

# Your Exam Content Outline

The following outline describes the content of one of the New Mexico 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.

## New Mexico Examination for Independent / Staff Adjuster Series 18-40

**50 questions – 1-hour time limit**  
**Effective April 30, 2019**

### 1.0 Insurance Regulation 5% (2 Items)

#### 1.1 Licensing requirements

Qualifications (59A-11, 59A-12)  
Process (59A-11-2, 3, 59A-12-12; Reg  
13.4.2.8, .9)  
Licensing exemptions

#### 1.2 Maintenance and duration

Expiration and renewal (59A-11-10, 11; Reg  
13.4.2.17, .18)  
Records  
Continuing education requirements (59A-12-  
26; Reg 13.4.7.9, .12)

#### 1.3 Disciplinary actions

Cease and desist orders (59A-16-27)  
Penalties and fines (59A-1-18, 59A-11-17,  
21)  
Suspension, revocation, or refusal to issue or  
renew (59A-11-8, 10, 14-16, 18)

#### 1.4 Claim settlement laws and regulations

#### 1.5 Federal regulation

Fair Credit Reporting Act (15 USC 1681-  
1681d)  
Fraud and false statements (18 USC 1033,  
1034)

#### 1.6 Records Retention

### 2.0 Insurance Basics 20% (10 Items)

#### 2.1 Contracts

Elements of a legal contract

Offer and acceptance  
Consideration  
Competent parties  
Legal purpose  
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 Insurance 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 peril 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
  - 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 the Bailee

### **2.5 New Mexico laws, regulations and required provisions**

- New Mexico Property and Casualty Insurance Guaranty Fund (59A-43-1-18)
- Cancellation and nonrenewal (59A-18-29; Reg 13.8.4.8, .9)
- Concealment, misrepresentation or fraud
- Federal Terrorism Insurance Program (15 USC 6701; Public Law 107-297, 109-144, 110-160)

## **3.0 Adjusting Losses 20% (10 Items)**

### **3.1 Role of the adjuster**

- Duties and responsibilities
- Staff and independent adjuster versus public adjuster
- 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 Policy 5% (3 Items)**

### **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 — (DP 01 28)

Automatic increase in insurance (DP 04 11)

Dwelling under construction (DP 11 43)

### **4.7 Personal liability supplement**

## **5.0 Homeowners Policy 12% (6 Items)**

### **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 — (HO 01 28)

Limited fungi, wet or dry rot, or bacteria coverage (HO 04 26, HO 04 27)

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 (HO 04 97)

Business pursuits (HO 24 71)

Watercraft (HO 24 75)

Personal injury (HO 24 82)

## **6.0 Auto Insurance 15% (8 Items)**

### **6.1 Laws**

New Mexico Motor Vehicle Financial  
Responsibility Law

Required limits of liability (RL 259:61,  
264:20)

New Mexico Motor Vehicle Insurance Plan  
(Reg 1405)

New Mexico Commercial Auto Insurance Plan

Uninsured/underinsured motorist (RL  
264:15)

Definitions

Bodily injury

Required limits

Cancellation/nonrenewal (417-A)

Grounds

Notice

Notice of eligibility in New Mexico Motor  
Vehicle Insurance Plan (417-A:5(V))

Residency statement (417-A:3-b)

Medical costs coverage (RL 264:16)

After-market parts regulation (407-D)

### **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 — (PP 01  
76)

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 13 32)

Joint ownership coverage — (PP 13 34)

### **6.3 Commercial auto ('10)**

Commercial auto coverage forms

Business auto

Garage

Business auto physical damage

Coverage form sections

Covered autos

Liability coverage

Garagekeepers 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)

Hired autos specified as covered autos you  
own (CA 99 16)

Individual named insured (CA 99 17)

Pollution liability — broadened coverage  
(CA 99 48; CA 99 55)

## **7.0 Commercial Package Policy (CPP) 5% (3 Items)**

### **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

Occurrence versus claims-made

Claims-made features

Trigger

Retroactive date

Extended reporting periods — basic versus supplemental

Claim information

Premises and operations

Products and completed operations

Insured contract

Pollution liability

Pollution liability coverage form (CG 00 39)

Pollution liability limited coverage form (CG 00 40)

Pollution liability coverage extension endorsement (CG 04 22)

## **7.3 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 forms

Basic

Broad

Special

Selected endorsements coverage

Ordinance or law (CP 04 05)

Spoilage coverage (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 the premises

Computer fraud

Funds transfer fraud

Money orders and counterfeit money

Other crime coverage

Extortion — commercial entities (CR 04 03)

## **7.5 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

### 7.6 Equipment breakdown ('11)

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

### 7.7 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  
Farm liability coverage form ('06)  
Coverage H — Bodily injury and property damage liability  
Coverage I — Personal advertising injury liability  
Coverage J — Medical payments  
Livestock coverage form  
Mobile agriculture machinery and equipment coverage form  
Causes of loss (basic, broad and special)  
Exclusions

Additional coverages  
Limits of insurance  
Conditions  
Definitions

## 8.0 Businessowners Policy 5% (2 Items)

### 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

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)

## 9.0 Other Coverages and Options 3% (1 Item)

### 9.1 Umbrella/Excess Liability Policies

Personal  
Commercial  
Boatowners

### 9.2 Ocean Marine Insurance

Major Coverages  
Cargo Insurance  
Freight Insurance

### **9.3 Protection and Indemnity**

### **9.4 Businessowners Section III – Common Policy Conditions**

## **10.0 Workers' Compensation Insurance 10% (5 Items)**

### **10.1 Workers compensation laws**

Types of laws

Monopolistic versus competitive

Compulsory versus elective

New Mexico Workers Compensation Act

Exclusive remedy (RL 52-1-6)

Covered injuries (RL 52-1-11, 12, 19, 28)

Occupational disease (RL 52-3-33)

Benefits provided (RL 52-1-20, 25, 25.1, 26, 26.1, 40-44, 46, 49)

Federal workers compensation laws

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

US Longshore and Harbor Workers Compensation Act (33 USC 904)

The Jones Act (46 USC 688)

### **10.2 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

Voluntary compensation endorsement

### **10.3 Premium computation**

Job classification – payroll and rates

Experience modification factor

Premium discounts

### **10.4 Other sources of coverages**

Assigned risk pool law (59A-33-1-15)

Self-insured employers and employer groups (RL 52-1-4(A); 52-5-4.1; 52-6-1-25)