

Your Exam Content Outline

The following outline describes the content of one of the New Mexico 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.

New Mexico Examination for Casualty Insurance Series 18-29

100 questions – Two-hour time limit
Effective April 29, 2022

1.0 Insurance Regulation 4% (4 Items)

1.1 Licensing

Process (59A-11-2, 3, 59A-12-12; Reg 13.4.2.8, .9)

Types of licensees (Reg 13.4.2.7, .11)

Insurance Producers (59A-12-2)

Brokers (59A-12-3)

Consultants (59A-11A-1-8)

Nonresident (59A-12-25) (59A-11-24)

Temporary (59A-11-4; 59A-12-19; Reg 13.4.2.12)

Maintenance and duration

Expiration and renewal (59A-11-10, 11; Reg 13.4.2.17, .18)

Address change (59A-12-17) (59A-11-24)

Continuing education (59A-12-26; Reg 13.4.7.9, .12)

Disciplinary actions

Suspension, revocation, or refusal to renew (59A-11-8, 10, 14-16, 18, 19)

Cease and desist orders (59A-16-27)

Penalties and fines (59A-1-18, 59A-11-17, 21)

1.2 State regulation

Superintendent's general duties and powers (59A-2-8-10)

Company regulation

Certificate of authority (59A-5-10)

Unfair claim settlement practices (59A-16-20)

Complaint record (59A-16-22)

Appointment of Insurance Producer (59A-11-12; Reg 13.4.2.17)

Termination of Insurance Producer appointment (59A-11-13; Reg 13.4.2.29)

Insurance Producer regulation

Shared commissions (59A-12-24)

Fiduciary duties (59A-12-22)

Prohibited premiums or charges (59A-16-24)

Unfair trade practices

Misrepresentation (59A-16-4, 23)

False advertising (59A-16-4, 5)

Twisting (59A-16-6)

Defamation (59A-16-10)

Unfair discrimination (59A-16-12, 13, 17(D))

Rebating (59A-16-16-18)

Boycott, coercion, or intimidation (59A-16-19)

Examination of books and records (59A-4-3, 4)

Insurance Fraud Act (59A-16C-1-16)

Consumer information privacy (59A-2-9.3; Reg 13.1.3.1-.28)

1.3 Federal regulation

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

Fraud and false statements (18 USC 1033, 1034)

2.0 General Insurance 8% (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
- Reinsurance

2.2 Insurers

Types of insurers

- Stock companies
- Mutual companies
- Fraternal benefit societies
- Risk retention groups

- Private versus government insurers
- Authorized versus unauthorized insurers
- Domestic, foreign and alien insurers
- Financial status (independent rating service)
- Marketing (distribution) systems

2.3 Insurance Producers and general rules of agency

- Insurer as principal
- Insurance Producer/insurer relationship
- Authority and powers of Insurance 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

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 Casualty Insurance Basics 15% (15 Items)

3.1 Principles and concepts

Insurable interest

Underwriting

Function

Loss ratio

Rates

Types

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

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
Policy period
Policy territory
Cancellation and nonrenewal
Deductibles
Other insurance
 Nonconcurrency
 Primary and excess
 Pro rata
 Contribution by equal shares
Limits of liability
 Per occurrence (accident)
 Per person
 Aggregate — general versus products —
 completed operations
 Split
 Combined single
Named insured provisions
 Duties after loss
 Assignment
 Abandonment
Insurer provisions
 Liberalization
 Subrogation
 Duty to defend

3.4 New Mexico laws, regulations and required provisions

New Mexico Property and Casualty Insurance
Guaranty Fund (59A-43-1-18)
Cancellation and nonrenewal (59A-18-29;
Reg 13.8.4.8, .9)
Binders (59A-18-22)
Arbitration (RL 44-7A-7)
Loss payment (59A-16-21)
Federal Terrorism Insurance Program (15
USC 6701; Public Law 107-297, 109-144,
110-160)

4.0 Homeowners Policy 16% (16 Items)

4.1 Coverage forms

HO-2 through HO-6
HO-8

4.2 Definitions

4.3 Section II — Liability coverages

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

4.4 Exclusions

4.5 Conditions

4.6 Selected endorsements

Special provisions — New Mexico (HO 01 30)
Limited fungi, wet or dry rot, or bacteria
coverage (HO 04 26, HO 04 27)
Permitted incidental occupancies (HO 04 42)
Home day care (HO 04 97)
Business pursuits (HO 24 71)
Watercraft (HO 24 75)
Personal injury (HO 24 82)

5.0 Auto Insurance 18% (18 Items)

5.1 Laws

New Mexico Mandatory Financial
Responsibility Act and required limits of
liability (RL 66-5-201-239)
New Mexico Motor Vehicle Assigned Risks Law
(59A-32-1-13)
Uninsured/underinsured motorist (RL 66-5-
301; Reg 13.12.3.1-.17)
Definitions
Bodily injury

Property damage

Stacked and non-stacked

UM/UIM rejection

Required limits

Cancellation/nonrenewal (59A-17-7.1; 59A-18-29; Reg 13.8.4.8, .9)

Grounds

Notice

Aftermarket crash parts (RR 12.2.6.12)

5.2 Personal ('05) auto policy

Definitions

Liability coverage

Bodily injury and property damage

Supplementary payments

Exclusions

Medical payments coverage

Uninsured motorist 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

Towing and labor costs (PP 03 03)

Limited Mexico coverage (PP 03 21)

Joint ownership coverage (PP 03 34)

5.3 Commercial auto ('10)

Commercial auto coverage forms

Business auto

Business auto physical damage

Garage

Coverage form sections

Covered autos

Liability coverage

Garagekeepers coverage

Physical damage coverage

Exclusions

Conditions

Definitions

Selected endorsements

Lessor — additional insured and loss payee (CA 20 01)

Mobile equipment (CA 20 15)

Auto medical payments coverage (CA 99 03)

Drive other car coverage (CA 99 10)

Individual named insured (CA 99 17)

6.0 Commercial Package Policy (CPP) 15% (15 Items)

6.1 Components of a commercial policy

Common policy declarations

Common policy conditions

One or more coverage parts

6.2 Commercial general liability ('07)

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

Premises and operations

Products and completed operations

Insured contract

6.3 Commercial crime ('06)

General definitions

Burglary

Theft

Robbery

Crime coverage forms

Commercial crime coverage forms
(discovery/loss sustained)

Government crime coverage forms
(discovery/loss sustained)

Coverages

Employee theft

Forgery or alteration

Inside the premises — theft of money and securities

Inside the premises — robbery or safe burglary of other property

Outside the premises

Computer fraud

Funds transfer fraud

Money orders and counterfeit money

Other crime coverages

Extortion — commercial entities

Guests' property

6.4 Farm coverage

Farm liability coverages ('06)

Coverage H — Bodily injury and property damage liability

Coverage I — Personal and advertising injury liability

Coverage J — Medical payments

Exclusions

Additional coverages

Limits of insurance

Conditions

Definitions

7.0 Businessowners Policy — Liability 10% (10 Items)

7.1 Characteristics and purpose

7.2 Businessowners Section II — Liability

Coverages

Exclusions

Who is an insured

Limits of insurance

General conditions

Definitions

7.3 Businessowners Section III — Common Policy Conditions

7.4 Selected endorsements

Hired auto and non-owned auto liability (BP 04 04)

8.0 Workers Compensation Insurance 6% (6 Items)

8.1 Workers compensation laws

Types of laws

Monopolistic versus competitive

Compulsory versus elective

New Mexico Workers Compensation Act

Exclusive remedy (RL 52-1-6)

Covered injuries (RL 52-1-11, 12, 19, 28)

Occupational disease (RL 52-3-33)

Benefits provided (RL 52-1-20, 25, 25.1, 26, 26.1, 40-44, 46, 49)

Federal workers compensation laws

Federal Employers Liability Act (FELA) (45 USC 51-60)

US Longshore and Harbor Workers Compensation Act (33 USC 904)

The Jones Act (46 USC 688)

8.2 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

Voluntary compensation endorsement

8.3 Premium computation

Job classification — payroll and rates

Experience modification factor

Premium discounts

8.4 Other sources of coverages

Assigned risk pool law (59A-33-1-15)

Self-insured employers and employer groups
(RL 52-1-4(A); 52-5-4.1; 52-6-1-25)

9.0 Other Coverages and Options 8% (8 Items)

9.1 Umbrella/excess liability policies

Personal (DL 98 01)

Commercial (CU 00 01)

9.2 Specialty liability insurance

Professional liability

Errors and omissions

Director and officers liability

Fiduciary liability

Liquor liability

Employment practices liability

9.3 Surplus lines

Definitions and markets

Licensing requirements

9.4 Surety bonds Principal,

obligee, suretyContract

bonds

License and permit bonds

Judicial bonds

9.5 Boatowners