

**INDIANA PERSONAL LINES
EXAMINATION CONTENT OUTLINE
*100 QUESTIONS TOTAL
**TIME LIMIT 1 hour and 40 minutes
REVISED 8/1/2018**

I. KEY TERMS AND CONCEPTS

11 QUESTIONS

A. Definitions and Key Concepts

1. Exposure
2. Risk
 - a. Pure Risk versus Speculative Risk
 - b. Dealing with Risk
 - c. Relationship Between Risk and Premium
3. Loss
 - a. Financial Consequences
 - b. Direct Loss versus Indirect (Consequential) Loss
4. Insurance
 - a. Transfer of Risk
5. Property
6. Two Party Contracts
7. Casualty/Liability
8. Third Party Contracts
9. Personal Lines versus Commercial Lines
10. Insurable Interest
11. Indemnification
12. Limits of Liability
 - a. Lower of the Loss or the Limit
 - b. Occurrence Limits
 - c. Aggregate Limits
13. Exclusions
14. Inherent Vice
15. Pro Rata
16. Liberalization Clause
17. Assignment
18. Cancellation and Nonrenewal
19. Refund of Unearned Premium
20. Certificate of Insurance
21. Endorsements
22. Named Insureds
23. First Named Insured
24. Additional Insureds
25. Accident
26. Occurrence

B. Types of Insurers

1. Lloyd's of London

***Additional non-scored trial questions may be added to exam**

****Extra time will be allotted for additional non-scored trial questions**

- 2. Stock Companies
- 3. Mutual Companies
- 4. Self Insurers
- 5. Risk Retention Groups
- 6. Federal and State Governments
- C. Reinsurance
- D. Other Ways of Classifying Companies
 - 1. By Origin
 - a. Domestic
 - b. Foreign
 - c. Alien
 - 2. By Authority
 - a. Authorized (Admitted)
 - b. Unauthorized (Non-Admitted)

II. CONTRACT LAW AND UNDERWRITING

8 QUESTIONS

- A. What is a Contract
- B. Five Essential Parts of a Contract
 - 1. Offer
 - 2. Acceptance
 - 3. Consideration
 - 4. Legal Capacity
 - 5. Legal Purpose
- C. Doctrine of Utmost Good Faith
- D. Doctrine of Reasonable Expectations
- E. Defining Truth
 - 1. Warranties
 - 2. Representations
 - 3. Misrepresentations
 - 4. Concealment
 - 5. Material to the Risk
 - 6. Fraud
 - 7. Fiduciary
 - 8. Waiver
 - 9. Consequences of Material Misrepresentation
- F. Binders
 - 1. Oral versus Written
 - 2. When Coverage Starts
 - 3. When Binders Expire
- G. Distinct Characteristics of Insurance Contracts
 - 1. Personal Contracts
 - 2. Conditional
 - 3. Unilateral
 - 4. Aleatory
 - 5. Adhesion

- H. Parts of a Policy
 - 1. Declarations
 - 2. Insuring Agreement/Coverages
 - 3. Conditions
 - 4. Exclusions
- I. Underwriting
 - 1. Factors Used to Calculate Premium Rates
 - 2. Law of Large Numbers
 - 3. Fair Credit Reporting Act
- J. Powers of Agency
 - 1. Insurance Law and the Agent/Producer
 - a. The Agent/Producer
 - b. The Agency Agreement/Contract
 - c. The Agent's Extending the Insurance Company's Liability
 - d. Agent's Knowledge
 - e. Agent versus Broker
 - 2. Powers of Agency
 - a. Express Authority
 - b. Implied Authority
 - c. Apparent Authority

III. BASICS OF TWO PARTY COVERAGE

8 QUESTIONS

- A. Property Format
 - 1. What Property is Insured
 - a. Building
 - b. Contents
 - 2. From What Perils/Causes of Loss
 - a. Named Peril Policies
 - b. Open Perils (All Risk) Policies
 - 3. Hazards
 - a. Physical
 - b. Moral
 - c. Morale
- B. Cause of Loss Forms: Basic, Broad and Special
 - 1. Basic Cause of Loss Form
 - a. Basic Perils
 - 2. Broad Cause of Loss Form
 - a. Broad Form Perils Plus Collapse
 - 3. Special Cause of Loss Form
 - a. All Risk/Open Peril Concept
 - b. Importance of Exclusions
- C. Claim Settlement – Basis for Valuation
 - 1. Actual Cash Value (ACV)
 - 2. Replacement Cost

3. Functional Replacement Cost/Repair Cost
4. Stated Value
5. Agreed Value
6. Fair Market Value
- D. Cost Containment Tools in Property Policies
 1. Deductibles
- E. Common Property Provisions
 1. Proof of Loss
 2. Appraisal
 3. Right of Salvage
 4. Abandonment
 5. Additional Coverages
 6. Extensions of Coverage
 7. Vacancy/Unoccupancy
- F. Common Property Conditions
 1. Concealment, Misrepresentation or Fraud
 2. Control of Property
 3. Insurance Under Two or More Coverages
 4. Legal Action
 5. Liberalization
 6. No Benefit to Bailee
 7. Other Insurance
 - a. Pro Rata Calculation
 - b. Nonconcurrency
 8. Policy Period
 9. Coverage Territory
 10. Subrogation
- G. Insured's Duties in the Event of a Loss
- H. Mortgage Holder's Rights
- I. Loss Payment Options

IV. BASICS OF THIRD PARTY COVERAGE

8 QUESTIONS

- A. Liability Policies
 1. Purpose
 2. Third Party Contracts
 3. Definitions
 - a. Bodily Injury (BI)
 - b. Property Damage (PD)
 - c. Personal Injury
 - d. Advertising Injury
 4. Legally Obligated to Pay
 - a. Settlement
 - b. Judgment
- B. Negligence

1. Definition
 2. Reasonable Person
 3. Intentional Acts Not Covered
 4. Establishing Negligence
 - a. Duty
 - b. Breach of Duty
 - c. Proximate Cause
 - d. Damages
 5. Types of Damages
 - a. Compensatory
 - b. Punitive
 6. Legal Defenses
 - a. Comparative Fault
 - b. Assumption of Risk
 - c. Intervening Cause
 - d. Statute of Limitations
- C. Beyond Negligence
1. Strict Liability
 2. Vicarious Liability
- D. “No Fault” Benefits
1. Medical Payments
 2. Supplementary Payments
 - a. Defense Costs
 - b. Other Payments
- E. Damage to Rented Premises (Fire Legal Liability)
- F. Personal Umbrella Policies

V. HOMEOWNERS AND DWELLING POLICIES

25 QUESTIONS

- A. Homeowners Policies (23-24 Questions)
1. The Homeowners Program
 - a. HO-2 Broad Form
 - b. HO-3 Special Form
 - c. HO-4 Tenant (or Contents) Form
 - d. HO-5 Comprehensive Form
 - e. HO-6 Condominium Unit Owners Form
 - f. HO-8 Modified Coverage Form
 2. Eligibility
 3. Incidental Business in Home
 4. Who Is an Insured
 5. What is Covered
 - a. Dwelling and Other Structures
 - b. Personal Property and Personal Liability
 - c. Personal Property of Others
 6. Definitions

- a. Residence Premises
- b. Insured Locations
- 7. Section I – Property Coverages
 - a. Coverage A – Dwelling
 - b. Coverage B – Other (Appurtenant) Structures
 - c. Coverage C – Personal Property
 - i. Property Covered/Not Covered
 - ii. Property Subject to Specific Dollar Limits
 - iii. Personal Articles Floater Coverages
 - d. Coverage D – Loss of Use
 - i. Additional Living Expenses
- 8. Against What
 - a. Basic Perils
 - b. Broad Perils
 - c. Special Perils
- 9. Additional Coverages
 - a. Debris Removal
 - b. Reasonable Repairs
 - c. Trees, Shrubs or Other Plants
 - d. Fire Department Service Charge
 - e. Ordinance or Law
 - f. Credit Card
- 10. Exclusions
 - a. Ordinance or Law
 - b. Earth Movements
 - c. Flood
 - d. Sewer Back-Up and Sump Pumps
 - e. Off Premises Power Failure
 - f. War
 - g. Nuclear
 - h. Freezing of Plumbing
 - i. Theft in or to a Dwelling Under Construction
 - j. Vandalism
 - k. Hidden Mold or Wet Rot
 - l. Wear and Tear
 - m. Pollution
 - n. Concurrent Causation
 - o. Animals/Pets
- 11. Conditions
 - a. Concealment or Fraud
 - b. Cancellation
 - c. Subrogation
 - d. Duties After a Loss
 - e. Loss Settlement
 - i. Coverage A and B Replacement Cost
 - ii. Coverage C ACV

- f. Loss to a Pair or Set (One Calculation)
 - g. No Benefit to Bailee
 - 12. Deductible
 - a. Basic Deductible
 - 13. Section II – Casualty Coverages/The Personal Liability Policy
 - a. Coverage E – Personal Liability (BI and PD)
 - b. Coverage F – Medical Payments to Others
 - c. Damage to Rented Premises (Fire Legal Liability) Covered
 - d. Exclusions for Section II – Liability
 - i. Intentional Acts
 - ii. Professional Liability
 - iii. Business Pursuits
 - iv. Workers Compensation Losses
 - v. Vehicle, Watercraft or Aircraft
 - vi. Drones (Remote Controlled Aircraft)
 - e. Additional Coverages
 - i. Claim Defense
 - ii. First Aid to Others
 - iii. Damage to the Property of Others
 - 14. Endorsements/Optional Coverages
 - a. Business Pursuits
 - b. Home Day Care
 - c. Incidental Occupancies (In-Home Businesses)
 - d. Earthquake
 - e. Personal Injury
 - f. Personal Property Replacement Cost
 - g. Scheduled Personal Property
 - h. Watercraft
 - i. Inflation Guard
 - j. Mobile Homes
 - k. Drones (Remote Controlled Aircraft)
- B. Dwelling Policies (1-2 Questions)
 - 1. Eligibility and Uses
 - 2. Policy Forms
 - a. DP-1 Basic
 - b. DP-2 Broad
 - c. DP-3 Special
 - 3. Coverages
 - 4. Limitations
 - a. No Liability
 - b. No Theft

VI. PERSONAL AUTO POLICY

15 QUESTIONS

A. Who and What

1. Who Can Buy a Personal Auto Policy
2. What Vehicles Can Be Insured Under a Personal Auto Policy
- B. Declarations
- C. Definitions
 1. Named Insured
 2. Family Member or Resident Relative
 3. Other Insureds
 4. Occupying
 5. Trailer
 6. Covered Auto
 7. Temporary Substitute Auto
- D. Auto Policy Provisions
- E. Auto Policy Exclusions
- F. Coverages
 1. Coverage A (Liability)
 - a. Purpose
 - b. Single Limits
 - c. Split Limits (Two Claim Calculations)
 - d. State Minimum Limits
 - e. Insured Persons
 - f. Settle/Defend
 - g. Supplementary Payments Made in Addition to the Policy Limits
 - h. Part A (Liability) Exclusions
 2. Coverage B (Medical Payments)
 - a. Purpose
 - b. Medical and Funeral Expenses
 - c. Incurred by an Insured
 - d. Incurred Within Three Years
 - e. Exclusions
 - f. Limits (Per Person Per Occurrence)
 3. Coverage C (Uninsured Motorist and Underinsured Motorist)
 - a. Purpose
 - b. Uninsured Motorist
 - i. Definition
 - ii. Claim Problem
 - c. Underinsured Motorist
 - i. Definition
 - ii. Claim Problem
 4. Coverage D (Coverage for Damage to Auto/Physical Damage)
 - a. Purpose
 - b. Covered Auto(s)
 - c. Collision
 - d. Other Than Collision (Comprehensive)
 - i. Theft
 - ii. Contact with a Bird or Animal
 - iii. Glass Breakage

- iv. Flood
 - v. Other Covered Perils
 - e. Coverage D Exclusions
 - i. Wear and Tear
 - ii. Electronic Equipment
 - f. Coverage D Settlement
 - i. ACV of the Damaged or Stolen Property
 - ii. Appraisal
- 5. Transportation Expense Benefit
- G. Duties After an Accident or Loss
- H. Personal Auto Policy Endorsements
 - 1. Extended Nonowner Coverage for Named Individuals
 - 2. Miscellaneous Type Vehicles
 - 3. Towing and Labor
 - 4. Rental Reimbursement
 - 5. Transportation Network Company (TNC) Drivers

VII. SPECIALTY POLICIES

5 QUESTIONS

- A. Flood Insurance
 - 1. Adverse Selection
 - 2. National Flood Insurance Program (NFIP)
 - a. "Write-Your-Own" Program
 - b. Federal Government's Role
 - 3. Flood Defined
 - 4. Eligibility
 - a. Designated Areas
 - b. Property Eligible for Coverage
 - c. Effective Date of Coverage
 - d. Deductibles
- B. Personal Watercraft
 - 1. Homeowners
 - a. Limits
 - b. Property Coverages
 - c. Liability Coverages
 - 2. Boatowners
 - a. Eligibility
 - b. Property Coverages
 - c. Liability Coverages
 - d. Territorial Limits
 - 3. Yacht Policy
 - a. Coverages
 - b. Basis for Settlement Valuations
 - c. Deductibles
 - d. Workers Compensation
 - e. Navigation/Cruising Limits

- C. Inland Marine Coverages
 - 1. Concept
- D. Fair Plan Coverage
 - 1. Purpose
 - 2. How It Works
 - 3. Eligibility

VIII. STATE LAWS AND REGULATIONS

12 QUESTIONS

- A. Indiana Department of Insurance
 - 1. Commissioner of Insurance
 - a. Governor Appointed
 - b. NAIC Member
 - c. Powers
 - d. Duties
 - 2. Admission of Insurance Companies
 - a. Certificate of Authority
 - b. Admitted versus Non-Admitted Companies
 - c. Domestic, Foreign and Alien Companies
 - 3. Examination of Admitted Insurance Companies
 - a. Frequency of Fiscal Examinations
 - b. Waiving Examinations of Foreign and Alien Companies
 - 4. Insurance Guaranty Associations
 - a. Purpose
 - b. Policy Benefits That Are Guaranteed
- B. Licensing Laws
 - 1. Types of Insurance Licenses
 - a. Resident Producer
 - b. Nonresident Producer
 - c. Temporary Producer
 - d. Consultant
 - e. Adjuster
 - f. Surplus Lines
 - g. Limited Lines
 - i. Title
 - ii. Credit
 - iii. Funeral Director
 - iv. Travel
 - v. Crop
 - vi. Portable Electronics
 - vii. Self Storage (Business Entities Only)
 - 2. Who Must Be Licensed
 - a. Selling, Soliciting or Negotiating Contracts if Insurance
 - 3. Producer Qualifications and the Licensing Process
 - 4. Insurance Company: Producer Appointments and Termination

5. Duties of a Producer
 - a. License Application Process, Examination and Fees for Obtaining a License
 - b. Controlled Business
 - c. Acting As a Consultant
 - d. Fees and Commissions
 6. Producer License Maintenance
 - a. Notification Requirements
 - i. Change of Business or Residential Address
 - ii. Change of Email Address
 - iii. Change of Name
 - iv. Criminal or Administrative Actions
 - b. License Renewal and Reinstatement Processes
 - c. Continuing Education (CE) Requirements
 - d. Resources Available for License and CE Tracking and Updates
- C. Producer/Company Compliance
1. Producer Licensing Law and Violations
 2. Unfair Competition Law and Violations
 3. Definitions
 - a. Twisting
 - b. Rebating
 - c. Sharing Commissions with an Unlicensed Person
 - d. Unfair Discrimination
 4. Complaint Process
 - a. Timeframe for Hearings
 5. Penalties/Disciplinary Actions
 - a. Penalty for Violating Licensing Law
 - b. Penalty for Violating Unfair Competition Law
 - c. Penalty for Violating Cease and Desist Orders
 - d. Criminal Violations
- D. Claims
1. When Must Claims Be Paid
 2. Unfair Claims Settlement Practices

IX. PERSONAL LINES REGULATIONS

8 QUESTIONS

- A. Claims
 1. Auto Claims
- B. Automobile Insurance
 1. Financial Responsibility
 2. Uninsured and Underinsured Motorist Coverages
 3. Policy Cancellation and Nonrenewal
 4. Automobile Insurance Program (AIP)
 5. Transportation Network Company (TNC) Drivers
- C. Other Property and Casualty Laws

1. Mine Subsidence
2. Notification Requirements of Reduction, Removal or Restriction of Coverage Under a Residential Policy
3. Surplus Lines Producers
 - a. Purpose
 - b. Duties
 - c. Gross Premium Tax
 - d. License Requirements

REVISION HISTORY

Date	Revisions
8/1/2018	<ul style="list-style-type: none"> • Section I – Deleted “Countersignature requirements” from subsection A • Section IV – Updated “Fire Legal Liability” to “Damage to Rented Premises” in subsection E • Section V – Deleted “HO-1 Basic Form” from subsection A1; updated “Fire Legal Liability” to “Damage to Rented Premises” in subsection A13; added “Drones (Remote Controlled Aircraft)” to subsections A13 and A14 • Section VI – Added “Rental Reimbursement” and “Transportation Network Company (TNC) Drivers” to subsection H • Section VIII – Added “Adjuster” and “Surplus Lines” to subsection B1; deleted “Flight” and “Baggage” from subsection B1g; added “Travel,” “Crop,” “Portable Electronics,” and “Self Storage (Business Entities Only)” to subsection B1g; added “Change of Email,” “Change of Name” and “Criminal or Administrative Actions” to subsection B6a; added “and Reinstatement” to subsection B6b • Section IX – Added “Transportation Network Company (TNC) Drivers” to subsection B; updated “Homeowner’s Provisions” to “Notification Requirements of Reduction, Removal or Restriction of Coverage Under a Residential Policy”