

Your Exam Content Outline

The following outline describes the content of one of the Vermont 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.

Vermont Adjuster's Examination for Property and Casualty Insurance Series 14-33

150 questions – 2.5-hour time limit

1.0 Insurance Regulation 5%

1.1 Licensing requirements

- Qualifications (4803(a))
- Process (4800)
- Licensing exceptions (4803(d)(2))
- Nonresident adjuster (4803(d))

1.2 Maintenance and duration

- Renewal (4798)
- Expiration (4798)
- Records (4803(c))

1.3 Disciplinary actions

- Denial of license (4800(3)(E))
- Cease and desist order (3661)
- Suspension, revocation or nonrenewal (4804; 4806)
- Fines (4804(d))

1.4 Claims settlement laws and regulations (4724(9); Reg 79-2 Sec 1-7)

1.5 Federal regulation

- Fraud and false statements (18 USC 1033, 1034)

2.0 Insurance Basics 15%

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
- Legal interpretations affecting contracts
 - Ambiguities in a contract of adhesion
 - Reasonable expectations
 - Indemnity
 - Utmost good faith
 - Representations/misrepresentations
 - Warranties
 - Concealment

- Fraud
- Waiver and estoppel

2.2 Principles and concepts

- Insurable interest
- Hazards
 - Physical
 - Moral
 - Morale
- Negligence
 - Elements of a negligent act
 - Defenses against negligence
- Damages
 - Compensatory — special versus general
 - Punitive
- Absolute liability
- Strict liability
- Vicarious liability
- 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
- Contribution by equal shares
- Limits of liability
 - Per occurrence (accident)
 - Per person
 - Aggregate — general versus products — completed operations
 - Split
 - Combined single
- Restoration/nonreduction of limits
- Coinsurance
- Vacancy or unoccupancy
- Assignment
- Insurer provisions
 - Liberalization
 - Duty to defend
- Third-party provisions
 - Standard mortgage clause
 - Loss payable clause
 - No benefit to bailee

2.5 Vermont laws, regulations and required provisions

- Vermont Property and Casualty Insurance Guaranty Association (3611–3626)
- Renewal notice (3882; 4715)
- Cancellation and nonrenewal (3879–3881; 3883; 4711–4714)
- Coinsurance (3961–3968)
- Pollution coverage (Bul 111)
- Required provisions (4203)
- Terrorism Risk Insurance Act of 2002 and Extension Act of 2005 (Bul 142, 150; 15 USC 6701; Public Law 109–144)

3.0 Adjusting Losses 20%

3.1 Role of the adjuster

- Duties and responsibilities
- Staff and independent adjuster versus public adjuster (4791)
- Relationship to the legal profession

3.2 Claim reporting

- Claim investigation
- Claim file documentation of events
- Types of reports
 - Initial or first field
 - Interim or status
 - Full formal

3.3 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

3.4 Liability losses

- Investigation procedures
 - Verify coverage
 - Determine liability
- Gathering evidence
 - Physical evidence
 - Witness statements
- Determining value of intangible damages

3.5 Coverage problems

- Dealing with coverage disputes
 - Reservation of rights letter
 - Nonwaiver agreement
 - Declaratory judgment action

3.6 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 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 — Vermont (DP 01 44)
- 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 ('00) Policy 15%

5.1 Coverage forms

- HO-2 through HO-6

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 Section II — Liability coverages

Coverage E — Personal liability
Coverage F — Medical payments to others
Additional coverages

5.5 Perils insured against

5.6 Exclusions

5.7 Conditions

5.8 Selected endorsements

Special provisions — Vermont (HO 01 44)
Limited fungi, wet or dry rot, or bacteria coverage
— Vermont (HO 04 02)
Permitted incidental occupancies (HO 04 42)
Earthquake (HO 04 54)
Scheduled personal property (HO 04 61)
Personal property replacement cost (HO 04 90)
Home day care — Vermont (HO 23 45)
Business pursuits (HO 24 71)
Watercraft (HO 24 75)
Personal injury (HO 24 82)

6.0 Auto Insurance 12%

6.1 Laws

Vermont Motor Vehicle Financial Responsibility and
Insurance Laws (RL 23 Sec 800–943)
Required limits of liability (RL 23 Sec 801)
Required proof of insurance (Bul 77)
Vermont Automobile Insurance Plan (4241–4246)
Eligibility
Liability limitations
Physical damage coverage limitations
Uninsured/underinsured motorist (RL 23 Sec 941)
Definitions
Required limits of liability
Bodily injury
Property damage
Cancellation/nonrenewal
Grounds (4223)
Notice (4224–4226)

6.2 Personal ('05) auto policy

Definitions
Liability coverage
Bodily injury and property damage
Supplementary payments
Exclusions
Medical payments
Uninsured motorist/underinsured motorist
coverage
Coverage for damage to your auto
Collision
Other than collision
Deductibles
Transportation expense
Exclusions
Duties after an accident or loss
General provisions

Selected endorsements
Amendment of policy provisions — Vermont
(PP 01 72)
Towing and labor costs (PP 03 03)
Extended non-owned coverage (PP 03 06)
Miscellaneous type vehicle (PP 03 23)
Joint ownership coverage — Vermont
(PP 03 80)

6.3 Commercial auto ('06)

Commercial auto coverage forms
Business auto
Garage
Business auto physical damage
Truckers
Motor carrier
Coverage form sections
Covered autos
Liability coverage
Garagekeepers coverage
Trailer interchange coverage
Physical damage coverage
Exclusions
Conditions
Definitions
Selected endorsements
Lessor — additional insured and loss payee
(CA 20 01)
Mobile equipment (CA 20 15)
Auto medical payments coverage (CA 99 03)
Drive other car coverage (CA 99 10)
Individual named insured (CA 99 17)
Commercial carrier regulations
The Motor Carrier Act of 1980
Endorsement for motor carrier policies of
insurance for public liability (MCS-90)

7.0 Commercial Package Policy (CPP) 12%

7.1 Components of a commercial policy

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

7.2 Commercial general liability ('07)

Commercial general liability coverage forms
Bodily injury and property damage liability
Personal and advertising injury liability
Medical payments
Supplementary payments
Who is an insured
Limits of liability
Conditions
Definitions
Exclusions
Premises and operations
Products and completed operations
Insured contract

7.3 Commercial property ('02)

Commercial property conditions form
Coverage forms

- Building and personal property
- Condominium association
- Condominium commercial unit-owners
- Builders risk
- Business income
- Extra expense
- Legal liability
- Causes of loss forms
 - 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)

7.4 Commercial crime ('06)

- General definitions
 - Burglary
 - Theft
 - Robbery
- Crime coverage forms
 - Commercial crime coverage forms (discovery/loss sustained)
 - Government crime coverage forms (discovery/loss sustained)
- Coverages
 - Employee theft
 - Forgery or alteration
 - Inside the premises — theft of money and securities
 - Inside the premises — robbery or safe burglary of other property
 - Outside premises
 - Computer fraud
 - Funds transfer fraud
 - Money orders and counterfeit money
- Other crime coverage
 - Extortion — commercial entities

7.5 Commercial inland marine

- Commercial inland marine conditions form
- Inland marine coverage forms
 - Accounts receivable
 - Bailee's customers
 - 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

7.6 Equipment breakdown ('07)

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

7.7 Farm coverage

- Farm property coverage forms ('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
- Farm liability coverage form ('06)
 - Coverage H — Bodily injury and property damage liability
 - Coverage I — Personal advertising injury liability
 - Coverage J — Medical payments
- Mobile agricultural machinery and equipment coverage form
- Livestock coverage form
- Definitions
 - Cause of loss (basic, broad and special)
 - Conditions
 - Exclusions
 - Limits
 - Additional coverages

8.0 Businessowners ('06) Policy 15%

8.1 Characteristics and purpose

8.2 Businessowners Section I — Property

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

8.3 Businessowners Section II — Liability

- Coverages
- Exclusions
- Who is an insured
- Limits of insurance
- General conditions
- Definitions

8.4 Businessowners Section III — Common Policy Conditions

8.5 Selected endorsements

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