

# 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 Examination for Casualty Insurance Part I – Product Series 13-58

**60 questions (plus 5 unscored items)**

**70 minute 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

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  
Insurer provisions  
Liberalization  
Subrogation  
Duty to defend  
Arbitration

## 2.0 Casualty Insurance Basics 15% (9 Items)

### 2.1 Principles and concepts

Insurable interest  
Underwriting  
Function  
Loss ratio  
Rates  
Types  
Loss costs  
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

### 2.2 Policy structure

Declarations  
Definitions  
Insuring agreement or clause  
Additional/supplementary coverages  
Conditions  
Exclusions  
Endorsements

### 2.3 Common policy provisions

Insureds — named, first named, additional

## 3.0 Homeowners Policy — Section II 17% (10 Items)

### 3.1 Coverage forms

HO-3 through HO-6

### 3.2 Definitions

### 3.3 Section II — Liability coverages

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

### 3.4 Exclusions

### 3.5 Conditions

### 3.6 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)  
Home day care (HO 04 97)  
Additional residence rented to others (HO 24 70)  
Business pursuits (HO 24 71)  
Watercraft (HO 24 75)  
Personal injury (HO 24 82)

#### **4.0 Auto Insurance 25% ( 15 Items)**

##### **4.1 Personal auto policy**

Definitions  
Liability coverage  
    Bodily injury and property damage  
    Supplementary payments  
    Exclusions  
Uninsured motorists 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  
    Amendment of policy provisions — North Dakota (PP 01 88)  
    Towing and labor costs (PP 03 03)  
    Loss payable clause (PP 03 05)  
    Extended non-owned coverage — vehicles furnished or available for regular use (PP 03 06)  
    Miscellaneous type vehicle (PP 03 23)  
    Joint ownership coverage (PP 03 34)

##### **4.2 Commercial auto**

Commercial auto coverage forms  
    Business auto  
    Garage  
    Business auto physical damage  
    Truckers  
    Motor carrier

Coverage form sections  
    Covered autos  
    Liability coverage  
    Garagekeepers coverage  
    Trailer interchange coverage  
    Physical damage coverage  
    Exclusions  
    Conditions  
    Definitions  
Selected endorsements  
    Lessor — additional insured and loss payee (CA 20 01)  
    Mobile equipment (CA 20 15)  
    Drive other car coverage (CA 99 10)  
    Individual named insured (CA 99 17)  
Commercial carrier regulations  
    The Motor Carrier Act of 1980  
    Endorsement for motor carrier policies of insurance for public liability (MCS-90)

#### **5.0 Commercial Package Policy (CPP) 10% (6 Items)**

##### **5.1 Components of a commercial policy**

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

##### **5.2 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  
Premises and operations

Products and completed operations

Insured contract

### **5.3 Farm coverage**

Farm liability coverage form

Coverage H — Bodily injury and property damage liability

Coverage I — Personal and advertising injury liability

Coverage J — Medical payments

Definitions

Conditions

Exclusions

Limits

Additional coverages

Employment practices liability

### **7.3 Surplus lines**

Definitions and markets

Licensing requirements

### **7.4 Surety bonds**

Principal, obligee and surety

Contract bonds

License and permit bonds

Judicial bonds

### **7.5 Boatowners**

## **6.0 Businessowners Policy — Liability 15% (9 Items)**

### **6.1 Characteristics and purpose**

### **6.2 Businessowners Section II — Liability**

Coverages

Exclusions

Who is an insured

Limits of insurance

General conditions

Definitions

### **6.3 Businessowners Section III — Common Policy Conditions**

### **6.4 Selected endorsements**

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

## **7.0 Other Coverages and Options 8% (5 Items)**

### **7.1 Umbrella/excess liability policies**

Personal (DL 98 01)

Commercial (CU 00 01)

### **7.2 Specialty liability insurance**

Professional liability

Errors and omissions

Directors and officers liability

Employers liability

Fiduciary liability

Liquor liability