

# 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.

## Series 14-76 Texas Public Insurance Adjuster's Exam

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 19.1001–19.1021)

#### 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 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)

## 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 ('98) (ISO Forms)

- Farm property 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
- 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 ('06) 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