
California Department of Insurance

Public Insurance Adjuster

Examination Objectives

Overview

The authorizing act for a Public Insurance Adjuster is in Section 15000 of the California Insurance Code (CIC). Section 15007 states, in part, that a Public Insurance Adjuster is a person who, for compensation, acts on behalf of or aids in any manner, an insured in negotiating for or effecting the settlement of a claim or claims for loss or damage under any policy of insurance covering real or personal property or any person who advertises, solicits business, or holds himself or herself out to the public as an adjuster of those claims and any person who, for compensation, investigates, for those losses on behalf of any public insurance adjuster.

Requirements for Public Insurance Adjuster license:

- **Minimum Age:** 18 years.
- **Residency:** California residency is not required. (Sections 15011(b) and 15017 of the CIC)
- **Entity Type:** Individual and Business Entity.
- **Prelicensing Experience/Education:** Applicants for the public insurance adjuster examination must have the following:
 - (1) two years of certified experience in adjusting insurance claims or the equivalent thereof as defined by the Commissioner; and,
 - (2) 2,000 hours of compensated time in the adjusting field is equal to one year of experience. (Section 15011(d) of the CIC and Section 2691.4 (b) of the California Code of Regulations (CCR)).
- **Continuing Education:** California resident Public Insurance Adjusters must complete 24 hours of continuing education, including 3 hours of ethics, during the 2 year license term. (Section 15059.1(a) of the CIC)

Examination Objectives

These examination objectives are derived from topics relative to the Public Insurance Adjuster license and include the following:

- Knowledge in the following areas of insurance coverages:
 - Personal Automobile
 - Homeowners' Insurance
 - Dwelling Coverage
 - Commercial Policies
 - Business Owners Policy (BOP)
 - Workers' Compensation
 - Ocean Marine
 - Surety and Fidelity
 - Other Coverages and Options

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- General knowledge in the following areas:
 - Public Insurance Adjusters Act
 - Adjusting Losses
 - Fair Claims Settlement Practices

The Examination

The California Department of Insurance's (CDI) Public Insurance Adjuster license examination contains 100 multiple-choice questions. Applicants without any aids (e.g., reference materials, electronic aids) are allowed two hours and thirty minutes to complete the examination. (Section 15013 of the CIC and Sections 2691.6 and 2691.7 of the California Code of Regulations (CCR))

CDI's examinations are administered at CDI's examination sites and at CDI's examination vendor's, PSI Services, LLC, test centers.

CDI's examination sites are at the following locations and the examination begins at 8:30 a.m. and 1:00 p.m., Monday through Friday except on state holidays:

Sacramento:

California Department of Insurance
Examination Site, 1st Floor
320 Capitol Mall
Sacramento, California 95814

Los Angeles:

California Department of Insurance
Examination Site, Suite 1000
300 South Spring Street, North Tower
Los Angeles, California 90013

San Francisco:

California Department of Insurance
Examination Site, 22nd Floor
45 Fremont Street
San Francisco, California 94105

At CDI's examination sites, please check-in at 8:10 a.m. for the 8:30 a.m. examination and 12:40 p.m. for the 1:00 p.m. examination.

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PSI's test centers are located at the following locations:

Anaheim	El Monte	Riverside	Santa Rosa
Atascadero	Fresno	Sacramento	Walnut Creek
Bakersfield	Hayward	San Diego	Ventura
Burbank	Laguna Hills	San Francisco	Visalia
Carson	Redding	Santa Clara	

PSI test center check-in times and driving directions are listed on pages 3, 4, and 5 in CDI's [Candidate Information Bulletin](#).

In addition to PSI's test centers sites listed above, Public Insurance Adjuster applicants may also take the examination at any of the PSI test centers located throughout the United States. PSI's web site lists the available test centers at the following link:
<http://psiexams.com/>

For additional information on license examinations (i.e., online examination scheduling, fingerprint requirements, examination admittance, forms of identification, check your scheduled examination date, check your examination results), please review the following link:

<http://www.insurance.ca.gov/0200-industry/0010-producer-online-services/0200-exam-info/index.cfm>

Candidate Information Bulletin

The Candidate Information Bulletin (CIB) provides detailed information on how to prepare for your license examination, prelicensing education requirements, examination site procedures, sample examination questions, test taking strategies, and driving directions to CDI's examination sites and PSI's test centers that are located throughout California. Please review the following link:

<http://www.insurance.ca.gov/0200-industry/0020-apply-license/0100-indiv-resident/CandidateInformation.cfm>

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- VI. Business Owners Policy (BOP), Stretch or Super Stretch** (5 questions (5 percent) on the examination)
- A. General Concepts
 - B. BOP Property Coverages
- VII. Ocean Marine Insurance** (3 questions (3 percent) on the examination)
- A. Characteristics and Purpose
 - B. Differences Between Coverages
 - C. Protection and Indemnity Insurance
- VIII. Surety and Fidelity** (2 questions (2 percent) on the examination)
- A. Characteristics and Purpose
 - B. Surety Bonds and General Bond Concepts
- IX. Other Coverages and Options** (4 questions (4 percent) on the examination)
- A. National Flood Insurance Program (NFIP)
 - B. Earthquake
 - C. California Fair Access to Insurance Requirements ("FAIR") Plans
 - D. Difference in Conditions/Wrap Policies

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- I. Insurance Regulation and California Insurance Code** (16 questions (16 percent) on the examination)
- A. Public Insurance Adjuster Act** (5 questions of the 16 Insurance Regulation and California Insurance Code questions)
1. General Provisions: Sections 15000 through 15002 of the CIC
 - a. Have knowledge of the terms stated in Section 15001 of the CIC; and,
 - b. Understand that nothing in Section 15000 et seq. of the CIC can be construed as entitling any person to practice law in this state, unless he is an active member of the State Bar of California.
 2. Administration: Sections 15003 through 15005 of the CIC
 - a. Be familiar with the Commissioner's authority in the:
 - i. Succession to powers and duties;
 - ii. Construction of reference to prior licensing;
 - iii. Administration and enforcement by the Commissioner;
 - iv. Appointment of personnel;
 - v. Delegation of powers and duties; and,
 - vi. Adoption and Enforcement of Reasonable Rules.
 3. Regulation, Licensing, and Registration: Sections 15006 through 15026 and Section 15028.5 of the CIC and Sections 2691 through 2691.24 of the CCR
 - a. Have knowledge of the requirements of licensure
 - i. Prerequisites for licensing;
 - ii. Application form and fees;
 - iii. Maintenance of license;
 - iv. Denial of license; and,
 - v. Records.
 4. Bonds: Sections 15033 through 15037 of the CIC
 - a. Be able to identify the amount, form, execution, and sufficiency of sureties.
 - b. Be able to identify actions for damages.
 - c. Have knowledge of maintenance of bonds and reasons for denial of an application.
 - d. Be familiar with the duration of bonds.
 5. Disciplinary Proceedings: Section 15028, 15028.6, 15028.7 and Sections 15038 through 15043 of the CIC and 2691.3 of the CCR
 - a. Be able to recognize misrepresentation: sollicitation involving conflict of interest.
 - b. Have knowledge of the consequences of mishandling of fiduciary funds.
 - c. Be able to recognize actions that would result in suspension or revocation of a license.

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6. Nonresidents: Sections 15044 through 15052 of the CIC
 - a. Have knowledge of disciplinary proceedings for nonresidents; and,
 - b. Be familiar with proof of compliance requirements for nonresidents.
7. Penal Provisions: Section 15053 of the CIC
 - a. Be able to recognize that anyone who falsifies the fingerprints or photographs submitted under subdivision (f) of Section 15010 of the CIC is guilty of a felony; and,
 - b. Be able to recognize that any violations to all other provisions is a misdemeanor.
8. Expiration and Renewal of Licenses and Cards: Sections 15054 through 15062 of the CIC and Sections 2691.21 of the CCR
 - a. Have knowledge of:
 - i. License Renewal
 - 1) Be able to recognize that every license, branch office certificate, and pocket card issued pursuant to the Insurance Adjuster Act shall expire on the day two years after the last calendar day of the month in which the initial license was issued; and
 - 2) Late License Renewal.
 - ii. Continuing Education Requirements

I. Insurance Regulation and California Insurance Code (16 questions (16 percent) on the examination)

B. Special Investigative Unit (SIU) (2 questions of the 16 Insurance Regulation and California Insurance Code questions)

1. Definitions: Section 2698.30 of the CCR
 - a. Have knowledge of the definitions listed in Section 2698.30 of the CCR.
2. Insurer Responsibility and SIU Staffing: Sections 2698.31 through 2698.32 of the CCR.
 - a. Understand that the insurer shall comply with applicable sections of the Insurance Fraud Prevention Act (IFPA) and the regulations regarding the establishment, operation and continuous existence of an SIU; and,
 - b. Understand what determines the adequacy of the insurer's SIU staffing and the knowledge and/or experience requirements for the SIU staff.
3. SIU Contracted Responsibilities: Section 2698.33 of the CCR
 - a. Be familiar with the insurer's obligations under the SIU regulations.
4. Communication with the Fraud Division and Authorized Governmental Agencies: Section 2698.34 of the CCR

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- a. Understand that the insurer and any entity performing the SIU function(s) shall comply with specific sections of the IFPA regarding communication with the Fraud Division and authorized governmental agencies; and,
 - b. Be able to identify what information shall be released, upon written request, to the Fraud Division and authorized governmental agencies.
5. Detecting and Investigating Suspected Insurance Fraud: Section 2698.35 through 2698.37 of the CCR.
- a. Understand that the SIU will be responsible for establishing, maintaining, and distributing procedures to be used by the integral anti-fraud personnel;
 - b. Be familiar with what an investigation of possible suspected insurance fraud shall include; and,
 - c. Be familiar with referrals of suspected insurance fraud and what content is required in the referrals.
6. Anti-Fraud Training: Section 2698.39 of the CCR
- a. Be familiar with the establishment, maintenance, and frequency of an anti-fraud training program.
7. SIU Annual Report and Examinations: Sections 2698.40 through 2698.41 of the CCR
- a. Have knowledge of SIU Annual Report requirements; and,
 - b. Understand that the Commissioner may conduct examinations of an insurer's SIU and related operations, including operations undertaken by entities under contract with the insurer, as deemed necessary to determine compliance.

I. Insurance Regulation and California Insurance Code (16 questions (16 percent) on the examination)

C. Unfair Claims Settlement Practices (790.03 (h)) (4 questions of the 16 Insurance Regulation and California Insurance Code questions)

1. Be familiar with Code 790.03 (h).

I. Insurance Regulation and California Insurance Code (16 questions (16 percent) on the examination)

D. Fair Claims Settlement Practices Regulations (4 questions of the 16 Insurance Regulation and California Insurance Code questions)

1. File and Record Documentation, Section 2695.3 of the CCR.
 - a. Be able to identify what files are subject to examination by the Commissioner or by his or her duly appointed designees; and,
 - b. Be able to identify the steps required to assist in such examinations.

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2. Representation of Policy Provisions and Benefits, Section 2695.4 of the CCR.
 - a. Understand that full disclosure is required by insurers to claimants of all of the benefits, coverage, time limits and other policy provisions which may apply to a first party claim.
3. Duties upon Receipt of Communications, Section 2695.5 of the CCR.
 - a. Be able to identify the duties and obligations of an insurer upon receipt of a claim.
4. Training and Certification, Section 2695.6 of the CCR.
 - a. Understand that an insurer must conduct investigations using written standards and processes and must employ thoroughly and adequately trained personnel.
5. Standards for Prompt, Fair and Equitable Settlements, Section 2695.7 of the CCR.
 - a. Understand that discrimination by insurers in their claims settlement practices is strictly prohibited. Claims must be accepted or denied, in whole or in part, on a timely basis and that denials must be made in writing.
6. Additional Standards Applicable to Automobile Insurance, Section 2695.8 of the CCR.
 - a. Understand the standards which apply to adjustment and settlement of automobile insurance claims under Section 2695.8 of the CCR; and,
 - b. Be familiar with the Auto Body Repair Consumer Bill of Rights, Section 2695.85 of the CCR.
7. Additional Standards Applicable to First Party Residential and Commercial Property Insurance Policies, Section 2695.9 of the CCR.
 - a. Understand that fire and extended coverage type policies with replacement cost coverage are entitled not only to repair and replacement of damaged property, but also to repair of any damage incurred in making such repairs or replacements. When items or parts are replaced, such items or parts should be of the same quality as those they are replacing.
8. Additional Standards Applicable to Surety Insurance, Section 2695.10 of the CCR.
 - a. Be familiar with the additional standards applicable to Surety Insurance in Section 2695.10 of the CCR.
9. Additional Standards Applicable to Life and Disability Insurance Claims, Section 2695.11 of the CCR.
 - a. Be familiar with the additional standards applicable to Life and Disability Insurance Claims in Section 2951.11 of the CCR.

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10. Penalties, Section 2695.12 of the CCR.
 - a. Understand how penalties are assessed and what evidence is used to determine the appropriate amount.

I. Insurance Regulation and California Insurance Code (16 questions (16 percent) on the examination)

E. Reporting of Administrative Actions and Criminal Convictions, Section 1729.2 of the CIC (1 question of the 16 Insurance Regulation and California Insurance Code questions)

1. Understand that an applicant or licensee shall notify the commissioner when any of the background information set forth in this section changes after the application has been submitted or the license has been issued. If the licensee is listed as an endorsee on any business entity license, the licensee shall also provide this notice to any officer, director, or partner listed on that business entity license.

II. Insurance Basics (12 questions (12 percent) on the examination)

A. Insurance Principles and Concepts (4 questions of the 12 Insurance Basics questions)

1. Be able to identify examples of insurance (as defined in Section 22 of the CIC);
2. Be able to recognize the definition of risk;
3. Be able to identify a definition of peril;
4. Be able to identify a definition of hazard;
5. Be able to differentiate between moral, morale, physical and legal hazards;
6. Be able to identify a definition or the correct usage of the terms loss and loss exposure (e.g., property loss exposure, liability loss exposure, human personnel loss exposure);
7. Be able to identify the definition of insurable events, Section 250 of the CIC;
8. Be able to identify and apply the definition of insurable interest, and indemnity, and be able to recognize the applicability of these terms to a given situation;
9. Be able to identify the meaning of adverse selection and spread of risk;
10. Be able to identify a correct explanation of the role of deductibles in insurance;
11. Be able to identify:
 - a. definition of reinsurance, Section 620 of the CIC, and,
 - b. the purposes of insurers obtaining reinsurance.
12. Be able to identify that for regulatory purposes:
 - a. the Insurance Code divides lines of insurance into classes, Section 100 of the CIC; and,

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- b. defines these classes, Sections 101 through 120 of the CIC.
13. Given a situation involving the legal relationship of an insurance agent and either a principal (insurer or agency principal) or an insured/applicant, be able to assess:
 - a. the legal relationships;
 - b. the responsibilities and duties of each; and,
 - c. the effect of the types of authority an agent may have (express / implied / apparent).
14. Be able to identify and apply the meaning of claims terms (e.g., first party, third party, subrogation, arbitration, etc.).
15. Be able to identify the major services provided by the following independent rating organizations:
 - a. Insurance Services Office (ISO) is the advisory organization that develops forms for the standard market;
16. Be able to recognize the principal risk management methods used to identify loss exposures, and the advantages and disadvantages of each method.
17. Be able to identify the difference between direct and indirect (consequential) property losses.
18. Be able to identify the purpose, duties and authority of an agency for the following:
 - a. applications;
 - b. binders, Section 382.5 of the CIC and Section 2274 of the CCR;
 - c. certificates of liability insurance and evidence of property insurance;
 - d. renewal responsibilities;
 - e. suspense/diary system; and,
 - f. lost policy release.

II. Insurance Basics (12 questions (12 percent) on the examination)

B. Contract Basics (4 question of the 12 Insurance Basics questions)

1. Contracts; solicitation and cancellation, Section 15027 of the CIC
 - a. Solicitation of Contract after Disaster, Section 15027.1;
 - b. Agent of Insured after Execution of Contract of Engagement, Section 15027.5;
2. Understand company specific policies (Insurance Services Office, Inc. (ISO), American Association of Insurance Services (AAIS)); and,
3. Be able to identify the elements of a legal contract.

II. Insurance Basics (12 questions (12 percent) on the examination)

C. Legal Concept: Tort Law, Section 15006 (2 question of the 12 Insurance Basics questions)

1. Be able to identify the types of wrongs that are dealt with by tort law including:
 - a. intentional torts;
 - b. negligence;

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- c. absolute liability; and,
- d. strict liability.
- 2. Be able to recognize and identify:
 - a. the four essential elements of negligence (duty / breach / injury / unbroken chain);
 - b. whether all four elements are present in a described situation;
 - c. the principle of “proximate cause”; and,
 - d. legal defenses against “negligence.”
- 3. Be able to identify:
 - a. the reasons for the absolute and strict liability doctrines and recognize situations in which they would apply; and,
 - b. examples of intentional torts (e.g., libel, slander, false arrest).
- 4. Be able to identify definitions of gross negligence and vicarious liability.
- 5. Be able to identify types of damages: punitive and compensatory, which includes special and general damages.

II. Insurance Basics (12 questions (12 percent) on the examination)

D. Policy Structure (2 question of the 12 Insurance Basics questions)

- 1. Understand the various parts of the contract such as:
 - a. Declarations;
 - b. Insuring Agreement;
 - c. Conditions;
 - d. Exclusions and Limitations;
 - e. Additional Coverages;
 - f. Definitions; and,
 - g. Endorsements.

III. Homeowners' Insurance (25 questions (25 percent) on the examination)

A. Overview (0 questions of the 25 Homeowners' Insurance questions)

Homeowners insurance is a combination of both property and casualty coverages arising out of the ownership of a home. Coverage includes damage to the home, its contents, additional living expenses, and for the insured's personal liability.

III. Homeowners' Insurance (25 questions (25 percent) on the examination)

B. Coverage Forms (4 questions of the 25 Homeowners' Insurance questions)

Be able to identify the following:

- 1. Homeowners 1 - Basic Form (HO1) - A basic policy form that provides coverage on a home against 11 listed perils; contents are generally included in this type of coverage, but must be explicitly enumerated. The perils include fire or lightning, windstorm or hail, vandalism or malicious mischief, theft, damage from vehicles and aircraft, explosion riot or civil commotion, glass breakage, smoke, volcanic eruption, and personal

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liability. Exceptions include floods, earthquakes. Most states no longer offer this type of coverage.

2. Homeowners 2 - Basic Form (HO2) - A more advanced form that provides coverage on a home against 17 listed perils (including all 11 on the HO1). The coverage is usually a "named perils" policy, which lists the events that would be covered.
3. Homeowners 3 - Basic Form (HO3) - The typical, most comprehensive form used for single-family homes. The policy provides "all risk" coverage on the home with some perils excluded, such as earthquake and flood. Contents are covered on a named peril basis. (Note: "All Risk" is poorly termed as it is essentially named exclusions (i.e., if it is not specifically excluded, it is covered).)
4. Homeowners 4 - Basic Form (HO4) - The "Tenants" form is for renters. It covers personal property against the same perils as the contents portion of the HO2 or HO3. An HO4 generally also includes liability coverage for personal injury or property damage inflicted on others.
5. Homeowners 5 - Basic Form (HO5) - Covers the same as HO3 plus more. On this policy the contents are covered on an open peril basis, therefore as long as the cause of loss is not specifically excluded in the policy it will be covered for that cause of loss. (This can also be achieved by endorsing an HO15 to the HO3.)
6. Homeowners 6 - Basic Form (HO6) - The form for condominium owners.

III. Homeowners' Insurance (25 questions (25 percent) on the examination)

C. Definitions (4 questions of the 25 Homeowners' Insurance questions)

Understand that this section provides definitions of important terms in the contract, which removes possible ambiguities, which not only helps the insured to understand the contract better, but it protects the insurer, since any ambiguity in an insurance contract is construed against the insurer by the courts.

III. Homeowners' Insurance (25 questions (25 percent) on the examination)

D. Section I – Property Coverages (3 questions of the 25 Homeowners' Insurance questions)

1. Be able to identify for coverages A, B and C (Dwelling, Other Structures, and Personal Property):
 - a. the kinds of property insured (e.g., paint for the interior of the building is personal property that is included under coverage A);
 - b. valuation of real property;
 - c. valuation of personal property;
 - d. the kinds of property excluded;
 - e. the kinds of property with special (sub) limits - and for which perils (e.g., watercraft has special limits);

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- f. the perils insured against and/or the perils excluded; and,
- g. how coverage applies to a described loss.
- 2. Be able to identify the extent Coverage D (Loss of Use) applies to a described loss.
- 3. Be able to identify the coverage available for debris removal and property removal under the HO Property Coverages - Additional Coverages.
- 4. Be able to identify the effect of the exclusions: Earth Movement and Flood (including the coverage provided for ensuing losses).
- 5. Be able to identify the insured's duties after a loss (Section I Conditions).
- 6. Given an example, be able to recognize the applicability of the Ordinance or Law exclusion and its relationship to California requirements
- 7. Be able to identify:
 - a. the requirements and definitions of the California Residential Property Insurance Disclosure statement, Sections 10101 and 10102 of the CIC;
 - b. that the form contains only a general description of coverages and is NOT part of the residential policy; and,
 - c. replacement cost and building code upgrade options.

III. Homeowners' Insurance (25 questions (25 percent) on the examination)

E. Section II – Liability Coverages (3 questions of the 25 Homeowners' Insurance questions)

- 1. Be able to identify the two major coverages provided in insurance on residence policies.
- 2. Be able to identify common liability loss exposures covered or excluded.
- 3. For a described loss, be able to identify who would be covered under Medical Payments to Others.
- 4. Be able to identify what types of vehicles would be covered under an HO liability coverage.
- 5. Be able to identify properties included in:
 - a. Insured Locations; and,
 - b. Residence Premises.
- 6. Liability Endorsements
 - a. Be familiar with liability endorsements such as:
 - i. Residence Rented to Others;
 - a. Personal Property Endorsement (e.g., items stolen, what is covered).
 - ii. Business Pursuits;
 - iii. Personal Injury; and,
 - iv. Domestic Workers Compensation.

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- III. **Homeowners' Insurance** (25 questions (25 percent) on the examination)
 - F. **General Exclusions** (4 questions of the 25 Homeowners' Insurance questions)
 - 1. Be able to identify typical exclusions found on the HO Policy form.
 - 2. Understand the relationship between excluded perils and named exclusions.

- III. **Homeowners' Insurance** (25 questions (25 percent) on the examination)
 - G. **Conditions** (3 questions of the 25 Homeowners' Insurance questions)
 - 1. Be able to identify common Section 1 and 2 Conditions.

- III. **Homeowners' Insurance** (25 questions (25 percent) on the examination)
 - H. **Endorsements** (4 questions of the 25 Homeowners' Insurance questions)
 - 1. Be able to identify the purpose of the following endorsements:
 - a. Replacement Cost;
 - b. Building and Ordinance; and,
 - c. Additional Structures Rented to Others.

- IV. **Dwelling Coverage** (8 questions (8 percent) on the examination)
 - A. **Overview** (1 question of the 8 Dwelling Coverage questions)

Dwelling Property is coverage for property damage to a personal dwelling. This will include at least coverage for fire and lightning but can be enhanced to include additional property coverages such as water damage, smoke, and theft. It differs from a homeowner's policy in that liability must be added by endorsement.

- IV. **Dwelling Coverage** (8 questions (8 percent) on the examination)
 - B. **Property Coverages** (7 questions of the 8 Dwelling Coverage questions)
 - 1. Be able to identify the major differences between the three forms (Basic, Broad and Special) in terms of:
 - a. the coverages included;
 - b. perils insured; and,
 - c. know that "collapse" is an additional coverage that is provided in a Dwelling Fire – Form 3 (DP 3).

- V. **Commercial Policy** (25 questions (25 percent) on the examination)
 - A. **Overview** (2 questions of the 25 Commercial Policy questions)

Commercial Policies offer protection against potential losses through unforeseen circumstances like theft, liability, property damage, and for coverage in the event of an interruption of business.

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V. Commercial Policy (25 questions (25 percent) on the examination)

B. Components of a Commercial Policy (6 questions of the 25 Commercial Policy questions)

Be able to identify and have knowledge of the following:

1. Common Policy Declarations Page;
2. Common Policy Conditions;
3. Inter Line Endorsement; and,
4. Coverage Parts.

V. Commercial Policy (25 questions (25 percent) on the examination)

C. Commercial Property (10 questions of the 25 Commercial Policy questions)

1. General Concepts - Be able to identify and apply definitions from the Commercial Property Conditions.
2. Understand Building and Personal Property Coverage Forms.
3. Recognize the principal types of Covered Property and the valuation basis for:
 - a. building (dwellings not eligible);
 - b. business Personal Property including improvements and betterments; and,
 - c. personal Property of Others.
4. Be able to identify the purpose of a Value Reporting Endorsement and know that the Value Reporting Form may be used to modify the insurance provided by the Building and Personal Property Coverage Forms.
5. Be able to recognize:
 - a. additional coverages;
 - b. coverage extensions and endorsements; and,
 - c. warranties.
6. Under Loss Conditions - Vacancy, be able to recognize:
 - a. the definition of vacancy; and understand the definition for the tenancy of the vacancy (e.g., know that a building is considered vacant when there is insufficient business personal property present to conduct customary operations and/or 70 percent of the total square footage is not rented or used to conduct customary operations);
 - b. what effect this condition has on the coverage; and,
 - c. the effects of attaching a vacancy permit to a policy.
7. Coinsurance:
 - a. identify reasons for coinsurance (i.e., advantages / disadvantages to the insured);
 - b. apply coinsurance to a described loss; and,

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- c. be able to recognize for coinsurance purposes, the fair market value may be used to determine the actual cash value of a commercial building.
- 8. Causes of Loss Form(s)
 - a. Be able to identify the purpose of the Basic, Broad, and Special Causes of Loss Forms and the major differences between the perils insured;
 - b. Be able to apply the effect of the exclusion that eliminates concurrent causation from applying to certain perils;
 - c. Be able to recognize situations in which the rights of a mortgage holder or loss payee are protected, even if an insured's claim is denied; and,
 - d. Know that most of the exclusions are contained in the Causes of Loss Form(s) of the Commercial Property policy.
 - i. In the Causes of Loss coverage part(s), Section B - Exclusions, be able to identify the following excluded loss causes:
 - 1) ordinance or law;
 - 2) earth movement (e.g., know that the earth movement exclusion applies to landslides, mine subsidence and earth tremors caused by a volcanic eruption); and,
 - 3) water (e.g., know the water damage exclusion in the Causes of Loss Special Form applies to sewer backup, tidal waves, and flood).
- 9. Additional Coverages
 - a. Be able to identify examples of Additional Coverages such as
 - i. Debris removal; and,
 - ii. Trees and shrubs.

V. Commercial Policy (25 questions (25 percent) on the examination)

D. Commercial General Liability (CGL) (2 questions of the 25 Commercial Policy questions)

- 1. General Concepts
 - a. Be able to understand who is an insured and who may be an additional insured or mortgagee;
 - b. Be able to identify the term General Liability and general types of loss exposures insured; and,
 - c. Be able to identify the kinds of limits that are listed in the Declarations and the Limits of Insurance section and how they apply.
- 2. CGL Coverage Forms – Occurrence and Claims Made
 - a. Be able to identify the difference in the coverage triggers between an occurrence policy and a claims-made policy.

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- b. Understand the following terms:
 - i. Retroactive Date; and,
 - ii. Prior acts coverage (retro date not specified).
- c. CGL Coverage Form (Occurrence)
 - i. Based on the Commercial General Liability Coverage Form, be able to identify and apply:
 - 1) the insuring agreement for coverage A, B, C; and;
 - 2) the definitions of:
 - a) occurrence;
 - b) products-completed operations;
 - c) insured contract; and,
 - d) coverage territory.
 - iii. Common Exclusions or Limitations:
 - 2) Terrorism Exclusions (e.g., must be offered, can be rejected);
 - 3) Microbial Matter Exclusions; and,
 - 4) Mold and Fungi, Asbestos.

V. Commercial Policy (25 questions (25 percent) on the examination)

E. Commercial Inland Marine (1 question of the 25 Commercial Policy questions)

- 1. Be able to identify:
 - a. why an insured might need Inland Marine (IM) coverage; and,
 - b. common types of property insured using the Commercial Package Policy IM coverage part (e.g., transit, cargo, or equipment).
- 2. For filed forms used with the Commercial Lines Program, be able to identify:
 - a. the perils commonly insured as "open perils"; and,
 - b. the most common exclusions.

V. Commercial Policy (25 questions (25 percent) on the examination)

F. Commercial Crime (1 question of the 25 Commercial Policy questions)

- 1. Be able to differentiate between "theft," "burglary," "Vandalism" and "robbery" as defined in crime insurance contracts.
- 2. Be able to identify the following crime coverages and recognize why a business would need to purchase them:
 - a. employee theft;
 - b. theft of money and securities, inside the premises; and,
 - c. theft of money and securities, outside the premises.
- 3. Be able to differentiate between the discovery form and loss sustained forms.
- 4. Know that certain people are not covered under the policy including officers, employees, and independent contractors.

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V. Commercial Policy (25 questions (25 percent) on the examination)

G. Equipment Breakdown (1 question of the 25 Commercial Policy questions)

1. Be able to identify Equipment Breakdown Protection Coverage (aka – Boiler and Machinery and understand the coverage triggers).

V. Commercial Policy (25 questions (25 percent) on the examination)

H. Farm Coverage (2 questions of the 25 Commercial Policy questions)

1. Be able to identify that Farm Insurance can be written on a monoline or package policy providing:
 - a. both personal and commercial coverages; and,
 - b. liability and property coverages.
2. With respect to the Multi-Peril Crop Insurance, be able to identify:
 - a. why the coverage may be needed; and,
 - b. the major perils commonly insured.

VI. Business Owners Policy (BOP), Stretch or Super Stretch (5 questions (5 percent) on the examination)

A. General Concepts (1 question of the 5 Business Owners Policy (BOP), Stretch or Super Stretch questions)

1. Be able to identify the:
 - a. purpose of this program;
 - b. mandatory coverages; and,
 - c. categories of eligible businesses.

VI. Business Owners Policy (BOP), Stretch or Super Stretch (5 questions (5 percent) on the examination)

B. BOP Property Coverages (4 question of the 5 Business Owners Policy (BOP), Stretch or Super Stretch questions)

1. Be able to differentiate between the coverage provided by the Standard and Special forms.
2. Be able to differentiate between the perils covered in the BOP policies and the commercial property policy.
3. Be able to identify important additional coverages included in the BOP that would have to be added to the Commercial Property Policy.

VII. Ocean Marine Insurance (3 questions (3 percent) on the examination)

A. Characteristics and Purpose (1 question of the 3 Ocean Marine Insurance questions)

1. Provides coverage for the loss or damage of ships, cargo, terminals, and any transport or cargo by which property is transferred, acquired, or held between the points of origin and final destination.

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- VII. Ocean Marine Insurance** (3 questions (3 percent) on the examination)
- B. Differences Between Coverages** (1 question of the 3 Ocean Marine Insurance questions)
1. Be able to differentiate between cargo, hull, freight, and protection and indemnity coverages.
- VII. Ocean Marine Insurance** (3 questions (3 percent) on the examination)
- C. Protection and Indemnity Insurance** (1 question of the 3 Ocean Marine Insurance questions)
1. Be able to recognize the sources of claims for which Protection and Indemnity does not apply coverage under the:
 - a. The Merchant Marine Act of 1920 (The Jones Act); and
 - b. The United States Longshore and Harbor Workers Compensation Act (USL&H).
- VIII. Surety and Fidelity** (2 questions (2 percent) on the examination)
- A. Characteristics and Purpose** (1 question of the 2 Surety and Fidelity questions)
1. A surety bond or surety is a promise to pay one party (the obligee) a certain amount if a second party (the obligor) fails to meet some obligation, such as fulfilling the terms of a contract. The surety bond protects the obligee against losses resulting from the obligor's failure to meet the obligation.
 2. Fidelity bonds, also known as employee dishonesty coverage, cover theft of an employer's property by its own employees. This is referred to as bonds, fidelity coverage functions as a traditional insurance policy rather than a surety bond.
- VIII. Surety and Fidelity** (2 questions (2 percent) on the examination)
- B. Surety Bonds and General Bond Concepts** (1 question of the 2 Surety and Fidelity questions)
1. Be able to differentiate between the three parties involved in a surety bond.
 - a. Obligor;
 - b. Obligee; and,
 - c. Guarantor.
 2. Be able to identify differences between surety bonds and insurance policies with regard to loss payments.
 3. Be able to identify the differences between contract, financial guarantee and faithful performance bonds.
- IX. Other Coverages and Options** (4 questions (4 percent) on the examination)
- A. National Flood Insurance Program (NFIP)** (1 question of the 4 Other Coverages and Options questions)

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1. Be able to identify the definition of a flood.
 2. Be able to identify the principal flood coverages.
 3. Recognize that other coverages, such as Business Income and Extra Expense, are not available through National Flood Insurance Program.
- B. Earthquake** (1 question of the 4 Other Coverages and Options questions)
1. Be familiar with the types of losses covered under an Earthquake policy.
- C. California Fair Access to Insurance Requirements ("FAIR") Plans**
(1 question of the 4 Other Coverages and Options questions)
1. Be familiar with the concept and definition of the FAIR Plan.
- D. Difference in Conditions (DIC)/Wrap Policies** (1 question of the 4 Other Coverages and Options questions)
1. Be familiar with the application of DIC/Wrap policies.