

# Your Exam Content Outline

The following outline describes the content of one of the Pennsylvania insurance examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weight assigned to each section 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.

## Series 16-19 Pennsylvania Public Adjuster Examination

100 questions – Two-hour time limit

### 1.0 Insurance Regulation 13%

#### 1.1 Licensing requirements

Qualifications (63 P.S. § 1602;  
31 Pa. Code Ch. 115.11–.13)  
Fees (63 P.S. § 1603)  
Surety bond (63 P.S. § 1604)

#### 1.2 Maintenance and duration

Renewal (31 Pa. Code Ch. 115.21)  
Contract requirements (63 P.S. § 1605;  
31 Pa. Code Ch. 115.1–.3)  
Change of address (40 P.S. § 310.11(19))

#### 1.3 Disciplinary actions

Cease and desist orders (40 P.S. §§ 1171.8–.10)  
Suspension and revocation (63 P.S. § 1606)  
Penalties (63 P.S. § 1606)

#### 1.4 Claim settlement laws and regulations

(40 P.S. §§ 1171.1–.11, .13;  
31 Pa. Code Ch. 146.1–.10)

#### 1.5 Role of the adjuster

Duties and responsibilities  
Independent adjuster versus public adjuster  
Public adjuster versus public adjuster solicitor  
Relationship to the legal profession

#### 1.6 Federal regulation

Fraud and false statements (18 USC 1033, 1034)

### 2.0 Insurance Basics 17%

#### 2.1 Contracts

Elements of a legal contract  
Offer and acceptance  
Consideration  
Competent parties  
Legal purpose  
Distinct characteristics of an insurance contract  
Contract of adhesion  
Aleatory contract  
Personal contract  
Unilateral contract  
Conditional contract  
Legal interpretations affecting contracts  
Ambiguities in a contract of adhesion  
Reasonable expectations  
Indemnity

Utmost good faith  
Representations/misrepresentations  
Warranties  
Concealment  
Fraud

#### 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

#### 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  
Policy limits  
Restoration/nonreduction of limits  
Coinsurance  
Vacancy or unoccupancy  
Assignment  
Liberalization  
Third-party provisions

Standard mortgage clause  
Loss payable clause  
No benefit to the bailee

## **2.5 Pennsylvania laws, regulations and required provisions**

Pennsylvania Property and Casualty Insurance Guaranty Association  
(40 P.S. §§ 991.1801–.1820)  
Standard fire policy (40 P.S. § 636)  
Cancellation and nonrenewal  
Private residential (40 P.S. § 1171.5(a)(9); 31 Pa. Code Ch. 59)  
Commercial (40 P.S. §§ 3401–3407; 31 Pa. Code Ch. 113.81–.88)  
Basic property insurance — death of named insured (40 P.S. § 636.1)  
Binders (40 P.S. § 636)  
Insurance consultation services exemption (40 P.S. §§ 1841–1844)  
Terrorism Risk Insurance Act of 2002 and Extensions (15 USC 6701; Public Law 109–144, 110–160; HR 2761)

## **3.0 Adjusting Losses 18%**

### **3.1 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

### **3.2 Coverage problems**

Waiver and estoppel  
Dealing with coverage disputes  
Reservation of rights letter  
Nonwaiver agreement  
Declaratory judgment action

### **3.3 Claims adjustment procedures**

Settlement procedures  
Advance payments  
Draft authority  
Execution of releases  
Subrogation procedures  
Alternative dispute resolution  
Appraisal  
Arbitration  
Competitive estimates  
Mediation  
Negotiation

## **4.0 Dwelling ('02) Policy 3%**

### **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 — Pennsylvania (DP 01 37)  
Automatic increase in insurance (DP 04 11)  
Broad theft coverage (DP 04 72)  
Dwelling under construction (DP 11 43)

### **4.7 Personal liability supplement**

## **5.0 Homeowners ('01 PA Version) Policy — Section I 11%**

### **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 — Pennsylvania (HO 01 37)  
Limited fungi, wet or dry rot, or bacteria (HO 04 26, HO 04 27)  
Permitted incidental occupancies (HO 04 42)  
Scheduled personal property (HO 04 61)  
Home day care (HO 04 97)  
Personal property replacement cost — Pennsylvania (HO 23 63)

## **6.0 Commercial Package Policy (CPP) 16%**

### **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)**

Commercial property conditions form  
Coverage forms  
Building and personal property

## **7.0 Businessowners ('06) Policy — Property 12%**

### **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**

- Protective safeguards (BP 04 30)
- Utility services — direct damage (BP 04 56)
- Utility services — time element (BP 04 57)

## **8.0 Other Coverages and Options 10%**

### **8.1 National Flood Insurance Program**

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

### **8.2 Ocean marine insurance**

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

### **8.3 Other policies**

- Aircraft hull
- Boatowners
- Difference in conditions
- Federal Crop Insurance (RMA)

- Condominium association
- Condominium commercial unit-owners

- Builders risk
- Business income
- Legal liability
- Extra expense

### **Causes of loss**

- Basic
- Broad
- Special

### **Selected endorsements**

- Ordinance or law (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**

- Nationwide marine definition
- Commercial inland marine conditions form
- Inland marine coverage forms

- Accounts receivable
- Bailee's customer
- Commercial articles
- Contractors equipment floater
- Electronic data processing
- Equipment dealers
- Installation floater
- Jewelers block
- Signs

- Valuable papers and records

### **Transportation coverages**

- Common carrier cargo liability
- Motor truck cargo forms
- Transit coverage forms

### **6.4 Equipment breakdown ('07)**

- Equipment breakdown protection coverage form  
(EB 00 20)

### **Selected endorsement**

- Actual cash value (EB 99 59)

### **6.5 Farm coverage**

- 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

- Livestock coverage form

- Mobile agricultural machinery and equipment  
coverage form

- Definitions

- Causes of loss (basic, broad and special)

- Conditions

- Exclusions

- Limits

- Additional coverages