

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 Personal Lines Insurance Series 13-65

100 questions (plus 5 unscored items)

120 minute time limit

1.0 Insurance Regulation 11% (11 Items)

1.1 Licensing

Process (26.1-26-13.2, 13.3, 15; Reg 45-02-02-02)

Types of licensees

Producer (26.1-26-02, 11)

Individual

Business entity

Producer-agent of insured (26.1-26-07)

Producer-agent of insurer (26.1-26-06)

Consultants (26.1-26-35, 41; Reg 45-02-02-09, 10)

Nonresident producers (26.1-26-20, 47.1)

Temporary (26.1-26-26)

Maintenance and duration

Renewal of appointments (26.1-26-32; Reg 45-02-02-07)

Termination (26.1-26-31; Reg 45-02-02-12)

Change of address (26.1-26-33; Reg 45-02-02-13)

Reporting of actions (26.1-26-45.1)

Assumed business names (26.1-26-25.1)

Continuing education (26.1-26-31.1; Reg 45-02-04-03, 08-15)

Disciplinary actions

Refusal of license (26.1-26-39, 40, 42)

Cease and desist order (26.1-01-03.1; 26.1-04-13)

Suspension, revocation and probation (26.1-26-42-46)

Penalties for violations (26.1-01-03.3; 26.1-04-13-17; 26.1-26-50, 51)

1.2 State regulation

Commissioner's general duties and powers (26.1-01-03; 26.1-04-09)

Company regulation

Certificate of authority (26.1-02-02)

Solvency (26.1-02-02, 03; 26.1-05-32)

Unfair claims settlement practices (26.1-04-03(9))

Producer regulation

Sharing commissions (26.1-26-04)

Company and agency regulation

Examination of books and records (26.1-03-19.2; 26.1-26-48)

Producer appointment (26.1-26-13.1; Reg 45-02-02-06)

Termination of appointment (26.1-26-34; Reg 45-02-02-06)

Unfair practices

Misrepresentation (26.1-04-03(1), (12), 07)

False advertising (26.1-04-03(1), (2))

Defamation (26.1-04-03(3))

Boycott, coercion and intimidation (26.1-04-03(4), 04)

False financial statements (26.1-04-03(5))

Unfair discrimination (26.1-04-03(7), (11), 05)

Rebating (26.1-04-03(8), 05, 06)

Prohibited inducements (26.1-04-05, 06)

Twisting (26.1-04-03(1))

Insurance fraud regulation (26.1-02.1-01-11)

Consumer information privacy regulation (26.1-02-27; Reg 45-14)

1.3 Federal regulation

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

Fraud and false statements (18 USC 1033, 1034)

2.0 General Insurance 11% (11 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

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

2.3 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

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 17% (17 items)

3.1 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
- 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

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
 - Split
 - Combined single
- 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
 - Duty to defend
- Third-party provisions
 - Standard mortgage clause
 - Loss payable clause
 - No benefit to the bailee

3.4 North Dakota laws, regulations and required provisions

Producer responsibilities

Countersignature requirement (26.1-11-07)

Binders (26.1-39-23)

Company responsibilities

Cancellation

Grounds (26.1-39-13)

Notice (26.1-39-15)

Conditions requiring five days' notice (26.1-39-14)

Nonrenewal (26.1-39-16)

Termination of agency contracts (26.1-39-22)

Property insurance provisions

Valued policy law (26.1-39-05)

Standard fire policy (26.1-39-06)

Release of loss and claim information (Reg 45-05-04-01-04)

North Dakota Insurance Guaranty Association (26.1-42.1-01-15)

TNC 26.1-40.1

4.0 Dwelling Policy 11% (11 Items)

4.1 Characteristics and purpose

4.2 Coverage forms — Perils insured against

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 — North Dakota (DP 01 33)

Automatic increase in insurance (DP 04 11)

Broad theft coverage (DP 04 72)

Dwelling under construction (DP 11 43)

5.0 Homeowners Policy 22% (22 Items)

5.1 Coverage forms

HO-3 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 Exclusions

5.7 Conditions

5.8 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)

Inflation guard (HO 04 46)

Scheduled personal property (HO 04 61)

Personal property replacement cost (HO 04 90)

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)

6.0 Auto Insurance 22% (22 Items)

6.1 Laws

Financial responsibility requirements Auto Accident Reparations Act — personal injury protection (26.1-41))

Medical expenses

- Rehabilitation expenses
- Work loss
- Replacement services loss
- Survivors income loss
- Survivors replacement services loss
- Funeral expenses
- Added personal injury protection coverage (optional excess benefits) (26.1-41-04)
- Uninsured and underinsured motorist coverage (26.1-40-15.1-15.7)
 - Reduction of benefits; priority of payment (26.1-40-15.4)
- Motor vehicle rental coverage (mandated auto rental coverage) (26.1-40-17.1)
- Exclusion of named persons from coverage (26.1-40-16)
- Benefit payments to relatives (26.1-40-16.1)
- Primary and excess coverage (26.1-40-17)
- Cancellation-grounds and notice (26.1-40-02, 03, 04, 06, 07)
- Nonrenewal-grounds and notice (26.1-40-05, 06, 07)
- North Dakota Automobile Insurance Plan (Reg 45-05-07-03)

- 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)

7.0 Other Coverages and Options 6% (6 Items)

7.1 Umbrella/excess liability policies

- Personal (DL 98 01)

7.2 National Flood Insurance Program

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

7.3 Boatowners

6.2 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 expense
 - Exclusions
- Duties after an accident or loss
- General provisions
- Selected endorsements