

# Your Exam Content Outline

The following outline describes the content of one of the New Hampshire 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.

## Producer's Property and Casualty Insurance Series 12-64

150 questions – 2.5 hour time limit

### 1.0 Insurance Regulation 13%

#### 1.1 Licensing

- Process (402-J:5, 6)
  - Types of licensees
    - Producer (402-J:2, 14)
    - Producer with appointment (402-J:14)
    - Business entity (402-J:6)
    - Financial institutions (406-C:1–19)
    - Resident versus nonresident (402-J:8, 16)
    - Temporary (402-J:11)
  - Maintenance and duration
    - Renewal (402-J:7(II–IV))
    - Change of address (402-J:7(VI))
    - Reporting of actions (402-J:17)
    - Assumed names (402-J:10)
    - Continuing education requirements (Reg 1302.03, 1302.04, 1304.03)
  - Disciplinary actions
    - Cease and desist order (417:12)
    - Denial, suspension or revocation (402:49; 402-J:12)
    - Penalties and fines (400-A:15(III); 402:42, 48; 402-J:12(IV); 417:10, 13)
- #### 1.2 State regulation
- Commissioner's general duties and powers (400-A:3, 15; 417:5, 14)
  - Company regulation
    - Producer appointment (402-J:14)
    - Termination of appointment (402-J:15)
  - Producer regulation
    - Acting without a license (402-J:3, 13)
    - Commissions (402-J:13)
    - Conversion of funds by producer (402:53)
    - Referrals (402:16-B)
    - Controlled business (402:74)
    - Fiduciary requirements (Reg 4301.01–4301.09)
    - License to transact business (402:12)
    - Unfair claim settlement practices (417:4(XV); Reg 1001.01–.11, Reg 1002.01–.20)
  - Unfair insurance trade practices
    - Misrepresentation (402:46; 417:4(I, II))
    - Twisting (402:47; 417:4(I))
    - False information and advertising (417:4(III))

- Defamation (417:4(IV))
- Boycott, coercion and intimidation (417:4(V))
- Illegal inducement (417:4(VII))
- Unfair discrimination (417:4(VIII))
- Rebating (402:39–41; 417:4(IX))
- Examination of books and records (400-A:37)
- Insurance fraud regulation (400-A:36-b(II); 417:23; RL 638:20)
- Consumer privacy regulation (Reg 3001–3006)

#### 1.3 Federal regulation

- Fair Credit Reporting Act (15 USC 1681–1681d)
- Fraud and false statements (18 USC 1033, 1034)

### 2.0 General Insurance 11%

#### 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
  - Reciprocal
  - Lloyd's associations
  - Risk retention groups
  - Surplus lines
- Private versus government insurers
- Authorized versus unauthorized 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

## 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 14%

### 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
- 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

### 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
  - Contribution by equal shares
- Property limits
- Limits of liability
  - Per occurrence (accident)
  - Per person
  - Aggregate — general versus products — completed operations
  - 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 the bailee

### 3.4 New Hampshire laws, regulations and required provisions

- New Hampshire Valued Policy Law (407:11)
- New Hampshire Insurance Guaranty Association (404-B)
- Standard fire policy (407:1-2-a, 22)
- Cancellation and nonrenewal (417-B; 417-C:1-4, 6)
- Binders (407:6)
- Concealment, misrepresentation or fraud (407:22; RL 638:20)
- Claim settlement time limits (407:12, 12-a; Reg 1002.05)
- Federal Terrorism Insurance Program (15 USC 6701; Public Law 107-297, 109-144, 110-160)
- Certificate of Insurance House Bill 419 eff 1/1/2012

## 4.0 Dwelling ('02) Policy 4%

### 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 — New Hampshire (DP 01 28)
- Automatic increase in insurance (DP 04 11)
- Dwelling under construction (DP 11 43)

## 4.7 Personal liability supplement

## 5.0 Homeowners ('11) Policy 12%

### 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 — New Hampshire (HO 01 28)
- 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 day care (HO 04 97)
- Business pursuits (HO 24 71)
- Watercraft (HO 24 75)
- Personal injury (HO 24 82)
- Identity Theft

## 6.0 Auto Insurance 14%

### 6.1 Laws

- New Hampshire Motor Vehicle Financial Responsibility Law
  - Required limits of liability (RL 259:61, 264:20)
- New Hampshire Automobile Reinsurance Facility Plan (Reg 1405)
- New Hampshire Commercial Auto Insurance Plan
- Uninsured/underinsured motorist (RL 264:15)
  - Definitions
    - Bodily injury
    - Required limits

- Cancellation/nonrenewal (417-A)

- Grounds

- Notice

- Notice of eligibility in Automobile Reinsurance Facility Plan (417-A:5(V))

- Residency statement (417-A:3-b; RL 1406.01)

- Medical costs coverage (RL 264:16)

- After market parts regulation (407-D)

## 6.2 Personal ('05) 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 — New Hampshire (PP 01 76)

- Towing and labor costs (PP 03 03)

- Extended non-owned coverage — vehicles furnished or available for regular use (PP 03 06)

- Miscellaneous type vehicle — New Hampshire (PP 13 32)

- Joint ownership coverage — New Hampshire (PP 13 34)

## 6.3 Commercial auto ('10)

- Commercial auto coverage forms

- Business auto

- Garage

- Business auto physical damage

- Coverage form sections

- Covered autos

- Liability coverage

- Garagekeepers coverage

- Physical damage coverage

- Exclusions

- Conditions

- Definitions

- Selected endorsements

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

- Mobile equipment (CA 20 15)

- Auto medical payments coverage (CA 99 03)

- Drive other car coverage (CA 99 10)

- Hired autos specified as covered autos you own (CA 99 16)

- Individual named insured (CA 99 17)

- Pollution liability — broadened coverage (CA 99 48; CA 99 55)

## 7.0 Commercial Package Policy (CPP) 10%

## 7.1 Components of a commercial policy

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

## 7.2 Commercial general liability ('07)

- Commercial general liability coverage forms
  - Bodily injury and property damage liability
  - Personal and advertising injury liability
  - Medical payments
  - Supplementary payments
  - Who is an insured
  - Limits of liability
  - Conditions
  - Definitions
  - Exclusions
- Occurrence versus claims-made
- Claims-made features
  - Trigger
  - Retroactive date
  - Extended reporting periods — basic versus supplemental
  - Claim information
- Premises and operations
- Products and completed operations
- Insured contract
- Pollution liability
  - Pollution liability coverage form (CG 00 39)
  - Pollution liability limited coverage form (CG 00 40)
  - Pollution liability coverage extension endorsement (CG 04 22)

## 7.3 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 coverage
  - Ordinance or law (CP 04 05)
  - Spoilage coverage (CP 04 40)
  - Peak season limit of insurance (CP 12 30)
  - Value reporting form (CP 13 10)

## 7.4 Commercial crime ('06)

- General definitions
  - Burglary
  - Theft
  - Robbery
- Crime coverage forms
  - Commercial crime coverage forms (discovery/loss sustained)
  - Government crime coverage forms (discovery/loss sustained)
- Coverages

- Employee theft
- Forgery or alteration
- Inside the premises — theft of money and securities
- Inside the premises — robbery or safe burglary of other property
- Outside the premises
- Computer fraud
- Funds transfer fraud
- Money orders and counterfeit money
- Other crime coverage
  - Extortion — commercial entities (CR 04 03)

## 7.5 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
  - Equipment dealers
  - Installation floater
  - Jewelers block
  - Signs
  - Valuable papers and records
- Transportation coverages
  - Common carrier cargo liability
  - Motor truck cargo forms
  - Transit coverage forms

## 7.6 Equipment breakdown ('11)

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

## 7.7 Farm coverage ('03 Property) ('06 Liability)

- Farm property coverage form
  - 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
- Farm liability coverage form ('06)
  - Coverage H — Bodily injury and property damage liability
  - Coverage I — Personal advertising injury liability
  - Coverage J — Medical payments
- Livestock coverage form
- Mobile agriculture machinery and equipment coverage form
- Causes of loss (basic, broad and special)
- Exclusions
- Additional coverages
- Limits of insurance
- Conditions
- Definitions

## **8.0 Businessowners ('10) Policy 8%**

### **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 II — Liability**

- Coverages
- Exclusions
- Who is an insured
- Limits of insurance
- General conditions
- Definitions

#### **8.4 Businessowners Section III — Common Policy Conditions**

#### **8.5 Selected endorsements**

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

## **9.0 Workers Compensation Insurance 7%**

### **9.1 Workers compensation law**

- Types of laws
  - Monopolistic versus competitive
  - Compulsory versus elective
- New Hampshire Workers' Compensation Law (RL Ch 281-A)
  - Exclusive remedy (RL 281-A:8)
  - Employment covered (required, voluntary) (RL 281-A:2(VI,VIII), 3, 5, 6, 18, 18-a)
  - Covered injuries (RL 281-A:2(XI), 12, 14)
  - Occupational disease (RL 281-A:2(XIII); 16)
  - Benefits provided (RL 281-A:23-23-b, 25-37)
  - Subsequent injury fund (RL 281-A:55)
- Federal workers' compensation laws
  - Federal Employer Liability Act (FELA) (45 USC 51-60)
  - U.S. Longshore and Harbor Workers' Compensation Act (33 USC 904)
  - The Jones Act (46 USC 688)

### **9.2 Workers compensation and employers liability insurance policy**

- General section
- Part One — Workers compensation insurance
- Part Two — Employers liability insurance
- Part Three — Other states insurance
- Part Four — Your duties if injury occurs
- Part Five — Premium
- Part Six — Conditions
- Selected endorsement
  - Voluntary compensation

### **9.3 Premium computation**

- Job classification — payroll and rates
- Experience modification factor
- Premium discounts

### **9.4 Other sources of coverages**

- Assigned risk plan (404-C:1-13)
- Self-insured employers and employer groups (404-C:5-a; RL 281-A:5-a-5-c)

## **10.0 Other Coverages and Options 7%**

### **10.1 Umbrella/excess liability policies**

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

### **10.2 Specialty liability insurance**

- Errors and omissions
- Professional liability
- Directors and officers liability
- Fiduciary liability
- Liquor liability
- Employment practices liability
- Cyber Security
- Identity Theft

### **10.3 Surplus lines**

- Definitions and markets
- Licensing requirements

### **10.4 Surety bonds**

- Principal, obligee, surety
- Contract bonds
- License and permit bonds
- Judicial bonds

### **10.5 Aviation insurance**

- Aircraft hull
- Aircraft liability

### **10.6 Ocean marine insurance**

- Major coverages
  - Hull insurance
  - Cargo insurance
  - Freight insurance
  - Protection and indemnity

### **10.7 National Flood Insurance Program**

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

### **10.8 Other policies**

- Boatowners
- Difference in conditions

### **10.9 Residual markets**

- Joint underwriting or joint reinsurance associations (412:26)