

Your Exam Content Outline

The following outline describes the content of one of the North Dakota 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.

North Dakota Exam for Property Insurance Part I – Product Series 13-56

60 questions (plus 5 unscored items)

75 minutes time limit

1.0 General Insurance 10% (6 Items)

1.1 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

1.2 Insurers

Types of insurers

Stock companies

Mutual companies

Fraternal benefit societies

Reciprocal or inter-insurance exchanges

Risk retention groups

Lloyd's associations

Purchasing groups

Private versus government insurers

Authorized versus unauthorized insurers

Domestic, foreign and alien insurers

Financial status (independent rating services)

Marketing (distribution) systems

1.3 Producers and general rules of agency

Insurer as principal

Producer/insurer relationship

Authority and powers of producers

Express

Implied

Apparent

Responsibilities to the applicant/insured

1.4 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

Conditions
Exclusions
Endorsements

2.3 Common policy provisions

Insureds — named, first named, additional
Policy period
Policy territory
Cancellation and nonrenewal
Deductibles
Other insurance
 Nonconcurrency
 Primary and excess
 Pro rata
Policy limits
Restoration/nonreduction of limits
Coinsurance
Vacancy or unoccupancy
Appraisal
Arbitration
Named insured provisions
 Duties after loss
 Assignment
 Abandonment
Insurer provisions
 Liberalization
 Subrogation
 Salvage
 Claim settlement options
Third-party provisions
 Standard mortgage clause
 Loss payable clause
 No benefit to the bailee

2.0 Property Insurance Basics 20% (12 Items)

2.1 Principles and concepts

Insurable interest
Underwriting
 Function
 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
Loss valuation
 Actual cash value
 Replacement cost
 Functional replacement cost
 Market value
 Agreed value
 Stated value
 Valued policy

2.2 Policy structure

Declarations
Definitions
Insuring agreement or clause
Additional/supplementary coverage

3.0 Dwelling Policy 9% (5 Items)

3.1 Characteristics and purpose

3.2 Coverage forms — Perils insured against

Broad
Special

3.3 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

3.4 General exclusions

3.5 Conditions

3.6 Selected endorsements

Special provisions — North Dakota (DP 01 33)
Broad theft coverage (DP 04 72)
Dwelling under construction (DP 11 43)

4.0 Homeowners Policy — Section I 22% (13 Items)

4.1 Coverage forms

HO-3 through HO-6

4.2 Definitions

4.3 Section I — Property coverages

Coverage A — Dwelling
Coverage B — Other structures
Coverage C — Personal property
Coverage D — Loss of use
Additional coverages

4.4 Perils insured against

4.5 Exclusions

4.6 Conditions

4.7 Selected endorsements

Special provisions — North Dakota (HO 01 33)
Limited fungi, wet or dry rot, or bacteria coverage (HO 04 26, HO 04 27)
Permitted incidental occupancies (HO 04 42)
Scheduled personal property (HO 04 61)
Personal property replacement cost (HO 04 90)
Home day care (HO 04 97)

5.0 Commercial Package Policy (CPP) 14% (9 Items)

5.1 Components of a commercial policy

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

5.2 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

Broad
Special

Selected endorsements

North Dakota changes (CP 01 14)
Ordinance or law (CP 04 05)
Spoilage (CP 04 40)
Peak season limit of insurance (CP 12 30)
Value reporting form (CP 13 10)

5.3 Commercial inland marine

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
Signs
Valuable papers and records

Transportation coverages

5.4 Commercial crime

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 another property
 - Outside the premises
 - Computer fraud
 - Funds transfer fraud
 - Money orders and counterfeit money
- Other crime coverage
 - Extortion — commercial entities (CR 04 03)

5.5 Boiler and machinery

- Equipment breakdown protection coverage form (BM 00 20)
- Selected endorsements
 - Business income — Report of values (BM 15 31)
 - Actual cash value (BM 99 59)

5.6 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

- Mobile agricultural machinery and equipment coverage form
- Livestock coverage form
- Definitions
- Causes of loss (basic, broad and special)
- Conditions
- Exclusions
- Limits
- Additional coverages

6.0 Businessowners Policy — Property 16% (10 Items)

6.1 Characteristics and purpose

6.2 Businessowners Section I — Property

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

6.3 Businessowners Section III — Common Policy Conditions

6.4 Selected endorsements

- Protective safeguards (BP 04 30)
- Utility services — direct damage (BP 04 56)
- Utility services — time element (BP 04 57)

7.0 Other Coverages and Options 9% (5 Items)

7.1 National Flood Insurance Program

- "Write your own" versus government
- Eligibility
- Coverage
- Limits
- Deductibles

7.2 Crop insurance (hail)

- Eligibility
- Application
- Term of coverage
- Perils insured against

Limits of coverage

7.3 Federal Multi-Peril Crop Insurance Programs

Basic crop insurance

Eligibility

Coverage level

Covered causes of loss

Application

Life of policy

Multiple peril policy options

Levels of coverage

Price election

Optional units

Other provisions

Individual crop

Small grain

Coarse grain

Supplements

Revenue products

Income Protection (IP)

Crop Revenue Coverage (CRC)

Revenue Assurance (RA)

7.4 Boatowners