

# 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 Personal Lines Insurance Series 14-39

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

### 1.0 Insurance Regulation 8% (8 Items)

#### 1.1 Licensing

- Process (4800; 4813f)
- Types of licensees (4791)
  - Resident (4800(3)(A))
  - Nonresident (4800(3)(B); 4813h)
- 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(d); 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 7% (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
  - 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

- 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 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
- Limits of liability
  - Per occurrence (accident)
  - Per person
  - 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 Bailee

### 3.4 Vermont laws, regulations and required provisions

## 3.0 Property and Casualty Insurance Basics 15% (15 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

Vermont Property and Casualty Insurance Guaranty Association (3611–3626)  
Renewal notice (3882)  
Cancellation and nonrenewal (3879–3881; 3883)  
Consent to rate (4688(f); Reg I-2010-03))  
Loss payment (3868; Reg 79-2 Sec 6, 8)  
Discrimination (3861)  
Coinsurance (3961–3968)  
Required provisions (4203)

#### 4.0 Dwelling Policy 5% (5 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 25% (25 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 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 — 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)

Business pursuits (HO 24 71)  
Watercraft (HO 24 75)  
Personal injury (HO 24 82)

#### 6.0 Auto Insurance 28% (28 Items)

##### 6.1 Laws

Vermont Motor Vehicle Financial Responsibility and Insurance Laws (Title 23 Sec 800–943)

- Required limits of liability (Title 23 Sec 801)
- Required proof of insurance (Bul 77)

Vermont Automobile Insurance Plan (4241–4246)

- Eligibility
- Liability limitations
- Physical damage coverage limitations

Uninsured/underinsured motorist (Title 23 Sec 941)

- Definitions
- Required limits of liability
- Bodily injury
- Property damage

Cancellation/nonrenewal

- Grounds (4223)
- Notice (4224–4226)
- Notice of eligibility in assigned risk plan (4227)

Binders (Title 23 Sec 942)  
Surcharges (4671–4675)

##### 6.2 Personal auto policy

Definitions  
Liability coverage

- Bodily injury and property damage
- Supplementary payments
- Exclusions

Medical payments  
Uninsured motorist/underinsured motorist 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 — Vermont (PP 01 72)
- Towing and labor costs (PP 03 03)
- Extended non-owned coverage (PP 03 06)
- Miscellaneous type vehicle (PP 03 23)
- Joint ownership coverage — Vermont (PP 03 80)

#### 7.0 Farm Coverage 2% (2 Items)

##### 7.1 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

**7.2 Farm liability coverage forms**

Coverage H — Bodily injury and property damage  
liability  
Coverage I — Personal and advertising injury  
liability  
Coverage J — Medical payments

**7.3 Cause of loss (basic, broad and special)**

**7.4 Exclusions**

**7.5 Other provisions**

Additional coverages  
Conditions  
Definitions  
Limits

**8.0 Other Coverages and Options 10% (10  
Items)**

**8.1 Personal umbrella policy (DL 98 01)**

**8.2 National Flood Insurance Program**

"Write your own" versus government  
Eligibility  
Coverage  
Limits  
Deductibles

**8.3 Other policies**

Boatowners