

# Your Exam Content Outline

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

## Oregon Adjuster's Examination for General Lines Insurance Series 12-07

150 questions – 2.5-hour time limit

### 1.0 Insurance Regulation 10%

#### 1.1 Licensing requirements (ORS 744.505)

- Licensing exceptions (ORS 744.515)
- Qualifications (ORS 744.002, .525)
- Types of licenses
  - General lines adjuster (ORS 744.531)
  - Nonresident adjuster (ORS 744.528, .538)
  - Temporary adjuster permit (ORS 744.555)

#### 1.2 Maintenance and duration

- Director's general duties and powers (ORS 731.236)
- Renewal (ORS 744.008, .009(1); OAR 836-071-0130)
- Expiration (ORS 744.007)
- Nonrenewal (ORS 744.009(2))
- Change of address or telephone number (ORS 744.028(1))
- Notification of change, deletion, or addition of an assumed business name (ORS 744.028(2))

#### 1.3 Disciplinary actions

- Cease and desist orders (ORS 731.252)
- Suspension, revocation, and nonrenewal (ORS 744.013)
- Probation (ORS 744.014)
- Civil penalty (ORS 731.988)
- Criminal penalty (ORS 731.992)

#### 1.4 Claim settlement laws and regulations

- Unfair claim practices (ORS 746.230; OAR 836-080-0205)
- Misrepresentation and other prohibited claim practices (OAR 836-080-0220)
- Required claim communications practices (OAR 836-080-0225)
- Standard for prompt claim investigation (OAR 836-080-0230)
- Standard for prompt and fair settlements
  - General (OAR 836-080-0235)
  - Automobile insurance (OAR 836-080-0240)
- Adjustment of claims under policy issued by unauthorized insurer (ORS 744.541)
- Regulation for automobile insurance claims

- Designation of repair shop prohibited (ORS 746.280, .290)
- Proof and amount of loss determination (ORS 746.295)
- Liability for damages; attorney fees (ORS 746.300)

### 1.5 Federal regulation

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

### 2.0 Insurance Basics 14%

#### 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
  - Conditional 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 and 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
  - Policy limits
  - Restoration/nonreduction of limits
  - Coinurance
  - 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 Oregon laws, regulations and required provisions**
  - Oregon Insurance Guaranty Association (ORS 734.510–.710)
  - Cancellation and nonrenewal
    - Commercial liability (ORS 742.700–.710)

- Property (ORS 742.224, 746.687)
- Suit against insurer (ORS 742.240)
- Concealment, misrepresentation or fraud (ORS 742.013, .208, .702(1)(b))

### **3.0 Adjusting Losses 23%**

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

- Duties and responsibilities
- Staff and independent adjuster versus public adjuster
- Relationship to 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 coverages
  - 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%

- 4.1 Characteristics and purpose
- 4.2 Coverage forms — Perils insured against
  - Basic — Oregon ('04)
  - Broad ('02)
  - Special ('02)
- 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 — Oregon (DP 01 36)
  - 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 9%

- 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 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 — Oregon (HO 01 36)
  - Limited fungi, wet or dry rot, or bacteria coverage (HO 04 04, HO 04 05, HO 04 06)
  - Earthquake (HO 04 54)
  - Scheduled personal property (HO 04 61)
  - Personal property replacement cost (HO 04 90)
  - Permitted incidental occupancies — residence premises — Oregon (HO 05 42)
  - Home day care — Oregon (HO 05 97)
  - Business pursuits (HO 24 71)
  - Watercraft (HO 24 75)
  - Personal injury (HO 24 82)

## 6.0 Auto Insurance 16%

- 6.1 Laws
  - Oregon Motor Vehicle Financial Responsibility Law
  - Required motor vehicle limits of liability (ORS 806.070)
  - Other ways to prove responsibility (ORS 806.011, .060, .080)
  - Personal injury protection (ORS 742.520–.544)
    - Medical
    - Loss of income
    - Funeral
    - Death
    - Essential services
    - Exclusions from coverage
    - Arbitration
  - Uninsured/underinsured motorist (ORS 742.500–.510)
    - Definitions
    - Bodily injury
    - Property damage
    - Required limits
    - Aftermarket Crash Parts Act (ORS 746.287, .292)
- 6.2 Personal ('05) auto policy
  - Definitions
  - Liability coverage
    - Bodily injury and property damage
    - Supplementary payments
    - Exclusions
  - Medical payments coverage
  - Uninsured motorists coverage
  - Coverage for damage to your auto
    - Collision
    - Other than collision
    - Deductibles
    - Transportation expenses
    - Exclusions
  - Duties after an accident or loss
  - General provisions
  - Selected endorsements
    - Amendment of policy provisions — Oregon (PP 01 94)
    - 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 13 35)
- 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
  - Deductible liability (CA 03 02)
  - Lessor — additional insured and loss payee (CA 20 01)
  - Mobile equipment (CA 20 15)
  - Broad form products (CA 25 01)
  - False pretense coverage (CA 25 03)
  - 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)
  - Employees as insureds (CA 99 33)
  - Pollution liability — broadened coverage (CA 99 48; CA 99 55)
- 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) 9%**

### **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 insurance
  - 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
- Owners and contractors protective liability coverage form
- 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
  - 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 the premises
  - Computer fraud
  - Funds transfer fraud
  - Money orders and counterfeit money
- Other crime coverages
  - Extortion — commercial entities (CR 04 03)
  - Lessees of safe deposit boxes (CR 04 09)
  - Securities deposited with others (CR 04 10)
  - Guests' property (CR 04 11)
  - Safe depository (CR 04 12)

### **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 ('08)**

- 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 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 and advertising injury liability
  - Coverage J — Medical payments
- Mobile agricultural machinery and equipment coverage form
- Livestock coverage form
- Definitions
- Causes of loss (basic, broad and special)
- Conditions
- Exclusions
- Limits
- Additional coverages

### **8.0 Businessowners ('06) Policy 5%**

#### **8.1 Characteristics and purpose**

#### **8.2 Businessowners Section I — Property**

- Coverages
- 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 Workers Compensation Insurance 5%**

#### **9.1 Workers compensation laws**

- Type of law
  - Monopolistic versus competitive
  - Compulsory versus elective
- Oregon Workers Compensation Law (ORS Chapter 656)
  - Exclusive remedy (ORS 656.018)
  - Employment covered (required, voluntary, leased) (ORS 656.017, .023, .027–.041)
  - Covered injuries (ORS 656.005(7))
  - Occupational disease (ORS 656.802–.804)
  - Benefits provided (ORS 656.202, .204, .206, .208, .210, .211, .212, .214, .216, .245, .258)
  - Workers Compensation Handicapped Workers Program (ORS 656.628)
- Federal workers compensation laws
  - Federal Employers Liability Act (FELA) (45 USC 51–60)
  - U.S. Longshore and Harbor Workers' Compensation Act (33 USC 901–950)
  - The Jones Act (46 USC 688)

#### **9.2 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
- Selected endorsements
  - Voluntary compensation
  - Foreign coverage

#### **9.3 Premium computations**

- Job classification
- Rates
- Payroll
- Adjustment upon audit
- Experience modification factor
- Premium discounts

#### **9.4 Other sources of coverage**

- Oregon Workers Compensation Fund Insurance Plan (ORS 656.730; OAR 836-043-0001–0091)
- Self-insured employers and employer groups (ORS 656.403, .407)

## **10.0 Other Coverages and Options 4%**

### **10.1 Umbrella/excess liability policies**

- Personal (DL 98 01)
- Commercial (CU 00 01)

### **10.2 Specialty liability insurance**

- Errors and omissions
- Directors and officers liability
- Fiduciary liability
- Liquor liability
- Employment practices liability

### **10.3 Surplus lines**

- Definitions and markets
- Licensing requirements

### **10.4 Surety bonds**

- Principal, obligee and surety
- Contract bonds
- License and permit bonds
- Judicial bonds

### **10.5 Aviation insurance**

- Aircraft hull
- Aircraft liability

### **10.6 Ocean marine insurance**

- Major coverages
  - Hull insurance
  - Cargo insurance
  - Freight insurance
  - Protection and indemnity

### **10.7 National Flood Insurance Program**

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

### **10.8 Other policies**

- Boatowners
- Difference in conditions

### **10.9 Residual markets**

- Joint Underwriting Association  
(ORS 735.200-.260; 737.390)
- Oregon FAIR Plan Association  
(ORS 735.005, .015, .045)