

# Examination Content Outlines

Effective Date: April 1, 2021

## NORTH CAROLINA LIFE AGENT CONTENT OUTLINE

(55 questions plus 5 pretest questions)

This examination will test topics listed on the following content outline and is composed of fifty-five (55) four-option, multiple choice questions. Up to five (5) additional questions may be on the test. These questions are used to gather statistical data and will not affect your examination scores.

### I. TYPES OF INDIVIDUAL LIFE INSURANCE ..... 17

#### A. Term

1. General nature
2. Basic types of term contracts
3. Special features
  - a. Renewability
  - b. Convertibility

#### B. Whole life insurance

#### C. Endowment

#### D. Premium variations

1. Single
2. Level (continuous/straight)
3. Adjustable/Flexible
4. Modified
5. Graded
6. Indeterminate (nonguaranteed)

#### E. Combination policies and variations in the basic forms

1. Double or triple (multiple) protection
2. Term riders
3. Family policy/riders
4. Face amount plus cash value
5. Face amount plus return of premium
6. Joint life
7. Last survivor / Survivorship Life
8. Juvenile
9. Limited benefit

#### F. Non-Traditional

1. Universal life (Adjustable life)
  - a. General nature
  - b. Features and Characteristics
    - (1) Target premium
    - (2) Unbundled
    - (3) Death benefit options
    - (4) Guaranteed values
    - (5) Corridor of insurance
2. Interest Sensitive Whole Life (Current Assumption Life)

### II. ANNUITIES..... 5

#### A. The annuity principle

#### B. Annuity features

1. Premium paying method
  - a. Single premium
  - b. Installment premium: fixed/flexible/periodic
2. Determination of benefits
  - a. Fixed
  - b. Variable
  - c. Equity Index
3. When benefits begin
  - a. Immediate
  - b. Deferred
4. Number of lives of benefit payment
  - a. Single
  - b. Joint
  - c. Joint survivor
5. Guarantee prior to annuity starting date
6. Guarantee of minimum total benefit
  - a. Straight (pure) life annuity
  - b. Annuity with period certain
  - c. Cash or refund installment annuity

### III. POLICY PROVISIONS, OPTIONS, AND OTHER FEATURES..... 11

#### A. General provisions

1. Insuring agreement / Clause
2. Ownership clause
3. Entire contract clause
4. Incontestable clause
5. Grace period
6. Reinstatement clause
  - a. Common requirements
  - b. Possible advantages to policyholder
7. Misstatement of age clause
8. Assignment
  - a. Absolute
  - b. Collateral
9. Conversions/Change of plan
10. Excess interest provision
11. Free look provision
12. Withdrawal provisions
13. Child/spouse/additional insured
14. Suicide
15. War
  - a. Results Type
  - b. Status Type
16. Aviation

#### B. Nonforfeiture values

1. Nature
2. Options for use of the value
3. Option applicable if no election made

#### C. Loan provisions

- 1. Nature
  - 2. Interest
    - a. Fixed
    - b. Variable
  - 3. Automatic premium loan
  - D. Right to defer loan or payment of cash value**
  - E. Dividends**
    - 1. Nature of dividends
    - 2. Options for the use of dividends
  - F. Settlement options**
    - 1. Options for the disposition of proceeds
    - 2. Election
      - a. By owner
      - b. By beneficiary
  - G. Beneficiary provision**
    - 1. Beneficiary categories
      - a. Estate vs. named party
      - b. Named vs. class
      - c. Primary and contingent
      - d. Revocable vs. irrevocable
      - e. Minor designation
    - 2. Common disaster and short term survivorship
    - 3. Uniform Simultaneous Death Act
    - 4. Changing the beneficiary
      - a. Right to change
      - b. Methods: filing vs. endorsement
  - H. Premium payment**
    - 1. Modes (frequency)
    - 2. Effect of nonpayment
    - 3. Mortality charge
    - 4. Expense charge
    - 5. Interest credit
    - 6. Load expense charges
      - a. Front end
      - b. Rear end
  - I. Additional rights or optional benefits**
    - 1. Change of contract
    - 2. Accidental death benefit and dismemberment benefit
    - 3. Guaranteed insurability
    - 4. Waiver of premium
    - 5. Waiver of monthly deduction (universal life)
    - 6. Cost of living rider
- IV. OTHER LIFE TOPICS ..... 8**
- A. Types of group contracts**
    - 1. Term, including survivorship
    - 2. Credit life
    - 3. Mortgage life
  - B. Group underwriting**
  - C. Master policy and certificates**
  - D. Group Conversion**
  - E. Tax qualified (sheltered) retirement plans**
    - 1. Individual retirement account (IRA)
    - 2. Tax sheltered annuity (TSA)
    - 3. Keogh Plans
    - 4. Self-Employed Pension Plan (SEP)

- 5. 401k
  - F. Business uses of life insurance**
    - 1. Buy-sell agreements
    - 2. Key person insurance
  - G. Social Security survivors, death, and retirement benefits**
  - H. Federal income tax treatment of life insurance and annuity premiums, proceeds, dividends, and withdrawals**
  - I. Legal concepts**
    - 1. Insurable interest
    - 2. Misrepresentation and concealment
    - 3. Impersonation
    - 4. Unilateral
    - 5. Adhesion
    - 6. Indemnity
    - 7. Aleatory
    - 8. Conditional
  - J. Cost comparison methods: interest adjusted cost vs. traditional net cost**
  - K. Formation of the life insurance contract**
    - 1. Application completion
    - 2. Types and uses of initial premium receipts
    - 3. Policy delivery
      - a. Modified/amended vs. issued as applied for
      - b. Nonprepaid vs. prepaid
    - 4. Elements of a valid contract
  - L. Variable life, variable universal life, and variable annuity**
    - 1. FINRA registration
    - 2. Values based on mutual funds or other securities
- V. NORTH CAROLINA STATUTES AND REGULATIONS PERTINENT TO LIFE ..... 14**
- A. Contract of Insurance**  
*Ref: Article 1 (G.S. 58-1-10)*
  - B. Definitions**  
*Ref: Article 1 (G.S. 58-1-5)*
  - C. Commissioner of Insurance**  
*Ref: Article 2 (G.S. 58-2-5, 40, 50, 60, 65, 69, 70, 155, 160, 161, 162, 163, 180, 185, 195, 200); 11 NCAC, Chapter 19, Section .0103*
  - D. General Regulations for Insurance**  
*Ref: Article 3 (G.S. 58-3- 25, 30, 40, 115, 120, 130, 135, 140, 145)*
  - E. Licensing of Agents, Brokers, Limited Representatives, and Adjusters**  
*Ref: Article 33 (G.S. 58-33-1, 5, 10, 15, 17, 20, 26, 30, 31, 32, 35, 40, 46, 50, 56, 60, 66, 70, 75, 76, 80, 82, 83, 85, 90, 95, 100, 105, 110, 115, 120, 125, 130, 132, 135); 11 NCAC 4.0423, 11 NCAC, Chapter 4, Section .0423*
  - F. Insurance Information & Privacy Protection Act**  
*Ref: Article 39 (G.S. 58-39-5 through 58-39-120)*
  - G. Unfair Trade Practices**  
*Ref: Article 63 (G.S. 58-63-15, 20, 50)*
  - H. False Pretenses and Cheats**

Ref: Article 19 (G.S. 14-100)

**I. Continuing Education**

Ref: 11 NCAC, Chapter 6A, Section .0800

**J. General Regulations of Business**

Ref: Article 58 (G.S. 58-58-1, 5, 10, 15, 20, 22, 25, 30, 35, 40, 70, 75, 80, 85, 95, 100, 110, 115, 120, 135 (1) a-d, 170); 11 NCAC, Chapter 4, Section .0423

**K. Regulations of Life Insurance Solicitation**

Ref: Article 60 (G.S. 58-60-1, 15, 20, 30, 35)

**L. Replacement Regulations**

Ref: 11 NCAC, Chapter 12, Section .0612(a)(4)

**M. General Regulations**

Ref: 11 NCAC, Chapter 4, Section .0423 (Ethical Standards)

**N. Fraternal Benefit Societies**

Ref: Article 24 (G.S. 58-24-1)

**O. Life and Health Insurance Guaranty Association**

Ref: Article 62 (G.S. 58-62-6, 21(d), 86)

**P. Viaticals**

Ref: 58-58-205(11)

**NORTH CAROLINA  
ACCIDENT AND HEALTH OR SICKNESS  
AGENT  
CONTENT OUTLINE**

*(55 questions plus 5 pretest questions)*

This examination will test topics listed on the following content outline and is composed of fifty-five (55) four-option, multiple choice questions. Up to five (5) additional questions may be on the test. These questions are used to gather statistical data and will not affect your examination scores.

**I. ACCIDENT & HEALTH INSURANCE POLICIES.....22**

**A. Disability income insurance.....7**

1. Nature and purpose
2. Insuring agreement / clause and perils covered
3. Definition of total disability
  - a. Own occupation
  - b. Any occupation for which the insured is reasonably suited
  - c. Any occupation
  - d. Combination definitions
  - e. Presumptive disability
4. Partial disability
5. Residual disability
6. Recurrent disability
7. Elimination (waiting) period
8. Probationary period
9. Length of coverage (benefit period)
  - a. Short term vs. long term
  - b. Accident vs. sickness
10. Nonoccupational vs. full coverage
11. Common exclusions
12. Other benefit features or options
  - a. Cost of living adjustment

- b. Guaranteed insurability option
- c. Accidental death and dismemberment

**13. Disability benefits in life insurance contracts**

**B. Basic Medical Expense insurance.....2**

1. Nature and purpose
2. Insuring agreement and perils covered
3. Hospitalization expense
4. Surgical expense
5. Other physicians' charges (regular medical expense)
6. Common exclusions

**C. Major Medical insurance.....6**

1. Nature and purpose
2. Covered charges (expenses)
3. Inside (internal) limits
4. Common exclusions
5. Deductible
  - a. Per injury or sickness vs. cumulative (e.g., annual)
  - b. Corridor
  - c. Common accident/common sickness
  - d. Family maximum
6. Percentage participation (coinsurance)
  - a. Nature and purpose
  - b. Stop loss feature
7. Benefit period
8. Maximum limits
  - a. Per injury or illness vs. lifetime
  - b. Unlimited
9. Pre-admission certification
10. Carryover provisions
11. Other benefit features, options, or expenses covered
  - a. Maternity
  - b. Dental
  - c. Prescription drug
  - d. Vision
  - e. Dread disease and limited coverage
  - f. Outpatient treatment

**12. Key features of the Affordable Care Act (ACA)**

**D. Comprehensive coverage.....1**

1. Basic plan plus major medical
2. Comprehensive major medical

**E. Hospital indemnity .....1**

**F. Managed Care.....5**

1. Health Maintenance Organization (HMO)
  - a. Closed and Open Panel
    - (1) Staff
    - (2) Independent Practice Association (IPA)
  - b. Gatekeeper/Primary Care Physician
  - c. Concept of managing healthcare expenses
2. Preferred Provider Organization (PPO)
  - a. In-network healthcare
  - b. Out-of-network healthcare
  - c. Concept of managing healthcare expenses

**II. ACCIDENT & HEALTH INSURANCE PROVISIONS .... 11**

**A. Individual policy mandatory provisions**

- 1. Entire contract
- 2. Time limit on certain defenses / Incontestable
- 3. Grace period
- 4. Reinstatement
- 5. Notice of claim
- 6. Claim forms
- 7. Proof of loss
- 8. Time of payment of claims
- 9. Payment of claims
- 10. Physical examination and autopsy
- 11. Legal actions
- 12. Change of beneficiary

**B. Individual policy optional provisions**

- 1. Change of occupation
- 2. Misstatement of age
- 3. Other-Insurance in this insurer
- 4. Insurance with other insurers
- 5. Relation of earnings to insurance
- 6. Unpaid premium
- 7. Conformity with state statute
- 8. Illegal occupation

**C. Other provisions**

- 1. Preexisting conditions
- 2. Right to examine (free look)
- 3. Consideration
- 4. Policy continuation
  - a. Optional renewable
  - b. Conditionally renewable
  - c. Guaranteed renewable
  - d. Noncancelable
- 5. Assignment
- 6. Premium payment
  - a. Modes (frequency)
  - b. Effect of nonpayment
- 7. Waiver of premium
- 8. Insuring clause
- 9. Intoxicants and narcotics

**III. OTHER ACCIDENT & HEALTH TOPICS ..... 8**

**A. Group insurance**

- 1. Types of benefits
- 2. Group underwriting
- 3. Master policy and certificates
- 4. Nonduplication and coordination of benefits provisions
- 5. Eighteen month extension of benefits

**B. Approaches related to group insurance**

- 1. Blanket coverage
- 2. MEWA coverage

**C. Social Security disability**

**D. Accidental death and dismemberment coverage**

- 1. Insuring agreements and peril covered
- 2. Principal sum
- 3. Capital sum
- 4. Beneficiary designations

**E. Business uses**

- 1. Key person
- 2. Business overhead expense
- 3. Disability buy-out

**F. Federal income taxation**

- 1. Accident and health insurance premiums
- 2. Accident and health insurance benefits

**G. Misrepresentation and concealment**

**H. Formation of the health insurance contract**

- 1. Application completion
- 2. Types and uses of receipts
- 3. Policy delivery
  - a. Modified/amended vs. issued as applied for
  - b. Nonprepaid vs. prepaid

**IV. NORTH CAROLINA STATUTES AND REGULATIONS PERTINENT TO ACCIDENT & HEALTH ..... 14**

**A. Contract of Insurance**

*Ref: Article 1 (G.S. 58-1-10)*

**B. Definitions**

*Ref: Article 1 (G.S. 58-1-5)*

**C. Commissioner of Insurance**

*Ref: Article 2 (G.S. 58-2-5, 40, 50, 60, 65, 69, 70, 155, 160, 161, 162, 163, 180, 185, 195, 200); 11 NCAC, Chapter 19, Section .0103*

**D. General Regulations for Insurance**

*Ref: Article 3 (G.S. 58-3- 25, 30, 40, 115, 120, 130, 135, 140, 145)*

**E. Licensing of Agents, Brokers, Limited Representatives, and Adjusters**

*Ref: Article 33 (G.S. 58-33-1, 5, 10, 15, 17, 20, 26, 30, 31, 32, 35, 40, 46, 50, 56, 60, 66, 70, 75, 76, 80, 82, 83, 85, 90, 95, 100, 105, 110, 115, 120, 125, 130, 132, 135); 11 NCAC 4.0423, 11 NCAC, Chapter 4, Section .0423*

**F. Insurance Information & Privacy Protection Act**

*Ref: Article 39 (G.S. 58-39-5 through 58-39-120)*

**G. Unfair Trade Practices**

*Ref: Article 63 (G.S. 58-63-15, 20, 50)*

**H. False Pretenses and Cheats**

*Ref: Article 19 (G.S. 14-100)*

**I. Continuing Education**

*Ref: 11 NCAC, Chapter 6A, Section .0800*

**J. General Regulations**

*Ref: Article 50 (G.S. 58-50-5, 20, 25, 26, 30, 35, 40, 45, 56, 57, 61, 62, 63, 65, 70); 11 NCAC, Chapter 4, Section .0423 (Ethical Standards)*

**K. Nature of Policies**

*Ref: Article 51 (G.S. 58-51-1, 5, 10, 15, 16, 20, 25, 30, 35, 37, 38, 40, 45, 55, 57, 58, 59, 60, 61, 62, 70, 75, 80, 81, 85, 90, 95, 100, 105, 110, 115, 116, 120, 125)*

**L. Group Health Insurance Continuation and Conversion Privileges**

*Ref: Article 53; CONTINUATION: (G.S. 58-53-1 through 58-53-40); CONVERSION: (G.S. 58-53-45 through 58-53-115)*

**M. Fraternal Benefit Societies**

*Ref: Article 24 (G.S. 58-24-1)*

**N. Life and Health Insurance Guaranty Association**

*Ref: Article 62 (G.S. 58-62-6, 21(d), 86)*

**NORTH CAROLINA  
PROPERTY AGENT  
CONTENT OUTLINE**  
*(55 questions plus 5 pretest questions)*

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- I. TERMS AND CONCEPTS.....7**
  - A. Risk**
  - B. Hazard**
  - C. Peril**
  - D. Economic Loss**
  - E. Indemnity**
  - F. Insurable Interest**
  - G. Deductible**
  - H. Direct loss vs. Indirect loss (loss of use)**
  - I. Named peril vs. open peril**
  - J. Specific vs. blanket coverage**
  - K. Property loss valuation**
    - 1. Actual Cash Value
    - 2. Replacement cost
    - 3. Functional replacement cost
    - 4. Salvage value
  - L. Mortgagee/loss payee**
  - M. Misrepresentation, breach of warranty, concealment**
  - N. Negligence, liability, and supplementary payments**
  - O. Bodily injury, property damage, personal injury**
  - P. Accident/Occurrence**
  - Q. Certificate of insurance**
  - R. Binder**
  - S. Endorsement**
  - T. Liberalization clause**
  - U. First named insured**
  - V. Monoline vs. package policies**
  - W. Major classes of policy provisions**
    - 1. Declarations
    - 2. Definitions
    - 3. Insuring agreements
    - 4. Exclusions/Waivers
    - 5. Conditions
  - X. Insurance**
  - Y. Application**
  - Z. Subrogation**
  - AA. Adhesion**
  - BB. Consent to Rate**
  - CC. Law of Large Numbers**
    - 1. Spread of risk

**2. Adverse selection**

**II. PERSONAL INSURANCE COVERAGES..... 25**

**A. Standard Fire Policy.....4**

- 1. Perils and losses covered and excluded
- 2. Inception/expiration
- 3. Limitations on amount payable
  - a. Policy limit
  - b. Actual Cash Value
  - c. Cost to repair or replace
  - d. Pro rata liability
  - e. Interest of the insured
- 4. Insurer's options in the loss settlement
- 5. Concealment, misrepresentations, fraud
- 6. Requirements in the event of loss
- 7. Appraisal
- 8. Subrogation
- 9. Suit against the company
- 10. Abandonment
- 11. Waiver

**B. Basic (DP-1), Broad (DP-2), and Special (DP-3) Dwelling property forms ..... 4**

*(The candidate should be able to compare the major features of these forms.)*

- 1. General nature and eligibility
- 2. Coverage items and other coverages
- 3. Property excluded
- 4. Perils covered and excluded
- 5. Other conditions and provisions (e.g., loss settlement, subrogation)
- 6. Personal Liability and Theft Coverages

**C. Homeowner's policies (including amendatory endorsements) .....12**

*Ref: This section is based on the North Carolina Rate Bureau Forms as adapted from the HO-2011 program of the Insurance Services Offices.*

- 1. Eligibility and forms available
- 2. Definitions
- 3. Section I *(The candidate should be able to analyze and compare the several Homeowners policies with respect to the following items.)*
  - a. Coverage items and additional coverages
  - b. Property limited or excluded
  - c. Perils covered and excluded
  - d. Relationship among amounts of insurance
  - e. Loss settlement
  - f. Other conditions
- 4. Section II
  - a. Liability insuring agreement and exclusions
  - b. Medical payments insuring agreement and exclusions
  - c. Additional coverages
  - d. Section II conditions
- 5. Conditions applicable to Sections I and II
- 6. Frequently Used Homeowner endorsements

- a. Scheduled personal property (personal articles floater)  
*Ref: HO-04-61*
  - b. Personal injury  
*Ref: HO-32-82*
  - c. Personal property replacement cost  
*Ref: HO-04-90*
  - d. Permitted incidental occupancies  
*Ref: HO-04-42*
  - e. Watercraft  
*Ref: HO-24-75*
  - f. Water Back Up and Sump Discharge or Overflow  
*Ref: HO-04-84*
  - g. Refrigerated property coverage  
*Ref: HO-04-98*
  - h. Business Pursuits  
*Ref: HO-24-71*
  - i. Absolute Wind Storm or Hail Exclusion  
*Ref: HO-32-94*
  - 7. North Carolina amendatory endorsements (mandatory)
    - a. Special provisions HO-32-32
    - b. Home day care business liability exclusions and limited property coverage HO-32-96
  - D. Other personal policies..... 1**
    - 1. Mobile Homeowners Policy
  - E. National Flood Insurance Program..... 3**  
*(The candidate is not responsible for differences in the Flood Program's treatment of personal exposures and commercial exposures.)*
    - 1. Background and Purpose
    - 2. Programs
      - a. Emergency
      - b. Regular
      - c. Who needs flood insurance
    - 3. Flood Maps and Zone Determinations
    - 4. Policies Available
    - 5. Definitions
    - 6. General Rules
    - 7. Rating
    - 8. Claims Handling Process
    - 9. Write Your Own Company
  - F. Watercraft/yacht ..... 1**
    - 1. Hull coverage
- III. COMMERCIAL INSURANCE COVERAGES..... 10**
- A. Building and Personal Property coverage form**
    - 1. General nature
    - 2. Business Personal Property (BPP)
      - a. Building
      - b. Your business personal property
      - c. Personal property of others
    - 3. Property not covered
    - 4. Additional coverages
    - 5. Extension of coverages
    - 6. Causes of loss forms
  - a. Basic
  - b. Broad
  - c. Special
  - d. Earthquake
  - 7. Coinsurance
  - 8. Loss valuation clause
  - 9. Optional coverages
    - a. Agreed value
    - b. Inflation guard
    - c. Replacement cost
  - 10. Conditions and provisions (e.g., Vacancy, limits of insurance as found in this coverage form. The candidate should also be familiar with ISO's common policy conditions and commercial property conditions)
    - a. Inspection and surveys
  - B. Other coverage forms and endorsements**  
*(The candidate is responsible only for an understanding of the general nature of these and how they modify or tailor coverage to meet specific needs.)*
    - 1. Peak season coverage
    - 2. Builders risk forms
      - a. Reporting form
      - b. Completed value form
  - C. Package policies**
    - 1. Commercial package policy
      - a. General nature
      - b. Eligibility for package modification
    - 2. Businessowner's policy
      - a. General nature
      - b. Standard and special coverage forms
      - c. Optional section I coverages
      - d. Liability coverage
  - D. Business income coverage form**
    - 1. General nature
    - 2. Losses covered
      - a. Business income
      - b. Business income with extra expense
      - c. Extended Business Income
    - 3. Causes of loss forms (see III.A.6. above) including special exclusions applicable to business income coverage
    - 4. Coinsurance and business income
      - a. Percentages available
      - b. Base to which percentage is applied
    - 5. Loss of business income optional coverages
      - a. Maximum period of indemnity
      - b. Monthly limit of indemnity
      - c. Agreed value
  - E. Extra Expense coverage form**
    - 1. General nature
    - 2. Losses covered
    - 3. Percentage availability (40/80/100) of face amount
  - F. Equipment breakdown (Boiler and machinery coverage)**
    - 1. General nature

2. Expediting expenses
3. Endorsements

**G. Other coverages**

1. Farmowners policy

**H. Commercial Inland Marine** (*The candidate is responsible only for a general understanding of the needs these coverages meet.*)

1. Bailees customers
2. Contractors equipment
3. Builder's risk
4. Motor truck cargo (owner's form)
5. Installation floater

**IV. NORTH CAROLINA STATUTES AND REGULATIONS PERTINENT TO PROPERTY INSURANCE ..... 13**

**A. Contract of Insurance**

*Ref: Article 1 (G.S. 58-1-10)*

**B. Commissioner of Insurance**

*Ref: Article 2 (G.S. 58-2-5, 40, 50, 60, 65, 69, 70, 75, 155, 160, 161, 162, 163, 180, 185, 195, 200); 11 NCAC, Chapter 19, Section .0103*

**C. General Regulations for Insurance**

*Ref: Article 3 (G.S. 58-3-10, 15, 30, 40, 115, 120, 130, 135, 140, 145)*

**D. Licensing of Agents, Brokers, Limited Representatives and Adjusters**

*Ref: Article 33 (G.S. 58-33-1, 5, 10, 15, 17, 20, 26, 30, 31, 32, 35, 40, 46, 50, 56, 60, 66, 75, 76, 80, 82, 83, 85, 90, 95, 100, 105, 110, 120, 125, 130, 132, 135); 11 NCAC, Chapter 4, Section .0423*

**E. Insurance Information & Privacy Protection Act**

*Ref: Article 39 (G.S. 58-39-5 through 58-39-120)*

**F. Unauthorized Insurers**

*Ref: Article 28*

**G. Unfair Trade Practices**

*Ref: Article 63 (G.S. 58-63-15, 20, 50)*

**H. False Pretenses and Cheats**

*Ref: Article 19 (G.S. 14-100)*

**I. Continuing Education**

*Ref: 11 NCAC, Chapter 6A, Section .0800*

**J. North Carolina Rate Bureau**

*Ref: Article 36 (G.S. 58-36-1, 15, 20, 25, 30, 45, 55, 80)*

**K. General Regulations of Business**

*Ref: Article 43 (G.S. 58-43-5, 10); 11 NCAC, Chapter 4, Section .0423*

**L. Fire Insurance Policies**

*Ref: Article 44 (G.S. 58-44-1, 5, 30)*

**M. Essential Property Insurance for Beach Area Property**

*Ref: Article 45 (G.S. 58-45-1, 5, 10, 15, 35)*

**N. Fair Access to Insurance Requirements**

*Ref: Article 46 (G.S. 58-46-1, 5, 10, 15)*

**O. Post Assessment Insurance Guaranty Association (Guaranty Fund)**

*Ref: Article 48 (G.S. 58-48-5, 10, 25, 35)*

**P. Consumer Division**

*Ref: 11 NCAC, Chapter 4, Subsections .0120, .0121,*

*.0122, .0423, .0429*

**NORTH CAROLINA  
CASUALTY AGENT  
CONTENT OUTLINE**

*(55 questions plus 5 pretest questions)*

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**I. TERMS AND CONCEPTS ..... 7**

- A. Risk**
- B. Hazard**
- C. Peril**
- D. Economic Loss**
- E. Indemnity**
- F. Deductible**
- G. Misrepresentation, breach of warranty, concealment**
- H. Negligence, liability, and supplementary payments**
- I. Bodily injury, property damage, personal injury**
- J. Accident/Occurrence**
- K. Deposit premium/audit**
- L. Liability limits: single, split, aggregate**
- M. Certificate of insurance**
- N. Binder**
- O. Endorsement**
- P. Liberalization clause**
- Q. First named insured**
- R. Monoline vs. package policies**
- S. Major classes of policy provisions**
  - 1. Declarations
  - 2. Definitions
  - 3. Insuring agreements
  - 4. Exclusions/Waiver
  - 5. Conditions
- T. Insurance**
- U. Application**
- V. Subrogation**
- W. Adhesion**
- X. Unilateral**
- Y. Consent to Rate**

**II. PERSONAL INSURANCE COVERAGES..... 18**

- A. Personal Auto Policy (North Carolina Rate Bureau Form)**
  - 1. General nature and eligibility
  - 2. Definitions
    - a. Named insured
    - b. An insured
    - c. Covered automobile
      - (1) Non-owned
      - (2) Temporary substitute

3. Standard coverages, parts A through D (*The candidate should have knowledge of the insuring agreement, exclusions and other items of the coverage listed below.*)
    - a. Liability
    - b. Medical payments
    - c. Uninsured motorists/underinsured motorists
    - d. Damage to your auto (physical damage)
    - e. Insured's duties
    - f. General provisions
    - g. Cancellation provision
      - 1) Pro rata
      - 2) Short rate
  4. Other coverages available
    - a. Towing and labor  
*Ref: NC 03 03*
    - b. Extended transportation expenses  
*Ref: NC 03 02*
    - c. Extended non-owned coverage  
*Ref: NC 03 06*
    - d. Coverage for Damage to Your Auto  
*Ref: NC 03 15*
- B. Personal umbrella liability**
1. General nature
  2. Underlying coverages
  3. Self-Insured retention
- C. Watercraft/yacht**
1. Liability (protection and indemnity) coverage
  2. Hull coverage
- III. COMMERCIAL INSURANCE COVERAGES.....15**
- A. General liability insurance**
1. Basic hazards
    - a. Premises and operations
    - b. Products and completed operations
  2. Commercial general liability forms
    - a. Common policy conditions
    - b. Coverage A: bodily injury and property damage liability
      - (1) Occurrence
      - (2) Claims made
    - c. Coverage B: personal injury and advertising injury
    - d. Coverage C: medical payments
    - e. Supplementary payments
    - f. Who is an insured?
    - g. Limits
    - h. Definitions
- B. Commercial automobile insurance**
1. Business auto coverage form
    - a. Types of autos
      - (1) Owned
      - (2) Hired
      - (3) Non-owned
    - b. Standard coverages
      - (1) Liability
      - (2) Physical damage
      - (3) Medical payments
      - (4) Uninsured motorists/underinsured motorists
  2. Garage liability coverage form and garage-keepers insurance (*The candidate needs to understand to general needs of Garage liability.*)
- C. Workers' compensation and employers liability insurance**
1. Basic coverages provided
    - a. Insuring agreements
    - b. Limitations and exclusions
  2. Other states insurance
  3. Insured's duties if injury occurs
  4. Premium determination
  4. Assigned risk plan
  5. Definitions-Disabilities
    - a. total permanent
    - b. temporary total
    - c. temporary partial
    - d. permanent partial
- D. Other coverages**
1. Surety bonds
    - a. Parties to the contract of surety
    - b. Promise of the surety
    - c. Types of surety bonds
  2. Fidelity Bonds
    - a. Parties
    - b. Types
      - (1) Individual Bond
      - (2) Name Schedule Bond
      - (3) Position Schedule Bond
      - (4) Commercial Blanket Bond
      - (5) Blanket Position Bond
  3. Commercial umbrella liability
    - a. General nature
    - b. Underlying coverages
    - c. Self-insured retention
- E. Crime coverage forms**
1. Loss Sustained vs. Discovery Form
  2. Employee Theft
  3. Forgery or Alteration
  4. Computer and Funds Transfer Fraud
  5. Major crime definitions
    - a. Employee dishonesty
    - b. Burglary
    - c. Safe Burglary
    - d. Robbery
    - e. Theft
- F. Package policies**
1. Commercial package policy
    - a. General nature
    - b. Eligibility for package modification
  2. Businessowner's policy
    - a. General nature
    - b. Standard and special coverage forms
    - c. Optional section I coverages
    - d. Liability coverage



**IV. NORTH CAROLINA STATUTES AND REGULATIONS  
PERTINENT TO CASUALTY INSURANCE ..... 15**

- A. Contract of Insurance**  
*Ref: Article 1 (G.S. 58-1-10)*
- B. Commissioner of Insurance**  
*Ref: Article 2 (G.S. 58-2-5, 40, 50, 60, 65, 69, 70, 75, 155, 160, 161, 162, 163, 180, 185, 195, 200); 11 NCAC, Chapter 19, Section .0103*
- C. General Regulations for Insurance**  
*Ref: Article 3 (G.S. 58-3-10, 25, 30, 40, 115, 120, 130, 145)*
- D. Licensing of Agents, Brokers, Limited Representatives and Adjusters**  
*Ref: Article 33 (G.S. 58-33-1, 5, 10, 15, 17, 20, 26, 30, 31, 32, 35, 40, 46, 50, 56, 60, 66, 75, 80, 82, 83, 85, 90, 95, 100, 105, 110, 120, 125, 130, 132, 135); 11 NCAC, Chapter 4, Section .0423*
- E. General Information & Privacy Protection Act**  
*Ref: Article 39 (G.S. 58-39-5 through 58-39-120)*
- F. Unauthorized Insurers**  
*Ref: Article 28*
- G. Unfair Trade Practices**  
*Ref: Article 63 (G.S. 58-63-15, 20, 50)*
- H. False Pretenses and Cheats**  
*Ref: Article 19 (G.S. 14-100)*
- I. Continuing Education**  
*Ref: 11NCAC, Chapter 6A, Section .0800*
- J. North Carolina Rate Bureau**  
*Ref: Article 36 (G.S. 58-36-1, 15, 20, 25, 30, 45, 55, 65, 75)*
- K. North Carolina Motor Vehicle Reinsurance Facility**  
*Ref: Article 37 (G.S. 58-37-1,5, 25, 30, 35, 50, 55, 60)*
- L. Post Assessment Insurance Guaranty Association**  
*Ref: Article 48 (G.S. 58-48-5, 10, 25, 35)*
- M. Motor Vehicle Liability Policy Defined**  
*Ref: (G.S. 20-279.21); 11 NCAC, Chap. 4, Section .0415*
- N. Cancellation or Nonrenewal of Motor Vehicle Policy**  
*Ref: (G.S. 20-310)*
- O. Workers' Compensation Law**  
*Ref: Condensed from Chapter 97, General Statutes of North Carolina and produced as a bulletin titled "Information about the North Carolina Workers' Compensation Act," published annually by the North Carolina Industrial Commission.*
- P. Consumer Division**  
*Ref: 11 NCAC, Chapter 4, Subsections .0120, .0121, .0122, .0415, .0423, .0429*

**NORTH CAROLINA  
PERSONAL LINES AGENT  
CONTENT OUTLINE**

*(80 questions plus 16 pretest questions)*

This examination will test topics listed on the following content outline and is composed of eighty (80) four-option, multiple choice questions. Up to sixteen (16) additional questions may be on the test. These questions are used to gather statistical data and will not affect your examination scores.

- I. TERMS AND CONCEPTS ..... 11**
  - A. Risk**
  - B. Hazard**
  - C. Peril**
  - D. Economic Loss**
  - E. Indemnity**
  - F. Insurable Interest**
  - G. Deductible**
  - H. Direct loss vs. Indirect loss (loss of use)**
  - I. Named peril vs. Open peril**
  - J. Specific vs. blanket coverage**
  - K. Property loss valuation**
    - 1. Actual Cash Value
    - 2. Replacement cost
    - 3. Functional replacement cost
    - 4. Salvage value
  - L. Mortgagee/loss payee**
  - M. Misrepresentation, breach of warranty, concealment**
  - N. Negligence, liability, and supplementary payments**
  - O. Bodily injury, property damage, personal injury**
  - P. Accident/Occurrence**
  - Q. Liability Limits: single and split**
  - R. Certificate of Insurance**
  - S. Binder**
  - T. Endorsement**
  - U. Liberalization clause**
  - V. Major classes of policy provisions**
    - 1. Declarations
    - 2. Definitions
    - 3. Insuring agreements
    - 4. Exclusions/Waiver
    - 5. Conditions
  - W. Insurance**
  - X. Application**
  - Y. Subrogation**
  - Z. Adhesion**
  - AA. Consent to Rate**
- II. PERSONAL INSURANCE COVERAGES ..... 30**
  - A. Standard Fire Policy ..... 5**
    - 1. Perils and losses covered and excluded
    - 2. Inception/expiration
    - 3. Limitations on amount payable

a. Policy limit		e. Watercraft	
b. Actual Cash Value		<i>Ref: HO-24-75</i>	
c. Cost to repair or replace		f. Water Back Up and Sump Discharge or Overflow	
d. Pro rata liability		<i>Ref: HO-04-84</i>	
e. Interest of the insured		g. Refrigerated property coverage	
4. Insurer's options in the loss settlement		<i>Ref: HO-04-98</i>	
5. Concealment, misrepresentations, fraud		7. North Carolina amendatory endorsements (mandatory)	
6. Requirements in the event of loss		a. Special provisions HO-32-32	
7. Appraisal		b. Home day care business liability exclusions and limited property coverage HO-32-96	
8. Subrogation		<b>D. Other personal policies</b> .....	<b>1</b>
9. Suit against the company		1. Mobile Homeowners Policy	
10. Abandonment		<b>E. National Flood Insurance Program</b> .....	<b>3</b>
11. Waiver		<i>(The candidate is not responsible for differences in the Flood Program's treatment of personal exposures and commercial exposures.)</i>	
<b>B. Basic (DP-1), Broad (DP-2), and Special (DP-3) dwelling property forms</b> .....	<b>4</b>	1. Background and Purpose	
<i>(The candidate should be able to compare the major features of these forms.)</i>		2. Programs	
1. General nature and eligibility		a. Emergency	
2. Coverage items and other coverages		b. Regular	
3. Property excluded		c. Who needs flood insurance?	
4. Perils covered and excluded		3. Flood Maps and Zone Determinations	
5. Other conditions and provisions (e.g., loss settlement subrogation)		4. Policies and Products Available	
6. Personal Liability and Theft Coverages		5. Definitions	
<b>C. Homeowner's policies (including amendatory endorsements)</b> .....	<b>15</b>	6. General Rules	
<i>Ref: This section is based on the North Carolina Rate Bureau Forms as adapted from the HO-2011 program of the Insurance Services Offices.</i>		7. Rating	
1. Eligibility and forms available		8. Claims Handling Process	
2. Definitions		9. Write Your Own Company	
3. Section I <i>(The candidate should be able to analyze and compare the several Homeowners policies with respect to the following items.)</i>		<b>F. Watercraft/yacht</b> .....	<b>1</b>
a. Coverage items and additional coverages		1. Hull coverage	
b. Property limited or excluded		2. Liability (protection and indemnity) coverage	
c. Perils covered and excluded		<b>G. Personal umbrella liability</b> .....	<b>1</b>
d. Relationship among amounts of insurance		1. General nature	
e. Loss settlement		2. Underlying coverages	
f. Other conditions		3. Self-Insured retention	
4. Section II		<b>III. PERSONAL AUTO POLICY (NORTH CAROLINA RATE BUREAU FORM)</b> .....	<b>15</b>
a. Liability insuring agreement and exclusions		<b>A. General nature and eligibility</b>	
b. Medical payments insuring agreement and exclusions		<b>B. Definitions</b>	
c. Additional coverages		1. Named insured	
d. Section II conditions		2. An insured	
5. Conditions applicable to Sections I and II		3. Covered automobile	
6. Frequently Used Homeowner endorsements		a. Non-owned	
a. Scheduled personal property (personal articles floater)		b. Temporary substitute	
<i>Ref: HO-04-61</i>		<b>C. Standard coverages, parts A through D</b> <i>(The candidate should have knowledge of the insuring agreement, exclusions, and other items of the coverage listed below.)</i>	
b. Personal injury		1. Liability	
<i>Ref: HO-32-82</i>		2. Medical payments	
c. Personal property replacement cost		3. Uninsured motorists/underinsured motorists	
<i>Ref: HO-04-90</i>		4. Damage to your auto (physical damage)	
d. Permitted incidental occupancies		5. Insured's duties	
<i>Ref: HO-04-42</i>		6. General provisions	

**D. Other coverages available**

- 1. Towing and labor  
*Ref: NC 03 03*
- 2. Extended transportation expenses  
*Ref: NC 03 02*
- 3. Extended non-owned coverage  
*Ref: NC 03 06*
- 4. Coverage for Damage to Your Auto  
*Ref: NC 03 15*

**IV. NORTH CAROLINA STATUTES AND REGULATIONS PERTINENT TO PERSONAL LINES.....24**

**A. Contract of Insurance**

*Ref: Article 1 (G.S. 58-1-10)*

**B. Commissioner of Insurance**

*Ref: Article 2 (G.S. 58-2-5, 40, 50, 60, 65, 69, 70, 75, 155, 160, 161, 162, 163, 180, 185, 195, 200); 11 NCAC, Chapter 19, Section .0103*

**C. General Regulations for Insurance**

*Ref: Article 3 (G.S. 58-3-10, 15, 25, 40, 115, 120, 130, 135, 140, 145)*

**D. Licensing of Agents, Brokers, Limited Representatives, and Adjusters**

*Ref: Article 33 (G.S. 58-33-1, 5, 10, 17, 20, 26, 31, 32, 35, 40, 46, 50, 56, 60, 66, 70, 75, 76, 80, 82, 83, 85, 95, 100, 105, 110, 115, 120, 125, 130, 132, 135); 11 NCAC, Chapter 4, Section .0423*

**E. Insurance Information & Privacy Protection Act**

*Ref: Article 39 (G.S. 58-39-5 through 58-39-120)*

**F. Regulation of Credit Insurance**

*Ref: Article 57 (G.S. 58-57-65)*

**G. Unfair Trade Practices**

*Ref: Article 63 (G.S. 58-63-15, 20, 50)*

**H. False Pretenses and Cheats**

*Ref: Article 19 (G.S. 14-100)*

**I. Continuing Education**

*Ref: 11NCAC, Chapter 6A, Section .0800; 11 NCAC, Chapter 4, Section .0423*

**J. North Carolina Rate Bureau**

*Ref: Article 36 (G.S. 58-36-1, 15, 20, 25, 30, 45, 55, 65, 75, 80)*

**K. North Carolina Motor Vehicle Reinsurance Facility**

*Ref: Article 37 (G.S. 58-37-1.5, 25, 30, 35, 50, 55, 60)*

**L. General Regulations of Business**

*Ref: Article 43 (G.S. 58-43-5, 10)*

**M. Fire Insurance Policies**

*Ref: Article 44 (G.S. 58-44-1, 5, 30)*

**N. Essential Property Insurance for Beach Area Property**

*Ref: Article 45 (G.S. 58-45-1, 5, 10, 15, 35)*

**O. Fair Access to Insurance Requirements**

*Ref: Article 46 (G.S. 58-46-1, 5, 10, 15)*

**P. Post Assessment Insurance Guaranty Association**

*Ref: Article 48 (G.S. 58-48-5, 10, 25, 35)*

**Q. Motor Vehicle Liability Policy Defined**

*Ref: (G.S. 20-279.21); 11 NCAC, Chap. 4, Section .0415*

**R. Cancellation or Nonrenewal of Motor Vehicle Policy**

*Ref: (G.S. 20-310)*

**S. Consumer Division**

*Ref: 11 NCAC, Chapter 4, Subsections .0120, .0121, .0122, .0415, .0423, .0429*

**NORTH CAROLINA  
MEDICARE SUPPLEMENT/LONG-TERM  
CARE AGENT  
CONTENT OUTLINE**

*(50 scoreable questions and 10 pretest questions)*

This examination will test on topics listed on the following content outline and is composed of fifty (50) four-option, multiple-choice questions. Ten (10) additional questions will be on the test. These questions are used to gather statistical data and will not affect your examination scores.

**I. MEDICARE IN GENERAL .....8**

**A. Terms and concepts**

- 1. Federal program
- 2. Four parts
- 3. Financing/Premiums
  - a. Part A
  - b. Part B
    - (1) Medicare Savings Programs
  - c. Part C
  - d. Part D

**B. Enrollment**

- 1. Eligibility
  - a. Persons age 65 and over
  - b. Certain disabled persons
  - c. Persons with end-stage renal disease
- 2. Part A
- 3. Part B
- 4. Workers age 65 and over
- 5. Initial enrollment period
- 6. General enrollment period
- 7. Special enrollment period
- 8. Working-Employer Group Health Plan

**C. Concepts**

- 1. Prospective Payment System (PPS)
  - a. Diagnosis Related Groups (DRGs)
- 2. Quality Improvement Organization (QIO)
  - a. Utilization and Review Committee

**D. Payment of claims**

- 1. Medicare Administrative Contractor (MAC)
  - a. Assignment
  - b. Approved charges/charge limits
- 2. Medicare Conditional Payments (Subrogation)

**II. MEDICARE PART A (HOSPITAL INSURANCE) ORIGINAL MEDICARE..... 10**

**A. Inpatient hospital care**

- 1. Benefit periods

- a. Definition
- b. Days 1 through 60
  - (1) Deductible
  - (2) Nonexhaustible benefit
- c. Days 61 through 90
  - (1) Daily copayment (coinsurance)
  - (2) Nonexhaustible benefit
- d. Days 91 through 150 (lifetime reserve days)
  - (1) Daily copayment (coinsurance)
  - (2) Exhaustible benefit
- 2. Covered expenses
- 3. Exclusions
- B. Skilled Nursing Facility (SNF) care**
  - 1. Definition
  - 2. Benefit periods
    - a. Days 1 through 20
    - b. Days 21 through 100
      - (1) Daily copayment (coinsurance)
  - 3. Covered services
  - 4. Exclusions
  - 5. Requirements
- C. Home health care**
  - 1. Definition
  - 2. Conditions for eligibility
  - 3. First dollar coverage
  - 4. Requirements
  - 5. Exclusions
- D. Hospice care**
  - 1. Definition
  - 2. Benefit periods
  - 3. Eligibility
  - 4. Respite care
  - 5. Coinsurance
  - 6. Covered services
  - 7. Exclusions
- E. Provider claim filing and Medicare Summary Notice—Part A**
- F. Additional Part A services**
  - 1. Psychiatric
  - 2. Blood deductible
    - a. Part A
    - b. Part B

**III. PART B (MEDICAL INSURANCE) ORIGINAL  
MEDICARE ..... 7**

- A. Deductible**
- B. Coinsurance**
- C. Covered services**
  - 1. Doctor
    - a. Exclusions
  - 2. Outpatient medical services and supplies
    - a. Exclusions
- D. Other covered services and supplies**
  - 1. Ambulatory surgical
  - 2. Home health
  - 3. Outpatient physical therapy, occupational therapy, and speech pathology

- 4. Rural health clinic
- 5. Portable diagnostic x-ray
- 6. Other diagnostic tests
- 7. Radiation therapy
- 8. Kidney dialysis and transplants
- 9. Heart transplants
- 10. Ambulance transportation
- 11. Preventative services
- E. Assignment payment method**
- F. Medicare Summary Notice**

**IV. MEDICARE PART C..... 3**

- A. Medicare Advantage**
  - 1. Health Maintenance Organization (HMOs)
  - 2. Preferred Provider Organizations (PPOs)

**V. MEDICARE PART D..... 2**

- A. Eligibility**
- B. Minimum Standards**
- C. Prescription plan options**
  - 1. Stand alone plan
  - 2. Medicare Advantage prescription plans
  - 3. Employer sponsored retiree plans
- D. Other group and retirement plans**
  - 1. Medicare/Medicaid eligible

**VI. MEDICARE SUPPLEMENT POLICIES (MEDIGAP)... 8**

- A. Eligibility**
- B. Standardized Medicare Supplement Plans**
  - 1. Core benefits
  - 2. Optional benefits
- C. Renewability**
  - 1. Guaranteed renewable
  - 2. Noncancellable
- D. Preexisting conditions**
- E. Minimum requirements**
  - 1. Outline of coverage
  - 2. Loss ratios
  - 3. Required disclosures
- F. Exclusions**
- G. Marketing and selling of Medigap policies**
  - 1. Premiums
    - a. Attained age
    - b. Issue age
  - 2. Compensation
  - 3. Guaranteed Issue
    - a. Open enrollment
    - b. Upon leaving Medicare Advantage programs
    - c. Upon leaving employer group plans
- H. Statutes and regulations**
  - 1. General statutes
    - Ref: Chapter 58, Article 54*
  - 2. Rules and regulations
    - Ref: 11 NCAC; See NAIC Model 651*

**VII. MEDICAID..... 1**

- A. Definition**
- B. Eligibility**
- C. Administration**
- D. Spending down**

- E. Spousal impoverishment
- F. Medicare-Aid
  - 1. Qualified Medicare Beneficiary (QMB)
  - 2. Specified Low-Income Medicare Beneficiary (SLMB)

**VIII. LONG-TERM CARE POLICIES.....11**

- A. Definition
- B. Benefits
  - 1. Daily/Monthly benefit
  - 2. Length of benefit period
  - 3. Levels of care
    - a. Skilled care
    - b. Intermediate care
    - c. Custodial care
    - d. Home Health Care
  - 4. State mandated benefits
  - 5. Elimination period
- C. Renewability
- D. Additional features
  - 1. Waiver of premium
  - 2. Inflation protection
  - 3. Nonforfeiture
  - 4. Financial or suitability worksheet
- E. Premiums
- F. Preexisting conditions
  - 1. Six and six provision
- G. Outline of Coverage and Shopper's Guide
- H. Policy Summary
- I. Loss ratios
- J. Exclusions
- K. Tax considerations
- L. Long-Term Care market
  - 1. Minimum and maximum ages
- M. Partnership Plans
- N. Long-Term Care insurance  
*Ref: Chapter 58, Article 55; HIPAA*
- O. Regulations: Long-Term Care  
*Ref: 11 NCAC 12.1002 through 12.1026, 12.0555*

- F. Insurable Interest
- G. Deductible
- H. Named peril vs. open peril
- I. Specific vs. blanket coverage
- J. Property loss valuation
  - 1. Actual cash value
  - 2. Replacement cost
  - 3. Functional replacement cost
  - 4. Salvage value
- K. Mortgagee/loss payee
- L. Misrepresentation, breach of warranty, concealment
- M. Negligence, liability, and supplementary payments
- N. Bodily injury, property damage, personal injury
- O. Accident/Occurrence
- P. Deposit premium/audit
- Q. Liability limits: single, split, aggregate
- R. Certificate of insurance
- S. Binder
- T. Endorsement
- U. Subrogation
- V. Liberalization clause
- W. First named insured
- X. Monoline vs. package policies
- Y. Major classes of policy provisions
  - 1. Declarations
  - 2. Definitions
  - 3. Insuring agreements
  - 4. Exclusions/Waivers
  - 5. Conditions
- Z. Insurance
- AA. Application
- BB. Adhesion
- CC. Direct loss vs. Indirect loss (loss of use)
- DD. Release
- EE. Unilateral
- FF. Estoppel

**II. PERSONAL INSURANCE COVERAGES..... 30**

- A. Standard Fire Policy ..... 5
  - 1. Perils and losses covered and excluded
  - 2. Inception/expiration
  - 3. Limitations on amount payable
    - a. Policy limit
    - b. Actual cash value
    - c. Cost to repair or replace
    - d. Pro rata liability
    - e. Interest of the insured
  - 4. Insurer's options in loss settlement
  - 5. Concealment, misrepresentations, fraud
  - 6. Requirements in the event of loss
  - 7. Appraisal
  - 8. Subrogation
  - 9. Suit against the company
  - 10. Abandonment
  - 11. Waiver

**NORTH CAROLINA  
ADJUSTERS  
CONTENT OUTLINE**  
*(100 questions plus 20 pretest questions)*

This examination will test on topics listed on the following content outline and is composed of one hundred (100) four-option, multiple-choice questions. Up to twenty (20) additional questions may be on your test. These are used to gather statistical data and will not affect your exam score.

- I. TERMS AND CONCEPTS.....7
  - A. Risk
  - B. Hazard
  - C. Peril
  - D. Economic Loss
  - E. Indemnity

**B. Basic (DP-1), Broad (DP-2), and special (DP-3) dwelling property forms ..... 4**

*(The candidate should be able to compare the major features of these forms.)*

1. General nature and eligibility
2. Coverage items and other coverages
3. Property excluded
4. Perils covered and excluded
5. Other conditions and provisions (e.g., loss settlement subrogation)
6. Personal Liability and Theft Coverages

**C. Homeowners policies ..... 15**

*Ref: This section is based on the North Carolina Rate Bureau Forms as adapted from the HO-2011 program of the Insurance Services Offices.*

1. Eligibility and forms available
2. Definitions
3. Section I *(The candidate should be able to analyze and compare the several Homeowners policies with respect to the following items.)*
  - a. Coverage items and additional coverages
  - b. Property limited or excluded
  - c. Perils covered and excluded
  - d. Relationship among amounts of insurance
  - e. Loss settlement
  - f. Other conditions
4. Section II
  - a. Liability insuring agreement and exclusions
  - b. Medical payments insuring agreement and exclusions
  - c. Additional coverages
  - d. Section II conditions
5. Conditions applicable to Sections I and II
6. Frequently used Homeowners endorsements
  - a. Scheduled personal property (personal articles floater)  
*Ref: HO-04-61*
  - b. Personal injury  
*Ref: HO-24-82*
  - c. Personal property replacement cost  
*Ref: HO-04-90*
  - d. Permitted incidental occupancies  
*Ref: HO-04-42*
  - e. Watercraft  
*Ref: HO-24-75*
  - f. Water Back Up and Sump Discharge or Overflow  
*Ref: HO-04-84*
  - g. Refrigerated property coverage  
*Ref: HO-04-98*
  - h. Business Pursuits  
*Ref: HO-24-71*
  - i. Absolute Wind Storm or Hail Exclusion  
*Ref: HO-32-94*
7. North Carolina amendatory endorsements (mandatory)
  - a. Special provisions HO-32-32

- b. Home day care business liability exclusions and limited property coverage HO-32-96

**D. Other personal packages ..... 1**

1. Mobile homeowners policy
2. Comprehensive personal liability policy

**E. National Flood Insurance Program *(The candidate is not responsible for differences in the Flood Program's treatment of personal exposures and commercial exposures.)* ..... 3**

1. Background and Purpose
2. Programs
  - a. Emergency
  - b. Regular
  - c. Who needs flood insurance
3. Flood Maps and Zone Determinations
4. Policies and Products Available
5. Definitions
6. General Rules
7. Rating
8. Claims Handling Process
9. Write Your Own Company

**F. Watercraft/yacht ..... 1**

1. Hull coverage
2. Liability (protection and indemnity) coverage

**G. Personal umbrella liability ..... 1**

1. General nature
2. Underlying coverages
3. Self-Insured retention

**III. PERSONAL AUTO POLICY (NORTH CAROLINA RATE BUREAU FORM) ..... 15**

**A. General nature and eligibility**

**B. Definitions**

1. Named insured
2. An insured
3. Covered automobile
  - a. Non-owned
  - b. Temporary substitute

**C. Standard coverages, parts A through D *(The candidate should have knowledge of the insuring agreement, exclusions and other terms of the coverage listed below.)***

1. Liability
2. Medical payments
3. Uninsured motorists/underinsured motorists
4. Damage to your auto (physical damage)
5. Insured's duties
6. General provisions

**D. Other coverages available**

1. Towing and labor  
*Ref: NC 03 03*
2. Extended transportation expenses  
*Ref: NC 03 02*
3. Extended non-owned coverage  
*Ref: NC 03 06*
4. Coverage for Damage to your Auto

**IV. COMMERCIAL INSURANCE COVERAGES..... 18**

**A. Building and personal property coverage form**

1. General nature
2. Business personal property (BPP)
  - a. Building
  - b. Your business personal property
  - c. Personal property of others
3. Property not covered
4. Additional coverages
5. Extension of coverages
6. Causes of loss forms
  - a. Basic
  - b. Broad
  - c. Special
  - d. Earthquake
7. Coinsurance
8. Loss valuation
9. Optional coverages
  - a. Agreed value
  - b. Inflation guard
  - c. Replacement cost
  - d. Endorsed optional coverages
10. Conditions and provisions (e.g., *Vacancy, limits of insurance as found in this coverage form. The candidate should also be familiar with ISO's common policy conditions and commercial property conditions.*)
  - a. Inspection and surveys

**B. Other coverage forms and endorsements** (The candidate is responsible only for an understanding of the general nature of these and how they modify or tailor coverage to meet specific needs.)

1. Peak season endorsement
2. Builders risk form

**C. Business income coverage form**

1. General nature
2. Losses covered
  - a. Business Income
  - b. Extra expense
  - c. Extended business income
3. Causes of loss forms (see IV.A.5 above) including special exclusions applicable to business income coverage
4. Coinsurance and business income
  - a. Percentages available
  - b. Base to which percentage is applied
5. Loss of business income optional coverages
  - a. Maximum period of indemnity
  - b. Monthly limit of indemnity
  - c. Agreed value

**D. Extra Expense coverage form**

1. General nature
2. Losses covered
3. Percentage availability (40/80/100) of face amount

**E. Crime coverage forms**

1. Loss Sustained vs. Discovery Form
2. Employee Theft
3. Forgery or Alteration
4. Computer Fraud
5. Major crime definitions
  - a. Employee dishonesty
  - b. Burglary
  - c. Safe Burglary
  - d. Robbery
  - e. Theft

**F. Boiler and machinery insurance**

1. General nature
2. Expediting expenses
3. Endorsements

**G. General liability insurance**

1. Basic hazards
  - a. Premises and operations
  - b. Products and completed operations
2. Commercial general liability forms
  - a. Common policy conditions
  - b. Coverage A: bodily injury and property damage liability
    - (1) Occurrence
    - (2) Claims made
  - c. Coverage B: personal injury and advertising injury
  - d. Coverage C: medical payments
  - e. Supplementary payments
  - f. Who is an insured?
  - g. Limits
  - h. Definitions

**H. Commercial Automobile Insurance**

1. Business auto coverage form
  - a. Types of autos
    - (1) Owned
    - (2) Hired
    - (3) Non-owned
  - b. Standard coverages
    - (1) Liability
    - (2) Physical damage
    - (3) Medical payments
    - (4) Uninsured motorists/underinsured motorist
2. Garage liability coverage form and garagekeepers insurance (candidate needs to understand general needs of Garage liability)

**I. Workers' compensation and employers liability insurance**

1. Basic coverages provided
  - a. Insuring agreements
  - b. Limitations and exclusions
2. Other states insurance
3. Insured's duties if injury occurs
4. Premium determination
5. Assigned risk plan
6. Definitions-Disabilities

- a. total permanent
- b. temporary total
- c. temporary partial
- d. permanent partial

**J. Other coverages**

1. Commercial Inland marine (*The candidate is responsible only for a general understanding of the needs these coverages meet.*)
  - a. Bailees customers
  - b. Contractors equipment
  - c. Builders risk/ Installation floater
  - d. Motor truck cargo (owner's form)
  - e. Installation floater
2. Surety bonds
  - a. Parties to the contract of surety
  - b. Promise of the surety
  - c. Types of surety bonds
3. Fidelity Bonds
  - a. Parties
  - b. Types
    - (1) Individual Bond
    - (2) Name Schedule Bond
    - (3) Position Schedule Bond
    - (4) Commercial Blanket Bond
    - (5) Blanket Position Bond
4. Commercial umbrella liability
  - a. General nature
  - b. Underlying coverages
  - c. Self-insured retention
5. Farmowners policy

**K. Package policies**

1. Commercial package policy
  - a. General nature
  - b. Eligibility for package modification
2. Businessowner's policy
  - a. General nature
  - b. Standard and special coverage forms
  - c. Optional section I coverages
  - d. Liability coverage

**V. LOSS REPORT .....7-8**

**A. Essential Elements**

1. Inception/Expiration Date
2. Occurrence Date
3. Identification of Parties Involved
4. Policy Form/Number
5. Description of Loss
6. Coverages
7. Deductible
8. Tort/Tort Feasors
9. Elements of an Investigation
10. Statute of Limitations

**B. Types of Liability**

1. Contributory
2. Vicarious
3. Strict

**VI. LOSS/DAMAGE VALUATION.....7-8**

**A. Damages**

1. Special
2. General
3. Punitive Damages
4. Material Damage Estimates
5. Diminution of Value

**B. Valuation Clause**

1. Replacement Cost Provisions
2. Actual Cash Value
3. Stated Value
4. Reproduction Cost

**C. Closing Document**

**D. Closing Report**

**VII. NORTH CAROLINA STATUTES AND REGULATIONS PERTINENT TO ADJUSTERS..... 15**

**A. Contract of Insurance**

*Ref: Article 1 (G.S. 58-1-10)*

**B. Commissioner of Insurance**

*Ref: Article 2 (G.S. 58-2-5, 40, 50, 60, 65, 69, 70, 155, 160, 161, 162, 163, 180, 185, 195, 200); 11 NCAC, Chapter 19, Section .0103*

**C. General Regulations for Insurance**

*Ref: Article 3 (G.S. 58-3-10, 15, 25, 30, 40, 115, 120, 130, 135, 140, 145)*

**D. Licensing of Agents, Brokers, Limited Representatives, and Adjusters**

*Ref: Article 33 (G.S. 58-33-1, 5, 10, 15, 17, 20, 26, 30, 31, 32, 35, 40, 46, 50, 56, 60, 66, 70, 75, 76, 80, 82, 83, 105, 110, 115, 120, 125, 130, 132, 135); 11 NCAC, Chapter 4, Section .0423*

**E. Insurance Information & Privacy Protection Act**

*Ref: Article 39 (G.S. 58-39-5 through 58-39-120)*

**F. Unfair Trade Practices**

*Ref: Article 63 (G.S. 58-63-15(11), 20, 50)*

**G. Continuing Education**

*Ref: 11NCAC, Chapter 6A, Section .0800*

**H. North Carolina Motor Vehicle Reinsurance Facility**

*Ref: Article 37 (G.S. 58-37-1, 5, 25, 30, 35, 50, 55, 60)*

**I. General Regulations of Business**

*Ref: Article 43 (G.S. 58-43-5, 10)*

**J. Fire Insurance Policies**

*Ref: Article 44 (G.S. 58-44-1, 5, 10, 30)*

**K. Motor Vehicle Liability Policy Defined**

*Ref: (G.S. 20-279.21)*

**L. Cancellation or Nonrenewal of Motor Vehicle Policy**

*Ref: 11 NCAC, Chapter 4, Section .0422; Section .0423;*

**M. Workers' Compensation Law**

*Ref: Condensed from Chapter 97, General Statutes of North Carolina and produced as a bulletin titled "Information about the North Carolina Workers' Compensation Act" published annually by the North Carolina Industrial Commission.)*

**N. Consumer Division**

*Ref: 11 NCAC, Chapter 4, Sections .0417-.0421, .0423,*



**NORTH CAROLINA  
 AUTO PHYSICAL DAMAGE AGENT  
 CONTENT OUTLINE**  
*(25 questions)*

This examination will test on topics listed on the following content outline and is composed of twenty-five (25) four-option multiple-choice questions.

- I. TERMS AND CONCEPTS**
  - A. Insurable interest**
  - B. Deductible**
  - C. Property loss valuation**
    - 1. Actual cash value
    - 2. Market value
    - 3. Replacement cost
- II. AUTO PHYSICAL DAMAGE POLICY**
  - A. Declarations**
  - B. Definitions**
    - 1. Named insured
    - 2. Family member
    - 3. Your covered auto
      - a. Owned
      - b. Nonowned
      - c. Temporary substitute
  - C. Part D — Coverage for damage to your auto**
    - 1. Insuring agreement
      - a. Collision
      - b. Other than collision (comprehensive)
    - 2. Transportation expenses
    - 3. Salvage charges
    - 4. Exclusions
    - 5. Limit of liability
    - 6. Payment of loss
    - 7. No benefit to bailee
    - 8. Other insurance
    - 9. Appraisal
- III. NORTH CAROLINA STATUTES AND REGULATIONS PERTINENT TO AUTO PHYSICAL DAMAGE**
  - A. Unfair Trade Practices**  
*Ref: Article 63 (G.S. 58-63-15(11), 20, 50)*
  - B. Consumer Division**  
*Ref: 11 NCAC, Chapter 4, Sections .0418, .0419, .0423*

**NORTH CAROLINA  
 SURPLUS LINES AGENT  
 CONTENT OUTLINE**  
*(50 questions)*

This examination will test on topics listed on the following content outline and is composed of fifty-five (55) four-option, multiple-choice questions.

- I. COMMERCIAL INSURANCE COVERAGES ..... 10**
  - A. Building and personal property coverage form**
  - B. Business income coverage form**
  - C. Extra expense coverage form**
  - D. Crime coverage forms**
  - E. General liability insurance**
  - F. Automobile Physical Damage insurance**
  - G. Commercial inland marine**
    - 1. Bailee's customer
    - 2. Contractors' equipment
    - 3. Builder's risk
    - 4. Motor truck cargo (owner's form)
  - H. Commercial umbrella policy**
  - I. Professional Liability**
  - J. Pollution Liability**
  - K. Garagekeepers**
- II. SURPLUS LINES ACT.....40**  
*Ref: 58-21, 58-33*
  - A. Purpose of the Act**
  - B. Guaranty Fund**
  - C. Condition for placing coverage**
  - D. Bond requirement**
  - E. Records retention**
  - F. North Carolina Surplus Lines Association**
  - G. Payments to insurer**
  - H. Premium tax**
  - I. Unauthorized Insurers**
  - J. Quarterly reports**
  - K. Penalties**
  - L. Eligible Surplus Lines Insurers requirements**
  - M. Reporting requirements**
  - N. Rates and forms**
  - O. Surplus Lines Licensee eligibility**
  - P. Placement of coverage**
  - Q. Duties to insured**
  - R. Corporate License**
  - S. Tax filings for licensees**
  - T. Definitions**
  - U. Licensing**

**NORTH CAROLINA  
TITLE AGENT  
CONTENT OUTLINE**

*(50 questions)*

This examination will test on topics listed on the following content outline and is composed of fifty (50) four-option, multiple-choice questions.

**I. TITLE INSURANCE TERMS AND CONCEPTS**

- A. Binder (Commitment)**
- B. Policy**
- C. Exception**
- D. Requirement**
- E. Endorsement**
- F. Surveyor's report**
- G. Length of search**
- H. Closing Protection Letter**
- I. Approved attorney system**
- J. Encroachment**
- K. Building set back line**
- L. Restrictive covenant**

**II. TITLE INSURANCE POLICIES (APPROVED BY ALTA)**

- A. Types**
  - 1. Owners
  - 2. Loan
  - 3. Homeowners
  - 4. Short Form
- B. Format**
  - 1. Covered risks
  - 2. Exclusions from coverage
  - 3. Conditions
  - 4. Schedule A
  - 5. Schedule B
- C. Premiums**
- D. Endorsements**

**III. TYPES OF REAL ESTATE OWNERSHIP**

- A. Co-tenancy**
- B. Fee simple**
- C. Life estate**
- D. Leasehold**
- E. Tenancy by the entireties**

**IV. RIGHTS AND INTERESTS**

- A. Easement and Right of way**
  - 1. Benefiting
  - 2. Burdening
- B. Liens**
  - 1. General
  - 2. Specific
- C. Unit**
  - 1. Condominiums
  - 2. Townhouses
  - 3. Time shares
- D. Private Rights**

**V. LEGAL DESCRIPTIONS**

**A. Surveys**

- 1. Boundary
- 2. Foundation
- 3. Final

**B. Metes and bounds**

**C. Lot and block**

**VI. METHODS OF TRANSFER/CONVEYANCES**

**A. Deed**

- 1. General warranty deed
- 2. Special warranty deed
- 3. Non-warranty/Quitclaim
- 4. Trustees deed

**B. Deed of trust/Mortgage**

**C. Lease**

**D. Will/Intestacy**

**E. Adverse possession**

**F. Foreclosure**

**G. Bankruptcy**

**H. Court Order**

**VII. NORTH CAROLINA STATUTES AND REGULATIONS PERTINENT TO TITLE INSURANCE**

*Ref: NC G.S. Chapter 58*

**NORTH CAROLINA  
HAIL ADJUSTER  
CONTENT OUTLINE**

*(19 scoreable questions)*

This examination tests the very specific knowledge required to adjust crop damage caused by hail. It is suggested that candidates prepare for this test by consulting with licensed hail adjusters or licensed adjusters who, in the course of their daily work, adjust crop damage due to hail. Another option is to contact companies whose business is to adjust crop hail damage. These sources may assist the candidate in hail adjusting examination preparation.

**I. GENERAL INSURANCE TERMS AND CONCEPTS**

- A. Insurable interest**
- B. Risk**
- C. Hazard**
- D. Peril**
- E. Loss**
  - 1. Direct
  - 2. Indirect
- F. Indemnity**
- G. Coinsurance**
- H. Occurrence**
- I. Negligence**
- J. Insuring Agreement**
- K. Subrogation**
- L. Tort Law**
- M. Pro-rata liability**
- N. Binder**
- O. Exclusions**
- P. Deductible**

**II. CROP INSURANCE**

- A. Policy rates**
- B. Coverages available**
- C. Policy provisions**
- D. Claim Settlement Practices**
  - 1. Claims site assessment
    - a. Site testing
    - b. Standard measures
    - c. Location
  - 2. Notice of loss
  - 3. Insured's duties
  - 4. Percentage Plan
  - 5. Arbitration and appraisal
  - 6. Loss payment
- E. Cancellation and nonrenewal**
- F. Application/Assignment**
- G. National Crop Insurance Service**
- H. Federal Crop Insurance Act**
- I. Exception/Fire and Transit**
- J. Insurable Interest or Contract**
- III. MULTIPLE PERIL INSURANCE**
- IV. NORTH CAROLINA STATUTES, RULES, AND REGULATIONS PERTINENT TO ALL ADJUSTERS**
  - A. Contract of Insurance**  
*Ref: Article 1 (G.S. 58-1-10)*
  - B. Commissioner of Insurance**  
*Ref: Article 2 (G.S. 58-2-5, 40, 50, 60, 65, 69, 70, 155, 160, 161, 162, 163, 180, 185, 195, 200)*
  - C. General Regulations for Insurance**  
*Ref: Article 3 (G.S. 58-3-10, 15, 25, 30, 40, 115, 120, 130, 135, 140, 145)*
  - D. Licensing of Agents, Brokers, Limited Representatives, and Adjusters**  
*Ref: Article 33 (G.S. 58-33-1, 5, 10, 15, 17, 20, 26, 30, 31, 32, 35, 40, 46, 50, 56, 60, 66, 70, 75, 76, 80, 82, 83, 105, 110, 115, 120, 125, 130, 132, 135)*
  - E. Insurance Information & Privacy Protection Act**  
*Ref: Article 39 (G.S. 58-39-5 through 58-39-120)*
  - F. Unfair Trade Practices**  
*Ref: Article 63 (G.S. 58-63-15(1), 20, 50)*
  - G. Consumer Division**  
*Ref: 11 NCAC, Chapter 4, Sections .0417-.0421, .0423, .0425, .0426*