

# 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 30, 2019**

### 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, surety

Contract bonds

License and permit bonds

Judicial bonds

**9.5 Boatowners**