

**Nebraska Producer's Examination for
Property and Casualty Insurance Series 13-04
150 questions (plus 5 unscored items) 2.5-hour time limit**

1.0 Insurance Regulation 15%

1.1 General

State specific licensing requirements

License issuance (44-4052, 44-4053)

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 to 44-3908)

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

Suspension (44-2633, 44-4059)

Surrender

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

Penalties

Civil

Criminal (28-631)

Hearings (44-4059(2))

Fines (44-2634, 44-4059(4))

Cease and desist order (44-1529, 44-1542)

1.2 Licensing Types, Purposes, and Processes

License types (44-4054)

Producer (44-4049, 44-4054)

Consultant (44-2606 to 44-2635)

Public adjuster

Agency

Resident (44-2625, 44-4055, 44-4063)

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Nonresident (44-2625, 44-4055, 44-4063)

Temporary (44-4058)

Surplus lines

Crop

Licensing requirements

Eligibility and qualification

Licensing exemptions (44-4051)

1.3 State Regulation

Acts constituting insurance transaction

Negotiate

Sell

Solicit

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

Producer regulatory requirements

Policy signatures

Application signatures

Premium payment

Producer representation

Commissions/compensation and fees (44-4060)

Controlled business (44-361.01, 44-361.02)

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, 44-305)

Unfair trade practices complaint register (44-1525(9))

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

Unfair trade practices

Unfair discrimination (44-1525(7))

Misrepresentation (44-1525(1))

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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, 44-1525(8))

Misappropriation of funds

Testimonials

Comparisons

Nondisclosure of fees or charges (44-354)

Other prohibited practices

Commingling of funds

Non-transparency

Prohibited fees/premiums/extra charges

Larceny

Acting without a license

Unfair claims settlement practices (44-1539, 44-1540)

Nonpublic personal information and privacy protection

Solicitation and sales

Advertising

Provisions/rules

Selection criteria and unfair discrimination

Insurance Fraud Act (44-6601 to 44-6608)

Privacy of Insurance Consumer Information Act (44-901 to 44-925) Neb. Rev. Stat. §44-902(1)(a)

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

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Gramm-Leach-Bliley Act

2.0 General Insurance 10%

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
Reciprocal
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

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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

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Indemnity
Utmost good faith
Concealment
Representations
Misrepresentations
Warranties
Fraud
Waiver and estoppel

3.0 Property and Casualty Insurance Basics 14%

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

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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

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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 Valued Policy Law (44-501.02)
Nebraska Property and Liability Insurance Guaranty Association (44-2401 to 44-2418)
Assigned risk

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Joint Underwriting Association (JUA)

3.22 State regulations

Cancellation and nonrenewal (44-522)
Binders
Loss payment
Arbitration
Certificates of insurance

3.23 Federal Insurance Programs

Terrorism Insurance Program (TRIA) (15 USC 6701; Public Law 107–297, 109–144, 110–160)
National Flood Insurance Program (NFIP)
Federal Crop Insurance Program (FCIP)

3.24 Time element coverages

4.0 Dwelling Policy 7%

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 11%

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

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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 — residence premises (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, HO 24 71)

Personal injury (HO 24 82)

Watercraft (HO 24 75)

Additional limits

5.8 Cancellation/nonrenewal

Reasons

Notice

6.0 Auto Insurance 13%

6.1 State Auto Laws

State plans

Nebraska Automobile Insurance Plan

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)

Uninsured/underinsured motorist (44- 6401 to 44-6414)

Definitions

Bodily injury

Required limits

Cancellation/nonrenewal

Reasons (44-515)

Notice (44-516 to 44-519, 44-523; RL 60- 544)

Other state laws

Constructive total loss

Arbitration

Rental vehicle coverage

Aftermarket parts regulation (210 Nebraska Administrative Code Ch. 45)

State Motor Vehicle Financial Responsibility Law

Stacking

6.2 Personal Auto Policy

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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

- Extended non-owned coverage (PP 03 06)

- Joint ownership coverage (PP 03 34)

- Mexico coverage

- Territory

- Miscellaneous type vehicle (PP 03 23)

- Drive other car (DOC)

- Transportation network coverage

6.3 Commercial Auto

Eligibility

Definitions, conditions, and exclusions

Coverage forms

- Business auto

- Motor carrier

- Auto dealers

Coverage form sections

- Symbols/covered auto

- Liability

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Garagekeepers

Trailer interchange

Physical damage

Selected endorsements

Drive other car coverage (CA 99 10)

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

Individual named insured (CA 99 17)

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

Mobile equipment (CA 20 15)

Auto medical payments coverage (CA 99 03)

Broad form products coverage (CA 25 01)

Employees as insureds

Commercial carrier regulations

The Motor Carrier Act of 1980

Endorsement for motor carrier policies of insurance for public liability (MCS-90)

SAFER System

7.0 Commercial Package Policy 10%

7.1 General

Components of a commercial policy

Declarations

Conditions

Interline endorsements

One or more coverage parts

7.2 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

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Per location

Blanket additional insured

Claims-made features

Triggers

Retroactive date

Extended reporting periods

Claim information

Pollution liability

Coverage form

Limited coverage form

Extension endorsement

7.3 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)

7.4 Commercial Crime

General definitions

Burglary

Theft

Robbery

Employee dishonesty

Crime coverage forms

Commercial crime (discovery/loss sustained)

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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
- Securities deposited with others
- Guests' property (CR 04 11)
- Safe depository

7.5 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

7.6 Equipment Breakdown

Definitions, coverages, and exclusions (EB 00 20)

Selected endorsements

- Actual cash value (EB 99 59)
- Refrigeration

7.7 Farm Coverage

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- 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

8.0 Businessowners Policy 7%

8.1 Eligibility

8.2 Definitions and exclusions

8.3 Section I – Property

- Coverages
- Limits of insurance
- Deductibles
- Optional coverages

8.4 Section II -- Liability

- Coverages
- Limits of insurance

8.5 Section III -- Common policy conditions

8.6 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 56-57)

9.0 Workers Compensation Insurance 7%

9.1 State specific markets and laws

- Monopolistic versus competitive and compulsory versus elective

9.2 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))

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Benefits provided (RL 48-119–126, 162.01)
Workers' Compensation Trust Fund (RL 48-128, 162.02)
Second/subsequent injury fund
Arising out of employment/course of employment (AOE/COE)

9.3 Federal workers compensation laws

Federal Employers Liability Act (FELA) (45 USC 51–60)
Longshore and Harbor Workers Compensation Act (33 USC 901- 944, 948-980)
The Jones Act (46 USC 688)

9.4 Workers compensation and employers liability

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

9.5 Selected endorsements

Voluntary compensation
Foreign coverage
Waiver of subrogation
Other states

9.6 Rating factors

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

9.7 Other sources of workers compensation coverage

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

10.0 Other Coverages and Options 6%

10.1 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

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- Identity fraud expense coverage
- Cyber liability/data breach
- Construction wrap-up
- Active assailant
- Kidnap and ransom (K&R)

10.2 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

10.3 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

10.4 Ocean Marine Insurance

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Major coverages

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

Policy provisions

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

10.5 Aviation Insurance

Policy coverages and provisions

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

10.6 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)

10.7 Other Policies

Boatowners policies, personal watercraft, and recreational vehicles