PROPERTY AND CASUALTY PRODUCER
INDIANA EXAMINATION CONTENT OUTLINE
*160 QUESTIONS TOTAL
**TIME LIMIT 2 hours and 40 minutes
REVISED 11/14/2014

I. KEY TERMS & CONCEPTS (11 QUESTIONS TOTAL)

A. Definitions And Key Concepts
   1. Exposure
   2. Risk
      Pure Risk vs. Speculative Risk
      Dealing with Risk
      Relationship between Risk & Premium
   3. Loss
      Financial consequences
      Direct Loss vs. Indirect (Consequential) Loss
   4. Insurance
      Transfer of Risk
   5. Property
   6. Two Party Contracts
   7. Casualty / Liability
   8. Third Party Contracts
   9. Personal Lines vs. Commercial Lines
  10. Insurable Interest
  11. Indemnification
  12. Limits of Liability
      Lower of the Loss or the Limit
      Occurrence Limits
      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
  27. Countersignature requirements

B. Types of Insurance Companies
*Additional non-scored trial questions may be added to exam
**Extra time will be allotted to examinations with additional non-scored trial questions
1. Lloyd’s of London
2. Stock Companies
3. Mutual Companies
4. Self Insurers
5. Risk Retention Groups
6. Federal & State Governments

C. Reinsurance

D. Other Ways of Classifying Companies
   1. By Origin
      Domestic
      Foreign
      Alien
   2. By Authority
      Authorized (Admitted)
      Unauthorized (Non-Admitted)

II. CONTRACT LAW AND UNDERWRITING (8 QUESTIONS TOTAL)

A. What is a Contract

B. The 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 vs. Written
2. When does coverage start
3. When do 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 & the Agent/Producer
   The Agent/Producer
   The Agency Agreement/Contract
   The Agent’s extending the insurance company’s liability
   Agent’s knowledge
   Agent vs. Broker
2. Powers of Agency
   Expressed authority
   Implied authority
   Apparent authority

III. BASICS OF TWO PARTY COVERAGE (8 QUESTIONS TOTAL)

A. Property Format
1. What Property is insured
   Building
   Contents
2. From what Perils/Causes of Loss
   Named Peril Policies
   Open Perils (All Risk) Policies
3. Hazards
B. **The Cause of Loss Forms: Basic, Broad, & Special**
1. Basic Cause of Loss Form
   - Know the Basic perils
2. Broad Cause of Loss Form
   - Know the Broad form perils plus Collapse
3. Special Cause of Loss Form
   - “All Risk” concept
   - Importance of Exclusions
4. Differences between Personal Lines and Commercial Lines Cause of Loss Forms

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
2. Coinsurance/Insure to Value (Commercial Policies Only)

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
   - One practical pro rata calculation question
   - 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 TOTAL)

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

B. Negligence
   1. Definition
   2. Reasonable Person
   3. Intentional acts not covered
   4. Establishing Negligence
      Duty
      Breach of Duty
      Proximate Cause
      Damages
   5. Types of Damages
      Compensatory
      Punitive
   6. Legal Defenses
      Comparative Fault
      Assumption of Risk
      Intervening Cause
      Statute of Limitations

C. Beyond Negligence
   1. Strict Liability
   2. Vicarious Liability

D. “No Fault” Benefits
1. Medical Payments
2. Supplementary Payments
   Defense Costs
   Other Payments

E. Fire Legal Liability

F. Commercial and Personal Umbrella Policies
   1. Excess Liability Policy vs. Umbrella Policy

V. HOMEOWNERS AND DWELLING POLICIES  (25 QUESTIONS TOTAL)

A. Homeowners  (23-24 QUESTIONS)
   1. The Homeowners Program
      HO-1   Basic Form
      HO-2   Broad Form
      HO-3   Special Form
      HO-4   Tenant (or Contents) Form
      HO-5   Comprehensive Form
      HO-6   Condominium Unit Owners Form
      HO-8   Modified Coverage Form
   2. Eligibility
   3. Incidental Businesses in Home
   4. Who is an Insured
   5. What is Covered
      Dwelling and Other Structures
      Personal Property and Personal Liability
      Personal Property of Others
   6. Definitions
      Residence Premises
      Insured Locations
   7. Section I – Property Coverages
      Coverage A – Dwelling
      Coverage B – Other (Appurtenant) Structures
      Coverage C – Personal Property
         o Property covered / not covered
         o Property subject to specific dollar limits
         o Personal Articles Floater Coverages
      Coverage D – Loss of Use
         o Additional Living Expenses
   8. Against What
      Basic Perils
      Broad Perils
      Special Perils
   9. Additional Coverages
Debris Removal
Reasonable Repairs
Trees, Shrubs, or Other Plants
Fire Department Service Charge
Ordinance or Law
Credit Card

10. Exclusions
Ordinance or law
Earth movements
Flood
Sewer back-up and sump pumps
Off premises power failure
War
Nuclear
Freezing of plumbing
Theft in or to a dwelling under construction
Vandalism
Hidden mold or wet rot
Wear and tear
Pollution
Concurrent Causation
Your animals/pets

11. Conditions
Concealment or Fraud
Cancellation
Subrogation
Duties After a Loss
Loss Settlement
  o Coverage A & B Replacement Cost
  o Coverage C ACV
Loss to a Pair or Set (one calculation)
No Benefit to Bailee

12. Deductible
Basic deductible

13. Section II – Casualty Coverages/The Personal Liability Policy
Coverage E- Personal Liability (BI and PD)
Coverage F – Medical Payments to Others
Fire Legal Liability Covered
Exclusions for Section II – Liability
  o Intentional Acts
  o Professional Liability
  o Business Pursuits
  o Workers Compensation losses
  o Vehicle, Watercraft, or Aircraft
Additional Coverages
o Claim Defense
o First Aid to Others
o Damage to the Property of Others

14. Endorsements/Optional Coverages
   Business Pursuits
   Home Day Care
   Incidental Occupancies (in-home businesses)
   Earthquake
   Personal Injury
   Personal Property Replacement Cost
   Scheduled Personal Property
   Watercraft
   Inflation Guard
   Mobile Homes

B. The Dwelling Policies

   1. Eligibility and uses
   2. Policy forms
      DP-1 Basic
      DP -2 Broad
      DP -3 Special
   3. Coverages
   4. Limitations
      No Liability
      No Theft

VI. PERSONAL AUTO POLICY

   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 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)
   Purpose
   Single Limits
   Split Limits (two claims calculations)
   State Minimum Limits
   Insured Persons
   Settle/Defend
   Supplementary Payments made in addition to the Policy Limits
   Part A (Liability) Exclusions

2. Coverage B (Medical Payments)
   Purpose
   Medical and Funeral Expenses
   Incurred by an Insured
   Incurred within three years
   Exclusions
   Limits (Per Person Per Occurrence)

3. Coverage C (Uninsured Motorist & Underinsured Motorist)
   Purpose
   Uninsured Motorist
   o Definition
   o Claim Problem
   Underinsured Motorist
   o Definition
   o Claim Problem

4. Coverage D (Coverage for Damage to Your Auto/Physical Damage)
   Purpose
   Covered Auto(s)
   Collision
   Other Than Collision (Comprehensive)
   o Theft
   o Contact with a bird or animal
   o Glass breakage
   o Flood
   o Other Covered Perils
   Coverage D Exclusions
   o Wear and Tear
   o Electronic Equipment
   Coverage D Settlement
   o ACV of the damaged or stolen property
   o 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

VII. SPECIALTY POLICIES (5 QUESTIONS TOTAL)

A. Flood Insurance (2-3 QUESTIONS)
   1. Adverse Selection
   2. The National Flood Insurance Program
      “Write-Your-Own” Program
      Federal Government’s role
   3. Flood Defined
   4. Eligibility
      Designated Areas
      Property eligible for coverage
      The effective date of coverage
      The standard deductible

B. Personal Watercraft (1-2 QUESTIONS)
   1. Homeowners
      Limits
      Property Coverages
      Liability Coverages
   2. Boatowners
      Eligibility
      Property Coverages
      Liability Coverages
      Territorial Limits
   3. Yacht Policy
      Coverages
      Basis for settlement-valuations
      Deductibles
      Workers Compensation
      Navigation/cruising limits

C. Inland Marine Coverages (0-1 QUESTION)
   1. Concept

D. Fair Plan Coverage (0-1 QUESTION)
   1. Purpose
   2. How does it work
   3. Eligibility

VIII. THE COMMERCIAL PACKAGE POLICY (CPP) (2 QUESTIONS TOTAL)
A. Concept of the CPP

B. CPP Structure

C. The seven CPP modules
   1. Property
   2. Casualty/Liability
   3. Crime
   4. Auto
   5. Boiler & Machinery
   6. Inland Marine
   7. Farm

D. Common Policy Declarations

E. Common Policy Conditions
   1. Cancellation
   2. Changes
   3. Examination of Your Books and Records
   4. Inspection and Surveys
   5. Premiums

IX. COMMERCIAL PROPERTY POLICY (13 QUESTIONS TOTAL)

A. Policy Structure
   1. Commercial Property Declarations
   2. Commercial Property Conditions
   3. Property Coverage Forms as needed
   4. Causes of Loss
      Basic
      Broad
      Special

B. Commercial Property Conditions
   1. Concealment, Misrepresentation or Fraud
   2. Subrogation
   3. Insurance Under Two or More Coverages
   4. Liberalization
   5. No Benefit to Bailee
   6. Other Insurance
   7. Policy Period and Coverage Territory

C. Building and Business Property Coverage Form
   1. Definitions & Coverages
2. Property not Covered
   Cash
   Animals
   Autos
   Bridges, roadways, patios, or other paved surfaces
   Contraband
   Foundations
   Land
   Personal property that is airborne or waterborne
   Pylings, piers or docks
   Underground pipes, flues, or drains
   Lost information
   Cars, trucks, boats, and airplanes
   Crops
3. Additional Coverages
   Debris Removal
   Fire Department Service Charge
   Pollutant Clean-up and Removal
   Preservation of Property
   Increased Cost of Construction
4. Coverage Extensions
   Eligibility
   Coverages
5. Limits of Insurance
6. Deductibles
7. Loss Conditions
   Abandonment
   Appraisal
8. Your Duties in the Event of a Loss
9. Vacancy
10. Valuation
11. Concurrent Causation
12. Coinsurance
    Purpose
    Formula to calculate coinsurance
    One claim settlement problem
13. Mortgage Holders Rights
14. Optional Coverages
    Inflation Guard
    Reporting Forms
    Replacement Cost

D. Business Interruption Insurance
   1. Business Income Coverage Form
Period of Restoration
Business Income defined
2. Extra Expense Coverage Form

E. Exclusions Common to All Cause of Loss Forms
1. Building Ordinance or Law
2. Earth Movement/Earthquake
3. Nuclear Hazard
4. Flood
5. Leakage or Seepage
6. Artificially Generated Electrical Current
7. Explosion of Steam boilers
8. Mechanical Breakdown
9. Predictable Losses

F. Exclusions Unique to the Special Form

G. Endorsements
1. Earthquake
2. Inflation Guard
3. Replacement Cost

X. COMMERCIAL GENERAL LIABILITY (CGL) (10 QUESTIONS TOTAL)

A. Commercial Liability Coverage Forms
1. Premises
2. Operation
3. Products
4. Completed Operations
5. Independent Contractors
6. Contractual Liability
   L Lease
   E Easement
   A Agreement to indemnify a municipality
   S Sidetrack agreement
   E Elevator maintenance agreement
7. Fire Legal
8. Personal injury
9. Advertising Injury

B. No Fault Benefits
1. Premises or Operations Medical Payments
2. Supplementary Payments
   Defense Costs
   Other Payments

C. Not Covered/Exclusions
1. Commercial Auto Liability
2. Liquor Liability
3. Nuclear Energy Liability
4. Pollution Liability
5. Professional Liability
6. Employee Injury Liability
7. Employee Benefit Liability
8. Director & Officer’s Liability
9. Commercial Aircraft or Watercraft Liability
10. Intentional Acts
11. Insured’s Property
12. Insured’s Product
13. Property in Insured’s Care, Custody, or Control
14. Product Recalls

D. Who is an Insured
1. Sole Proprietorship
2. Partnership
3. Corporation

E. Limits of Insurance
1. Occurrence Limits
2. Aggregate Limits

F. CGL Conditions
1. Premium Audit
2. Duties in the Event of a Loss

G. Occurrence vs. Claims-Made Policies
1. What is a Claim
2. Retroactive Date
3. Basic ERP
4. Supplemental ERP

XI. OTHER LIABILITY COVERAGEs  (3 QUESTIONS TOTAL)

A. Commercial Umbrella Policies
1. Excess Liability Policy vs. Umbrella Policy
2. Self Insured Retention

B. Workers Compensation (WC)
1. Concept
2. Required coverages
3. Exempt workers
4. WC laws provide four types of benefits
   Medical Expense
   Disability
C. Professional Liability Insurance Errors and Omissions
   1. Concept
   2. Who needs E & O Protection

D. Directors and Officers Liability Insurance

XII. COMMERCIAL CRIME (2 QUESTIONS TOTAL)

   A. Fidelity Bonds – Concept
      1. Principal
      2. Obligee
      3. Surety or Guarantor

   B. Crime Definitions
      1. Robbery
      2. Burglary
      3. Theft
      4. Safe Burglary
      5. Disappearance
      6. Extortion

XIII. BOILER AND MACHINERY/MECHANICAL BREAKDOWN (2 Q TOTAL)

   A. Why Boiler and Machinery Insurance
      1. Coverages
         Explosions
         Sudden & Accidental Mechanical Breakdown
      2. Covered Property
         Building
         Business personal property
         Property of others
      3. What “objects” can be insured

   B. What is Covered
      1. Insured’s Property
      2. Property In the Insured’s Care, Custody, or Control
3. Expediting Expenses

C. Conditions
   1. Suspension Provision
      Company’s right to inspect
      Suspension of coverage

XIV. OTHER COMMERCIAL PACKAGE MODULES  (5 QUESTIONS TOTAL)

A. Business Auto
   1. Definitions
      Automobile
      Mobile Equipment
   2. Policy Territory
   3. Business Auto Endorsements
      Drive Other Car Coverage
      Additional Insured – Lessor
      Mobile Equipment

B. Garage Policy
   1. Garage Liability Coverage
   2. Garagekeepers Liability Coverage

C. Inland Marine
   1. Commercial Inland Marine Property Floaters
      Bailees
      Contactors Equipment Floaters
      Installation Floaters

D. Farm

E. Crop Insurance

XV. BUSINESSOWNERS POLICY  (3 QUESTIONS TOTAL)

A. Why needed

B. What is a BOP

C. Who is Eligible

D. Who is not Eligible

E. Policy Design & Coverages
   1. Must be sold as a package – Property and Casualty
   2. Required coverages
XVI. STATE OF INDIANA
GENERAL INSURANCE REGULATIONS (24 QUESTIONS TOTAL)

H. Department of Insurance (6 QUESTIONS)
1. Insurance Commissioner
   Appointment by Governor
   Member of NAIC
   Powers
   Duties
2. Admission of Insurance Companies
   Certificate of Authority
   Admitted versus Non-Admitted companies
   Domestic, Foreign & Alien companies
3. Examination of Admitted Insurance Companies
   Frequency of fiscal examinations
   Waiving examinations of Foreign & Alien companies
7. Insurance Guaranty Associations
   Purpose
   Policy benefits that are guaranteed

B. Licensing Laws (10 QUESTIONS)
19. Types of Insurance Licenses, Eligibility
   Requirements & Powers and Duties
   Resident Producer
   Nonresident Producer
   Temporary Producer
   Consultant
   Limited Lines
      o Flight
      o Baggage
      o Title
      o Credit
      o Funeral Directors
20. Who must be licensed
    Solicit, negotiate or sell contracts of insurance
21. Producer qualifications and the licensing process

22. Insurance Company: Producer appointments and termination

23. Duties of a Producer
   - License application process, examination, and fees for obtaining a license
   - Controlled Business
   - Acting as a Consultant
   - Fees and commissions

24. Producer’s License Maintenance
   - Producer notification requirements for change of business or residential address
   - License renewal process
   - Continuing Education requirements
   *Sircon* license & C/E tracking system
   - Producer Responsibilities

C. Producer/Company Compliance (7 QUESTIONS)
   10. Producer Licensing Law & Violations

   11. Unfair Competition Law & Violations

   12. Definitions
       - Twisting
       - Rebating
       - Sharing commissions with an unlicensed person
       - Unfair discrimination

   4. Complaint process
       - Time frame for hearings

   5. Penalties/Disciplinary Actions
       - Penalty for violating Licensing law
       - Penalty for violating Unfair Competition Law
       - Penalty for violating Cease and Desist Orders
       - Criminal violations

D. Claims (1 QUESTION)
   7. When must claims be paid

   8. Unfair Claim Settlement Practices

XVII. PERSONAL LINES REGULATIONS (8 QUESTIONS TOTAL)

A. Claims (2 QUESTIONS)
   1. Auto Claims
B. **Automobile Insurance** (5 QUESTIONS)
1. Financial Responsibility
2. **Uninsured and Under**Insured Motorist coverages
3. Policy Cancellation and Nonrenewal
4. Automobile Insurance Program (AIP)

C. **Other Property and Casualty Laws** (1 QUESTION)
1. Mine Subsidence

XVI. **COMMERCIAL LINES REGULATIONS** (8 TOTAL QUESTIONS)

A. **Indiana Worker’s Compensation** (6 QUESTIONS)
1. Benefits
2. Who must be insured/not required to be insured
3. Minors
4. Second Injury Fund
5. Assigned Risk Plan

B. **Other Property and Casualty Laws** (2 QUESTIONS)
1. Cancellation of Commercial Policies
2. Surplus Lines Producers
   - Purpose
   - Duties
   - Gross Premium Tax
   - License requirements

END