

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.

Pennsylvania Public Adjuster Examination Series 16-19

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)
- Federal Terrorism Insurance Program (15 USC 6701; Public Law 107–297, 109–144, 110–160)

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 ('07)

- 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
 - 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 ('08)**
 - 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

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)