated Code- Sec. 27-609*)
- Concealment, misrepresentation or fraud
- Appraisal
- Federal Terrorism Insurance Program
- Joint Insurance Association (JIA)
- Fair Credit Reporting Act
- Flood Insurance

1.5 Maryland auto insurance policy

29% (10 items)

- State Auto Insurance Laws & Regulations
 - State Required Limits of Liability (*Insurance Article Annotated Code- Sec. 19-512; Sec. 19-504.1(3)(ii); Sec. 19-106; Sec. 17-103*)
 - Uninsured/Underinsured Motorist (*Insurance Article Annotated Code- Sec. 19-509; COMAR- Sec. 31.15.10.03*)
- Definitions
- Compulsory coverage
 - Bodily injury to others
 - Personal injury protection (*Insurance Article Annotated Code- Sec. 19-505; Sec. 19-506; COMAR-Sec. 31.15.07.05*)
 - Benefits/waivers
 - Exclusions
 - Damage to someone else's property
- Uninsured/underinsured motorist (*Insurance Article Annotated Code- Sec. 19-509; COMAR- Sec. 31.15.10.03*)
- Coverage for damage to your auto
 - Medical payments
 - Collision
 - Limited collision
 - Comprehensive
 - Deductibles
 - Substitute transportation
 - Towing and labor
- General provisions
- Duties after an accident or loss
- Selected endorsements
 - Use of other autos — vehicles furnished or available for regular use
 - Coverage for anyone renting an auto to you additional insured — lessor
 - Named Driver Exclusion
 - Maryland Automobile Insurance Fund (MAIF) (*Insurance Article Annotated Code- Sec. 20-501(b); Sec. 20-502; Sec. 20-509(e-1)(ii); Sec. 20-201; Sec. 20-511*)
 - Mobile home
 - Waiver of deductible

1.6 Workers compensation laws

11% (4 items)

- Types of laws
 - Monopolistic versus competitive
 - Compulsory versus elective
- Maryland Workers Compensation Act (*Glossary of Insurance Terms; Insurance Article Annotated Code- Sec. 19-402; Sec. 27-601; Sec. 19-404; Sec. 19-406; Sec. 25-301; Sec. 19-405; Sec. 9-209; Sec. 9-201; Sec. 9-506*)
 - Employer's Liability
 - Covered Employees
 - Exclusive remedy

- Employment covered (required, voluntary)
- Covered injuries
- Occupational disease
- Benefits provided
- Subsequent injury fund
- Large deductible programs
- Subrogation
- Federal workers compensation laws
 - Federal Employers Liability Act (FELA) (*45 USC 51–60*)
 - U.S. Longshore and Harbor Workers' Compensation Act (*33 USC 904*)
 - The Jones Act (*46 USC 30104*)

**Property and Casualty Producer General Section
Series 20-19**

90 questions- 105-minute time limit

2.0 General Insurance

9% (8 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 and Casualty Insurance Basics

18% (15 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
- Negligence
 - Elements of a negligent act
 - Defenses against negligence
- 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
- Damages
 - Compensatory — special versus general
 - Punitive
- Absolute liability
- Strict liability
- Vicarious liability
- Attractive nuisance

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
- Limits of liability
 - Per occurrence (accident)
 - Per person
 - Aggregate — general versus products — completed operations
 - Split
 - Combined single
- Restoration/nonreduction of limits
- Coinsurance
- 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

12% (10 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

18% (15 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 Section II — Liability coverages

Coverage E — Personal liability
Coverage F — Medical payments to others
Additional coverages

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
Tenants relocation expense — Maryland
Lead poisoning exclusion — Maryland

Coverage for lead poisoning — Maryland
Business pursuits
Personal injury

6.0 Auto Insurance

12% (10 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 Personal Auto Policy

Definitions
Liability
Cancellation/Non-Renewal/Renewal
 Grounds
 Notice
 Bodily injury and property damage
 Supplementary payments
 Exclusions
Medical Payments
Physical Damage
 Collision
 Other than collision
 Deductibles
 Transportation expenses
 Exclusions
Protection Against Uninsured/Underinsured Motorists
General Provisions
Conditions
Duties After an Accident or Loss
Endorsements
 Towing and labor costs
 Miscellaneous type vehicle
 Joint ownership coverage

6.3 Commercial auto

Commercial auto coverage forms
 Business auto
 Policy Definitions
 Policy Period and Territory
 PIP Coverage
 Medical Payments
 Protection Against Uninsured/Underinsured Motorists
 Garage

- Truckers
- Coverage form sections
 - Covered autos
 - Liability coverage
 - 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
 - Drive other car coverage
- Commercial carrier regulation
 - Endorsement for motor carrier policies of insurance for public liability

7.0 Commercial Package Policy (CPP)

18% (16 Items)

7.1 Components of a commercial policy

- Common policy declarations
- Common policy conditions
- Interline endorsements
- One or more coverage parts

7.2 Commercial general liability

- Commercial general liability coverage forms
 - Bodily injury and property damage liability
 - Personal and advertising injury liability
 - Medical payments
 - Exclusions
 - Supplementary payments
 - Who is an insured
 - Limits of insurance
 - Conditions
 - Definitions
- Occurrence versus claims-made
- Claims-made features
 - Trigger
 - Retroactive date
 - Extended reporting periods — basic versus supplemental
 - Claim information
- Defense within limits versus open limits
- Premises and operations
- Products and completed operations
- Insured Contracts
- Selected endorsement
 - Limited fungi or bacteria coverage

7.3 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
- 7.4 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
- 7.5 Boiler and Machinery**
 - Equipment breakdown
 - Equipment breakdown protection coverage form
 - Selected endorsement
 - Actual cash value
- 7.6 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
 - Coverage H — Bodily injury and property damage liability
 - Coverage I — Personal and advertising injury liability
 - Coverage J — Medical payments
 - Mobile agricultural machinery and equipment coverage form
 - Livestock coverage form
 - Definitions
 - Cause of loss (basic, broad and special)
 - Conditions
 - Exclusions
 - Limits
 - Additional coverages
 - Farm liability coverage form

- Definitions
- Conditions
- Exclusions
- Limits
- Additional coverages
- 7.7 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
 - Other crime coverages
 - Kidnap/ransom and extortion
 - Extortion — commercial entities
 - Lessees of safe deposit boxes
 - Securities deposited with others
 - Guests' property
 - Safe depository

8.0 Businessowners Policy

1% (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 II — Liability**
 - Coverages
 - Exclusions
 - Who is an insured
 - Limits of insurance
 - General conditions
 - Definitions
- 8.4 Businessowners Section III — Common Policy Conditions**
- 8.5 Selected endorsements**
 - Protective safeguards
 - Utility services — direct damage
 - Utility services — time element
 - Hired auto and non-owned auto liability

9.0 Workers Compensation Insurance

5% (4 Items)

- 9.1 General Requirements**
 - Employer's Liability

- Covered Employees
- Benefits Provided
- Policy Structure
 - Covered states
 - Other states coverage
- Deductibles

9.2 Workers compensation and employers liability insurance policy

- General section
- Part One — Workers compensation insurance
- Part Two — Employers liability insurance
- Part Three — Other states insurance
- Part Four — Your duties if injury occurs
- Part Five — Premium
- Part Six — Conditions
- Selected endorsement
 - Voluntary compensation

9.3 Premium computation

- Job classification — payroll and rates
- Experience modification factor
- Premium discounts

9.4 Other sources of coverage

- Assigned risk plan
- Self-insured employers and employer groups
- Maryland Workers' Compensation Trust Fund

10.0 Other Coverages and Options

7% (6 Items)

10.1 Umbrella/excess liability policies

- Personal
- Commercial
- Coverages
- Underlying Coverages
- Self-Insured Retention

10.2 Specialty liability insurance

- Errors and omissions
- Professional liability
- Directors and officers liability
- Fiduciary liability
- Liquor liability
- Employment practices liability
- Employee benefits liability

10.3 Surplus lines

- Definitions and markets
- Licensing requirements

10.4 Surety bonds

- Principal, obligee, surety
- Purpose and Type of Surety Bonds
 - Contract
 - Court
 - Public Official
 - Miscellaneous
 - License and permit
 - Judicial

10.5 Aviation insurance

- Aircraft hull
- Aircraft liability

10.6 Ocean marine insurance

Protection and indemnity

Major coverages

Hull insurance

Cargo insurance

Freight insurance

Perils

10.7 National Flood Insurance Program

"Write your own" versus government

Eligibility

Coverages

Limits

Deductibles

10.8 Other policies

Boatowners

Personal watercraft

Recreational vehicles

Difference in conditions

10.9 Residual markets