

**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/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)

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 (44-5905)

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))

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
 - 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

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 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

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 Valued Policy Law (44-501.02)

Nebraska Property and Liability Insurance Guaranty Association (44-2401 to 44-2418)

Assigned risk

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

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

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

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
- 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)

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

- 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))

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

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

- 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