

# Your Exam Content Outline

The following outline describes the content of one of the Vermont 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.

## Vermont Adjuster's Examination for Property and Casualty Insurance Laws and Regulations Series 14-33

**150 questions – 2.5-hour time limit**

All citations are Vermont Insurance Statutes Title 8, unless otherwise noted. When preceded by "Reg" refer to Vermont Department Regulations, when preceded by "Bul" refer to Vermont Department Bulletins.

### 1.0 Insurance Regulation 5%

#### 1.1 Licensing requirements

- Qualifications (4803(a))
- Process (4800)
- Licensing exceptions (4803(d)(2))
- Nonresident adjuster (4803(d))

#### 1.2 Maintenance and duration

- Renewal (4798)
- Expiration (4798)
- Records (4803(c))

#### 1.3 Disciplinary actions

- Denial of license (4800(3)(E))
- Cease and desist order (3661)
- Suspension, revocation or nonrenewal (4804; 4806)
- Fines (4804(d))

#### 1.4 Claims settlement laws and regulations (4724(9); Reg 79-2 Sec 1-7)

#### 1.5 Federal regulation

- Fraud and false statements (18 USC 1033, 1034)

### 2.0 Insurance Basics 15%

#### 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
- 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 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

#### 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 bailee

## **2.5 Vermont laws, regulations and required provisions**

- Vermont Property and Casualty Insurance Guaranty Association (3611-3626)
- Renewal notice (3882; 4715)
- Cancellation and nonrenewal (3879-3881; 3883; 4711-4714)
- Coinsurance (3961-3968)
- Pollution coverage (Bul 111)
- Required provisions (4203)

## **3.0 Adjusting Losses 20%**

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

- Duties and responsibilities
- Staff and independent adjuster versus public adjuster (4791)
- 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 ('02) Policy 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 — Vermont (DP 01 44)
- 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 ('00) Policy 15%**

### **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 — Vermont (HO 01 44)  
Limited fungi, wet or dry rot, or bacteria coverage  
— Vermont (HO 04 02)  
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 — Vermont (HO 23 45)  
Business pursuits (HO 24 71)  
Watercraft (HO 24 75)  
Personal injury (HO 24 82)

### **6.0 Auto Insurance 12%**

#### **6.1 Laws**

Vermont Motor Vehicle Financial Responsibility and  
Insurance Laws  
(Title 23 Chapter 11 Sec 800–943)  
Required limits of liability  
(Title 23 Chapter 11 Sec 801)  
Required proof of insurance (Bul 77)  
Vermont Automobile Insurance Plan (4241–4246)  
Eligibility  
Liability limitations  
Physical damage coverage limitations  
Uninsured/underinsured motorist  
(Title 23 Chapter 11 Sec 941)  
Definitions  
Required limits of liability  
Bodily injury  
Property damage  
Cancellation/nonrenewal  
Grounds (4223)  
Notice (4224–4226)

#### **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 — Vermont  
(PP 01 72)  
Towing and labor costs (PP 03 03)  
Extended non-owned coverage (PP 03 06)  
Miscellaneous type vehicle (PP 03 23)  
Joint ownership coverage — Vermont  
(PP 03 80)

#### **6.3 Commercial auto ('06)**

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  
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)  
Individual named insured (CA 99 17)  
Commercial carrier regulations  
The Motor Carrier Act of 1980  
Endorsement for motor carrier policies of  
insurance for public liability (MCS-90)

### **7.0 Commercial Package Policy (CPP) 12%**

#### **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  
Premises and operations  
Products and completed operations

Insured contract

### **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
- Extra expense
- Legal liability

Causes of loss forms

- 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)

### **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 premises
- Computer fraud
- Funds transfer fraud
- Money orders and counterfeit money

Other crime coverage

- Extortion — commercial entities

### **7.5 Commercial inland marine**

Commercial inland marine conditions form

Inland marine coverage forms

- Accounts receivable
- Bailee's customers
- 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 ('08)**

Equipment breakdown protection coverage form (EB 00 20)

Selected endorsement

Actual cash value (EB 99 59)

### **7.7 Farm coverage**

Farm property coverage forms ('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

Mobile agricultural machinery and equipment coverage form

Livestock coverage form

Definitions

Cause of loss (basic, broad and special)

Conditions

Exclusions

Limits

Additional coverages

## **8.0 Businessowners ('06) Policy 15%**

### **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**

Protective safeguards (BP 04 30)

Utility services — direct damage (BP 04 56)

Utility services — time element (BP 04 57)