

**Nebraska Consultant's Examination for
Property and Casualty Insurance
Series 13-08
150 questions (plus 5 unscored items)
2.5-hour time limit**

1.0 Insurance Regulation **5%**

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

5%

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 Auto Insurance

15%

3.1 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

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
- State Motor Vehicle Financial Responsibility Law
- Stacking

3.2 Commercial Auto

Eligibility

Definitions, conditions, and exclusions

Coverage forms

- Business auto
- Motor carrier
- Auto dealers

Coverage form sections

- Symbols/covered auto
- Liability (CA 03 01)
- Garagekeepers
- Trailer interchange
- Physical damage

Selected endorsements

- Drive other car coverage (CA 99 10)
- Lessor -- additional insured and loss payee (CA 20 01)
- Mobile equipment (CA 20 15)
- Hired autos specified as covered autos you own (CA 99 16)
- Individual named insured (CA 99 17)
- Broad form products coverage
- Employees as insureds (CA 99 33)
- Pollution liability — broadened coverage (CA 99 48; CA 99 55)

Commercial carrier regulations

- The Motor Carrier Act of 1980
- Endorsement for motor carrier policies of insurance for public liability (MCS-90)
- SAFER System

4.0 Commercial Package Policy

30%

4.1 General

Components of a commercial policy

- Declarations
- Conditions
- Interline endorsements

One or more coverage parts

4.2 Commercial General Liability

Coverages

- Bodily injury and property damage liability
- Personal and advertising injury liability
- Medical payments
- Damage to the property of others (fire legal liability)

Coverage features

- Per occurrence/aggregate
- Occurrence versus claims-made
- Premises and operations
- Products and completed operations
- Insured contract
- Contingent liability

Selected endorsements

- Employers liability
- Per project
- Per location
- Blanket additional insured

Claims-made features

- Triggers
- Retroactive date
- Extended reporting periods
- Claim information

Pollution liability

- Coverage form (CG 00 39)
- Limited coverage form (CG 00 40)
- Extension endorsement (CG 04 22)

4.3 Commercial Property

Definitions, conditions, and exclusions

Coverage forms

- Building and personal property
- Condominium association
- Builder's risk
- Business income
- Legal liability
- Extra expense

Causes of loss forms

- Basic

- Broad
- Special
- Difference in Conditions (DIC)
- Earthquake/flood
- Selected endorsements
 - Ordinance and law (CP 04 05)
 - Spoilage (CP 04 40)
 - Peak season limit of insurance (CP 12 30)
 - Value reporting form (CP 13 10)

4.4 Commercial Crime

- General definitions

- Burglary
 - Theft
 - Robbery
 - Employee dishonesty

- Crime coverage forms

- Commercial crime (discovery/loss sustained)

- Coverages

- Employee dishonesty
 - Theft
 - Forgery or alteration
 - Inside/outside the premises
 - Computer fraud
 - Funds transfer fraud
 - Money orders and counterfeit paper currency insurance

- Other crime coverage

- Extortion — commercial entities (CR 04 03)
 - Lessees of safe deposit boxes (CR 04 09)
 - Securities deposited with others (CR 04 10)
 - Guests' property (CR 04 11)
 - Safe depository (CR 04 12)

4.5 Commercial Inland Marine

- Nationwide marine definition

- Commercial inland marine conditions

- Inland marine coverage forms

- Accounts receivable
 - Bailee's customer
 - Commercial articles
 - Contractors equipment floater

- Electronic data processing
- Equipment dealers
- Installation floater
- Jewelers and furrier block
- Signs
- Valuable papers and records
- Builder's risk
- Transportation cargo coverages
 - Common carrier liability
 - Motor truck and transit coverage forms
- Exclusions and endorsements

4.6 Equipment Breakdown (EB 00 20)

- Definitions, coverages, and exclusions
- Selected endorsements
 - Actual cash value (EB 99 59)
 - Refrigeration

4.7 Farm Coverage

- Eligibility
- Definitions, conditions, and exclusions
- Farm property coverage form
 - Coverage A, B, C, D, E, F, and G
- Farm liability coverage form
 - Coverage H, I, J
- Other forms and coverages
 - Livestock coverage
 - Mobile agricultural machinery and equipment coverage
 - Additional coverages
 - Crop insurance
- Causes of loss
 - Basic, broad and special
- Policy basics
 - Limits of insurance

5.0 Businessowners Policy

4%

5.1 Eligibility

5.2 Definitions and exclusions

5.3 Section I -- Property

- Coverages
- Limits of insurance
- Deductibles
- Optional coverages

5.4 Section II -- Liability

- Coverages
- Limits of insurance

5.5 Section III -- Common policy conditions

5.6 Selected endorsements

- Hired auto and non-owned auto liability (BP 04 04)
- Protective safeguards (BP 04 30)
- Utility services-direct damage and time element (BP 04 56, BP 04 57)

6.0 Workers Compensation Insurance

14%

6.1 State specific markets and laws

- Monopolistic versus competitive and compulsory versus elective

6.2 Nebraska Workers' Compensation Act

- Exclusive remedy (RL 48-111)
- Employment covered (RL 48-106, 114, 115)
- Covered injuries (RL 48-101, 102, 127, 151(2)(4–8))
- Occupational disease (RL 48-151(3))
- Benefits provided (RL 48-119–126, 162.01)
- Second/subsequent injury fund
- Arising out of employment/course of employment (AOE/COE)
- Workers' Compensation Trust Fund (RL 48-128, 162.02)

6.3 Federal workers compensation laws

- Federal Employers Liability Act (45 USC 51–60)
- Longshore and Harbor Workers Compensation Act (33 USC 901– 944, 948-950)
- The Jones Act (46 USC 688)

6.4 Workers compensation and employers liability

- General section
- Parts One, Two, Three, Four, Five, and Six

6.5 Selected endorsements

- Voluntary compensation
- Foreign coverage

Waiver of subrogation
Other states

6.6 Rating factors

Job classification
Payroll
Experience-modification factor
Premium discounts
Participation plans
Surcharges

6.7 Other sources of workers compensation coverage

Nebraska Workers' Compensation Plan (RL 44-3,158)
Assigned risk plan
Self-insured employers and employer groups (RL 48-144.02(2), 48-145)

7.0 Other Coverages and Options

27%

7.1 Specialty Coverages

Types of umbrella/excess/following form liability policies

Personal (DL 98 01)
Commercial (CU 00 01)

Types of specialty liability insurance

Professional
Errors and omissions
Directors and officers
Fiduciary
Liquor
Employment practices
Employee benefits
Identity fraud expense coverage
Cyber liability/data breach
Construction wrap-up
Active assailant
Kidnap and ransom (K&R)

7.2 Surplus Lines

Eligibility and disclosure
Collection of premium tax and fees
Definitions
Difference between admitted and non-admitted market carriers
Excess and surplus binding authority limitations

7.3 Bonds

Bond provisions

- Insuring agreement
- Bond period
- Discovery period
- Limit of liability
- Termination of coverage

Parties to a bond

- Principal
- Obligee
- Surety

Purpose of the bonds

- Surety
- Fidelity

Types of fidelity coverage

- Employee theft
- Public official
- Financial institution
- Fiduciary

Types of surety bonds

- Contract
- Bid
- Performance
- Completion
- License
- Judicial
- Permit

7.4 Ocean Marine Insurance

Major coverages

- Hull
- Cargo
- Freight
- Protection and indemnity (P&I)

Policy provisions

- Implied warranties
- Perils of the sea
- General and particular average

7.5 Aviation Insurance

Policy coverages and provisions

- Hull
- Cargo and freight
- Aircraft liability
- Implied warranties
- Perils
- General and particular average

7.6 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)

7.7 Other Policies

Boatowners policies, personal watercraft, and recreational vehicles

7.8 Federal Terrorism Insurance Program (15 USC 6701; Public Law 107–297, 109–144, 110–160)