

# EXAMINATION CONTENT OUTLINE

Effective 3/31/2015

## PROPERTY & CASUALTY PRODUCER COMBINED EXAMINATION

### SCOPE OF WORK

Portion	# of Items	Minimum Passing Score	Time Allowed
General	85	70% (60 correct)	105 minutes
State	35	70% (25 correct)	45 minutes
Both	120	70% (84 correct)	150 minutes

### GENERAL PORTION CONTENT OUTLINE

#### I. GENERAL INSURANCE COMMON TO PROPERTY & CASUALTY INSURANCE

##### A. Concepts (2 Items)

###### 1. Risk Management Key Terms

- a. Risk
- b. Exposure
- c. Hazard
- d. Peril
- e. Loss

###### 2. Methods of Handling Risk

- a. Avoidance
- b. Retention
- c. Sharing
- d. Reduction
- e. Transfer

###### 3. Elements of Insurable Risks

- 4. Adverse Selection
- 5. Law of Large Numbers
- 6. Reinsurance

##### B. Insurers (2 Items)

###### 1. Types of Insurers

- a. Stock companies
- b. Mutual companies
- c. Self Insurers
- d. Risk Retention Groups
- e. Surplus Lines Carriers

###### 2. Purchasing Groups

- 3. Private vs. Government
- 4. Admitted vs. Non-admitted
- 5. Domestic, Foreign and Alien

###### 6. Financial Status (Independent Rating Services)

###### 7. Marketing (Distribution) Systems

##### C. Producers and General Rules of Agency (2 Items)

###### 1. Types

- a. Captive
- b. Independent

###### 2. Insurer as Principal

###### 3. Agent of Insurer

###### 4. Authority and Powers of Producers

- a. Express
- b. Implied
- c. Apparent

###### 5. Responsibilities to the Applicant/Insured

##### D. Contracts (2 Items)

###### 1. Elements of a Legal Contract

- a. Offer and acceptance
- b. Consideration
- c. Competent parties
- d. Legal purpose

###### 2. Distinct Characteristics of an Insurance Contract

- a. Contract of adhesion
- b. Aleatory contract
- c. Personal contract
- d. Unilateral contract
- e. Conditional contract

###### 3. Legal Interpretations Affecting Contracts

- a. Ambiguities in a contract of adhesion
- b. Reasonable expectations
- c. Indemnity
- d. Utmost good faith
- e. Representations/misrepresentations
- f. Warranties
- g. Concealment
- h. Fraud
- i. Waiver and estoppel

#### II. PROPERTY & CASUALTY INSURANCE BASICS

##### A. Principles and Concepts (1 Item)

###### 1. Insurable Interest

###### 2. Underwriting

- a. Function
- b. Loss ratio

###### 3. Rates

- a. Types
- b. Loss costs
- c. Components



4. Hazards
a. Physical
b. Moral
<b>B. Property-Specific (3 Items)</b>
1. Causes of Loss (Basic, Broad, and Special Forms)
2. Direct Loss
3. Consequential vs Indirect Loss
4. Blanket vs. Specific Insurance
5. Basic Types of Construction
6. Coinsurance
7. Loss Valuation
a. Actual cash value
b. Replacement cost
c. Functional replacement cost
d. Guaranteed Replacement Cost
e. Market value
f. Agreed value
<b>C. Casualty-Specific (3 Items)</b>
1. Torts
2. Damages
a. Compensatory (special versus general)
b. Punitive
3. Strict Liability
4. Vicarious Liability
<b>D. Policy Structure (2 Items)</b>
1. Declarations
2. Definitions
3. Insuring Agreement or Clause
4. Additional (Supplemental) Coverage
5. Conditions
6. Exclusions
7. Endorsements
<b>E. Policy Provisions (2 Items)</b>
1. Insured, Named, First Named, and Additional
2. Policy Period
3. Policy Territory
4. Cancellation and Non-Renewal
5. Deductibles
6. Other Insurance
a. Nonconcurrent
b. Primary and excess
c. Pro rata
d. Contribution by equal shares
7. Subrogation
<b>F. Property-Specific Policy Provisions (1 Item)</b>

1. Lienholders
2. Coverage Limits
3. Appraisal
<b>G. Casualty-Specific Policy Provisions (3 Items)</b>
1. Limits of Liability
a. Per occurrence (accident)
b. Per person
c. Aggregate (general versus products) completed operations
d. Split
e. Combined single
2. Restoration - Non-Reduction of Limits
3. Named Insured Provisions
a. Duties after loss
b. Assignment
c. Abandonment
4. Insurer Provisions
a. Liberalization
b. Subrogation
c. Salvage
d. Claim settlement options
e. Duty to defend
5. Third Party Provisions
a. Standard mortgage clause
b. Loss payable clause
c. No benefit to the bailee
6. Arbitration/Mediation
<b>III. DWELLING POLICY</b>
<b>A. Characteristics and Purposes (1 Item)</b>
<b>B. Coverage Forms - Perils Insured Against (2 Items)</b>
1. Basic
2. Broad
3. Special
<b>C. Property Coverages (3 Items)</b>
1. Coverage A - Dwelling
2. Coverage B - Other Structures
3. Coverage C - Personal Property
4. Coverage D - Fair Rental Value
5. Coverage E - Additional Living Expense
<b>D. General Exclusions (1 Item)</b>
<b>E. Conditions (1 Item)</b>
<b>F. Selected Endorsements (2 Items)</b>
1. Automatic Increase in Insurance
2. Dwelling Under Construction
3. Broad Theft Coverage
4. Special Provisions



<b>IV. HOMEOWNERS POLICY</b>
A. Characteristics and Purposes (1 Item)
B. Coverage Forms (1 Item)
C. Definitions (1 Item)
D. Property Coverages (2 Items)
1. Dwelling
2. Other Structures
3. Personal Property
4. Loss of Use
E. Liability Coverages (2 Items)
1. Personal Liability
2. Medical Payments to Others
F. Perils Insured Against (2 Items)
G. Additional Coverages (2 Items)
1. Debris Removal
2. Trees, Shrubs, and Other Plants
3. Fire Department Service Charge
4. Property Removed
5. Credit Card, Fund Transfer Card, Forgery, and Counterfeit Money
6. Loss Assessment
7. Glass or Safety Glazing Material
8. Landlord's Furnishings
9. Building Additions and Alterations
10. First Aid Expenses
11. Damage to Property of Others
H. Exclusions (1 Item)
I. Conditions (2 Items)
J. Selected Endorsements (1 Item)
1. Business Pursuits
2. Earthquake
3. Home Day Care
4. Permitted Incidental Occupancies
5. Personal Property Replacement Cost
6. Scheduled Personal Property
a. Valuable papers
b. Computers
7. Valuable Papers
8. Computers
9. Watercraft
10. Special Provisions
<b>V. COMMERCIAL PACKAGE POLICY -COMMON TO PROPERTY &amp; CASUALTY INSURANCE</b>
A. Components of a Commercial Package Policy (1 Item)
1. Common Policy Declarations

2. Common Policy Conditions
3. Interline Endorsements
4. Two or More Coverage Parts
<b>VI. COMMERCIAL PACKAGE POLICY - PROPERTY</b>
A. Businessowners Policy (BOP) (1 Item)
B. Commercial Property (3 Items)
1. Commercial Property Conditions Form
2. Coverage Forms
a. Building and Personal Property
b. Builders Risk
c. Business Income Coverage
d. Extra Expense
e. Legal Liability
f. Condominium Association
g. Condominium Commercial Unit-Owners
3. Causes of Loss Forms
a. Basic
b. Broad
c. Special
d. Earthquake
4. Selected Endorsements
a. Ordinance or Law
b. Spoilage
c. Peak season limit of insurance
d. Protective Safeguards
C. Commercial Inland Marine (2 Items)
1. Nationwide Marine Definition
2. Commercial Inland Marine Conditions Form
3. Inland Marine Coverage Forms
a. Accounts receivable
b. Bailee's customer
c. Commercial articles
d. Contractors equipment floater
e. Electronic data processing
f. Equipment dealers
g. Installation floater
h. Signs
i. Valuable papers and records
4. Transportation Coverages
a. Common carrier cargo liability
b. Motor truck cargo forms
c. Transit coverage forms
D. Boiler and Machinery (1 Item)
1. Equipment breakdown protection coverage
2. Business income coverage



<b>E. Farm Coverage (1 Item)</b>
1. Farm Property Coverage Forms
a. Dwellings
b. Other private structures
c. Household personal property
d. Loss of use
e. Scheduled farm personal property
f. Unscheduled farm personal property
g. Other farm structures
2. Livestock Coverage Form
3. Causes of Loss (Basic, Broad, and Special)
<b>F. Commercial Crime (1 Item)</b>
1. General Definitions
a. Burglary
b. Theft
c. Robbery
2. Coverages
a. Employee theft
b. Forgery or alteration
c. Inside the premises (theft of money or securities)
d. Inside the premises (robbery or safe burglary of other property)
e. Outside the premises (Theft, Disappearance, or Destruction)
f. Computer fraud
g. Funds transfer fraud
h. Money orders and counterfeit paper currency
<b>VII. COMMERCIAL PACKAGE POLICY - CASUALTY</b>
<b>A. Commercial General Liability (7 Items)</b>
1. Commercial General Liability Coverage Forms
a. Bodily Injury and Property Damage Liability
b. Personal and Advertising Injury Liability
c. Medical Payments
d. Supplemental Payments
e. Who is an Insured
f. Limits of Liability
g. Conditions
h. Definitions
i. Exclusions
2. Occurrence vs. Claims-Made
3. Claims-Made Features
a. Trigger
b. Retroactive date
c. Extended reporting periods
d. Claim information
4. Premises and Operations

5. Products Completed Operations
6. Insured Contracts
<b>VIII. AUTO INSURANCE</b>
<b>A. Personal Auto Policy (5 Items)</b>
1. Definitions
2. Liability
a. Bodily injury and property damage
b. Supplementary payments
c. Exclusions
3. Medical Payments
4. Physical Damage
a. Collision
b. Other than collision
c. Deductibles
d. Transportation expenses
e. Exclusions
5. Protection Against Uninsured/Underinsured Motorists
6. General Provisions
7. Conditions
8. Duties After an Accident or Loss
9. Endorsements
a. Towing and labor costs
b. Miscellaneous type vehicle
c. Joint ownership coverage
<b>B. Business Auto Coverage Form (5 Items)</b>
1. Policy Definitions
2. Covered Auto Symbols
3. Policy Period and Territory
4. Liability Coverage
5. Physical Damage Coverage
6. PIP Coverage
7. Medical Payments
8. Protection Against Uninsured/Underinsured Motorists
9. Conditions
10. Endorsements
a. Lessor (additional insured and loss payee)
b. Mobile equipment
c. Drive other car coverage
d. Individual named insured
11. Commercial Carrier Regulations
a. The Motor Carrier Act of 1980
b. Endorsement for motor carrier policies of insurance for public liability
12. Garage Coverage Form
<b>IX. WORKERS COMPENSATION</b>



<b>A. General Requirements (4 Items)</b>
1. Employer's Liability
2. Covered Employees
3. Benefits Provided
4. Policy Structure
a. Covered states
b. Other states coverage
5. Deductibles
<b>X. PROFESSIONAL LIABILITY</b>
<b>A. Professional Liability (2 Items)</b>
1. Errors and Omissions
<b>XI. EMPLOYMENT PRACTICES LIABILITY</b>
<b>A. Employment Practices Liability (1 Item)</b>
<b>XII. SURETY BONDS</b>
<b>A. Surety Bonds (1 Item)</b>
1. Purpose and Type of Surety Bonds
a. Contract
b. Court
c. Public Official
d. Miscellaneous
<b>XIII. UMBRELLA-EXCESS</b>
<b>A. Umbrella-Excess Policy (2 Items)</b>
1. Coverages
2. Underlying Coverages
3. Self-Insured Retention

<b>STATE PORTION CONTENT OUTLINE</b>
<b>XIV. STATE SPECIFIC PORTION COMMON TO PROPERTY &amp; CASUALTY INSURANCE REGULATION</b>
Ref: Maryland Insurance Code, unless otherwise noted
<b>A. State Laws, Rules, and Regulations (12 Items)</b>
1. Maryland Insurance Commissioner's General Duties and Powers
Ref: Insurance Article Annotated Code-Sec. 2-205(a)(2)
a. State Specific Definitions
Ref: Insurance Article Annotated Code- Sec. 10-401; Sec. 27-209; Sec. 27-213; Sec. 10-201; Ref:COMAR- Sec. 31.08.06.02
2. Insurer Regulation
Ref: Insurance Article Annotated Code-Sec. 10-118(c); Ref: COMAR- Sec. 31.15.12.03(B)
a. Insurance Information and Privacy Protection
Ref: Insurance Article Annotated Code-Sec. 19-405(1)
b. Cancellation & Non-Renewal
1. Personal

2. Commercial
Ref: Insurance Article Annotated Code- Sec. 27-604, 27-605; Sec. 27-501(a)(1),(d)(i),(e-2)(4)(i),(i)(1); Sec. 27-613; Sec. 27-602; Sec. 23-406; Ref:COMAR- Sec. 31.15.10.05(B)
c. Unfair Claim Settlement Practices
Ref: Insurance Article Annotated Code-Sec. 27-610; Sec. 27-303; Sec. 27-305(c)(2); Ref: COMAR Sec. 31.15.07.04(B)
d. Notice of Renewal Premium
Ref: Insurance Article Annotated Code- Sec. 27-610(a)(1); Sec. 12-303; Sec. 27-607; 27-902(b)
e. Unfairness or Discrimination in Underwriting
Ref: Insurance Article Annotated Code-Sec. 19-107(a)(2); Sec. 27-501; Sec. 27-213, 212
f. Binders
Ref: Insurance Article Annotated Code- Sec. 12-106
g. Solvency
h. Rates and Forms
Ref: Insurance Article Annotated Code -Title 11, Subtitle. 3.Competitive Rating --Rates; Title 11, Subtitle 2. Prior Approval of Policy Forms--Section 11-206(a) on Policy forms
i. Fraud and False Statements
j. Complaint Record
5. Producer Regulation
Ref: Insurance Article Annotated Code-Sec. 27-212(d)
a. Examination of Books and Records
b. Insurance Information and Privacy Protection
Ref: Insurance Article Annotated Code-Sec. 19-405(1)
c. Fiduciary Responsibilities
Ref: COMAR- Sec. 31.03.03
d. Bail Bond
Ref: COMAR- Sec. 31.03.05.02(B)(1); Sec. 31.03.05.05
e. Acting for Unlicensed Insurer
f. Record Retention
g. Activities of Unlicensed Individual
h. Payment and sharing of Commissions
i. Charging of fees
j. Misrepresentation, twisting, and rebating
k. Responsibility for Trust Accounts
6. Premium Finance Companies/Agreements
Ref: Insurance Article Annotated Code-Sec. 23-301; Sec. 23-305; Sec. 27-902
7. Property and Casualty Insurance Guaranty Corporation
Ref: Insurance Article Annotated Code- Sec. 9-306; Sec. 9-301
8. Surplus Lines



Ref: Insurance Article Annotated Code-Sec. 3-319(b)(1); Sec. 3-324(b); Sec. 3-311 - 3-313
9. Fair Credit Reporting Act
Ref: Insurance Article Annotated Code- Sec. 27-501
<b>B. Licensing (5 Items)</b>
1. Purpose
2. Process
Ref: Insurance Article Annotated Code- Sec. 10-115; Sec. 10-116; Sec. 10-104
a. Initial Licensure Qualifications
b. Examination
c. License fee & application
d. Exemptions to Licensure
3. Types of Licenses
a. Producers
b. Advisers
c. Nonresidents
d. Business Entities
e. Temporary
4. Maintenance
Ref: Insurance Article Annotated Code- Sec. 10-116; Sec. 10-117(b)(1)
a. Address and/or name changes
b. Assumed names/trade names
c. Requirement to report felony convictions
5. Renewal
Ref: Insurance Article Annotated Code- Sec. 10-116
a. Duration and Termination
b. Continuing Education
6. Appointment Procedures
Ref: Insurance Article Annotated Code- Sec. 10-118
a. Producer's Contract with Insurer versus Producer's Appointment with Insurer
b. Producer's Individual Appointment versus Business Entity Appointment
c. Maintaining Record of Appointment Notice
d. Termination of Appointment/Notice to Producer
7. Disciplinary Actions
a. Probation, Denial, Suspension, Revocation or Refusal to Renew
b. Cease and desist order
c. Penalties
d. Hearings/Notice of Hearings
8. Fraud
Ref: Insurance Article Annotated Code- Sec. 27-403
<b>C. Property-Specific State Laws &amp; Regulations (3 Items)</b>

1. Public Adjusters
Ref: Insurance Article Annotated Code-Sec. 10-401
2. Flood Insurance
Ref: Insurance Article Annotated Code-Sec. 19-206
3. Homeowners Coverage
Ref: Insurance Article Annotated Code- Sec. 19-202
a. Water backup from sewers and drains
b. Cancellation/Nonrenewal/Renewal/Declination
c. Lead Liability
4. Joint Insurance Association (JIA)
Ref: Insurance Article Annotated Code- Sec. 25-403(B)(2); Sec. 25-406(2)
<b>D. State Auto Insurance Laws &amp; Regulations (10 Items)</b>
1. State Required Limits of Liability
Ref: Insurance Article Annotated Code- Sec. 19-512; Sec. 19-504.1(3)(ii); Sec. 19-106; Sec. 17-103
2. Uninsured/Underinsured Motorist
Ref: Insurance Article Annotated Code- Sec. 19-509; Ref: COMAR- Sec. 31.15.10.03
a. Definitions
b. Bodily Injury
c. Property Damage
d. UM/UIM Waiver
3. Personal Injury Protection (PIP) or Medical Payment
Ref: Insurance Article Annotated Code- Sec. 19-505; Sec. 19-506; Ref: COMAR- Sec. 31.15.07.05
a. Benefits/waivers
b. Exclusions
4. Cancellation/Non-Renewal/Renewal
Ref: Insurance Article Annotated Code- Sec. 27-609
a. Grounds
b. Notice
5. Rental Reimbursement Coverage
Ref: Insurance Article Annotated Code- Sec. 19-512
6. Named Driver Exclusion
Ref: Insurance Article Annotated Code- Sec. 27-609
7. Maryland Automobile Insurance Fund (MAIF)
Ref: Insurance Article Annotated Code- Sec. 20-501(b); Sec. 20-502; Sec. 20-509(e-1)(ii); Sec. 20-201; Sec. 20-511
<b>E. State Workers' Compensation Laws &amp; Regulations (5 Items)</b>
1. State Requirements
Ref: Glossary of Insurance Terms; Ref: Insurance Article Annotated Code- Sec. 19-402; Sec. 27-601; Sec. 19-404; Sec. 19-406; Sec. 25-301; Sec. 19-405; Sec. 9-209; Sec. 9-201; Sec. 9-506
2. Employer's Liability
3. Covered Employees



## REFERENCE LIST

The following list of reference materials were used to verify the accuracy of the test items for the examinations. They are listed for the purpose of test validation and do NOT constitute an endorsement or recommendation by PSI or the MIA. Other publications are also available to study for the examinations.

Candidates may use a silent, nonprinting, non-programmable calculator in the examination center.

This examination is CLOSED BOOK.

***The following reference materials are not allowed in the examination center:***

### For General Portion:

Dictionary of Insurance Terms, Harvey W. Rubin, 2000, 4<sup>th</sup> Edition, John Wiley and Sons, Inc., (201) 748-6000, <http://barronseduc.com> .

*Insurance Law: A Guide to Fundamental Principles, Legal Doctrines, and Commercial Practices*, Robert Keeton and Alan Widiss, 1988, Thomson/West, (800) 344-5008, <http://store.westlaw.com/> , ISBN 0-314-39187-8

*Property-Casualty Concepts*, 2006, 10th Edition, Kaplan Financial, (800) 824-8742, [www.kaplanfinancial.com](http://www.kaplanfinancial.com) , ISBN 1-4195-3780-6

*Introduction to Risk Management and Insurance*, Mark S. Dorfman, 2005, 8th Edition, Prentice-Hall, (800) 382-3419, [www.prenhall.com](http://www.prenhall.com) , ISBN 0-13-144958-3

*Property and Liability Insurance Principles*, 2005, 4th Edition, Insurance Institute of America, (610) 644-2100, [www.aicpcu.org](http://www.aicpcu.org)

*Homeowners 2000 Coverage*, 2006, 1st Edition, Kaplan Financial, (800) 824-8742, [www.kaplanfinancial.com](http://www.kaplanfinancial.com) , ISBN 1-4195-3992-2

*Property & Casualty Pathfinder*, William H. Cummings, J. Mack Spears, 2004, 9th Edition, Pathfinder Publishers, (800) 592-4242, [www.pathfinderedu.com](http://www.pathfinderedu.com) , ISBN 0-9749448-0-0

*Commercial Property Coverage*, 2006, 5th Edition, Kaplan Financial, (800) 824-8742, [www.kaplanfinancial.com](http://www.kaplanfinancial.com) , ISBN 1-4195-4022-X

*Personal Auto Coverage*, 2006, 4th Edition Revised, Kaplan Financial, (800) 824-8742, [www.kaplanfinancial.com](http://www.kaplanfinancial.com) , ISBN 1-4195-3777-6

*Workers Compensation Coverage*, 2006, 3rd Edition, Kaplan Financial, (800) 824-8742, [www.kaplanfinancial.com](http://www.kaplanfinancial.com) , ISBN 1-4195-8099-X

*Insurance Operations*, Bernard L. Webb, Connor M. Harrison, and James J. Markham, 1997, 2<sup>nd</sup> Edition, American Institute for CPCU, (800) 644-2101, <http://www.aicpcu.org/> , ISBN 0-89463-077-6

## For Maryland State Specific Portion

Glossary of Insurance Terms  
[http://www.naic.org/consumer\\_glossary.htm](http://www.naic.org/consumer_glossary.htm)

*Maryland Laws*  
[www.mgaleg.maryland.gov/webmga/frmStatutes.aspx](http://www.mgaleg.maryland.gov/webmga/frmStatutes.aspx)

*Insurance Article - Annotated Code of Maryland*  
[www.mgaleg.maryland.gov/webmga/frmStatutes.aspx](http://www.mgaleg.maryland.gov/webmga/frmStatutes.aspx)

*COMAR - Office of the Secretary of State: Division of State Documents* [www.dsd.state.md.us/comar](http://www.dsd.state.md.us/comar)

