

**Property Producer
Series 20-31
80 scored questions (plus 10 unscored)
1-hour 45-minute time limit**

1.0 Insurance Regulation

38 % (30 items)

1.1 Licensing

Purpose

Process (*Insurance Article Annotated Code- Sec. 10-115; Sec.10-116; Sec. 10-104*)

Initial Licensure Qualifications

Examination

License fee & application

Exemptions to Licensure

Types of licensees

Producers

Business entity producers

Nonresident producers

Temporary

Advisers

Public insurance adjusters

Portable Electronics Insurance Limited Lines license

Maintenance and duration (*Insurance Article Annotated Code- Sec. 10-116; Sec. 10-117(b)(1)*)

Reinstatement and renewal

Address change

Reporting of actions

Assumed names

Requirement to report felony convictions

Renewal

Continuing education requirements, exemptions and penalties

Duration and Termination

Disciplinary actions

Cease and desist order

Hearings

Probation, suspension, revocation, refusal to issue or renew

Penalties and fines

Fraud

1.2 State regulation

Commissioner's general duties and powers (*Insurance Article Annotated Code-Sec. 2-205(a)(2)*)

State Specific Definitions (*Insurance Article Annotated Code- Sec. 10-401; Sec. 27-209; Sec. 27-213; Sec. 10-201; Sec 10-126; Ref: COMAR Sec. 31.08.06.02*)

Insurer Regulation

Insurance Information and Privacy Protection

Cancellation & Non-Renewal

Personal

Commercial

Notice of Renewal Premium

Certificate of authority

Binders

Solvency

- Rates
- Policy forms
- Examination of books and records
- Producer appointments
 - Producer's Contract with Insurer versus Producer's Appointment with Insurer
 - Producer's Individual Appointment versus Business Entity Appointment
 - Maintaining Record of Appointment Notice
 - Termination of producer appointment
- Producer regulation (*Insurance Article Annotated Code-Sec. 27-212(d)*)
 - Examination of Books and Records
 - Insurance Information and Privacy Protection
 - Fiduciary Responsibilities (*COMAR- Sec. 31.03.03*)
 - Bail Bond (*COMAR- Sec. 31.03.05.02(B)(1); Sec. 31.03.05.05*)
 - Acting for Unlicensed Insurer
 - Record Retention
 - Activities of Unlicensed Individual
 - Payment and sharing of Commissions
 - Charging of fees
 - Misrepresentation, twisting, and rebating
 - Responsibility for Trust Accounts
 - Impersonation
 - Larceny
 - Unlicensed persons compensation
- Premium Finance Companies/Agreements
- Unfair or deceptive insurance practices (*Insurance Article Annotated Code-Sec. 19-107(a)(2); Sec. 27-501; Sec. 27-213, 212*)
 - Misrepresentation
 - False advertising
 - Defamation of insurer
 - Boycott, coercion and intimidation
 - False financial statements
 - Failure to maintain complaint record
 - Unfair discrimination(*Insurance Article Annotated Code-Sec. 19-107(a)(2); Sec. 27-501; Sec. 27-213, 212*)
 - Unfair claims settlement practices
 - Rebating
- Insurance fraud regulation
- Insurance Information and Privacy Protection
- 1.3 Federal regulation**
 - Fair Credit Reporting Act (*15 USC 1681–1681d; Insurance Article Annotated Code- Sec. 27-501*)
 - Fraud and false statements including 1033 waiver (*18 USC 1033, 1034*)
- 1.4 Maryland laws, regulations and required provisions**
 - Property and Casualty Insurance Guaranty Corporation
 - Surplus Lines
 - Homeowners Coverage
 - Water backup from sewers and drains
 - Cancellation and nonrenewal (*Insurance Article Annotated Code-Sec. 27-609*)
 - Lead Liability
 - Concealment, misrepresentation or fraud
 - Appraisal
 - Federal Terrorism Insurance Program
 - Joint Insurance Association (JIA)
 - Fair Credit Reporting Act
 - Flood Insurance

2.0 General Insurance

9% (7 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
- Risk retention and risk purchasing groups
- Surplus Lines Carriers
- Self-insurance groups

Purchasing Groups

- 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

Types

- Captive
- Independent

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 Insurance Basics

9% (7 items)

3.1 Principles and concepts

- Insurable interest
- Underwriting
 - Function
 - Expense ratio, combined ratio
 - 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
- Coinsurance
- Loss valuation
 - Actual cash value
 - Replacement cost
 - Functional replacement cost
 - Guaranteed Replacement Cost
 - Market value
 - Agreed value
 - Stated amount
 - 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
- Lienholders
- Policy period
- Policy territory

- Cancellation and nonrenewal
- Deductibles
- Other insurance
 - Nonconcurrency
 - Primary and excess
 - Pro rata share
 - Contribution by equal shares
- Policy limits
- Restoration/nonreduction of limits
- Coinsurance
- Vacancy or unoccupancy
- Named insured provisions
 - Duties after loss
 - Assignment
 - Abandonment
- Insurer provisions
 - Liberalization
 - Appraisal
 - Subrogation
 - Salvage
 - Claim settlement options
- Third-party provisions
 - Standard mortgage clause
 - Loss payable clause
 - No benefit to the bailee

4.0 Dwelling Policy

10% (8 items)

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 — Maryland
- Automatic increase in insurance
- Broad theft coverage
- Dwelling under construction

4.7 Personal liability supplement

5.0 Homeowners Policy

18% (14 items)

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 Liability Coverages

Personal Liability
Medical Payments to Others

5.5 Perils insured against

5.6 Additional Coverages

Debris Removal
Trees, Shrubs, and Other Plants
Fire Department Service Charge
Property Removed
Credit Card, Fund Transfer Card, Forgery, and Counterfeit Money
Loss Assessment
Glass or Safety Glazing Material
Landlord's Furnishings
Building Additions and Alterations
First Aid Expenses
Damage to Property of Others

5.7 Exclusions

Lead paint liability abatement

5.8 Conditions

5.9 Selected endorsements

Special provisions — Maryland
Business Pursuits
Limited fungi, wet or dry rot, or bacteria coverage
Permitted incidental occupancies — residence premises
Earthquake
Identity fraud expense
Scheduled personal property
Personal property replacement cost
Home day care
Valuable Papers
Computers
Watercraft

6.0 Auto Insurance

4% (3 items)

6.1 Maryland auto insurance policy

Definitions
Coverage for damage to your auto
Collision
Limited collision
Comprehensive
Deductibles
Substitute transportation
Towing and labor
Bodily injury coverage
Personal Injury Protection
Liability/damage to someone else's property
General provisions
Duties after an accident or loss
Selected endorsements
Maryland mandatory endorsement
Mobile home
Waiver of deductible

6.2 Commercial auto

- Commercial auto coverage forms
 - Business auto
 - Garage
 - Truckers
- Coverage form sections
 - Covered autos
 - Garagekeepers coverage
 - Trailer interchange coverage
 - Physical damage coverage
 - Exclusions
 - Conditions
 - Definitions
- Selected endorsements
 - Individual named insured
 - Mobile equipment
 - Lessor — additional insured and loss payee — Maryland

7.0 Commercial Package Policy (CPP)

10% (8 items)

7.1 Components of a commercial policy

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

7.2 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
 - Basic
 - Broad
 - Special
 - Earthquake
- Selected endorsements
 - Ordinance or law
 - Spoilage
 - Peak season limit of insurance
 - Protective Safeguards
 - Value reporting form

7.3 Commercial inland marine

- 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
- 7.4 Boiler and Machinery**
 - Equipment breakdown
 - Equipment breakdown protection coverage form
 - Selected endorsement
 - Actual cash value
- 7.5 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
 - Cause of loss (basic, broad and special)
 - Conditions
 - Exclusions
 - Limits
 - Additional coverages
- 7.6 Commercial Crime**
 - General Definitions
 - Burglary
 - Theft
 - Robbery
 - Coverages
 - Employee theft
 - Forgery or alteration
 - Inside the premises (theft of money or securities)
 - Inside the premises (robbery or safe burglary of other property)
 - Outside the premises (Theft, Disappearance, or Destruction)
 - Computer fraud
 - Funds transfer fraud
 - Money orders and counterfeit paper currency

8.0 Businessowners Policy

1% (1 item)

- 8.1 Characteristics and purpose**
- 8.2 Businessowners Section I — Property**
 - Coverage
 - Exclusions
 - Limits of insurance
 - Deductibles
 - Loss conditions
 - General conditions
 - Optional coverages
 - Definitions
- 8.3 Businessowners Section III — Common Policy Conditions**
- 8.4 Selected endorsements**

Protective safeguards
Utility services — direct damage
Utility services — time element

9.0 Other Coverages and Options

3% (2 items)

9.1 Aviation insurance

Aircraft hull

9.2 Ocean marine insurance

Major coverages

Hull insurance

Cargo insurance

Freight insurance

Perils

9.3 National Flood Insurance Program

"Write your own" versus government

Eligibility

Coverages

Limits

Deductibles

9.4 Other policies

Boatowners

Personal watercraft

Recreational vehicles

Difference in conditions

9.5 Residual markets

Joint underwriting and reinsurers association (FAIR) plan