
Addendum: for use with Nebraska Personal Lines online course and study guide, version numbers 26148en per exam content outline update effective 2/1/2024.

The following are content additions to supplement your existing text unless otherwise indicated:

General Insurance

B. Insurers

2. Marketing (Distribution) Systems

Wholesale Insurance Brokers

Wholesale brokers serve as intermediaries between retail brokers and insurers for specific, hard-to-place risks. They work primarily in the excess and surplus market. Unlike retail brokers, wholesale brokers do not have contact with the insured; the coverage they write is on business retail agents bring them.

Aggregators

An insurance aggregator is just what it sounds like: It groups, or aggregates, independent agencies. They combine premiums to give members benefits that they would not be able to offer as individual entities. In the aggregate model, consumers have the opportunity to compare the offerings from several agencies at once.

Managing General Agent (MGA)

A **managing general agent (MGA)** is an agency that is contracted to perform various business functions, such as underwriting, binding, policy administration, claims, and distribution, on behalf of insurance companies. MGAs are different from insurance brokers in that they are given the authority to underwrite and perform various other tasks that would normally be performed by the insurers themselves. MGA's fiduciary duty is to the insurance company.

Property and Casualty Insurance Basics

A. Principles and Concepts

7. Loss Valuation

Actual Loss Sustained

The phrase actual loss sustained refers to the full cost of a loss, no matter what the insurance company ultimately pays out. Considerations factored into this calculation can range from repairs and replacements to additional living expenses or loss of income.

Binders

A binder is a temporary agreement issued by an agent or insurer providing temporary coverage until a policy can be issued. A binder is usually in writing, but may be verbal. **Binders expire when the policy is issued.** However, the policy effective date would be the same as the date when the binder was issued. If the insurer declines to issue the policy, the binder expires on the date after receipt of the notice of cancellation.

D. State Plans and Regulations

Assigned Risk Plans

An assigned risk is one that is not ordinarily acceptable to insurers and assigned to members of an assigned risk plan. An assigned risk plan (or automobile insurance plan) is a group of insurers who share the assigned risks, thereby providing the required auto insurance for those who cannot obtain it in the normal market.

Joint Underwriting Association (JUA)

A joint underwriting association is an unincorporated association of insurers formed to provide a particular form of insurance to the public. Insureds under an association pay assessments with their premiums to provide monies for the operation of the association.

Insurance Regulation

A. Licensing

Exemptions

An insurance agent license is not required of any officer, director or employee of an insurer or organizations employed by insurers, provided they are not directly or indirectly involved with the actual sale of an insurance contract and **do not receive any commission**. Furthermore, the following individuals are NOT required to hold an insurance producer license:

- A director or employee of an insurer whose activities are limited to executive, administrative, managerial, or clerical;
- A director or employee of a special agent assisting insurance producers by providing technical advice and assistance to licensed insurance producers;
- A person who secures and furnishes information for group insurance as long as no commission is paid;
- An employer or association engaged in the administration or operation of a program of employee benefits for the employer's or association's own employees;
- Employees of insurers or organizations engaging in the inspection, rating or classification of risks, or in the supervision of the training of insurance producers and who are not individually engaged in the sale of insurance;
- A person whose activities are limited to advertising without the intent to solicit insurance;
- A nonresident who sells, solicits or negotiates a contract of insurance for commercial property and casualty risks to an insured with risks located in more than one state insured under that contract; or
- A salaried full-time employee who counsels or advises their employer relative to the insurance interests of the employer or subsidiaries.



B. State Regulation

Solicitation and Sales

Testimonials

Testimonials used in advertisements must be genuine, represent the current opinion of the author, be applicable to the policy advertised, and be accurately reproduced. If a person providing a testimonial has a financial interest in the insurer or a related entity as a stockholder, director, officer, employee, or otherwise, or receives any benefit directly or indirectly, that information must be disclosed in the advertisement.

C. Federal Regulation

3. Other Federal Regulations

Privacy Protection (Gramm-Leach-Bliley)

The Gramm-Leach-Bliley Act stipulates that in general, an insurance company may not disclose nonpublic personal information to a nonaffiliated third party except for the following reasons:

- The insurance company clearly and conspicuously discloses to the consumer in writing that information may be disclosed to a third party;
- The consumer is given the opportunity, before the time that information is initially disclosed, to direct that information not be disclosed to the third party; or
- The consumer is given an explanation of how the consumer can exercise a nondisclosure option.

The Gramm-Leach-Bliley Act requires 2 disclosures to a customer (a consumer who has an ongoing financial relationship with a financial institution):

- When the customer relationship is established (i.e., a policy is purchased); and
- Before disclosing protected information.
- The customer must also receive an annual privacy disclosure, and have the right to opt out, or choose not to have their private information shared with other parties.