

**TEXAS INSURANCE
PROPERTY AND CASUALTY - GENERAL KNOWLEDGE
CONTENT OUTLINE**

September 1, 2016 Exam Summary
Property & Casualty Agent; 150 Questions, 150 Minutes
Product Knowledge, Terms and Concepts
(100 scoreable questions plus 20 pretest questions)

Please note: It is very important that you refer to the Updates/Errata Icon on your course dashboard located under Study Tools. Any updated study material for your state insurance exam is located in the Updates/Errata Icon.

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|------------------------------------------------------------------|------------------------------|
| I. TYPES OF POLICIES | 25 Questions |
| A. Homeowners | 8.0, State Supplement |
| 1. HO-2..... | 8.2.3 |
| 2. HO-3..... | 8.2.3 |
| 3. HO-4..... | 8.2.3 |
| 4. HO-5..... | 8.2.3 |
| 5. HO-6..... | 8.2.3 |
| 6. HO-8..... | 8.2.3 |
| B. Dwelling policies..... | 7.2 |
| 1. DP-1 | 7.3 |
| 2. DP-2 | 7.4 |
| 3. DP-3 | 7.4 |
| C. Commercial lines | |
| 1. Commercial package policy (CPP) | 11.0 |
| 2. Commercial property | 13.0 |
| a. Commercial building and business personal property form | 13.3 |
| b. Causes of Loss forms | 13.8 |
| c. Business income | 13.6 |
| d. Extra expense | 13.7 |
| e. Equipment breakdown..... | 19.4.4 |
| 3. Business Owners policy (BOP) | 12.0 |
| 4. Builders risk..... | 13.4 |
| D. Inland marine | State Supplement |
| 1. Personal Articles floaters..... | 10.6 |
| 2. Commercial Property floaters | 14.3–14.5 |
| E. National Flood Insurance Program | 10.3 |
| F. Others | |
| 1. Earthquake | 10.4 |
| 2. Mobile homes..... | 10.5 |
| 3. Watercraft..... | 10.7 |
| 4. Farm owners | 19.3 |
| 5. Windstorm | 7.3.3; 8.3.5; 13.8.1 |

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|-------------------------------------------------------|-------------------------------|
| II. INSURANCE TERMS AND RELATED CONCEPTS | 14 Questions |
| A. Insurance | 1.5 |
| 1. Law of large numbers..... | 1.6 |
| B. Insurable interest | 1.7.2 |
| C. Risk | 1.3 |
| 1. Pure vs. speculative risk..... | 1.7.1 |
| D. Hazard | 1.8.2 |
| 1. Moral..... | 1.8.2.1 |
| 2. Morale..... | 1.8.2.1 |
| 3. Physical..... | 1.8.2.1 |
| E. Peril | 1.8.1 |
| F. Loss | |
| 1. Direct | 5.5.3 |
| 2. Indirect | 5.5.3 |
| G. Loss valuation | 5.7.2 |
| 1. Actual cash value | 5.7.2.1 |
| 2. Replacement cost..... | 5.7.2.3 |
| 3. Market value..... | 5.7.2.4 |
| 4. Stated/agreed value | 5.7.3; 13.3.6 |
| 5. Salvage value..... | 5.7.7 |
| H. Proximate cause | 6.3.2.2 |
| I. Deductible | 5.7.6 |
| J. Indemnity | 2.3.1 |
| K. Limits of liability | 5.4.4; 6.7.4.5 |
| L. Coinsurance/insurance to value | 5.7.3 |
| M. Occurrence | 6.7.4.5 |
| N. Cancellation | 4.10, State Supplement |
| O. Nonrenewal | 4.10, State Supplement |
| P. Vacancy and unoccupancy | 5.7.16 |
| Q. Liability | 6.2 |
| 1. Absolute..... | 6.5 |
| 2. Strict..... | 6.5 |
| 3. Vicarious..... | 6.6 |
| R. Negligence | 6.3 |
| S. Binder | 4.3, State Supplement |
| T. Endorsements | 7.6; 8.5; 12.7; 13.7 |
| U. Blanket versus specific..... | 5.4.2 |
| | |
| III. POLICY PROVISIONS AND CONTRACT LAW | 11 Questions |
| A. Declarations | 2.4 |
| B. Insuring agreement | 2.4 |
| C. Conditions | 2.4 |
| D. Exclusions | 2.4 |
| E. Definition of the insured | 5.4.1 |
| F. Duties of the insured | 5.7.1 |
| G. Obligations of the insurance company | 5.7.2; 5.7.4 |

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| H. Mortgagee rights | 5.7.14 |
| I. Proof of loss | 5.7.1 |
| J. Notice of claim | 5.7.1 |
| K. Appraisal | 5.7.9 |
| L. Other insurance Provision | 5.7.10 |
| M. Subrogation | 5.7.8 |
| N. Elements of a contract | 2.2 |
| O. Warranties, representations, and concealment | 4.7; 4.8 |
| P. Sources of underwriting information | 4.4 |
| Q. Fair Credit Reporting Act..... | 4.4.1 |
| R. Privacy Protection (Gramm Leach Bliley) | 3.5.6.4 |
| S. Policy application | 4.2 |
| T. Terrorism Risk Insurance Act (TRIA) | 19.12 |

IV. TYPES OF POLICIES, BONDS, AND RELATED

TERMS.....25 Questions

A. Commercial general liability

| | |
|------------------------------------------------------------------|----------------|
| 1. Exposures | 15.2.1 |
| a. Premises and operations | 15.2.1 |
| b. Products and completed operations | 15.2.2 |
| 2. Coverage- | |
| a. Coverage A: Bodily injury and property damage liability | 15.6 |
| (1) Occurrence | 15.4.1 |
| (2) Claims made | 15.4.2 |
| (a) Retroactive date | 15.4.2.1 |
| b. Coverage B: Personal injury and advertising injury | 15.7 |
| c. Coverage C: Medical payments | 15.9 |
| d. Supplemental payments | 15.8 |
| e. Who is an insured..... | 15.10 |
| f. Limits | 15.11 |
| (1) Per occurrence..... | 6.7.4.5; 15.11 |
| (2) Annual aggregate..... | 6.7.4.5; 15.11 |
| g. Damage to property of others..... | 6.7 |

B. Automobile: personal auto and business auto

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|------------------------------------------------------------------------------|---------------------------------------|
| 1. Liability | 9.5; 16.3.4, State Supplement |
| a. Bodily injury..... | 9.4; 16.3.2, State Supplement |
| b. Property damage..... | 9.4; 16.3.2, State Supplement |
| c. Split limits | 6.7.4.5; 9.5.5 |
| d. Combined single limit | 6.7.4.5 |
| 2. Medical payments | 9.6; 16.3.1; 16.7.4 |
| 3. Physical damage (collision; other than collision; specified perils) | 5.5.2; 9.8; 16.3.5 |
| 4. Uninsured motorists | 9.7; 16.3.1; 16.7.4, State Supplement |
| 5. Underinsured motorists | 9.10; 16.7.4, State Supplement, |
| 6. Who is an insured | 9.5.2; 16.3.4.1 |
| 7. Types of auto | |
| a. Owned | 9.8.1; 16.3.3 |

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| b. Non-owned | 9.8.1; 16.3.3 |
| c. Hired | 16.3.3 |
| d. Temporary substitute | 9.8.1; 16.3.3 |
| e. Newly acquired autos | 9.4 |
| f. Transportation expense and rental reimbursement expense | 9.8.2 |
| 8. Garage coverage form, including Garagekeepers insurance | 16.4 |
| 9. Exclusions | 9.5.4; 9.6.2; 9.7.4; 9.8.3; 16.3.4.2; 16.3.5.1 |
| 10. Individual insured and Drive Other Car (DOC)..... | 16.7.1; 16.7.2 |

C. Workers' Compensation Insurance, Employers

Liability insurance, and Related Issues

(This section does not deal with specifics of state law, which are addressed elsewhere in this outline)

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|--------------------------------------------|--------------------------|
| 1. Standard policy concepts. | 18.4 |
| a. Who is an employee/employer..... | 18.2 |
| b. Compensation..... | 18.2.2, State Supplement |
| 2. Work-related vs. non-work-related | 18.2.3 |
| 3. Other states' insurance | 18.4.1 |
| 4. Employers liability..... | 18.4 |
| 5. Exclusive remedy..... | 18.2, State Supplement |
| 6. Premium determination..... | 18.6 |

D. Crime

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|-----------------------------------|---------------------------------------------------------------------------------------|
| 1. Employee dishonesty..... | 17.4.1 |
| 2. Theft..... | 17.3.1 |
| 3. Robbery..... | 17.3.1 |
| 4. Burglary..... | 17.3.1 |
| 5. Forgery and alteration..... | 17.4.2 |
| 6. Mysterious disappearance | www.kaplanfinancial.com ; updates/errata |

E. Bonds

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|------------------|-------|
| 1. Surety..... | 19.10 |
| 2. Fidelity..... | 17.8 |

F. Professional liability

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|-----------------------------------------------|---------------------------------------------------------------------------------------|
| 1. Errors and omissions..... | 19.6 |
| 2. Medical malpractice..... | 19.6 |
| 3. Directors and officers (D&O)..... | 19.6 |
| 4. Employment Practices Liability (EPLI)..... | 19.7 |
| 5. Cyber liability and data breach | www.kaplanfinancial.com ; updates/errata |

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| G. Umbrella/excess liability..... | 10.8; 19.9 |
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V. INSURANCE TERMS AND RELATED CONCEPTS.....14 Questions

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| A. Risk..... | 1.3 |
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| B. Hazards..... | 1.8.2 |
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| 1. Moral..... | 1.8.2.1 |
| 2. Morale..... | 1.8.2.1 |
| 3. Physical..... | 1.8.2.1 |

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| C. Indemnity | 2.3.1 |
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| D. Insurable interest..... | 1.7.2 |
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| E. Loss valuation | 5.7.2. |
| 1. Actual cash value | 5.7.2.1 |
| 2. Replacement cost..... | 5.7.2.3 |
| 3. Market value..... | 5.7.2.4 |
| 4. Stated/agreed value | 5.7.3, 13.3.6 |
| 5. Salvage value | 5.7.7 |
| F. Negligence | 6.3 |
| G. Liability | 6.2 |
| H. Occurrence | 6.7.4.5 |
| I. Binders | 4.3 |
| J. Warranties | 4.8 |
| K. Representations | 4.8 |
| L. Concealment | 4.7 |
| M. Deposit premium/Audit | 5.7.17 |
| N. Certificate of Insurance | 4.6 |
| O. Law of Large Numbers | 1.6 |
| P. Pure vs. Speculative Risk | 1.7.1 |
| Q. Endorsements | 7.6; 8.5; 12.7 |
| R. Damages | 6.7.2 |
| 1. Compensatory | 6.7.2 |
| a. General | 6.7.2 |
| b. Special | 6.7.2 |
| 2. Punitive | 6.7.2 |
| S. Compliance with provisions of Fair Credit Reporting Act | 4.4.1 |
| | |
| VI. POLICY PROVISIONS | 11 Questions |
| A. Declarations | 2.4 |
| B. Insuring agreement | 2.4 |
| C. Conditions | 2.4 |
| D. Exclusions and limitations | 2.4 |
| E. Definition of the insured | 5.4.1 |
| F. Duties of the insured after a loss | 6.7.6.1 |
| G. Cancellation and nonrenewal provisions | 4.10 |
| H. Supplementary payments | 6.7.4.4 |
| I. Proof of loss | 5.7.1 |
| J. Notice of claim | 5.7.1 |
| K. Arbitration | 5.7.9 |
| L. Other insurance | 6.7.6.2 |
| M. Subrogation | 5.7.8 |
| N. Loss settlement provisions including consent to settle a loss | 6.7.6.1; 19.6.1 |
| O. Terrorism Risk Insurance Act (TRIA) | 19.12 |

PROPERTY AND CASUALTY AGENT

STATE SPECIFIC CONTENT OUTLINE

(25 scoreable questions plus 5 pretest questions)

All references are to the Texas Insurance Code (Ins.) or the Texas Administrative Code (TAC) unless otherwise noted

I. TEXAS STATUTES AND RULES COMMON TO PROPERTY AND CASUALTY INSURANCE 15 Questions

A. Commissioner of Insurance **State Supplement**

Ref.: Ins. 31.001, 31.002, 31.021, 201.004, 404.051-.053,
481.001-.009, 491.051, 491.052, 521.003-.004,
4001.005, 38.001, 86.001-.002, 401.051-.062, 82.001-
.056, 4005.102

1. General powers and duties **State Supplement**
2. Examination of records **State Supplement**
3. Investigation/Notice of hearing **State Supplement**
4. Penalties **State Supplement**

B. Insurance definitions **State Supplement**

Ref.: Ins. 801.051-.053; General insurance text; TAC §15.2

1. Certificate of authority **State Supplement**
2. Transacting insurance **State Supplement**
3. Foreign, domestic, alien **State Supplement**
4. Stock, mutual **State Supplement**
5. Admitted/nonadmitted **State Supplement**
6. Texas Lloyds **State Supplement**

C. Licensing requirements **State Supplement**

Ref.: Ins. 981.202, 1115.056, 4001.003, 4001.105,
4001.151-.156, 4001.201, 4001.205, 4001.254,
4003.001, 4003.004, 4003.006-.007, 4004.051-.054,
4005.101-.102, 4005.105, 4051.051, 4053.051,
4056.001-.004, 4153.051; TAC §§1.502, 19.1001-.1030,
19.1201-.1206, 19.1301-.1320, 19.1501-.1503

1. Types **State Supplement**
 - a. Agent **State Supplement**
 - b. Nonresident agent **State Supplement**
 - c. Temporary **State Supplement**
 - d. Limited license **State Supplement**
 - e. Managing general agent **State Supplement**
 - f. Surplus lines **State Supplement**
 - g. Adjuster **State Supplement**
 - h. Insurance service representative **State Supplement**
 - i. Risk manager **State Supplement**
 - j. Emergency **State Supplement**
2. Exemptions/exceptions **State Supplement**
3. Appointment **State Supplement**
4. Continuing education **State Supplement**
5. License denial, renewal, expiration **State Supplement**

6. License termination, revocation, suspension State Supplement

D. Marketing practices State Supplement

Ref.: Ins. 541.051-.054, 541.056, 541.060, 542.001-.014, 701.001-.154, 4001.104, 4005.101; TAC §§21.4, 21.201-.205, 21.111, 21.115

- 1. Unfair/prohibited trade practices State Supplement
 - a. Claims methods and practices State Supplement
 - b. False advertising State Supplement
 - c. Misrepresentation State Supplement
 - d. Defamation State Supplement
 - e. Controlled business State Supplement
 - f. Rebating State Supplement
 - g. Discrimination State Supplement
 - h. Fraud State Supplement
 - i. Unfair comparison State Supplement
 - j. Boycott, coercion, intimidation State Supplement
- 2. Rating and underwriting practices 4.4, 4.5

E. Agent duties/responsibilities State Supplement

Ref.: General insurance text

- 1. Fiduciary capacity State Supplement

II. TEXAS STATUTES AND RULES PERTINENT TO PROPERTY AND CASUALTY INSURANCE..... 10 Questions

A. Property and casualty definitions State Supplement

Ref.: TAC §5.5002

B. Surplus lines State Supplement

Ref.: Ins. 981.001-.004, 981.057; TAC§ 15.2-15.6

C. Approval of Rates and Forms State Supplement

Ref.: Texas Insurance Code Sec 5.35

D. Homeowners Insurance State Supplement

- 1. Declination, cancellation, nonrenewal State Supplement
Ref.: General Insurance text

- 2. Texas FAIR Plan Association State Supplement

- 3. Texas Windstorm Insurance Association (TWIA) State Supplement

- 4. Loss settlement provisions 8.3.7; State Supplement
Ref: Texas Insurance Code §542.051 through §542.061; §542.151 through §542.154

- 5. Liquidated demand State Supplement

Ref.: Texas Insurance Code §862.053

E. Automobile insurance State Supplement

- 1. Provisions State Supplement

Ref.: Transportation Code: Chapter 601; Ins. 1952.101-.110, Ins. 1952.151-.161 TAC §5.204

- a. Coverage State Supplement

- b. Uninsured Motorists/Underinsured Motorists State Supplement

- c. Personal Injury Protection (PIP) State Supplement

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| d. Medical payments | 9.6 |
| 2. Financial responsibility and required minimum liability limits <i>Ref.: Transportation Code: §§601.051, 601.053, 601.056-.057, 601.071-.072</i> | State Supplement |
| 3. Renewal, nonrenewal, and cancellation <i>Ref.: Ins. 551.101-.113, 551.151-.152; TAC § 5.7002</i> | State Supplement |
| 4. Texas Automobile Insurance Plan Association <i>Ref.: Ins. 2151.051-.154</i> | State Supplement |
| F. Workers' compensation <i>Ref: Texas Labor Code Title 5: §§401.011, 406.031-.032, .034, 408.041, .082, .186</i> | State Supplement |
| 1. Definitions | State Supplement |
| 2. Coverage | State Supplement |
| 3. Benefits | State Supplement |
| G. Texas Property and Casualty Insurance Guaranty Association <i>Ref.: Ins. 462.001-.351; TAC§ 29.1</i> | State Supplement |
| H. Joint Underwriting Association (JUA) | State Supplement |