

Your Exam Content Outline

The following outline describes the content of one of the Texas insurance examinations. The outlines are the basis of the examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weights assigned to each part of the examination. For example, 10 percent means that 6 questions will be drawn from the section on a 60-question exam, 10 will be drawn on a 100-question exam and 15 will be drawn on a 150-question exam.

Texas Public Insurance Adjuster's Examination Series 14-76

100 questions – Two-hour time limit

1.0 Insurance Regulation 10%

1.1 Licensing requirements

Process (Ins. 4101.052, .054, .057; Ins. 4102.001, .053, .054, .055; TAC 19.601)
Qualifications (Ins. 4101.053; Ins. 4102.053, .054, .055; TAC 19.704, .713)

1.2 Maintenance and duration

Financial responsibility requirements (Ins. 4102.105; TAC 19.705-.707)
Prohibited conduct (Ins. 4102.151-.162; TAC 19.708, .712)
Fiduciary capacity (Ins. 4102.111)
Commission (Ins. 4102.104)
Records (Ins. 4102.110)
Change of address (Ins. 4102.106)
Continuing education requirements (Ins. 4101.059; Ins. 4102.064, .109; TAC 19.1001-19.1027)

1.3 Disciplinary actions

License denial, suspension or revocation (Ins. 4101.201; Ins. 4102.201)
Cease and desist order (Ins. 4102.208)
Penalties (Ins. 4101.203; Ins. 4102.204)

2.0 Insurance Basics 18%

2.1 Insurance contracts

Elements of a legal contract
Offer and acceptance
Consideration
Competent parties
Legal purpose
Distinct characteristics of an insurance contract
Aleatory contract
Personal contract
Unilateral contract
Conditional contract
Legal interpretations affecting contracts
Reasonable expectations
Indemnity
Utmost good faith
Representations/misrepresentations
Warranties
Concealment

Fraud
Waiver and estoppel

2.2 Insurance principles and concepts

Insurable interest
Hazards
Physical
Moral
Morale
Causes of loss (perils)
Named perils versus special (open) perils
Direct loss
Consequential or indirect loss
Blanket versus specific insurance
Basic types of construction
Loss valuation
Actual cash value
Replacement cost
Functional replacement cost
Market value
Agreed value
Stated amount
Valued policy

2.3 Policy structure

Declarations
Definitions
Insuring agreement or clause
Additional/supplementary coverage
Conditions
Exclusions
Endorsements

2.4 Common policy provisions

Insureds — named, first named, additional
Policy period
Policy territory
Cancellation and nonrenewal
Deductibles
Other insurance
Nonconcurrency
Primary and excess
Pro rata
Restoration/nonreduction of limits
Vacancy or unoccupancy
Assignment
Liberalization
Third-party provisions
Standard mortgage clause
Loss payable clause
No benefit to bailee

2.5 Texas laws, regulations and required provisions

Cancellation and nonrenewal (Ins. 551.001-.005, .051-.055, .101-.113; TAC 5.7001)
Binders (Ins. 549.055)
Liquidated demand (Ins. 862.053)
Residential community property (Ins. 2002.003)
Arbitration (Civ. 171.001)
Concealment, misrepresentation or fraud (Ins. 701.001, .052)

3.0 Adjusting Losses 23%

3.1 Role of the public insurance adjuster

Definition of public insurance adjuster (Ins. 4102.051, .101, .103, .152, .156)
Staff and independent adjuster versus public insurance adjuster
Relationship to the legal profession
Public insurance adjuster rules of professional conduct and ethics (Ins. 4102.005; TAC 19.713)

3.2 Property losses

Duties of insured after a loss
Notice to insurer
Minimizing the loss
Proof of loss
Special requirements
Production of books and records
Abandonment
Determining value and loss
Burden of proof of value and loss
Estimates
Depreciation
Salvage
Claim settlement options
Payment and discharge

3.3 Claims adjustment procedures

Subrogation procedures
Alternative dispute resolution
Appraisal
Arbitration
Competitive estimates
Mediation
Negotiation

4.0 Dwelling ('02) Policy (ISO Forms) 6%

4.1 Characteristics and purpose

4.2 Coverage forms — Perils insured against

Basic
Broad
Special

4.3 Property coverages

Coverage A — Dwelling
Coverage B — Other structures
Coverage C — Personal property
Coverage D — Fair rental value
Coverage E — Additional living expense
Other coverages

4.4 General exclusions

4.5 Conditions

4.6 Selected endorsements

Special provisions — Texas (DP 01 42)
Automatic increase in insurance (DP 04 11)
Broad theft coverage (DP 04 72)
Dwelling under construction (DP 11 43)

5.0 Homeowners ('00) Policy (ISO Forms) 16%

5.1 Coverage forms

HO-2 through HO-6
HO-8

5.2 Definitions

5.3 Section I — Property coverages

Coverage A — Dwelling
Coverage B — Other structures
Coverage C — Personal property
Coverage D — Loss of use
Additional coverages

5.4 Perils insured against

5.5 Exclusions

5.6 Conditions

5.7 Selected endorsements

Special provisions — Texas (HO 01 42)
Permitted incidental occupancies — residence premises (HO 4 42)
Earthquake (HO 04 54)
Home day care (HO 04 97)
Scheduled personal property — Texas (HO 23 03)
Personal property replacement cost loss settlement — Texas (HO 23 04)

6.0 Commercial Package Policy (CPP) (ISO Forms) 17%

6.1 Components of a commercial policy

Common policy declarations
Common policy conditions
Interline endorsements
One or more coverage parts

6.2 Commercial property ('02) (ISO Forms)

Commercial property conditions form
Coverage forms
Building and personal property
Condominium association
Condominium commercial unit-owners
Builders risk
Business income
Legal liability
Extra expense
Causes of loss forms
Basic
Broad
Special
Selected endorsements
Ordinance or law coverage (CP 04 05)
Spoilage (CP 04 40)
Peak season limit of insurance (CP 12 30)
Value reporting form (CP 13 10)

6.3 Commercial inland marine

- Commercial inland marine conditions form
- Commercial inland marine coverage forms
 - Accounts receivable
 - Commercial articles
 - Contractors equipment floater
 - Equipment dealers
 - Installation floater
 - Jewelers block
 - Signs
 - Valuable papers and records

6.4 Equipment breakdown ('08) (ISO Forms)

- Equipment breakdown protection coverage form (EB 00 20)
- Selected endorsement
 - Actual cash value (EB 99 59)

6.5 Farm coverage (ISO Forms)

- Farm property coverage form ('03)
 - Coverage A — Dwellings
 - Coverage B — Other private structures
 - Coverage C — Household personal property
 - Coverage D — Loss of use
 - Coverage E — Scheduled farm personal property
 - Coverage F — Unscheduled farm personal property
 - Coverage G — Other farm structures
- Definitions
- Causes of loss (basic, broad, and special)
- Conditions
- Exclusions
- Limits
- Additional coverages
- Selected forms and endorsements
 - Mobile agricultural machinery and equipment coverage form (FP 00 30)
 - Livestock coverage form (FP 00 40)
 - Texas changes (FP 01 42)
 - Scheduled glass (FP 04 67)
 - Texas changes – scheduled personal property (FP 05 10)

7.0 Businessowners ('10) Policy (ISO Forms) — Property 5%

7.1 Characteristics and purpose

7.2 Businessowners Section I — Property

- Coverage
- Exclusions
- Limits of insurance
- Deductibles
- Loss conditions
- General conditions
- Optional coverages
- Definitions

7.3 Businessowners Section III — Common Policy Conditions

7.4 Selected endorsements

- Texas changes (BP 01 18)
- Texas changes — amendment of cancellation provisions or coverage change (BP 02 04)
- Protective safeguards (BP 04 30)
- Utility services — direct damage (BP 04 56)
- Utility services — time element (BP 04 57)

8.0 Other Coverages 5%

8.1 Ocean marine insurance

- Major coverages
 - Hull insurance
 - Cargo insurance
 - Freight insurance
- Implied warranties
- Perils
- General and particular average

8.2 National Flood Insurance Program

- "Write your own" versus government
- Eligibility
- Coverage
- Limits
- Deductibles

8.3 Other policies

- Aircraft hull
- Boatowners
- Difference in conditions