

Your Exam Content Outline

The following outline describes the content of one of the Oregon 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.

Oregon Producer's Examination for Property Insurance Series 12-12

100 questions – Two-hour time limit

1.0 Insurance Regulation 13%

1.1 Licensing

Purpose

Process (ORS 744.058, .059, .062)

Types of licensees

Producers (ORS 744.052, .053)

Consultants (ORS 744.605, .609, .626;
OAR 836-071-0150)

Adjusters (ORS 744.531)

Nonresidents (ORS 744.063)

Temporary (ORS 744.073)

Maintenance and duration

Renewal and nonrenewal (ORS 744.072, .074)

Continuing education requirements (ORS
744.072(4); OAR 836-071-0215–0250)

Reinstatement (ORS 744.018, .072(6))

Assumed business name (ORS 744.028(2),
.068)

Change of address or telephone number
(ORS 744.028(1), .068)

Reporting of actions (ORS 744.089)

Disciplinary actions

Cease and desist orders (ORS 731.252)

License probation, suspension, revocation or
refusal to issue or renew (ORS 744.074)

Civil penalty (ORS 731.988)

Criminal penalty (ORS 731.992)

1.2 State regulation

Director's general duties and powers
(ORS 731.236)

Company regulation

Solvency (ORS 731.554(6))

Producer appointment (ORS 744.078)

Termination of appointment (ORS 744.079,
.081)

Unfair claim settlement practices

(ORS 746.230; OAR 836-080-0205–0250)

Producer regulation

Fiduciary and trust account responsibilities
(ORS 744.083; OAR 836-074-0020–0050)

Place of business/records maintenance (ORS
744.068)

Controlled business (ORS 746.065, .160)
Shared commissions (ORS 744.076, .077;
OAR 836-071-0269–0277)

Unfair trade practices

Misrepresentation (ORS 746.075, .100)

False advertising (ORS 746.110;
OAR 836-080-0155)

Rebating (ORS 746.045)

Unfair discrimination (ORS 746.015;

OAR 836-081-0005, 0010, 0020, 0030)

Illegal inducement (ORS 746.035)

Suitability (OAR 836-080-0001–0043,
836-080-0090)

Examination of records (ORS 744.068(2, 3))

Privacy of Consumer Information (ORS 746.620,
.630, .665)

1.3 Federal regulation

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

Fraud and false statements including 1033 waiver
(18 USC 1033, 1034)

2.0 General Insurance 13%

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

Reciprocals

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 producer
 - 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 16%

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 and additional
- Policy period
- Policy territory
- Cancellation and nonrenewal
- Deductibles
- Other insurance
 - Nonconcurrency
 - Primary and excess
- 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 the bailee

3.4 Oregon laws, regulations and required provisions

- Oregon Insurance Guaranty Association (ORS 734.510–.710)
- Cancellation and nonrenewal
 - Commercial liability (ORS 742.700–.710)
 - Property (ORS 742.224, 746.687)
- Binders (ORS 742.043)
- Rates (ORS 737.025, .310)
- Policy forms (ORS 742.003)
- Suit against insurer (ORS 742.240)
- Concealment, misrepresentation or fraud (ORS 742.013, .208, .702(1)(b))
- Unfair discrimination (ORS 746.018)
- Federal Terrorism Insurance Program (15 USC 6701; Public Law 109–144, 110–160)

4.0 Dwelling Policy 10%

4.1 Characteristics and purpose

4.2 Coverage forms — Perils insured against

- Basic — Oregon ('04)
- Broad ('02)
- Special ('02)

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 — Oregon (DP 01 36)
- 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 ('00) Policy 17%

5.1 Coverage forms

- HO-2 through HO-6
- HO-8

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 — Oregon (HO 01 36)
- Limited fungi, wet or dry rot, or bacteria coverage (HO 04 04, HO 04 05, HO 04 06)
- Earthquake (HO 04 54)
- Scheduled personal property (HO 04 61)
- Personal property replacement cost (HO 04 90)
- Permitted incidental occupancies — residence premises — Oregon (HO 05 42)
- Home day care — Oregon (HO 05 97)

6.0 Commercial Package Policy (CPP) 13%

6.1 Components of a commercial policy

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

6.2 Commercial property ('07)

- 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)

6.3 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
 - Installation floater
 - Signs
 - Valuable papers and records

Transportation coverages

- Motor truck cargo forms
- Transit coverage forms

6.4 Equipment breakdown ('08)

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

6.5 Farm coverage

- Farm property coverage form ('03)
 - Coverage A — Dwellings
 - Coverage B — Other private structures
 - Coverage C — Household personal property
 - Coverage D — Loss of use
 - Coverage E — Scheduled personal property
 - Coverage F — Unscheduled farm personal property
 - Coverage G — Other farm structures

Mobile agricultural machinery and equipment coverage form

Livestock coverage form

Definitions

Causes of loss (basic, broad and special)

Conditions

Exclusions

Limits

Additional coverages

7.0 Businessowners ('06) Policy 8%

7.1 Characteristics and purpose

7.2 Businessowners Section I — Property

- Coverages
- Exclusions
- Limits
- Deductibles
- Loss conditions
- General conditions
- Optional coverages
- Definitions

7.3 Businessowners Section III — Common Policy Conditions

7.4 Selected endorsements

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

8.0 Other Coverages and Options 10%

8.1 National Flood Insurance Program

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

8.2 Other policies

- Boatowners
- Difference in conditions

8.3 Residual markets

- Joint Underwriting Association (ORS 735.200-.260; 737.390)
- Oregon FAIR Plan Association (ORS 735.005, .015, .045)