

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 Examination for All Lines Adjuster Series 14-66

150 questions – 2.5-hour time limit

1.0 Insurance Regulation 6%

1.1 Licensing requirements (Ins. 4101.051; TAC 19.602)

Process (Ins. 4101.052, .054, .057; TAC 19.601)
Qualifications (Ins. 4101.053)
Catastrophe or emergency adjusters
(Ins. 4101.101)

1.2 Maintenance and duration

Place of business (Ins. 4101.151)
Renewal (Ins. 4101.057, .061)

1.3 Disciplinary actions

Suspension, revocation, or refusal to renew
(Ins. 4101.201)
Penalties (Ins. 4101.203)

1.4 Continuing education (Ins. 4101.059; TAC 19.1001–19.1027)

1.5 Claim settlement laws and regulations

Unfair Claim Settlement Practices Act and Rules
(Ins. 542.001–.014; TAC 21.201–.205)
Deceptive Trade Practices Act (Busi. 17.50)
Prompt payment of claims (Ins. 542.051–.061)
Notice of settlement of casualty claims
(Ins. 542.151–.154)

1.6 Federal regulation

Fraud and false statements (18 USC 1033(e))

2.0 Contracts 6%

2.1 Elements of a legal contract

Offer and acceptance
Consideration
Competent parties
Legal purpose

2.2 Distinct characteristics of an insurance contract

Aleatory contract
Personal contract
Unilateral contract
Conditional contract

2.3 Legal interpretations affecting contracts

Reasonable expectations
Indemnity
Utmost good faith

Representations/misrepresentations
Warranties
Concealment
Fraud
Waiver and estoppel

3.0 Insurance Basics 6%

3.1 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

3.2 Policy structure

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

3.3 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
- Vacancy or unoccupancy
- Assignment
- Insurer provisions
 - Liberalization
 - Duty to defend
- Third-party provisions
 - Standard mortgage clause
 - Loss payable clause
 - No benefit to the bailee

3.4 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)
- Action to recover deductible (Ins. 542.204)
- Concealment, misrepresentation or fraud (Ins. 701.001, .052)

4.0 Adjusting Losses 12%

4.1 Role of the adjuster

- Duties and responsibilities
 - Good faith
 - Immediate contact rule
- Staff and independent versus public adjuster
- Relationship to legal profession

4.2 Claim reporting

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

4.3 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

4.4 Liability losses

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

4.5 Coverage problems

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

4.6 Claims adjustment procedures

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

5.0 Dwelling ('02) Policy (ISO Forms) 4%

5.1 Characteristics and purpose

5.2 Coverage forms — Perils insured against

- Basic
- Broad
- Special

5.3 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

5.4 General exclusions

5.5 Conditions

5.6 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)

5.7 Personal liability supplement

6.0 Homeowners ('00) Policy (ISO Forms) 7%

6.1 Coverage forms

- HO-2 through HO-6
- HO-8

6.2 Definitions

6.3 Section I — Property coverages

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

6.4 Section II — Liability coverages

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

6.5 Perils insured against

6.6 Exclusions

6.7 Conditions

6.8 Selected endorsements

- Special provisions — Texas (HO 01 42)
- Permitted incidental occupancies — residence premises (HO 04 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)
- Personal injury — Texas (HO 24 50)
- Business pursuits (HO 24 71)
- Watercraft (HO 24 75)

7.0 Farm Property ('03) and Liability Coverage ('06) (ISO Forms) 5%

7.1 Farm coverage form

- 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
- Coverage H — Bodily injury and property damage liability
- Coverage I — Personal and advertising injury liability
- Coverage J — Medical payments

7.2 Definitions

7.3 Causes of loss (basic, broad, and special)

7.4 Conditions

7.5 Exclusions

7.6 Limits

7.7 Additional coverages

7.8 Selected forms and endorsements

- Texas changes (FL 01 05)
- Texas changes — personal liability (FL 04 19)
- Farm employers liability and farm employees medical payments insurance (FL 04 65)
- Custom farming liability coverage (FL 04 69)
- 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)

8.0 Auto Insurance 11%

8.1 Laws

- Texas Motor Vehicle Safety Responsibility Act (Trans. Ch. 601; TAC 5.204)
- Required limits of liability (Trans. 601.072)
- Personal injury protection (Ins. 1952.151-.161)
 - Medical
 - Loss of income
 - Funeral
 - Rehabilitation
 - Essential services
- Uninsured/underinsured motorist (Ins. 1952.101-.110)
 - Definitions
 - Bodily injury
 - Property damage
 - UM/UIM rejection
 - Required limits
- Cancellation and nonrenewal
 - Commercial
 - Personal (TAC 5.7002)
- Texas Automobile Insurance Plan Association (TAIPA) (Ins. 2151.051-.154)

8.2 Personal ('05) auto policy (ISO Forms)

- Definitions
- Liability coverage
 - Bodily injury and property damage
 - Supplementary payments
 - Exclusions
- Duties after an accident or loss
- General provisions
- Selected endorsements
 - Amendment of policy provisions — Texas (PP 01 50)
 - Towing and labor costs (PP 03 03)
 - Extended non-owned coverage — vehicles furnished or available for regular use (PP 03 06)
 - Miscellaneous type vehicle (PP 03 23)
 - Joint ownership coverage (PP 03 34)

8.3 Commercial auto ('06) (ISO Forms)

- 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
 - Texas changes (CA 01 96)
 - Lessor — additional insured and loss payee (CA 20 01)
 - Mobile equipment (CA 20 15)
 - Texas uninsured/underinsured motorists coverage (CA 21 09)
 - Texas personal injury protection (CA 22 64)
 - Auto medical payments coverage (CA 99 03)
 - Drive other car coverage (CA 99 10)
 - Employees as insureds (CA 99 33)
 - Texas individual named insured (CA 99 88)
- Commercial carrier regulations
 - The Motor Carrier Act of 1980
 - Endorsement for motor carrier policies of insurance for public liability (MCS-90)

9.0 Commercial Package Policy (CPP) (ISO Forms) 16%

9.1 Components of a commercial policy

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

9.2 Commercial general liability ('07) (ISO Forms)

- Commercial general liability coverage forms
 - Bodily injury and property damage liability
 - Personal and advertising injury liability
 - Medical payments
 - Exclusions
 - Supplementary payments
 - Who is an insured
 - Limits of insurance
 - Conditions
 - Definitions
- Premises and operations
- Products and completed operations
- Selected endorsements
 - Texas changes (CG 01 03)
 - Deductible liability insurance (CG 03 00)
 - Texas changes — employment-related practices exclusion (CG 26 39)
 - Texas changes — conditions requiring notice (CG 31 07)
- Claims-made policy forms versus occurrence forms

9.3 Commercial property ('07) (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)

9.4 Commercial crime ('06) (ISO Forms)

- General definitions
 - Burglary
 - Theft
 - Robbery
 - Coverage trigger — discovery and loss sustained
- Crime coverage forms
 - Commercial crime coverage forms
 - Government crime coverage forms
- 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 the premises
 - Computer fraud
 - Funds transfer fraud
 - Money orders and counterfeit money

9.5 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
- Transportation coverages
 - Common carrier cargo liability
 - Motor truck cargo
 - Transit coverage

9.6 Equipment breakdown ('08) (ISO Forms)

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

10.0 Businessowners ('10) Policy (ISO Forms) 4%

10.1 Characteristics and purpose

10.2 Businessowners Section I — Property

- Coverage
- Exclusions
- Limits of insurance
- Deductibles
- Loss conditions

General conditions
Optional coverages
Definitions

10.3 Businessowners Section II – Liability

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

10.4 Businessowners Section III – Common Policy Conditions

10.5 Selected endorsements

Texas changes (BP 01 18)
Texas changes – amendment of cancellation provisions or coverage change (BP 02 04)
Hired auto and non-owned auto liability (BP 04 04)
Protective safeguards (BP 04 30)
Utility services – direct damage (BP 04 56)
Utility services – time element (BP 04 57)

11.0 Workers Compensation Insurance 10%

11.1 Workers compensation laws

Type of law
Monopolistic versus competitive
Compulsory versus elective
Texas workers' compensation law (Labor Code Title 5)
Definitions (Lab. 401.011–.013)
Occupational disease (Lab. 401.011(34))
Subsequent injury fund (Lab. 403.006–.007)
Employment covered (Lab. 401.012)
Compensable injuries (Lab. 401.011(10), (26))
Employer election (Lab. 406.002)
Employee election (Lab. 406.034)
Exclusive remedy (Lab. 408.001)
Waiting period (Lab. 408.082)
Statute of limitations (Lab. 409.001–.004)
Bars to recovery (Lab. 406.032)
Subrogation (Lab. 417.002)
Benefits (Lab. Ch. 408)
General provisions (Lab. 408.001–.008)
Medical benefits (Lab. 408.021–.030)
Average weekly wage (Lab. 408.041–.047)
Computation of benefits (Lab. 408.061–.064)
Income benefits (Lab. 408.081–.086)
Temporary income benefits (Lab. 408.101–.105)
Impairment income benefits (Lab. 408.121–.129)
Supplemental income benefits (Lab. 408.141–.151)
Vocational rehabilitation (Lab. 408.150)

Lifetime income benefits (Lab. 408.161–.162)

Death and burial benefits (Lab. 408.181–.187)

Compensation procedures (Lab. Ch. 409)

Injury reports, claims and records (Lab. 409.001–.013)

Payment of benefits (Lab. 409.021–.024)

Prohibited acts (Lab. 415.001–.010)

Federal workers' compensation laws

U.S. Longshore and Harbor Workers' Compensation Act (33 USC 901–950)

Outer Continental Shelf Lands Act (43 USC 1331–1356a)

Federal Employers Liability Act (FELA) (45 USC 51–60)

The Jones Act (46 USC 688)

11.2 Workers compensation and employers liability insurance policy

General section

Part One – Workers compensation insurance

Part Two – Employers liability insurance

Part Three – Other states insurance

Part Four – Your duties if injury occurs

Part Five – Premium

Part Six – Conditions

Part Seven – Our duty to you for claim notification

Selected endorsements

Voluntary compensation

Waiver of subrogation

12.0 Surety Bonds and Fidelity Coverages 2%

12.1 Nature of surety bonds

Surety bonds versus insurance

Parties of a surety bond

Principal

Obligee

Surety

12.2 Types of surety bonds

Contract bonds

Bid

Performance

Maintenance

Miscellaneous contract

Small Business Administration (SBA) Surety Bond

Guarantee Program

Purpose of license and permit bonds

Types of guarantees

Compliance

Good faith

Credit

Financial

Indemnity

Purposes

Regulatory

Public safety

Public protection

Tax bonds

- Public official bond
 - Statutory common law or voluntary
 - Individual
 - Name schedule
 - Position schedule
- Judicial bonds
 - Attachment
 - Garnishment
 - Replevin
 - Counter-replevin
 - Stay of execution
 - Release attachment
 - Bail
 - Appeal
 - Cost
 - Injunction
 - Dissolve injunction
 - Discharge mechanic's lien
- Fiduciary bonds
 - Probate
 - Equity
 - Federal bankruptcy court
- Federal bonds
 - Bureau of Alcohol, Tobacco and Firearms
 - Customs
 - Immigrant
- Miscellaneous surety bonds
 - Indemnity
 - Financial guarantee
 - Lost instrument
 - Reclamation
 - Self-insurance workers compensation

12.3 Nature of fidelity bonds

- Insuring agreement
- Bond period
- Discovery period
- Limit of liability
 - Aggregate
 - Single loss
- Termination of coverage

12.4 Employee dishonesty coverage

- Individual bonds
- Blanket
- Scheduled
 - Named employee
 - Specified position
- Pension plan, ERISA compliance

12.5 Financial institution bonds

- Form 14 Securities dealers
- Form 15 Finance companies
- Form 23 Credit unions
- Form 24 Banks and thrifts
- Form 25 Insurance companies
 - A — Fidelity
 - B — On premises
 - C — In transit
 - D — Forgery or alteration
 - E — Securities (forgery)

- Coverage riders
 - Automated teller machine (ATM)
 - Computer systems
 - Extortion coverage
 - Fraudulent real property mortgages
 - Insurers of registered checks or personal money orders
 - Pension plans, ERISA compliance
 - Servicing contractors
 - Trading loss
 - Voice initiated electronic funds transfer (VIT)

13.0 Hull Coverage and Cargo Coverage 3%

13.1 American Institute Hull Clauses (AIHC)

- Assured
- Loss payee
- Vessel
- Duration of risk
- Agreed value
- Amount insured hereunder
- Deductible (or deductible average clause)
- Premium, returns of premium and nonpayment of premium
- Adventure
- Causes of loss
 - Perils
 - Additional perils (Inchmaree)
 - Deliberate damage (pollution)
- Claims (general provisions)
- General average and salvage
- Total loss
- Sue and labor
- Collision liability
 - Sistership clause
 - Cross liability
- Limitations of liability
- Pilotage and towage
- Change of ownership
- Additional insurances
- War, strikes and related exclusions

13.2 Other hull coverage

- Taylor hull form
- Coastwise and inland hull clause (CIHC)
- Increased value and excess liability (IVEL) clauses

13.3 Methods of packing cargo

- Bulk commodities
- Break-bulk cargo
- Containerization

13.4 Types of cargo losses

- Total loss
 - Actual total loss
 - Constructive total loss
- Partial loss
 - Particular average
 - General average
- Sue and labor expenses
- Salvage charges and awards

13.5 Open cargo policy

- Designed for frequent shipper
- No standardized form
 - Cargo clauses of American Institute of Marine Underwriters
- Provisions
 - Parties covered
 - Property or liabilities covered
 - Time and location of coverage
 - Causes of loss
 - Amounts recoverable
 - Miscellaneous provisions
- Principal average clauses
 - Free of Particular Average American Conditions (FPAAC)
 - Free of Particular Average English Conditions (FPAEC)
 - With average if amounting to 3%
 - Average irrespective of percentage
 - "All-risks" conditions

14.0 Protection and Indemnity Insurance 3%

14.1 Insuring agreements

- Indemnity principle
- Liability of vessel owner
- Common covered losses
 - Loss of life, injury and illness
 - Repatriation expenses
 - Collision liabilities not covered under hull collision liability
 - Damage to other vessels caused by other than collision
 - Damage to docks, buoys and other structures
 - Wreck removal
 - Fines and penalties
 - Mutiny or misconduct
 - Quarantine expenses
 - Putting-in expenses
 - Expenses of investigation and defense

14.2 Exclusions

- Damage to hull and machinery
- Cancellation or breach of charters or contracts
- Detention of vessel
- Any loss covered under hull policy
- Commercial towing of other vessels
- Workers compensation
- War and strikes perils

14.3 Conditions regarding claims

- Prompt notice of loss
- Time limits
- Assured's failure to settle claims
- Assured's duty to cooperate

14.4 Other provisions

- Assignment
- Subrogation
- Other insurance
- Limitation of liability
- Lay-up returns
- Limit of amount insured
- Cancellation
- Omnibus clause

15.0 Aviation Insurance 2%

15.1 Hull insurance

15.2 Liability insurance

- Bodily injury excluding passengers
- Passenger bodily injury
- Property damage
- Medical payments

15.3 Admitted liability or voluntary settlement coverage

15.4 Airport liability

15.5 Warranties in aviation insurance

15.6 Hangarkeepers legal liability

16.0 Other Coverages and Options 3%

16.1 National Flood Insurance Program

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

16.2 Other policies

- Electronic data processing (EDP)
- Difference in conditions (DIC)

16.3 Surplus lines insurance

(Ins. 981.001-.004, .057; TAC 15.2-.6)

- Definitions and markets
- Requirements for surplus lines license

16.4 Residual markets

- Texas Windstorm Insurance Association (TAC 5.4001, 7.22)
- FAIR Plan (Ins. 2211.001-.252)
- Joint underwriting associations (Ins. 2202.001-.207)