

**Nebraska Producer's Examination for
Personal Lines Insurance
Series 13-21
100 questions (plus 5 unscored items)
2-hour time limit**

1.0 Insurance Regulation 12%

1.1 General

State specific licensing requirements

License issuance (44-4052, 4053)

 Application

License maintenance

 Change of name/phone number/address/email address (44-4054(8))

 Assumed business name (44-4057)

 Reporting of actions (44-4065)

 Continuing education including exemptions (44-3901–3908)

 Penalties

 Appointment and termination process

License duration

 Renewal/nonrenewal (44-4054)

 Reinstatement

 Continuation

 Termination (44-4062)

 Surrender

 Lapse

 Inactivity due to military service

 Inactivity due to extenuating circumstances

Disciplinary actions related to the license

 Denial

 Probation

 Suspension (44-2633, 4059)

 Surrender

 Revocation or refusal to issue or renew (44-2633, 4059)

Penalties

 Civil

 Criminal

 Hearings (44-4059(2))

 Fines (44-2634, 4059(4))

 Cease and desist order (44-1529, 1542)

1.2 Licensing Types, Purposes, and Processes

License types (44-4054)

- Producer (44-4049, 4054)
- Consultant (44-2606–2635)
- Public adjuster
- Agency
- Resident (44-2625, 4055, 4063)
- Nonresident (44-2625, 4055, 4063)
- Temporary (44-4058)
- Surplus lines
- Crop

Licensing requirements

- Eligibility and qualification

1.3 State Regulation

Acts constituting insurance transaction

- Negotiate
- Sell
- Solicit

Director's general duties and powers (44-101.01, 2635)

Producer regulatory requirements

- Policy signatures
- Application signatures
- Premium payment
- Producer representation
- Commissions/compensation and fees (44-4060)
- Controlled business (44-361.01, .02)
- Appointment (44-4061)
- Fiduciary responsibility
- Impersonation
- Records maintenance (44-5905)
- Claims reporting

Company regulatory requirements

- Solvency
- Financial requirements
- Certificate of authority (44-303)
- State of domicile
- Records maintenance
- Policy forms/rates/exceptions
- Appointment/termination
- Capital and surplus requirements (44-214, 305)
- Unfair trade practices complaint register (44-1525(9); Reg Ch 21)

Difference between admitted, non-admitted, foreign, and domestic insurers

Unfair trade practices

Unfair discrimination (44-1525(7))

Misrepresentation (44-1525(1))

False or deceptive advertising (44-1525(2))

Claims settlement

Boycott (44-1525(4))

Coercion (44-1525(4))

Intimidation (44-1525(4))

Defamation (44-1525(3))

False financial statements

Fraud

Illegal inducements including rebating and twisting (44-361, 1525(8))

Misappropriation of funds

Testimonials

Comparisons

Nondisclosure of fees or charges (44-354)

Other prohibited practices

Comingling of funds

Non-transparency

STOLI/IOLI

Prohibited fees/premiums/extra charges

Larceny

Acting without a license

Unfair claims settlement practices (44-1539, 1540)

Nonpublic personal information and privacy protection

Policy replacement

Solicitation and sales

Advertising

Provisions/rules

Policy summary

Buyer's Guide

Illustrations

Suitability

Backdating

Selection criteria and unfair discrimination

Insurance Fraud Act (44-6601–6608)

Privacy of Insurance Consumer Information Act (44-901–925)

1.4 Federal Regulation

Federal Law (18 U.S. Code § 1033)

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

Fraud and false statements including 1033 and 1034 waiver
"Prohibited Persons" Waiver (Consent to Work) (18 U.S. Code § 1033-1034)
Other federal regulations
 Do Not Call List (Telephone Consumer Protection Act)
 Can-Spam Act
 Sarbanes-Oxley Act
 Terrorism Risk Insurance Act
 Consumer Data Privacy and Security Act
 National Flood Insurance Program

2.0 General Insurance

12%

2.1 Risk management key terms

Risk
Exposure
Hazard
Peril
Loss
Insurance

2.2 Methods of handling risk

Avoidance
Retention
Risk-sharing
Reduction
Transfer

2.3 Other concepts

Elements of insurable risks
Adverse selection
Law of large numbers
Reinsurance
Indemnity/pay on behalf of

2.4 Types of insurers

Captives
Stock
Mutual
Reciprocals
Risk retention groups
Risk purchasing group
Self-insurers
Re-insurers

2.5 Comparison of insurers

- Private versus government insurers
- Authorized / admitted versus unauthorized/nonadmitted insurers
- Domestic, foreign, and alien insurers

2.6 Financial solvency status

- A.M. Best
- Standard and Poor's
- Moody's
- State Guarantee Funds
- National Association of Insurance Commissioners (NAIC)

2.7 Distribution methods

- Independent agent
- Direct writer
- Exclusive
- Captive
- Risk purchasing groups
- Managing General Agents (MGA)
- Wholesalers
- Aggregators

2.8 Rate filing and forms services

- Insurance Services Office (ISO)
- American Association of Insurance Services (AAIS)
- Surety and Fidelity Association of America (SFAA)
- NCCI or other state rate-making entity

2.9 Rules of agency

- Insurer as principal
- Producer/agent/broker-insurer
- Adjuster relationships

2.10 Authority and powers of producers/agents/brokers

- Express
- Implied
- Apparent
- Contractual

2.11 Elements of a legal contract

- Offer and acceptance
- Consideration
- Competent parties
- Legal purpose

2.12 Distinct characteristics of an insurance contract

- Contract of adhesion
- Aleatory
- Personal

Unilateral

Conditional

2.13 Legal interpretations affecting contracts

Insurable interest

Ambiguities in a contract of adhesion

Reasonable expectations

Indemnity

Utmost good faith

Concealment

Representations

Misrepresentations

Warranties

Fraud

Waiver and estoppel

3.0 Property and Casualty Insurance Basics

16%

3.1 Insurable interest

3.2 Underwriting

Loss history

Loss ratio

Credit scores

Risk appetite/acceptability

Inspections

3.3 Rates

Types

Loss costs

Components

3.4 Hazards

Physical

Moral

Morale

3.5 Negligence

Elements of a negligent act

Defenses against negligence

3.6 Types of damages

Compensatory (special versus general)

Punitive

3.7 Types of liability

Absolute

Strict

Vicarious

3.8 Causes of loss

- Direct
- Consequential
- Indirect
- Contingent

3.9 Property key coverage terms and definitions

- Named perils
- Broad
- Special perils
- Vacancy or unoccupancy
- Blanket versus specific insurance

3.10 Types of building construction

- Frame
- Masonry
- Joisted masonry
- Fire resistive

3.11 Loss valuation

- Actual cash value
- Replacement cost
- Functional replacement cost
- Market value
- Agreed value
- Stated amount
- Valued policy
- Broad evidence rule
- Actual loss sustained

3.12 Policy construction

- Declarations
- Definitions
- Insuring agreement
- Conditions
- Exclusions

3.13 Additional/supplementary coverage and endorsements

3.14 Common policy conditions

- Insureds — named
- First named
- Additional
- Policy period
- Territory
- Cancellation and nonrenewal
- Coinsurance and deductibles

- Cooperation
- 3.15 Loss payment provisions
 - Nonconcurrency
 - Primary and excess
 - Pro rata
 - Contributions by equal shares
 - Apportionment
- 3.16 Limits of liability/insurance
 - Per occurrence
 - Per loss
 - Per claim
 - Per person
 - Aggregate
 - Split
 - Combined single
 - Bodily injury
 - Property damage
- 3.17 Liability key coverage terms and definitions
 - Restoration/nonreduction of limits
 - Claims made
 - Retroactive date
 - Extended reporting period/tail
- 3.18 Named insured responsibilities
 - Duties after loss
 - Assignment and abandonment
 - Notice
 - Cancellation
- 3.19 Other policy conditions
 - Liberalization
 - Subrogation
 - Salvage
 - Claims settlement options and duty to defend
- 3.20 Third-party provisions
 - Standard mortgage clause
 - Loss payable clause
 - No benefit to the bailee
 - Additional insured
 - Additional named insured
- 3.21 State plans
 - Nebraska Property and Liability Insurance Guaranty Association (44- 2401–2418)
 - FAIR plan

Wind and Hail Associations

Assigned risk

Joint Underwriting Association (JUA)

3.22 State regulations

Nebraska Valued Policy Law (44-501.02)

Cancellation and nonrenewal (44-522)

Concealment, misrepresentation or fraud (44-358; 44-6601–6608; RL 28-631)

Rate and Form Act (44-7501–7535)

Binders

Loss payment

Arbitration

Certificates of insurance

3.23 Federal Insurance Programs

Terrorism Insurance Program (TRIA)

National Flood Insurance Program (NFIP)

Federal Crop Insurance Program (FCIP)

3.24 Time element coverages

4.0 Dwelling Policy

10%

4.1 Eligibility

4.2 Perils insured against

DP-1 (basic)

DP-2 (broad)

DP-3 (special)

4.3 Property coverages

A, B, C, D, E, and other

4.4 Definitions, exclusions, and conditions

4.5 Policy endorsements

Special provisions (DP 01 26)

Automatic increase of insurance (DP 04 11)

Broad form theft coverage (DP 04 72)

Dwelling under construction (DP 11 43)

Ordinance and law

4.6 Personal liability supplement

4.7 Cancellation/nonrenewal

Reasons

Notice

5.0 Homeowners Policy

22%

5.1 Eligibility

5.2 Perils insured against

5.3 Definitions, conditions, and exclusions

5.4 Coverage forms

HO-2 through HO-6 and HO-8

5.5 Section I -- Property coverages

Coverage A, B, C, D and additional coverages

Special limits

5.6 Section II -- Liability coverages

Coverage E, F, and additional coverages

5.7 Policy endorsements

Special provisions (HO 01 26)

Limited fungi, wet or dry rot, or bacteria coverage (HO 04 26, HO 04 27)

Permitted incidental occupancies (HO 04 42)

Earthquake (HO 04 54)

Scheduled personal property (HO 04 61)

Personal property replacement cost (HO 04 90)

Home-based business (HO 04 97)

Business pursuits (HO 24 71)

Watercraft (HO 24 75)

Personal injury (HO 24 82)

Water backup

Additional limits

5.8 Cancellation/nonrenewal

Reasons

Notice

6.0 Auto Insurance

22%

6.1 State Auto Laws

State plans

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

No-fault coverage

Personal injury protection

Property protection

Residual liability

Uninsured/underinsured motorist (44- 6401–6414)

Cancellation/nonrenewal

Reasons (44-515)

Notice (44-516–519, 523; RL 60- 544)

Other state laws

Constructive total loss

Arbitration

Rental vehicle coverage

Aftermarket parts regulation (Reg Title 210 Chapter 45)

State Motor Vehicle Financial Responsibility Law

Stacking

6.2 Personal Auto Policy

Eligibility

Definitions, conditions, and exclusions

Liability coverage

Combined single limits versus split limits

Bodily injury and property damage

Supplementary payments

Exclusions

Medical payments coverage

Uninsured/underinsured motorist coverage

Bodily injury

Property damage

Required limits

Coverage for damage to your auto

Collision

Other than collision

Deductibles

Transportation expenses

Exclusions

Substitute transportation

Towing (PP 03 03)

Labor (PP 03 03)

Selected endorsements

Amendment of policy provisions (PP 01 85)

Extended non-owned coverage (PP 03 06)

Miscellaneous type vehicle (PP 03 23)

Joint ownership coverage (PP 03 34)

Mexico coverage

Territory

Drive other car (DOC)

Transportation network coverage

7.0 Other Coverages and Options

6%

7.1 Specialty Coverages

Types of umbrella/excess/following form liability policies

Personal (DL 98 01)

7.2 National Flood Insurance

Types of flood insurance

"Write your own"

Government

Flood insurance provisions

Eligibility

Coverage

Limits

Deductibles

Waiting period

Pre-FIRM, Post-FIRM (flood insurance rate map)

7.3 Other Policies

Boatowners policies, personal watercraft, and recreational vehicles