

# Your Exam Content Outline

The following outline describes the content of one of the Vermont insurance examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weight assigned to each section 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.

All citations are Vermont Insurance Statutes Title 8, unless otherwise noted. When preceded by "Reg" refer to Vermont Department Regulations, when preceded by "Bul" refer to Vermont Department Bulletins.

## Vermont Producer's Examination for Property Insurance Series 14-41

**100 questions (plus 5 unscored items)**  
**2-hour time limit**  
**Effective November 3, 2019**

### 1.0 Insurance Regulation 10% (10 Items)

#### 1.1 Licensing

- Process (4800; 4813f)
- Types of licensees (4791)
  - Resident (4800(3)(A))
  - Nonresident (4800(3)(B); 4813h)
  - Temporary (4800(3)(D)(ii); 4813k)
- Maintenance and duration
  - Renewal and expiration (4798)
  - Address change (4800(3)(F))
  - Assumed business name (4813j)
  - Reporting of actions (4813o)
  - Continuing education requirements (4800a; Reg 2000-2 Sec 4)
- Disciplinary actions
  - Denial of license (4800(3)(E))
  - Cease and desist order (3661)
  - Suspension, revocation or nonrenewal (4804; 4806)
  - Penalties (3661(a)(2); 4804(d))

#### 1.2 State regulation

- Commissioner's general duties and powers (4726; 4804)
- Company regulation
  - Certificate of authority (3368)
  - Unfair claim settlement practices (4724(9); Reg 79-2 Sec 1-7)
  - Policy forms (3541)
  - Examination of records (3565)
  - Producer appointment (4798(c); 4813l)
  - Termination of appointment (4798(d); 4813m)
- Producer regulation
  - Acting without a license (4793; 4813c)

- Shared commissions (4796)
  - Trust accounts — anti-commingling (Reg 95-1; 4724(12))
  - Controlled business (4795)
  - Duties (4813c)
  - Unfair trade practices (4724)
    - Misrepresentation (4724(1, 11, 13))
    - False advertising (4724(2))
    - Defamation (4724(3))
    - Boycott, coercion and intimidation (4724(4))
    - False financial statements and entries (4724(5))
    - Illegal inducement (4724(6))
    - Unfair discrimination (4724(7))
    - Rebating (4724(8))
    - Failure to maintain complaint record (4724(10))
    - Failure to act as fiduciary (4724(12); Reg 95-1)
    - Unsuitability (4724(16))
    - Nondisclosure of fees or charges (4724(14))
  - Consumer privacy regulation (IH-2001-01)
- #### 1.3 Federal regulation
- Fair Credit Reporting Act (15 USC 1681-1681d)
  - Fraud and false statements (18 USC 1033, 1034)

### 2.0 General Insurance 9% (9 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
  - Captive insurers
  - Stock companies

- Mutual companies
- Fraternal benefit societies
- Lloyd's associations
- Risk retention 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

- Insurer as principal
- Producer/insurer relationship
- Authority and powers of producers
  - Express
  - Implied
  - Apparent

### 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
- 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 13% (13 Items)

### 3.1 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 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
- 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
- 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 Bailee

### 3.4 Vermont laws, regulations and required provisions

- Vermont Property and Casualty Insurance Guaranty Association (3611–3626)
- Renewal notice (3882; 4715)
- Cancellation and nonrenewal (3879–3881; 3883; 4711–4714)
- Consent to rate (4688(f); Reg I-2010-03)
- Loss payment (3868; Reg 79-2 Sec 6, 8)
- Discrimination (3861)
- Coinsurance (3961–3968)
- Federal Terrorism Insurance Program (Bul 142, 150; 15 USC 6701; Public Law 107–297, 109–144, 110–160)

## 4.0 Dwelling Policy 7% (7 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 — Vermont (DP 01 44)
- 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 Policy 22% (22 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 Perils insured against

#### 5.5 Exclusions

#### 5.6 Conditions

#### 5.7 Selected endorsements

- Special provisions — Vermont (HO 01 44)
- Limited fungi, wet or dry rot, or bacteria coverage — Vermont (HO 04 02)
- Permitted incidental occupancies (HO 04 42)
- Earthquake (HO 04 54)
- Scheduled personal property (HO 04 61)
- Personal property replacement cost (HO 04 90)
- Home day care — Vermont (HO 23 45)

### 6.0 Auto Insurance 7% (7 Items)

#### 6.1 Laws

- Cancellation/nonrenewal
  - Grounds (4223)
  - Notice (4224–4226)

#### 6.2 Personal auto policy

- Definitions
- 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 — Vermont (PP 01 72)

- Towing and labor costs (PP 03 03)

- Miscellaneous type vehicle (PP 03 23)

- Joint ownership coverage — Vermont (PP 03 80)

#### 6.3 Commercial auto

- Commercial auto coverage forms

- Business auto

- Business auto physical damage

- Truckers

- Motor carrier

- Coverage form sections

- Covered autos

- Physical damage coverage

- Exclusions

- Conditions

- Definitions

- Selected endorsements

- Lessor — additional insured and loss payee (CA 20 01)

- Mobile equipment (CA 20 15)

- Individual named insured (CA 99 17)

### 7.0 Commercial Package Policy (CPP) 14% (14 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

- Selected endorsements

- Ordinance or law (CP 04 05)

- Spoilage (CP 04 40)

- Peak season limit of insurance (CP 12 30)

- Value reporting form (CP 13 10)

#### 7.3 Commercial inland marine

- Commercial inland marine conditions form

- Inland marine coverage forms

- Accounts receivable

- Bailee's customers

- 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 Equipment breakdown**

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

#### **7.5 Farm coverage**

- Farm property coverage forms
  - 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

#### **9.2 National Flood Insurance Program**

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

### **8.0 Businessowners Policy 13% (13 Items)**

#### **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 III — Common Policy Conditions**

#### **8.4 Selected endorsements**

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

### **9.0 Other Coverages and Options 5% (5 Items)**

#### **9.1 Ocean marine insurance**

- Hull insurance
- Cargo insurance
- Freight insurance