

# Your Exam Content Outline

The following outline describes the content of one of the Nebraska 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

## Nebraska Producer's Examination for Property and Casualty Insurance Series 13-04

**150 questions – 2.5-hour time limit**  
**Effective Date: January 27, 2020**

### 1.0 Insurance Regulation 10%

#### 1.1 Licensing

- Process (44-4052, 4053)
- Types of licensees (44-4054)
  - Producers (44-4049, 4054)
  - Consultants (44-2606–2635)
  - Resident versus nonresident (44-2625, 4055, 4063)
  - Temporary (44-4058)
- Maintenance and duration
  - Renewal (44-4054)
  - Name or address change (44-4054(8))
  - Reporting of actions (44-4065)
  - Assumed names (44-4057)
- Continuing education requirements including ethics education (44-3901–3908)
- Disciplinary actions
  - Right to hearing (44-4059(2))
  - Suspension, revocation or refusal to issue or renew (44-2633, 4059)
  - Fines (44-2634, 4059(4))
  - Cease and desist order (44-1529, 1542)

#### 1.2 State regulation

- Director's general duties and powers (44-101.01, 2635)
- Company regulation
  - Certificate of authority (44-303)
  - Capital and surplus requirements (44-214, 305)
  - Unfair claims settlement practices (44-1539, 1540)
  - Examination of books and records (44-1527, 5904)
  - Appointment (44-4061)
  - Termination of appointment (44-4062)

- Unfair trade practices complaint register (44-1525(9); Reg Ch 21)
- Producer regulation
  - Sharing commissions (44-4060)
  - Controlled business (44-361.01, .02)
  - Prohibited fees or charges (44-354)
  - Records retention (44-5905)
- Unfair trade practices
  - Misrepresentation (44-1525(1))
  - False advertising (44-1525(2))
  - Defamation of insurer (44-1525(3))
  - Boycott, coercion or intimidation (44-1525(4))
  - Unfair discrimination (44-1525(7))
  - Rebating (44-361, 1525(8))
- Insurance Fraud Act (44-6601–6608)
- Privacy of Insurance Consumer Information Act (44-901–925)

#### 1.3 Federal regulation

- Fair Credit Reporting Act (15 USC 1681–1681d)
- Fraud and false statements

### 2.0 General Insurance 10%

#### 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
  - Lloyd's associations

- Risk retention groups
- Surplus lines
- Private versus government insurers
- Admitted versus nonadmitted 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 licensees
  - 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 13%

### 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)
- Concurrent causation
- 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 amount

### 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
- Restoration/nonreduction of limits
- Coinsurance
- Vacancy or unoccupancy
- 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 Nebraska laws, regulations and required provisions**

- Nebraska Valued Policy Law (44-501.02)
- Nebraska Property and Liability Insurance Guaranty Association (44-2401-2418)
- Cancellation and nonrenewal (44-522)
- Concealment, misrepresentation or fraud (44-358; 44-6601-6608; RL 28-631)
- Rate and Form Act (44-7501-7535)
- Federal Terrorism Insurance Program (15 USC 6701; Public Law 107-297, 109-144, 110-160)

## **4.0 Dwelling ('02) Policy 5%**

### **4.1 Characteristics and purpose**

### **4.2 Coverage forms — Perils insured against**

- Basic
- 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 — Nebraska (DP 01 26)
- Automatic increase in insurance (DP 04 11)
- Broad theft coverage (DP 04 72)
- Dwelling under construction (DP 11 43)

### **4.7 Personal liability supplement**

## **5.0 Homeowners ('11) Policy 14%**

### **5.1 Coverage forms**

- HO-2 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 — Nebraska (HO 01 26)
- Limited fungi, wet or dry rot, or bacteria coverage (HO 04 26, HO 04 27)
- Permitted incidental occupancies — residence premises (HO 04 42)
- Earthquake (HO 04 54)
- Scheduled personal property (HO 04 61)
- Personal property replacement cost (HO 04 90)
- Home day care (HO 04 97)
- Business pursuits (HO 24 71)
- Watercraft (HO 24 75)
- Personal injury (HO 24 82)

## **6.0 Auto Insurance 16%**

### **6.1 Laws**

- Nebraska Motor Vehicle Safety Responsibility Act (RL 60-501-569)
  - Required limits of liability (RL 60-501(10), 534)
  - Required proof of financial responsibility (RL 60-346)
- Nebraska Automobile Insurance Plan Uninsured/underinsured motorist (44-6401-6414)
  - Definitions
  - Bodily injury
  - Required limits
- Cancellation/nonrenewal Grounds (44-515)
  - Notice (44-516-519, 523; RL 60-544)
  - Notice of eligibility in assigned risk plan (44-520)
- After-market parts regulation (Reg Title 210 Chapter 45)

### **6.2 Personal auto ('05)**

- Definitions
- Liability coverage
  - Bodily injury and property damage
  - Supplementary payments
  - Exclusions
- Medical payments coverage
- 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

- Amendment of policy provisions – Nebraska (PP 01 85)
- Towing and labor costs (PP 03 03)
- 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)

### **6.3 Commercial auto ('10)**

- 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)
  - Broad form products coverage (CA 25 01)
  - Auto medical payments coverage (CA 99 03)
  - Drive other car coverage (CA 99 10)
  - Individual named insured (CA 99 17)
  - Pollution liability — broadened coverage (CA 99 48; CA 99 55)
- Commercial carrier regulations
  - The Motor Carrier Act of 1980
  - Endorsement for motor carrier policies of insurance for public liability (MCS-90)

## **7.0 Commercial Package Policy (CPP) 10%**

### **7.1 Components of a commercial policy**

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

### **7.2 Commercial general liability ('13)**

- 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

### **7.3 Commercial property ('12)**

- 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
  - Basic
  - Broad
  - Special
- Selected endorsements
  - Ordinance or law coverage (CP 04 05)
  - Spoilage coverage (CP 04 40)
  - Peak season limit of insurance (CP 12 30)
  - Value reporting form (CP 13 10)

### **7.4 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 (CR 04 03)
  - Guests' property (CR 04 11)

### **7.5 Commercial inland marine ('04)**

- Nationwide marine definition
- 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
  - Jewelers block
  - Signs
  - Valuable papers and records
- Transportation coverages
  - Common carrier cargo liability
  - Motor truck cargo forms
  - Transit coverage forms

### **7.6 Equipment breakdown ('13)**

- Equipment breakdown protection coverage form (EB 00 20)
- Selected endorsement
  - Actual cash value (EB 99 59)

### **7.7 Farm coverage**

- Farm property coverage forms ('03)
  - 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
- Farm liability coverage forms ('06)
  - Coverage H — Bodily injury and property damage liability
  - Coverage I — Personal and advertising injury liability
  - Coverage J — Medical payments
- Mobile agricultural machinery and equipment coverage form
- Livestock coverage form
- Definitions
- Causes of loss (basic, broad and special)
- Conditions
- Exclusions
- Limits
- Additional coverages

## **8.0 Businessowners ('13) Policy 12%**

### **8.1 Characteristics and purpose**

### **8.2 Businessowners Section I — Property**

- Coverage
- Exclusions
- Limits
- Deductibles
- Loss conditions
- General conditions

- Optional coverages
- Definitions

### **8.3 Businessowners Section II — Liability**

- Coverages
- Exclusions
- Who is an insured
- Limits of insurance
- General conditions
- Definitions

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

### **8.5 Selected endorsements**

- Hired auto and non-owned auto liability (BP 04 04)
- Protective safeguards (BP 04 30)
- Utility services — direct damage (BP 04 56)
- Utility services — time element (BP 04 57)

## **9.0 Workers Compensation Insurance 7%**

### **9.1 Workers compensation laws**

- Types of laws
  - Monopolistic versus competitive
  - Compulsory versus elective
- Nebraska Workers' Compensation Act
  - Exclusive remedy (RL 48-111)
  - Employment covered (required, voluntary) (RL 48-106, 114, 115)
  - Covered injuries (RL 48-101, 102, 127, 151(2)(4-8))
  - Occupational disease (RL 48-151(3))
  - Benefits provided (RL 48-119-126, 162.01)
  - Workers' Compensation Trust Fund (RL 48-128, 162.02)
- Federal workers compensation laws
  - Federal Employers Liability Act (FELA) (45 USC 51-60)
  - U.S. Longshore and Harbor Workers' Compensation Act (33 USC 901-944, 948-980)
  - The Jones Act (46 USC 688)

### **9.2 Workers compensation and employers liability insurance policy**

- General sections
  - 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
- Selected endorsement
  - Voluntary compensation

### **9.3 Premium computation**

- Job classification — payroll and rates
- Experience modification factor

Premium discounts

**9.4 Other sources of coverage**

Nebraska Workers' Compensation Plan  
(RL 44-3,158)

Self-insured employers and employer  
groups (RL 48-144.02(2), 48-145)

**10.0 Other Coverages and Options 3%**

**10.1 Umbrella/excess liability policies**

Personal (DL 98 01)

Commercial (CU 00 01)

**10.2 Specialty liability insurance**

Errors and omissions

Professional liability

Directors and officers liability

Fiduciary liability

Liquor liability

Employment practices liability

**10.3 Surplus lines**

Definitions and markets

Licensing requirements

**10.4 Surety bonds**

Principal, obligee, surety

Contract bonds

License and permit bonds

Judicial bonds

**10.5 Aviation insurance**

Aircraft hull

Aircraft liability

**10.6 Ocean marine insurance**

Major coverages

Hull insurance

Cargo insurance

Freight insurance

Protection and indemnity

**10.7 National Flood Insurance Program**

"Write your own" versus government

Eligibility

Coverage

Limits

Deductibles

**10.8 Other policies**

Boatowners

Difference in conditions

**10.9 Residual markets**

Joint underwriting or joint reinsurance  
pool (44-7525)