



State of Missouri
Department of Economic Development

John Ashcroft, Governor
Carl M. Koupal, Jr., Director

Division of Insurance
P.O. Box 690
Jefferson City, Missouri 65102-0690
Telephone 314/751-4126

C. Donald Ainsworth,
Director

Bulletin #85-03

TO: INSURANCE DEPARTMENTS, INSURANCE COMPANIES, TRADE ASSOCIATIONS,
SCHOOLS AND BUSINESS ORGANIZATIONS

FROM: C. DONALD AINSWORTH, DIRECTOR OF INSURANCE

SUBJECT: PRE-LICENSING EDUCATIONAL REQUIREMENTS IN MISSOURI

DATE: JULY 1, 1985

On January 1, 1985, the pre-licensing educational requirements of Senate Bill 570 go into effect. This law requires all Missouri residents applying for an agent or broker license to meet educational requirements prior to the license being issued. The educational courses must be completed within one year immediately preceding the date of the application for licensure or not later than 90 days after the required examination has been successfully completed. A license will be issued to resident applicants only after passing the test and providing proof that educational courses have been completed.

The following hours are the minimum hours for each line of insurance:

- Life - not less than 15 hours
- Accident and Health - not less than 15 hours
- Fire & Allied Lines - not less than 20 hours
- General Casualty - not less than 20 hours

The director shall grant authority to:

- (1) Public and private educational organizations
- (2) Technical colleges
- (3) Trade schools
- (4) Insurance companies
- (5) Insurance trade organizations
- (6) Other approved organizations —

that provide satisfactory evidence that the courses of study are in substantial compliance with the requirements established by the director.

Exempt from the pre-licensing educational requirements are:

- (1) Non-resident applicants
- (2) Applicants for restricted to credit, restricted to travel and title licenses
- (3) Agents and brokers already licensed on January 1, 1986.

After January 1, 1986, if a resident agent or broker applies for a type of license or line of insurance for which the agent or broker is not licensed, pre-licensing education will be required for the additional type and lines.

Enclosed with this bulletin are:

- (1) An application for the course instructor (Form E-1)
- (2) An application for the provider of the course (Form E-2)
- (3) A class roster (Form E-3)
- (4) A certificate of completion (Form E-4)
- (5) An evaluation form (E-5A & E-5B)
- (6) Outlines for life, accident and health, fire and allied lines and general casualty.

Each course instructor and each course must be approved by the director. In order for the director to review applications for approval, the following must be submitted:

- (1) The instructor's application (Form E-1), including resume and documentation of qualifications
- (2) The provider's application (Form E-2), including a complete schedule of dates and times. Upon approval of the course, an approved copy of the application will be returned to the provider indicating the course number assigned by the Division of Insurance.
- (3) A course outline prepared by the instructor which shows the topics to be taught and the time that will be devoted to each topic. Time devoted to each topic will need to be consistent with the weighting indicated on the enclosed outline. The Division encourages the instructor to cover the licensing statutes and regulations as the applicant will be tested on Missouri insurance practices, regulations and general insurance principles. This will need to be in addition to the hours required for each line of insurance.

The review process should be completed by the Missouri Division of Insurance within 90 days of receipt of the material. The Missouri Division of Insurance reserves the right to audit any of the approved courses at any time.

The class roster (Form E-3) is to be completed by the provider at the end of each course and sent to the Missouri Division of Insurance.

The Certificate of Completion (Form E-4) is to be completed by the course instructor and presented to the student.

The evaluation form (E-5A and E-5B) is to be completed by each student in the course. Part E-5A should be maintained by the provider for at least one year. Part E-5B should be forwarded by the student to the Missouri Division of Insurance.

Questions regarding the pre-licensing education requirements should be directed to the License Section. The telephone numbers are 314-751-3518 or 314-751-7221.

MISSOURI DIVISION OF INSURANCE
P. O. BOX 690
JEFFERSON CITY, MO 65102-0690

PRE-LICENSING EDUCATION INSTRUCTOR APPLICATION

NAME: _____ SOCIAL SECURITY # _____

HOME ADDRESS: _____ HOME PHONE: _____

BUSINESS ADDRESS: _____ BUSINESS PHONE: _____

EMPLOYER: _____

EMPLOYER'S ADDRESS: _____

SUPERVISOR: _____

CURRENT POSITION: _____

EDUCATIONAL BACKGROUND:

High School _____ Dates _____

College _____ Dates _____

PROFESSIONAL BACKGROUND - TRAINING AND/OR SCHOOLS/INDUSTRY EXPERIENCE:

1. _____ Dates _____

2. _____ Dates _____

3. _____ Dates _____

4. _____ Dates _____

PROFESSIONAL DESIGNATIONS: _____

PRIOR TEACHING EXPERIENCE:

1. _____ When _____

Objectives of course or subject taught: (Be specific)

- A.
- B.
- C.
- D.
- E.

RESCINDED AND INOPERATIVE

2. _____ When _____
- A.
 - B.
 - C.
 - D.
 - E.

(ADD ADDITIONAL PAGES IF NEEDED)

LIST THREE (3) PROFESSIONAL REFERENCES:

1. NAME _____ ADDRESS _____
 _____ PHONE _____

2. NAME _____ ADDRESS _____
 _____ PHONE _____

3. NAME _____ ADDRESS _____
 _____ PHONE _____

LIST THREE (3) PERSONAL REFERENCES:

1. NAME _____ ADDRESS _____
 _____ PHONE _____

2. NAME _____ ADDRESS _____
 _____ PHONE _____

3. NAME _____ ADDRESS _____
 _____ PHONE _____

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Please attach a resume which will become a part of this application.

Included in my resume is documentation that I:

- _____ Have a CLU, FLMI, CPCU, CIC, Master of Insurance Degree or other equivalent insurance education; or
- _____ Have a minimum of three years insurance training experience; or
- _____ Am an instructor of insurance courses at an educational institution accredited by North Central Association of Colleges and Schools.

Other applicants will be considered on an individual basis.

I hereby authorize the Missouri Division of Insurance, through its representatives, to contact any or all of the above-mentioned references for the purpose of ascertaining my fitness to serve as an instructor of the pre-licensing, educational requirements contained in Section 375.018, RSMo, and I also hereby authorize the above-mentioned references to release any information requested by the Division of Insurance in furtherance of this same objective.

I am applying to teach the following subject matter:

- Life
- Fire & Allied Lines
- Accident & Health
- General Casualty

I further understand that my submission of this application does not obligate the Missouri Division of Insurance to approve me as an instructor for the courses of study as required by Section 375.018.1 and I will not instruct in courses required by Section 375.018.1 until such time as I have been approved as an instructor for the subject matter required by Section 375.018.1.

DATE _____

NAME _____

SIGNATURE _____

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REQUEST FOR COURSE APPROVAL

Provider's Name _____

Provider's Address _____

Provider's Telephone Number _____

Please check below the appropriate class(es) of insurance being requested.

_____ LIFE (15 hours minimum)

Name Of Instructor _____

Date and Time Course Will Be Offered _____

Dates and Times Successive Courses Are Scheduled _____

Missouri Course Number To Be Assigned By Division Of Insurance _____

_____ ACCIDENT & HEALTH (15 hours minimum)

Name Of Instructor _____

Date First Course Will Be Offered _____

Dates Successive Courses Are Scheduled _____

Missouri Course Number To Be Assigned By Division Of Insurance _____

_____ FIRE & ALLIED LINES (20 hours minimum)

Name Of Instructor _____

Date First Course Will Be Offered _____

Dates Successive Courses Are Scheduled _____

Missouri Course Number To Be Assigned By Division Of Insurance _____

_____ GENERAL CASUALTY (20 hours minimum)

Name Of Instructor _____

Date First Course Will Be Offered _____

Dates Successive Courses Are Scheduled _____

Missouri Course Number To Be Assigned By Division Of Insurance _____

If the above dates are unknown at the time of this application, the provider must notify the Missouri Division of Insurance 30 days prior to scheduled date.

Instructor's complete course outline indicating amount of time devoted to each topic must be enclosed. Submitting the Division's sample outline will not be acceptable.

Class Size _____

The minimum class size is five and the maximum class size is 30. Any exceptions to this required class size must be authorized by the Missouri Division of Insurance.

We hereby certify that this course meets all of the requirements of the Missouri Division of Insurance.

We agree that we will provide the Missouri Division of Insurance, within fifteen (15) days of completion of each course, the name, address and Social Security Number of the individuals who completed the course. (Form E-3 attached). A Division approved Certification of Completion will be issued to each individual completing the course. The Completion Certificate must be signed by the person certifying that the course has been completed.

We understand that failure to comply with these requirements will result in revocation of our authority.

Authorized Signature

Title

Date

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CLASS ROSTER

Provider's Name _____

Course Name _____ Course Number _____

Date Course Completed _____

Name

Address

Social Security Number

1.

2.

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20.

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CERTIFICATE OF COMPLETION

This Certificate of Completion is to certify that

Student's Name

Birth Date

Social Security Number

has successfully completed the following Course(s) of Study

LIFE COURSE

ACCIDENT & HEALTH COURSE

Name of Course Instructor

Name of Course Instructor

Signature of Course Instructor

Signature of Course Instructor

Provider's Name

Provider's Name

Date Course Completed

Date Course Completed

Missouri Course Number

Missouri Course Number

FIRE & ALLIED LINES COURSE

GENERAL CASUALTY COURSE

Name of Course Instructor

Name of Course Instructor

Signature of Course Instructor

Signature of Course Instructor

Provider's Name

Provider's Name

Date Course Completed

Date Course Completed

Missouri Course Number

Missouri Course Number

I certify that I personally completed the above course(s).

Student Must Sign Here

Date

The original of this form must be submitted to the Missouri Division of Insurance with the application for licensure.

PART A
EVALUATION FORM FOR
INSTRUCTIONS OF REQUIREMENTS
OF SEC. 375.018, RSMO.

I. FACILITIES AND LOGISTICS

Please rate the following items on a scale of 1 to 10: Poor 1-3;
Fair 4-6; Good 7-8; Excellent 9-10.

	<u>Numerical Rating</u>
A. Notebook Materials	_____
B. Audio/Visual Aids (if used)	_____
C. Meeting Facility (overall)	_____
1. Temperature	_____
2. Lighting	_____
3. Acoustical	_____
4. Seating	_____
5. Other	_____
D. Class Break Schedule	_____
E. Overall Quality of Instructor(s)	_____

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II. INSTRUCTORS (Please complete for each subject and each instructor.)
Use rating scale 1 to 10 as above.

A. Subject _____	Instructor _____	
Date _____	Time _____	
		<u>Numerical Rating</u>
1. Knowledge of Subject Matter		_____
2. Presentation of Subject Matter		_____
B. Subject _____	Instructor _____	
Date _____	Time _____	
		<u>Numerical Rating</u>
1. Knowledge of Subject Matter		_____
2. Presentation of Subject Matter		_____
C. Subject _____	Instructor _____	
Date _____	Time _____	
		<u>Numerical Rating</u>
1. Knowledge of Subject Matter		_____
2. Presentation of Subject Matter		_____

PART B

This form is not to be turned in at your school -
Take it home with you.

The Missouri Division of Insurance will be monitoring the schools that are to fulfill the educational requirements of Sec. 375.018, RSMo.

Sometime within the next couple of weeks, we would like to have any comments you would like to make regarding the strengths, weaknesses or recommendations regarding your educational experience at this school. You do not need to sign the form, but your identity will remain confidential if you choose to sign the form.

School Attended _____
Date Attended _____
City _____ State _____

Comments:

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Use back if needed.

Mail completed form to:
Missouri Division of Insurance
301 West High Street
P. O. Box 690
Jefferson City, Missouri 65102
Licensing Section

OUTLINE

Missouri Insurance Practices, Regulations and General Insurance Principles

- 1.0 Missouri Insurance Practices and Regulations
 - 1.1 Missouri statutes and regulations affecting producer activities
 - 1.1.1 Types of licenses
 - 1.1.2 Licensing procedures
 - 1.1.3 Complaint procedures
 - 1.1.4 Limitations on the power of an agent
 - 1.1.5 License revocation
 - 1.1.6 Market practices
 - 1.1.7 Claims practices
 - 1.1.8 Commissions & fees
 - 2.3.3 Agents' collection, financing, remittal of premiums
 - 2.3.4 Agents' responsibilities to insured/applicant
 - 2.3.5 Agents' responsibilities to company (incl. complete, accurate applications)
- 2.0 General Insurance
 - 2.1 Insurance principles and concepts
 - 2.1.1 Risk - the basic problem with which insurance deals
 - 2.1.2 Insurance and other methods of managing risk
 - 2.1.3 Law of large numbers
 - 2.1.4 Insurable interest
 - 2.1.5 Indemnity
 - 2.1.6 Rate-making concepts (rate, premium, adequate, not excessive, not unfairly discriminatory, merit ratings, rating bureaus, independent filings, deviations.)
 - 2.2 Insurers
 - 2.2.1 Types of insurers (stock, mutual, reciprocal, private vs. government)
 - 2.2.2 Reinsurance
 - 2.2.3 Evaluation of insurance company financial status (Bests' ratings, etc.)
 - 2.3 Producers
 - 2.3.1 Categories of producers (agent, broker, etc.)
 - 2.3.2 Insurance sales practices (binding, recordkeeping fiduciary responsibilities, etc.)
 - 2.4 Underwriting
 - 2.4.1 Nature and importance of underwriting
 - 2.4.2 Loss ratios and related concepts
 - 2.4.3 Field underwriting by producer
 - 2.5 Claims process
 - 2.6 Residual markets (shared, nonvoluntary)
 - 2.6.1 Federal
 - 2.6.2 State
 - 2.6.3 Private (e.g. high risk markets)
 - 2.7 Regulation of the insurance business (in general; not unique to Missouri--differs from 1.0 in that this deals with principles of regulations vs. specific Missouri regulations)
 - 2.7.1 Federal regulation affecting insurance
 - 2.7.1.1 Fair Credit Reporting Act
 - 2.7.2 Regulation by the state
 - 2.7.2.1 NAIC
 - 2.7.2.2 Areas regulated-companies (solvency, unfair claims practices, etc.)
 - 2.7.2.3 Areas regulated-agents (licensing, unfair trade practices, etc.)
 - 2.7.3 Disclosure authorization, privacy considerations

2.8 The legal framework

2.8.1 Insurance contract

2.8.1.1 Contract law principles (offer, acceptance, etc.)

2.8.1.2 Insurance contract features (adhesion, etc.)

2.8.1.3 Representation, warranty, concealment, misrepresentation

2.8.2 Agency law principles

2.8.2.1 Waiver and estoppel

2.8.3 Potential liabilities of agent (E&O)

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OUTLINE
Missouri Pre-Licensing Education
for Life Insurance

- 3.0 Traditional life insurance 23%
 - 3.1 Term
 - 3.1.1 Types
 - 3.1.2 Characteristics
 - 3.1.3 Advantages and disadvantages
 - 3.2 Whole life
 - 3.2.1 Level premium concept
 - 3.2.2 Types
 - 3.2.3 Characteristics
 - 3.2.4 Advantages and disadvantages
 - 3.3 Endowment
 - 3.3.1 Types
 - 3.3.2 Characteristics
 - 3.3.3 Advantages and disadvantages
 - 4.0 Annuities 10%
 - 4.1 Nature
 - 4.2 Various classifications and descriptions of individual annuity contracts
 - 4.3 Variable annuities
 - 4.4 Tax-sheltered annuities
 - 5.0 Specific Policies and Forms 7%
 - 5.1 Traditional specialized policies or forms (Note: Some of these might be a combination of two or more common types of policies rather than a separate specific policy. The coverage and result are the same in either case.)
 - 5.1.1 Family income
 - 5.1.2 Family maintenance
 - 5.1.3 Family protection
 - 5.1.4 Multiple protection
 - 5.1.5 Joint life
 - 5.1.6 Reversionary
 - 5.1.7 Survivorship
 - 5.1.8 Juvenile
 - 5.1.9 Minimum deposit
 - 5.1.10 Modified life
 - 5.1.11 Graded premium
 - 5.1.12 Split life
 - 5.2 Newer Policy Innovations
 - 5.2.1 Adjustable life
 - 5.2.2 Variable life
 - 5.2.3 Universal life
 - 5.2.4 Mortgage redemption
- 6.0 General Policy Provisions 17%
 - 6.1 Standard life policy provisions
 - 6.1.1 Suicide (as unique to Missouri)
 - 6.1.2 Incontestability
 - 6.1.3 Grace period
 - 6.2 Provisions prohibited by law
 - 6.3 Ownership
 - 6.4 Beneficiaries
 - 6.4.1 Options
 - 6.4.2 Importance of naming the beneficiary
 - 6.4.3 Minors as beneficiaries
 - 6.4.4 Problems with trusts
 - 6.5 Miscellaneous provisions
 - 6.5.1 Common disaster clause
 - 6.5.2 Spendthrift clause
- 7.0 Policy Options 16%
 - 7.1 Settlement
 - 7.2 Guaranteed values (non-forfeiture provisions)
 - 7.2.1 Cash surrender value
 - 7.2.2 Extended term
 - 7.2.3 Paid-up life
 - 7.3 Loan Provisions (including automatic premium loan)
 - 7.4 Dividends

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8.0 Policy Riders 10%

- 8.1 Accidental death
- 8.2 Waiver of premium
- 8.3 Payor waiver of premium
- 8.4 Waiver of premium with disability income
- 8.5 Guaranteed insurability
- 8.6 Return of premium
- 8.7 Return of cash value

- 9.9.1 Keog
- 9.9.2 IRAs
- 9.9.3 Others

9.0 Marketing Life Insurance 10%

- 9.1 Considerations in selecting various policies, annuities and riders

- 9.1.1 Tax
- 9.1.2 Nontax

- 9.2 Consideration in selecting various options

- 9.2.2 Tax
- 9.2.2 Nontax

- 9.3 Provisions specific to group, credit and industrial life

- 9.4 Divisions of policies according to markets

- 9.4.1 Individual life
- 9.4.2 Group life
- 9.4.3 Credit life (and disability)
- 9.4.4 Industrial life

- 9.5 Uses of life insurance

- 9.5.1 Business
- 9.5.2 Personal

- 9.6 Uses of annuities

- 9.6.1 Business
- 9.6.2 Personal

- 9.7 Estate planning

- 9.8 Determining amounts of insurance necessary

- 9.8.1 Human life value approach
- 9.8.2 Needs approach
- 9.8.3 Social security

- 9.9 Specialized markets and plans and their tax benefits

- 9.10 Agents' responsibilities

- 9.10.1 Application
- 9.10.2 Premium
- 9.10.3 Binding receipt
- 9.10.4 Policy delivery

- 9.11 Missouri marketing regulations

- 9.11.1 Replacement, twisting and rebate
- 9.11.2 Deceptive practices or misrepresentation
- 9.11.3 Sales to college students
- 9.11.4 Solicitation on military bases
- 9.11.5 Unfair practices and fraud

10.0 Underwriting Life Insurance 7%

- 10.1 Sources of information
- 10.2 Selection criteria

- 10.2.1 Individual
- 10.2.2 Group

- 10.3 Premium determination

- 10.3.1 Standard risks
- 10.3.2 Substandard (high exposure) risks
- 10.3.3 Preferred risks (e.g., nonsmokers)

- 10.4 Agents' responsibilities in underwriting

- 10.5 Underwriting annuities v. underwriting life insurance

- 10.6 Unisex decisions and legislation

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OUTLINE
Missouri Pre-Licensing Education
for Accident and Health Insurance

- 1.0 Background of Health Insurance 4%
 - 3.1 History and growth
 - 3.2 Human life value - health insurance
 - 3.3 Economic value of health insurance
 - 3.4 Government programs
 - 3.5 Definition of trust
- 4.0 Policy Provisions 24%
 - 4.1 Types of loss and benefits
 - 4.1.1 Loss of income/disability
 - 4.1.2 Medical expenses
 - 4.1.3 Accidental death/dismemberment
 - 4.1.4 Dental insurance
 - 4.1.5 Limited health insurance contracts - including credit, hospital income
 - 4.2 Types of contract provisions
 - 4.2.1 Insuring clause
 - 4.2.2 Renewal provisions
 - 4.2.3 Free look
 - 4.2.4 Waiver of premium
 - 4.2.5 Uniform mandatory provision
 - 4.2.6 Uniform optional provisions
 - 4.2.7 Missouri contract provisions (mental/nervous/drug/alcohol)
 - 4.2.8 Miscellaneous provisions
 - 4.2.9 Pre-existing conditions
 - 4.3 Approaches to marketing
 - 4.3.1 Individual
 - 4.3.2 Group - including provisions
 - 4.3.3 Franchise
 - 4.4 Types of insurers
 - 4.4.1 Commercial insurers
 - 4.4.2 Blue Cross-Blue Shield
 - 4.4.3 Health maintenance organizations
 - 4.4.4 Other providers of benefits or services (preferred provider, partial self-funding, self-funding)
- 5.0 Disability Income Insurance 15%
 - 5.1 Perils (including maternity)
 - 5.2 Occupational/Nonoccupational coverage
 - 5.3 Period for which benefits payable
 - 5.3.1 Short-term disability
 - 5.3.2 Long-term disability
 - 5.3.3 Lump sum benefits
 - 5.4 Definitions
 - 5.4.1 Disability
 - 5.4.1.1 Total
 - 5.4.1.2 Permanent
 - 5.4.1.3 Partial
 - 5.4.1.4 Temporary
 - 5.4.2 Injury
 - 5.4.3 Sickness
 - 5.5 Waiting periods
 - 5.6 Exclusions
 - 5.7 Continuance provisions
 - 5.8 Group contract provisions
 - 5.9 Special uses of disability income
 - 5.10 Limitations on amount of benefit
- 6.0 Medical Expense Insurance 17%
 - 6.1 Basis of payment
 - 6.1.1 Identification/reimbursement valued
 - 6.1.2 Cash payment policies
 - 6.1.3 Service benefits
 - 6.2 Hospitalization
 - 6.3 Surgical expense
 - 6.4 Regular medical expense
 - 6.5 Major medical insurance
 - 6.6 Comprehensive major medical
 - 6.7 Medicare supplement coverage
 - 6.8 Individual policy provisions
 - 6.9 Group policy provisions

7.0 Underwriting Health Insurance 17%

- 7.1 Concepts - including rate-making and reserves
- 7.2 Groups
- 7.3 The Application-legal role, agents' responsibilities
- 7.4 Underwriting action
- 7.5 Process - Agents' role as "field underwriter" - importance

8.0 Claims 10%

- 8.1 Notice
- 8.2 Proof of loss
- 8.3 Investigation/verification
- 8.4 Coordination of benefits
- 8.5 Payment
- 8.6 The Blues (Providers Associations)
- 8.7 Settlement procedures
- 8.8 Taxation of benefits
- 8.9 Third party administrator

9.0 Marketing health insurance 13%

- 9.1 Health insurance and financial planning
- 9.2 Programming of disability income
 - 9.2.1 Social security
 - 9.2.1.1 Eligibility for disability
 - 9.2.1.2 Calculation of benefits
 - 9.2.2 Workers' compensation
 - 9.2.3 Other disability income sources
- 9.3 Considerations in replacing existing health insurance
 - 9.3.1 Pre-existing conditions
 - 9.3.2 Waiting periods
 - 9.3.3 No loss-no gain
 - 9.3.4 Exclusions and limitations
 - 9.3.5 Underwriting requirements
 - 9.3.6 Exposure to errors and omissions
 - 9.3.7 Transfer of benefits

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OUTLINE
Missouri Pre-Licensing Education
for Fire and Allied Lines Insurance

- 0 Property Insurance Basics 36%
- 3.1 Property insurance principles
 - 3.1.1 Hazards
 - 3.1.2 Perils
 - 3.1.3* Specified (named) perils vs. "all risks" ("special")
 - 3.1.4 Blanket vs. specific insurance
 - 3.1.5* Reporting forms (incl. full reporting provision; honesty clause)
 - 3.2 Policy structure
 - 3.2.1 Forms
 - 3.2.2 Endorsements (general nature of)
 - 3.2.3 Declarations
 - 3.2.4 Insuring agreement
 - 3.2.5 Conditions
 - 3.2.6 Exclusions
 - 3.3 Provisions commonly found in property insurance policies
 - 3.3.1 Deductibles
 - 3.3.2 Coinsurance
 - 3.3.2.1 Agreed amount approach
 - 3.3.3* Other insurance clause
 - 3.3.3.1 Nonconcurrency
 - 3.3.3.2 Primary & excess
 - 3.3.3.3 Pro rata
 - 3.3.4 Named insured, insured
 - 3.3.5 Limits of liability (incl. sublimits)
 - 3.3.6 Duties of insured
 - 3.3.7 Duties of insurer
 - 3.3.8* Cancellation and nonrenewal
 - 3.3.9 Assignment
 - 3.3.10 Subrogation (vs. subro-waiver agreements)
 - 3.3.11 Policy period
 - 3.3.12 Policy territory
 - 3.3.13 Standard mortgage clause
 - 3.4 Valuation
 - 3.4.1 Actual cash value
 - 3.4.2 Replacement cost
 - 3.4.3 Market value
 - 4.0 Insurance Types and Coverages 64%
- 4.1 Standard fire policy
 - 4.2 Dwelling policy
 - 4.3 Homeowners policies (including mobile homes) (Section I) including HO-1 to HO-8
 - 4.4* Commercial fire forms
 - 4.5* Time element coverages
 - 4.6* Builders risk forms
 - 4.7* Sprinkler leakage
 - 4.8* Earthquake insurance
 - 4.9 Difference in conditions
 - 4.10 Inland marine coverages
 - 4.10.1 Personal floater
 - 4.10.2 Commercial (incl. EDP floater)
 - 4.10.3 Farm (incl. livestock floater)
 - 4.10.4 Boat
 - 4.11 Ocean marine basics
 - 4.12* Special multi-peril and commercial packages (property sections)
 - 4.13 Businessowners (property sections)
 - 4.14 Farmowners-Ranchowners (property sections)
 - 4.15* Condominium insurance on association property
 - 4.16 National Flood Insurance Program (personal and commercial)
 - 4.17 FAIR Plans
 - 4.18 Crop-Hail
 - 4.19 Excess and surplus lines
 - 4.20 Nuclear property insurance

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Subject to change with ISO's January 1986 introduction of simplified forms. Items without asterisk may also be affected: asterisk identifies anticipated substantial change.

OUTLINE
Missouri Pre-Licensing Education
for General Casualty Insurance

3.0 Casualty Insurance 19%

3.1* Policy structure

- 3.1.1 Forms (intent: deal with names of the pieces of paper forming the contract.
- 3.1.2 Endorsements
- 3.1.3 Declarations
- 3.1.4 Insuring agreement
- 3.1.5 Conditions
- 3.1.6 Exclusions

3.2 Provisions commonly found in casualty insurance policies

- 3.2.1* Named insured, insured, additional insureds
- 3.2.2 Limits of liability (including sublimits)
 - 3.2.2.1 Per person
 - 3.2.2.2 Per occurrence
 - 3.2.2.3 Aggregate

- 3.2.3 Duties of insured
- 3.2.4 Duties of insurer
- 3.2.5 Cancellation and nonrenewal
- 3.2.6 Assignment
- 3.2.7 Subrogation
- 3.2.8 Policy period
- 3.2.9 Policy territory

4.0 Legal Liability and General Liability Insurance 27%

4.1 Liability basics

- 4.1.1 Negligence and legal liability
- 4.1.2 Comparative negligence
- 4.1.3 Occurrence
- 4.1.4* Claims made vs. occurrence

4.2 Liability policies and coverages

- 4.2.1 Homeowners policy (including mobile homes) Section II
- 4.2.2* Comprehensive general liability
- 4.2.3* Other general liability forms & endorsements (incl. broad form and contractual

- 4.2.4 Environmental impairment liability
- 4.2.5 Professional liability
- 4.2.6 Umbrella policy

- 4.2.6.1 Personal
- 4.2.6.2 Commercial

- 4.2.7 Directors' and officers' liability
- 4.2.8 Employee benefit program/ fiduciary

- 4.2.9* SMP liability coverages
- 4.2.10 Businessowners policy coverages

- 4.2.11 Condominium insurance on association-liability coverages
- 4.2.12 Farm liability coverages

- 4.2.12.1 Livestock transit insurance

5.0 Workers' Compensation 9%

5.1 Missouri workers' compensation

5.2 Workers' compensation policy

- 5.2.1 Employers' liability coverage
- 5.2.2 Other states' coverage

6.0 Auto 27%

6.1 Legal liability and the automobile

6.1.1 Basic no-fault concepts

6.2 Missouri highlights

- 6.2.1 Financial responsibility laws
- 6.2.2 Uninsured motorists laws
- 6.2.3 Missouri Joint Underwriting Association

6.3 Personal auto insurance

- 6.3.1 Personal auto policy
- 6.3.2 Family automobile policy
- 6.3.3 Special automobile policy
- 6.3.4 Basic automobile policy
- 6.3.5 Named non-owner policy

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- 6.4 Commercial Auto Insurance
 - 6.4.1 Liability of common carrier for passenger injuries
 - 6.4.2 Federal and state rules requiring insurance by commercial carriers

6.5 Business auto policy

6.6 Garage insurance

- 6.6.1 Liability
- 6.6.2 Dealers physical damage
- 6.6.3 Garagekeepers

6.7 Truckers forms

6.8 Miscellaneous vehicles and coverages

- 6.8.1 Recreational vehicles
- 6.8.2 Campers
- 6.8.3 Motorcycles
- 6.8.4 Auto mechanical breakdown policy

7.0 Miscellaneous 18%

- 7.1* Crime coverages
- 7.2* Fidelity coverages
- 7.3 Surety bonds
- 7.4 Liquor liability
- 7.5 Watercraft liability coverages
- 7.6 Aviation insurance
- 7.7 Credit insurance
- 7.8 Mortgage guarantee insurance
- 7.9 Title insurance
- 7.10 Rain insurance
- 7.11* Plate glass insurance
- 7.12 Nuclear liability insurance
- 7.13 Government insurance and residual markets

- 7.13.1 Auto residual markets & pools
- 7.13.2 Excess and surplus lines

* Subject to change with ISO's January 1986 introduction of simplified forms: Items without asterisk may also be affected; asterisk identifies areas where substantial change is anticipated.

5/6/85 #2

Areas which need special notice are the following:

- (1) For exposures there should be no negative counts. Phase II reporting is for "car years earned" and is a net count after renewals and cancellations are considered--it cannot be negative.
- (2) No fleet autos, motorcycles, recreational vehicles, snowmobiles, trailers or motor homes will be reported at this time.
- (3) You may report all companies in a group on one tape according to the format but loss tapes must be separate from exposure tapes.
- (4) All companies must submit a prepaid return postage mailer in the box containing the tape so that we can return the tape. A company may submit disposable tapes, so indicated, if preferred.
- (5) The transmittal letter you now use must accompany each tape submitted to us for processing.
- (6) All tapes must carry a label with the following information:
 - (a) Name of company
 - (b) Data file name used to identify this program (the company's data file name)
 - (c) Record length
 - (d) Block length
 - (e) Phase of reporting (this is extremely important since two phases will be reported during a quarter
 - (f) Quarter being reported.

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First Record Format - 80 bytes - blocked 80 bytes.

(Company Record)

<u>Position</u>	<u>Description</u>	<u>Type</u>	<u>Comments</u>
01-03	NAIC Group Code	N	
04-08	NAIC Company Code	N	
09-09	Quarter	N	
10-11	Year	N	
12-12	Type of Count	A	Y (Earned Car Year)
13-13	Type of data being reported	N	1 = Comprehensive 2 = Collision
14-80	Company name	A	

Following Records (Data) - 80 bytes - blocked 80 bytes.

<u>Position</u>	<u>Description</u>	<u>Type</u>	<u>Comments</u>
01-01	Policy Type	A/N	See note concerning policy types
02-61 information	Zip by Symbol or Range	&	Count See note on Page 2 concerning Symbols or Ranges
	Zip Code	9(5)	
	Count - Symbols 1-4	9(5)	
	Count - Symbols 5-7	9(5)	
	Count - Symbols 8-10	9(5)	
	Count - Symbols 11-12	9(5)	Occurs 2 times *
	Count - Symbols 13-14	9(5)	
	Zero fill all occurrences not used, leading zeros in policy count.		
62-80	Zero fill	N	Zero filled

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* - This indicates that two different zip codes and their attendant policy counts are to be reported on one record. Five positions are allowed for zip code and each policy count for that zip code. If all five positions are not used for the count fields, left zero fill the field. For further clarification, see the data record transaction format on Page 3.

Policy Type Codes

- A. Preferred Family - A policy form at least equal to Family Automobile ordinarily offered only to risks meeting high acceptance standards at rates less than the industry average.
- B. Standard Family - A policy form at least equal to Family Automobile ordinarily offered to risks categorized as better than average at rates at or near the industry average.

MISSOURI'S AUTO REPORTING

PHASE II - EXPOSURES EARNED

REPORTING FORMAT

(Section 374.450 RSMo 1979 Supp)

1. The attached format is for tape or card.
2. All data using tape format must be IBM 360-370 compatible.
3. Data received on tape must be either 1600 or 6250 BPI, and the tapes labeled externally.
4. Tape labels should be standard labels.
5. All tapes that do not comply with the attached format will be returned to the company and another tape will be required.

RESCINDED AND INOPERATIVE

Policy Type Codes (Continued)

- C. Standard Basic - A policy form of the Basic Automobile type ordinarily offered to risks evaluated as average or slightly below average at rates at or slightly above the industry average.
 - D. Nonstandard Basic - A policy form of the Basic Automobile type ordinarily offered to risks evaluated as poor or below average at rates considerably greater than the industry average.
 - E. JUA (Joint Underwriting Association) Basic - A policy written under 30B.200 RSMo.
 - F. Basic Policy is any policy meeting minimum standards per 4 CSR 190-17.101.
- Family (Broad Coverage) Policy is any policy with broader coverage than the basic above.

Symbols or Ranges

- Symbols 1-4* or Less than \$3,700
- Symbols 5-7* or \$3,701-\$8,000
- Symbols 8-10* or \$8,001-\$12,500
- Symbols 11-12* or \$12,501-\$17,500
- Symbols 13-14* or \$17,501+

* IESD Symbols for Value Range of Private Passenger Automobiles

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Enter Comprehensive and Collision counts as separate reports (may be on the same tape).

- A. Zero fill all remaining occurrences of the last data record of the type of coverage being reported.
- B. Create a Company Record for the second coverage being reported.
- C. Create data records as required.

Multiple Companies Per Tape

When more than one Company is to be submitted per a single tape:

- A. Zero fill all remaining occurrences of the last data record of the previous company.
- B. Create a Company Record for the new company.
- C. Create data records as required.

Repeat the above procedure for multiple companies as many times as desired.

MISSOURI'S AUTO REPORTING

PHASE III - LOSSES PAID

REPORTING FORMAT

1. All data received must be IBM 360/370 compatible.
2. Data received must be on tape either 1600 or 6250 BPI, and the tapes labeled externally.
3. Tape labels should be standard labels.
4. Negative loss count and negative loss dollars are acceptable, but the negative sign must be in the high order digit of the low order (right most) byte of the field.
5. If an amount or count field has no data, it may contain either blanks or zeros.
6. Amount or count fields that contain data must be right justified, zero filled. Again, the sign, if any, must be in the high order digit of the low order (right most) byte of the field.
7. Pseudo zip code for all losses on policies that do not include zip code is 99999.
8. A missing zip report will be generated by the Division and sent to each company to verify complete reporting.
9. If more than one package is mailed, please indicate that each tape is one of two or how many tapes there are (e.g. 1 or 2).
10. No decimals should be reported. All whole dollars should be used.
11. The Phase III tape must be separate from other reporting tapes.
12. The format for reporting is attached.
13. For those companies reporting by card, the attached format is also to be used; however, a letter containing the information on the header card must accompany the cards.

REPORTING FORMAT

HEADER RECORD*

<u>Position</u>	<u>Description</u>
01-08	NAIC Number - assigned NAIC identification number - all 8 positions, company and group
09-38	Company Name - full company name
39-40	Year - two-digit year being reported, i.e. 80, 81, etc.
41	Quarter - one-digit quarter being reported, i.e. 1, 2, etc.
42-50	Total loss count per company - total of the detail loss counts for all ranges for this company for this quarter. Zero fill, right justify.
51-62	Total dollar loss per company - the total of the detail loss amounts for all ranges for this company for this quarter. Zero fill, right justify, whole dollars only.
80	Enter the character "H" to denote a header record.

* - Only one header record per company is needed.

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DETAIL RECORD

<u>Position</u>	<u>Description</u>
01-05	Zip Code
06	Policy Type - see Table A
07	Loss Type - see Table B
08-12	Loss Count of Range I - Zero Fill, Right Justify
13-21	Loss amount of Range I - Zero Fill, Right Justify, Whole Dollars Only
22-77	These files are a repeat of the format of the data in 8-21, supplying the information for Ranges II through V
80	Enter the character "D" to denote a detail record

Multiple Companies Per Tape

When more than one company is to be reported on a single tape:

- A. Create a new header record
- B. Create detail records as necessary

Repeat the above procedure for multiple companies as many times as desired.

TABLE A - Policy Type Code

<u>Type</u>	<u>Description</u>
A	Homeowners Forms 1, 2, 3 and 5
B	Homeowenrs Forms 4 & 6 includes Tenants Insurance and Condominium Unit Owners Insurance
C	Dwelling Fire Forms 1-5
D	ISO's Form 8, or any policy similar to HO 1-3, with dwelling coverage based on actual cash value rather than replacement cost
E	Any dwelling fire coverage written on a surcharged basis only.

TABLE B - Loss Type Code

<u>Type</u>	<u>Description</u>
1	No deductible comprehensive - \$50 collision
2	\$50 comprehensive - \$100 collision
3	\$100 comprehensive - \$250 collision
4	\$250 comprehensive - \$500 collision

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TABLE C - Range Limits

<u>Range</u>	<u>Description</u>
1	\$0 - \$14,999
2	\$15,000 - \$34,999
3	\$35,000 - \$59,999
4	\$60,000 - \$94,999
5	\$95,000 and above

DATA RECORD
TRANSACTION FORMAT

POSITIONS	DESCRIPTION OF FIELD	TYPE	COMMENTS
01	POLICY TYPE	A/N	MUST BE A, B, C, D OR E
02-06	ZIP CODE 1	N	MUST BE VALID MO. ZIP CODE
07-11	POLICY COUNT SYMBOLS 1-4, ZIP 1	N LZF	
12-16	POLICY COUNT SYMBOLS 5-7, ZIP 1	N LZF	
17-21	POLICY COUNT SYMBOLS 8-10, ZIP 1	N LZF	
22-26	POLICY COUNT SYMBOLS 11-12, ZIP 1	N LZF	
27-31	POLICY COUNT SYMBOLS 13-14, ZIP 1	N LZF	
32-36	ZIP CODE 2	N	MUST BE VALID MO. ZIP CODE
37-41	POLICY COUNT SYMBOLS 1-4, ZIP CODE 2	N LZF	
42-46	POLICY COUNT SYMBOLS 5-7, ZIP CODE 2	N LZF	
47-51	POLICY COUNT SYMBOLS 8-10, ZIP CODE 2	N LZF	
52-56	POLICY COUNT SYMBOLS 11-12, ZIP CODE 2	N LZF	
57-61	POLICY COUNT SYMBOLS 13-14, ZIP CODE 2	N LZF	
62-80	FILLER	N ZF	VALUES = 0's

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FIELD TYPES N - NUMERIC A - ALPHABETIC A/N - ALPHANUMERIC
 RJ - RIGHT JUSTIFIED ZF - ZERO FILLED
 SN - SIGNED NUMERIC LZF - LEFT ZERO FILLED

EXAMPLES

Header Record - 80 Byte Record Positions

NAIC NUMBER	COMPANY NAME	YEAR	QUARTER	TOTAL LOSS CNT PER CO.	TOTAL DOLLAR LOSS PER CO.	FILLER
01-08	09-38	39-40	41	42-50	51-62	63-79
						"H"
						80

Data1 Record - 80 Byte Record Positions

ZIP CODE	POLICY TYPE	LOSS TYPE	Loss Count	Loss Amount	Loss Count	Loss Amount	Loss Count	Loss Amount	Loss Count	Loss Amount	Loss Count	Loss Amount	FILLER
1-5	6	7	8-12	13-21	22-26	27-35	36-40	41-49	50-54	55-63	64-68	69-77	78-79
			RANGE I		RANGE II		RANGE III		RANGE IV		RANGE V		FILLER
													"D"
													80

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