California Casualty Agent Examination
License Examination Objectives

Overview

For purposes of the California Casualty License Examination Objectives, the successful applicant is defined as an entry-level individual of an agency or an insurer.

California Insurance Code section 1677 requires the casualty examination be of sufficient scope to satisfy the Insurance Commissioner that an applicant has basic knowledge of insurance and insurance laws.

Basic knowledge is what this typical new casualty needs to know at the start of one's career.

(1) The most specific knowledge is required in the following areas:
- General Insurance Concepts and Principles
- Insurance Code and Ethics
- Responsibilities and authority of a Casualty Broker-Agent
- Commercial General Liability
- Commercial Automobile
- Miscellaneous Personal Casualty
- Miscellaneous Casualty
- Personal Automobile
- Professional Liability
- Umbrella and Excess Liability
- Workers' Compensation

(2) To a lesser degree knowledge is required of:
- A general understanding of all other lines of insurance

(3) In addition, as defined by the National Association of Insurance Commissioner's Producer Licensing Model Act, a Casualty line of authority is defined as insurance coverage against legal liability, including that for death, injury or disability or damage to real or personal property. The list below contains a sample of some of the insurance products that can be transacted with this license.

Automobile Insurance covers the loss exposures presented from the ownership and operation of a personal automobile. Coverage is provided for bodily injury and property damage to others and optionally, coverage for losses to a consumer's automobile and occupants of the automobile. Coverage may be available for motorcycles, recreational vehicles, and pick-up type trucks licensed for use on public roads.

Commercial General Liability coverage insures against financial loss due to acts or omissions of the insured which cause financial or bodily harm to others. Five forms of liability are covered: premises, operations, products, completed

operations and certain limited forms of contractual liability.

Employment Practices Liability Insurance is insurance protection for employers to cover the cost of loss caused by, or due to a liability claim from an employee for such offenses as discrimination, sexual harassment, wrongful termination or other employment related claims.

Personal Liability Coverage protects the insured against claims alleging that a property owner's negligence or inappropriate action resulted in property damage or bodily injury to another.

Professional Liability Insurance is liability insurance that covers liability as a result of performing a profession such as doctors, engineers, lawyers, insurance agents, and accountants. It can also include coverage for “wrongful acts” for other types of business such as beauty and barber shops to hi-tech companies. It can include policies for Errors & Omissions Insurance or for the medical field Malpractice Insurance.

Umbrella or Excess Liability Policy is written to provide excess limits over existing liability provisions that a customer may have such as automobile, homeowners, liability, and watercraft policies. May provide additional coverages not provided by the underlying policies. This is available in both personal and commercial policies.

Watercraft Insurance covers the loss exposures from the ownership of a watercraft including the vessel, its contents, and the liability of the owner. Can be modified to cover the use of the watercraft and where it travels.

Workers’ Compensation Insurance that covers medical and rehabilitation costs, lost wages, and death benefits for employees injured at work; required by law in all states.

California Insurance Code section 1749.1(b) states, in part, that no 12 hours of study on ethics and California Insurance Code or continuing education course shall include sales training, motivational training, self-improvement training, or training offered by insurers or agents regarding new products or programs. The license examination shall also exclude those items.

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License Examination Objectives

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The license examination objectives are derived from the curriculum outline contained in California Code of Regulations, Title 10, chapter 5, subchapter 1, article 6.5, section 2187.3.

12 Hours of Study of Ethics and California Insurance Code

The license examination objectives for ethics and California Insurance Code are incorporated in the following pages. The individual objectives may be identified by "California Insurance Code section 1749" or "Ethics".

The Casualty Agent License Examination

The California Department of Insurance's (Department) casualty license examination contains 75-multiple choice questions. Examinees are allowed ninety (90) minutes to complete the examination. Possession or use of any unauthorized device, material, or document is prohibited. Prohibited items include notes, crib sheets, textbooks, and electronic devices (California Insurance Code section 1681.5).

Passing the examination is the completion of an important first step in a career in insurance and a continuing program of insurance education and experience for this applicant. All questions are based on "standard" policies; current editions of Insurance Services Office (ISO) policies will be used as the standard where available. In addition, for examination purposes, the Comprehensive Personal Liability supplement to the Dwelling Program will be considered to be identical to the Homeowners Section II.

The Department's examinations are administered at the Department's test center in Los Angeles, at one of PSI Services LLC's (PSI), test centers located throughout California, or a PSI online remote proctored license examination. PSI is the Department's contracted license examination vendor.

The Department's test center examinations begin at 8:30 a.m. (8:00 a.m. check in) and 1:00 p.m. (12:30 p.m. check in), Monday through Friday, except on state holidays:

Los Angeles Test Center:
California Department of Insurance
300 South Spring Street, North Tower, Suite 1000
Los Angeles, California 90013

California Casualty Agent Examination License Examination Objectives

PSI's Test Centers are located at the following locations:

Agoura Hills	Fresno	Sacramento	Santa Rosa
Atascadero	Lawndale	San Diego	Union City
Bakersfield	Irvine	San Francisco	Ventura
Carson	Redding	Santa Clara	Visalia
Diamond Bar	Riverside	Santa Fe Springs	Walnut Creek

Online remote proctored license examinations are administered on dates and times selected by the license examinee.

Candidate Information Bulletin

The Candidate Information Bulletin (CIB) provides detailed information on how to:

- Register for an examination
- Prepare for your license examination with sample examination questions,
- Test taking strategies
- Test center procedures and security policies
- Check-in times
- Driving directions to the Department's and PSI's test centers

The check-in times and driving directions to PSI's examination site locations are listed on pages 4, 5, and 6 in the CIB.

For additional information on license examinations (e.g., online examination scheduling, fingerprint requirements, examination admittance, forms of identification, check your scheduled examination date, check your examination results), please review the Department's Individual Resident License Information web page.

California Casualty Agent Examination
License Examination Objectives

Table of Contents

I. General Insurance (15 percent of examination questions)
   A. Basic Insurance Concepts and Principles
   B. Contract Law
   C. The Insurance Marketplace
   D. Legal Concept: Tort Law

II. Casualty Insurance (15 percent of examination questions)
   A. Casualty Basics
   B. Policies
   C. Classes of Insurance

III. Personal Lines Insurance (35 percent of examination questions)
   A. Insurance on Residence
   B. Inland Marine
   C. Personal Auto
   D. Umbrella and Excess Liability Insurance

IV. Commercial Insurance Coverages (35 percent of examination questions)
   A. Insurance Services Office, Inc. (ISO) Commercial Lines Insurance Programs
   B. Casualty Insurance
   C. Surety Bonds and General Bond Concepts

California Casualty Agent Examination
License Examination Objectives

I. General Insurance (15 percent of examination questions)
   A. Basic Insurance Concepts and Principles
      1. Be able to identify, recognize, or differentiate between:
         a. examples of insurance as defined in California Insurance Code section 22
         b. the definition of risk
         c. a pure risk and a speculative risk
         d. the definition of peril
         e. the definition of hazard
         f. moral, morale, physical, and legal hazards
         g. the definition of the law of large numbers
         h. a definition or the correct usage of the terms loss and loss exposure (e.g., property loss, liability loss exposure)
         i. risk management techniques
         j. the requisites of an ideally insurable risk
         k. the definition of insurable events, California Insurance Code section 250
         l. the definitions of insurable interest and indemnity, and be able to apply these terms to a given situation
         m. why insurers underwrite insurance applications
         n. the concepts of adverse selection and risk pooling
         o. the benefits and the costs of insurance to society (i.e., loss control, loss payments, securing credit, etc.)
         p. a correct explanation of the role of deductibles in insurance
         q. a definition of reinsurance, California Insurance Code section 620, and the purposes and benefits of reinsurance
         r. that the California Insurance Code:
            i. divides lines of insurance into classes, California Insurance Code section 100
            ii. defines these classes, California Insurance Code sections 101 through 120

I. General Insurance
   B. Contract Law
      1. Be able to identify and compare contract law and tort law
      2. Be able to identify the four major elements of a contract (competent parties, legal purpose, offer and acceptance, and consideration)
      3. Be able to identify the meaning and effect of the following special characteristics of an insurance contract:
         a. aleatory
         b. conditional contract
         c. contract of adhesion
         d. indemnity
         e. personal contract
         f. unilateral

   g. utmost good faith
4. Be able to identify the term insurance policy, California Insurance Code section 380
5. Be able to identify the meaning and effect of each of the following on a contract:
   a. fraud, California Insurance Code sections 338 and 1871.2
   b. concealment, California Insurance Code sections 330 through 339
      i. be able to identify information that does not need to be communicated in a contract: California Insurance Code section 333
         1) Those which the other knows
         2) Those which, in the exercise of ordinary care, the other ought to know, and of which the party has no reason to suppose him ignorant
         3) Those of which the other waives communication
         4) Those which prove or tend to prove the existence of a risk excluded by a warranty, and which are not otherwise material
         5) Those which relate to a risk excepted from insurance, and which are not otherwise material
   c. materiality, California Insurance Code section 334
      i. know that the materiality of concealment is the rule used to determine the importance of a misrepresentation
   d. representations, California Insurance Code sections 350 through 361
      i. a representation is false when the facts fail to correspond with its assertions or stipulations, California Insurance Code section 358
      ii. a representation cannot qualify an express provision in a contract of insurance but it may qualify an implied warranty, California Insurance Code section 354
      iii. know when a representation can be altered or withdrawn, California Insurance Code section 355
   e. warranty, California Insurance Code sections 440 through 449
      i. know that a warranty may be expressed or implied
   f. waiver and estoppel
   g. know that intentional or unintentional concealment entitles an injured party to rescission of a contract, California Insurance Code section 331
6. Be able to identify six required elements which must be specified in all insurance policies, California Insurance Code section 381
7. Be able to identify:
   a. the meaning of the term rescission
   b. when an insurer has the right of rescission, California Insurance Code sections 331, 338, 359, and 447
8. Given an insurance situation, be able to identify the following terms correctly:
   a. application, policy, endorsement
   b. cancellation, lapse, grace period
   c. rate, premium, earned and unearned premium

9. Be familiar with the grace period for premiums after a declared emergency, California Insurance Code section 2062

I. General Insurance
- C. The Insurance Marketplace
  1. Be able to identify different distribution systems that include, but are not limited to, the following:
     - a. agency
       - i. independent agent
       - ii. captive agent
       - iii. broker
     - b. direct response
     - c. online direct sales

I. General Insurance
- C. The Insurance Marketplace
  2. Producers. Be able to:
     - a. understand the general rules of agency as they apply to an agent, broker, and insurance company
       - i. differentiate between agents, California Insurance Code section 31, and brokers, California Insurance Code section 22
       - ii. the responsibilities and duties of each to insureds and insurers
       - iii. the effect of the types of authority an agent may exercise (express, implied, or apparent)
     - b. with regard to the underwriting of applicants and/or insureds:
       - i. identify a producer's responsibilities (e.g., "field underwriting")
       - ii. understand the insurers' requirements
     - c. define the following:
       - i. property, California Insurance Code sections 31, 33, and 1625(a), (b)
       - ii. casualty, California Insurance Code sections 33.5 and 1625(a), (c)
       - iii. solicitor, California Insurance Code section 34
       - iv. personal lines licensee, California Insurance Code section 1625.5
       - v. surplus line broker, California Insurance Code sections 47 and 1765
     - d. define transact and understand why transacting insurance without a license is important, California Insurance Code sections 35, 1631, and 1633, and know the penalties for transacting without a license, California Insurance Code section 1633
     - e. understand written consent in regard to interstate commerce (prohibited persons in insurance), and be able to:
       - i. identify what conduct is prohibited by Title 18 United States Code (18 USC) section 1033
       - ii. identify what civil and criminal penalties apply, 18 USC sections 1033 and 1034

f. recognize the differences between the authority of an agent and a solicitor, California Insurance Code section 1624
g. for insurance agent's errors & omissions insurance, identify:
   i. the types of coverages available
   ii. the types of losses commonly covered and not covered
   iii. the need for the coverage
   iv. how errors & omissions insurance is applied
h. identify prohibited acts involving nonadmitted insurers unless licensed as a surplus lines broker, California Insurance Code section 703
i. identify the prohibitions of free insurance, California Insurance Code section 777.1
j. identify the Code requirements for the following:
   i. an agency name, use of name, and prohibited words, California Insurance Code sections 1724.5,1729.5, and 10 Cal. Code Regs. section 2052.4
   ii. change of address, California Insurance Code section 1729
   iii. filing license renewal application, California Insurance Code section 1720
   iv. printing license number on documents, California Insurance Code section 1725.5
   v. internet advertisements, California Insurance Code section 1726(a)
k. identify the Code specifications regarding producer application investigation, denial of applications, and suspension or revocation of license, California Insurance Code sections 1666, 1668 through 1669, and 1738
l. identify the importance and the scope of the Code regarding:
   i. the filing of a notice of appointment to transact insurance, California Insurance Code sections 1704 and 1705
   ii. an inactive license, California Insurance Code section 1704(b)
   iii. surrender or cancellation of a license by the licensee, California Insurance Code section 1708
m. identify the scope and effect of the Code regarding termination of a (producer) license, including when producers dissolve a partnership, California Insurance Code sections 1708 through 1712.5
n. identify and apply:
   i. the definition of the term "fiduciary"
   ii. producer fiduciary duties described in the Code, California Insurance Code sections 1733 through 1735
o. identify the continuing education (CE) requirements for:
   i. an individual licensed as a property and/or casualty
   ii. know that all licensees must complete a 3-hour course in ethics as part of the required hours of CE prior to each license renewal
p. identify the licensee's duty for disclosure of the effective date of coverage,

California Insurance Code section 1730.5

q. reporting of administrative actions and criminal convictions, California Insurance Code section 1729.2
   i. know that an applicant or licensee shall notify the Commissioner when any of the background information set forth in California Insurance Code section 1729.2 changes after the application has been submitted or the license has been issued
   ii. notice is required within 30 days of any change in background information

r. be able to identify apply the meaning of, and list concrete examples of, the following ethical mandates:
   i. place the customer's interest first
   ii. know your job and continue to increase your level of competence
   iii. identify the customer's needs and recommend products and services that meet those needs
   iv. accurately and truthfully represent products and services
   v. avoid jargon; use layperson's language when possible
   vi. stay in touch with customers and conduct periodic coverage reviews
   vii. maintain confidentiality and protect the privacy of customer information using physical and electronic safeguards
   viii. keep informed of and obey all insurance laws and regulations
   ix. avoid unfair or inaccurate remarks about the competition

s. be able to identify that the California Insurance Code and the Ca. Code Regs. identify many unethical and/or illegal practices, but they are NOT a complete guide to ethical behavior (i.e., California Insurance Code section 785)

t. be able to provide examples of different types of ethical dilemmas that licensees might face

u. be able to identify special ethical concerns that may occur regarding pretext interviews, California Insurance Code section 791.03

I. General Insurance

C. The Insurance Marketplace

3. Insurers

a. be able to differentiate between:
   i. admitted and non-admitted insurers, California Insurance Code sections 24 through 25
   ii. domestic, foreign, or alien insurers, California Insurance Code sections 26 through 27 and 1580
   iii mutual and stock insurers, California Insurance Code section 11535.1
   iv. regulation of an admitted insurer and non-admitted insurer, and the potential consequences for consumers, California Insurance Code sections 24, 25, and 1760 through 1780

v. be able to differentiate between mutual, stock, and fraternal insurers
   1. Know that de-mutualization is a process whereby a mutual insurer becomes a stock company, California Insurance Code section 11535

b. be able to identify:
   i. the functions of the following major operating divisions of insurers: marketing/sales, underwriting, claims, actuarial
   ii. market conduct regulations as the state laws that regulate insurer practices regarding underwriting, sales, ratemaking, and claims handling
   iii. who may be an insurer, California Insurance Code section 150
   iv. the penalty for unlawfully acting as an agent for a nonadmitted insurer or broker or aiding a nonadmitted insurer to transact business in this state for a home state insured, California Insurance Codes sections 703 and 1760.1(f)
   v. the distinctions between person, association, organization, partnership, business trust, limited liability company, or corporation, California Insurance Code section 19
   vi. reciprocals and risk retention groups, and the limitations on state regulation of risk retention groups under the federal Liability Risk Retention Act, and the possible impact on consumers, California Insurance Code sections 125 through 140, and 15 USC section 3901

I. General Insurance
   C. The Insurance Marketplace
      4. Market Regulation – General
         a. be able to identify:
            i. the purpose of insurance regulation and the significance of the McCarran-Ferguson Act, 15 USC sections 1011 through 1015
            ii. the California Insurance Code and how it may be changed
            iii. the 10 Cal Code of Regs., Chapter 5, and how it may be changed
            iv. how the Insurance Commissioner is selected and the responsibilities of the position, California Insurance Code sections 12900 and 12921
            v. the correct application of the Unfair Practices Article, including its prohibitions and penalties, California Insurance Code sections 790 through 790.10
         b. be able to identify the privacy provisions of:
            i. the California Financial Information Privacy Act, California Insurance Code sections 4050 through 4060
            ii. Insurance Information and Privacy Protection Act regarding practices, prohibitions, and penalties, California Insurance Code sections 791 through 791.26
            iii. Health Insurance Portability and Accountability Act (HIPPA)

iv. Privacy of Nonpublic Personal Information, 10 Cal. Code Regs. sections 2689.4 through 2689.22
v. California Consumer Privacy Act of 2018
vi. California's "Shine the Light" law (California Civil Code section 1798.83)

c. be able to define an insolvent insurer, California Insurance Code section 985, and know:
   i. the definition of an insolvent insurer includes either:
      1) Any impairment of minimum "paid-in capital" or "capital paid in," as defined in California Insurance Code section 36, required in the aggregate of an insurer by the provisions of this code for the class, or classes, of insurance that it transacts anywhere
      2) An inability of the insurer to meet its financial obligations when they are due
   ii. an insurer cannot escape the condition of insolvency by merely being able to provide for all its liabilities and for reinsurance of all outstanding risks; an insurer must also be possessed of additional assets equivalent to such aggregate "paid-in capital" or "capital paid in" required by this code after making provision for all such liabilities and for such reinsurance, California Insurance Code sections 985(a)(1) and (2)
   iii. the definition of paid-in capital, California Insurance Code sections 36 and 985
   iv. that it is a misdemeanor to refuse to deliver any books, records, or assets to the Commissioner once a seizure order has been executed in an insolvency proceeding, California Insurance Code section 1013

d. be able to identify
   i. the scope and correct application of the conservation proceedings described in the California Insurance Code sections 1011, 1013, and 1016
   ii. the purpose and scope of the Code with regard to the California Insurance Guarantee Association, California Insurance Code sections 1063(a), (b), (c), and 1063.1(a), (b), (c)(1)(2)
   iii. common circumstances that suggest the possibility of fraud
      1) know that if an insured signs a claim form for a claim which is fraudulent, the insured may be found guilty of perjury
   iv. efforts to combat fraud, California Insurance Code sections 1872, 1874.6, 1875.8, 1875.14, 1875.20, and 1877.3(b)(1)
      1.) Be able to describe the steps a licensed agent should take when fraud is suspected
   v. the scope and correct application of the False and Fraudulent Claims Article of California Insurance Code sections 1871.1 through 1871.4(c) and 1872.5

vi. acts and practices prohibited by California Insurance Code sections 679.70 through 679.74
vii. the requirements for rates to be approved or remain in effect, California Insurance Code section 1861.05(a)
viii. the types of rating regulations (prior approval, file & use, use & file, open competition) and the system used by the state of California to regulate rates for most property and casualty insurance written in California, California Insurance Code section 1861.05(c)
ix. the distinctions between and uses of “shall” and “may,” California Insurance Code section 16
x. the requirements for notice by mail, California Insurance Code section 38

e. with regard to the Fair Claims Settlement Practices regulations, be able to identify:
i. the sixteen claim practices that are prohibited by the regulations
ii. how the regulations relate to California Insurance Code section 790.03
iii. a definition of each of the following:
1) claimant, 10 Cal. Code Regs. section 2695.2(c)
2) notice of legal action, 10 Cal. Code Regs. section 2695.2(o)
3) proof of claim, 10 Cal. Code Regs. section 2695.2(s)
iv. file and record documentation, 10 Cal. Code Regs. section 2695.3
v. duties upon receipt of communications, 10 Cal. Code Regs. section 2695.5
vi. standards for prompt, fair, and equitable settlements, 10 Cal. Code Regs. sections 2695.7(a), (b), (c), (g), and (h)
vii. additional standards applicable to first party residential and commercial insurance policies, 10 Cal. Code Regs. section 2695.9

I. General Insurance
C The Insurance Marketplace
5. Excess and Surplus (E&S) Lines
a. with regard to surplus lines, be able to identify:
i. what the term "surplus lines" means
ii. the marketplace needs met by surplus lines
iii. the requirements to be met before a risk may be placed with a surplus lines insurer
iv. how surplus lines and special lines surplus brokers interact with agents
v. the absence of binding authority when placing business through excess and surplus lines brokers, California Insurance Code section 1764.2
vi. the non-standard nature of the coverages provided, and that:
1) An excess and surplus lines insurer writes standard coverages

in a state where the insurer is unlicensed

2) A standard market insurer is an admitted insurer who offers rates for insurance coverage to insureds who have an average or better than average loss exposure

vii. conditions that must be met before business may be obtained from these carriers, California Insurance Code section 1761

viii. what is the List of Approved Surplus Lines Insurers (LASLI)? The following link will provide access to this list: http://www.insurance.ca.gov/0250-insurers/0300-insurers/0200-bulletins/eligible-surplus-line/index.cfm

ix. what is the Quarterly Listing of Alien Insurers issued by the NAIC's International Insurers Department ("IID List")? The following link will provide access to this list: https://www.naic.org/prod_serv/QLS-AS-230.pdf

I. General Insurance

D. Legal Concept: Tort Law

1. Be able to identify and/or recognize:

a. torts are forms of civil wrongdoing, including:

i. intentional torts

ii. negligence

iii. absolute/strict liability

iv. vicarious liability

b. the four essential elements of negligence

i. duty

ii. breach

iii. injury (proximate cause)

iv. (damages)

c. the principles of "proximate cause" and "efficient proximate cause"

d. legal defenses against "negligence"

e. the purpose of absolute and strict liability doctrines, and to recognize situations where each would apply (e.g., employee injured at work (absolute) or dog bite (strict))

f. examples of intentional torts (e.g., libel, slander, false arrest)

g. definitions of gross negligence and vicarious liability

h. various types of damages available under tort law:

i. compensatory, which includes special and general damages

ii. punitive

i. the difference between comparative and contributory negligence doctrines, and know which one applies under California tort law

i. be able to compute a loss payment applying the doctrines of:

a) comparative negligence

b) contributory negligence

j. the assumption of the risk doctrine, and know:

i. how it applies to strict liability
ii. that it may be asserted as a legal defense

II. Casualty Insurance
A. Casualty
1. Basics. Be able to identify
a. the major services provided by the following organizations:
i. Insurance Services Office (ISO)
ii. ACORD (Association for Cooperative Operations Research and Development)
iii. California Workers' Compensation Insurance Rating Bureau, California Insurance Code section 11750.3
iv. understand that there are other rating organizations out of state (e.g., National Council on Compensation Insurance, Inc. (NCCI))
b. AM Best, Fitch, Moody's, and Standard and Poor's are examples of independent rating organizations, and know what their ratings indicate
c. the principal risk management methods used to identify loss exposures, and the advantages and disadvantages of each method
d. the difference between direct and indirect (consequential*)* property losses
e. common indirect loss exposures
f. the terms expense ratio, loss ratio, and combined ratio
g. and differentiate between the terms:
i. short rate/flat rate/pro-rata cancellation
ii. cancellation/non-renewal/ apse
iii. unearned/earned premium and be able to identify their correct computation
iv. "judgment rating," "merit rating," and "manual rating"
v. first party claimant, third party claimant, subrogation, and arbitration
vi. "loss reserves" and "statutory reserves"
vii. property and liability (casualty) insurance coverages
h. be able to identify:
i. the requirements to be met to assign a policy from one insured to another
ii. the requirement for an insurable interest to exist, California Insurance Code sections 280 through 287
iii. that contingent or expectant interests are not insurable, California Insurance Code section 283

II. Casualty Insurance
B. Policies
1. Be able to identify:
a. the major components of insurance policies (e.g., declarations, insuring agreements, definitions, conditions, exclusions, endorsements)

b. the provisions or exclusions related to microbial matter
c. the Code requirements pertaining to policy cancellation/failure to renew, California Insurance Code sections 481.5, 660 through 669.5, 670, 673, and 675 through 679.6

II. Casualty Insurance
C. Classes of Insurance, California Insurance Code section 100 through 124
1. Have basic familiarity with the coverages a property and casualty may be appointed to transact:
a. fire
b. ocean marine/inland marine
c. surety
d. plate glass
e. liability
f. workers' compensation
g. common carrier liability
h. boiler and machinery
i. burglary
j. credit
k. sprinkler
l. team and vehicle
m. automobile
n. aircraft

III. Personal Lines Insurance
A. Insurance on a Residence
1. Liability coverage – be able to identify and/or differentiate between:
a. property damage liability and bodily injury liability coverages provided in homeowners' and dwelling policies
b. common liability loss exposures and know which are typically covered or excluded in residential policies
c. who is and is not covered by "medical payments to others"
d. the vehicles most commonly insured and/or excluded under a homeowners' policy form
e. an "insured location" and a "residence premises"
f. losses covered under the homeowners' watercraft endorsement

III. Personal Lines Insurance
A. Insurance on a Residence
2. Liability endorsements. Be able to identify:
a. the effect of attaching the endorsement to a homeowners' policy
b. the major effects of the following:
i. workers' compensation – residence employees (CA) endorsement

ii. additional residence rented to others
iii. home business coverage endorsements as compared to commercial policies
iv. personal injury endorsement

III. Personal Lines Insurance
B. Marine
1. Personal watercraft – personal insurance. Be able to identify:
a. why a boat owner, insured under a homeowners' policy, might still need boat owners type coverages
b. the typical coverages provided
i. liability operations liability, passenger liability, and flotilla liability
ii. medical payments
iii. physical damage coverage
c. the coverage normally afforded by the yacht policy (hull, boat trailers, protection and indemnity)

III. Personal Lines Insurance
C. Personal Auto
1. General concepts. Be able to identify:
a. the Financial Responsibility Law and minimum individual or insurance policy requirements, California Vehicle Code (CVC) sections 16020, 16021, 16025, 16056, and 16451, and notice requirements pursuant to California Insurance Code section 11580.1(b)(1) and CVC section 16054
b. how a particular personal auto policy being sold to the consumer may differ from the ISO PAP
c. under an ISO PAP, be able to identify:
i. the eligibility requirements for coverage
ii. who is an insured, including the provisions regarding how the policy responds when an insured is no longer a spouse living in the same household
1) Know that any person qualifies as an insured while using a covered auto
iii. the policy territorial limits
iv. the difference between "share-the-expense car pools" and "for-hire" situations
v. the coverage that applies to newly acquired auto and "your covered auto"
vi. the coverage that applies to a non-owned private passenger auto rented by an insured while on a short vacation
d. situations in which the policy provides:
i. primary coverage
ii. excess coverage

iii. special physical damage

e. regarding good driver discounts:
   i. the eligibility requirements to receive a good driver discount, California Insurance Code section 1861.025
   ii. the discount percentage of the good driver discount, California Insurance Code section 1861.02
   iii. the three principal rating factors for personal auto policies, California Insurance Code section 1861.02 (a)

f. be able to understand the provisions of the California amendatory endorsements and be able identify:
   i. the permitted reasons for an insurer to cancel or non-renew an automobile policy, California Insurance Code sections 661 and 1861.03(c)(1)
   ii. the number of days of notice required, California Insurance Code sections 662 and 663

g. for newly acquired autos, know that:
   i. a newly acquired auto will have the broadest coverage provided for any vehicle shown in the declarations, except for collision coverage for damage to your auto
   ii. if the insured has collision coverage on at least one auto listed on the declarations page, all coverage on a newly acquired auto begins on the date the insured becomes the owner (for example, the ISO policy requires the insured to notify the insurer within 14 days)
   iii. if the insured does not have collision coverage on at least one auto listed on the declarations page, collision coverage on a newly acquired auto begins on the date the insured becomes the owner, but the insured must request collision coverage

h. regarding Transportation Network Companies (TNC) (e.g., Uber, Lyft), know that:
   i. personal auto insurance rarely covers the driver while working for a TNC
   ii. insurers have products that specifically cover the driver while working for a TNC; a list of available TNC coverage can be found on CDI's webpage at: http://www.insurance.ca.gov/01-consumers/105-type/82-TNC-Ridesharing/upload/1-12-17TNCProductApprovalChartPublic.pdf
   iii. Public Utilities Code section 5433 requires the TNC to provide specific coverages to the driver

i. regarding personal vehicle sharing, know that:
   i. personal vehicle sharing means the use of private passenger vehicles by persons other than the vehicle's owner in connection with a personal vehicle sharing program as defined by California Insurance Code section 11580.24

ii. the personal vehicle sharing program must provide coverage for the vehicle “during all times that the vehicle is engaged in personal vehicle sharing” as long as the annual revenue received by the vehicle’s owner which was generated by the personal vehicle sharing of the vehicle does not exceed the annual expenses of owning the vehicle, California Insurance Code section 11580.24(a)(2), and as long as the vehicle is not being used for commercial purposes, including, but not limited to, ridesharing (TNC), California Insurance Code section 11580.24(a)(3)

iii. the vehicle sharing program shall “provide insurance coverage for the vehicle and operator of the vehicle that are equal to or greater than the insurance coverages maintained by the vehicle owner and reported to the personal vehicle sharing program,” California Insurance Code section 115801.24 (c)(1)

III. Personal Lines Insurance

C. Personal Auto

2. Liability/medical payments/uninsured motorist. Be able to identify:

a. how the policy limits are applied to liability, medical, uninsured motorist in a given loss situation

b. for a described loss under Part A – Liability, be able to determine the effect of:

i. supplementary payments

ii. "out of state coverage," including "financial responsibility" and “no-fault” compliance

iii. split limits vs. single limits coverage

1) Know the difference between the application of the per-accident limit in a split limit policy and a single limit policy

iv. “other insurance”

v. limitations and exclusions applicable to covered bodily injury and/or property damage claims

c. for a described loss under Part B – Medical Payments, be able to determine the amount of coverage available for each insured

i. coverage/limitations/exclusions/applying to Part B – Medical Payments

d. for a described loss under Part C – Uninsured Motorists, be able to differentiate between uninsured and underinsured motorist and know the amount of coverage for each insured:

i. for bodily injury when the at-fault driver is an uninsured or underinsured motorist

ii. for property damage under the uninsured motorist property damage limit of liability

iii. for property damage under a collision deductible waiver

e. under California law, be able to identify:

i. the requirement for offering uninsured motorists coverage in policies providing bodily injury liability, and how an insured may reject the coverage, California Insurance Code section 11580.2(a)(1)
ii. driving history report (MVR) issues – Fair Credit Reporting Act
1) Know that a consumer credit report cannot be used as the basis of a decline to insure or as a premium factor in California

III. Personal Lines Insurance
C. Personal Auto
3. Physical Damage / Miscellaneous
a. In a described loss, be able to identify:
i. what constitutes physical damage
ii. if the loss is covered and for how much after applying any deductibles
iii. the standard basis of valuation for the automobile
iv. an insurer's options in making a loss settlement with the insured
v. under what circumstances transportation expenses are reimbursed
vi. the coverage for personal effects
vii. the relationship between Other Than Collision coverage (OTC) and comprehensive coverage (ISO uses newer "OTC", many insurers still use "comprehensive")
1) know that Other Than Collision coverage is a type of property insurance coverage
viii. insured's duties after a loss
b. Be able to identify Common Auto Endorsements
i. Miscellaneous Type Vehicle Endorsement
ii. Limited Mexico Coverage Endorsement
iii. Towing and Labor Coverage
iv. Trust Endorsement
v. Joint Ownership
vi. Auto Loan/Lease Endorsement (GAP Coverage)
vii. Impact of shared rides on personal auto insurance
Named Non-owner Coverage
viii. Extended Non-owned Liability Coverage – Vehicle Furnished or Available for Regular Use
ix. Optional Limits - Transportation Expenses Coverage
x. Customizing Equipment Coverage (PP 08 18)

III. Personal Lines Insurance
C. Personal Auto
4. California Automobile Assigned Risk Plan (CAARP). Be able to identify:
a. the purpose of CAARP~~,~~
i. who is eligible to place business with CAARP
ii. the eligibility requirements for applicants

iii. how business is placed through CAARP
iv. the coverages and limits available and/or required
v. when coverage may be bound
vi. when commercial risks are also eligible for "assigned risk" coverage.

b. California's Low-Cost Automobile Insurance (CLCA). Be able to identify
i. what is "low-cost automobile insurance"
ii. the coverages and limits available
iii. eligibility to purchase low-cost automobile insurance
iv. the cancellation and renewal procedures for low-cost automobile insurance
v. the costs for this insurance

III. Personal Lines Insurance
C. Personal Auto
5. Recreational vehicles (RV)
a. know that endorsements can be added to a Personal Auto Policy (PAP) to provide coverage for RVs
b. be able to differentiate between a private passenger vehicle and a commercial vehicle and know that:
i. RVs are generally both designed as and used as private passenger vehicles
ii. under CVC sections 260 and 362, a three axle RV is not considered a commercial vehicle and meets the definition of "private passenger vehicle" in California Insurance Code section 660(a)(1)
iii. once an RV is added to the PAP, the existing coverage of the PAP is extended to this added vehicle

III. Personal Lines Insurance
C. Personal Auto
6. Motorcycles. Be able to explain:
a. why motorcycles generally are not covered by a PAP and generally cannot be added as an endorsement
b. how to insure vehicles with less than four wheels
c. why specialty motorcycle policies may have limitations in the areas of medical payments and uninsured motorist

III. Personal Lines Insurance
D. Umbrellas and Excess Liability Insurance. Be able to identify:
1. The difference between umbrella and excess liability insurance
2. The benefits of umbrella and excess liability insurance
3. How uninsured motorist and underinsured motorist coverage is extended under an umbrella or excess liability policy
4. Underlying policy limits that are commonly required to be maintained by the

umbrella insurer
5. What a self-insured retention is and how it is applied to a loss
6. Standardized umbrella policies and their availability

IV. Commercial Insurance Coverages
A. ISO Commercial Lines Insurance Programs. Be able to identify:
1. A description of the modular concept as used in the commercial package program and the common modules
2. The following common policy conditions and their application: cancellation, changes/examination of your books and records/inspections and surveys/premiums/transfer of rights and duties/first named insured
3. For package policies:
a. the minimum requirements for a package policy (modules & coverages)
b. the advantages to insureds
c. how coverages may be written on a monoline basis

IV. Commercial Insurance Coverages
B. Casualty Insurance
1. Commercial General Liability (CGL) coverage forms – occurrence and claims-made. Be able to identify:
a. the difference in the coverage triggers between an occurrence policy and a claims-made policy
b. why certain policies are written on a claim-made basis and know the definitions of the following terms:
i. retroactive date
ii. prior acts coverage (retro date not specified)
iii. “tail” coverages (mini, midi, and maxi (SERP))
c. when the Basic Extended Reporting Period (BERP) begins and how it is activated when the policy is cancelled or non-renewed

IV. Commercial Insurance Coverages
B. Casualty Insurance
2. Commercial General Liability (CGL)
a. general concepts; be able to identify:
i. the term “general liability”
ii. general types of loss exposures insured or left for other policies to insure
iii. the kinds of limits that are listed in the declarations and the limits of insurance section and how they apply
iv. CGL coverage form (occurrence).
1) Based on the CGL coverage form, be able to identify and apply:
i. the insuring agreement for coverages A, B, and C
ii. the definitions of:

a) occurrence
b) products-completed operations
c) insured contract
d) coverage territory
e) personal and advertising injury
f) bodily injury
g) property damage
h) automobile and mobile equipment
i) employee
j) leased employee
k) temporary employee
l) independent contractor, subcontractor

iii. the effect of the following exclusions:
a) liquor liability
b) workers' compensation
c) pollution
d) automobile, aircraft, watercraft
e) care, custody, and control – property damage
f) recall exclusion
g) expected and intended
h) employment practices liability
i) terrorism exclusions
j) microbial matter exclusions

IV. Commercial Insurance Coverages
B. Casualty Insurance
3. Professional liability and errors & omissions. Be able to identify:
a. that certain professional liability losses aren't covered under CGL policies:
i. because of applicable exclusions
ii. because the loss does not involve:
1) Bodily injury
2) Property damage
3) Personal injury
4) Advertising injury
b. the occupations commonly insured under professional liability policies
c. what is covered by professional liability policies that are not covered by a CGL policy
d. the triggers of coverage common to professional liability:
i. claims-made
ii. claims-made and reported
iii. occurrence (exceedingly rare)
e. the defense provision in a professional liability policy and how it differs from the defense provision in a CGL policy:

i. employers' exposure to loss
ii. common perils insured
iii. who is an insured
iv. what losses are excluded
v. employment practices liability
vi. fiduciary Liability

IV. Commercial Insurance Coverages
B. Casualty Insurance
4. Management (directors and officers) liability. Be able to identify and understand:
a. various loss exposures for profit and non-profit organizations
b. the three common insuring agreement
c. who is an insured
d. the exclusions within a policy
e. management liability is also available as a suite of coverages and designed for exposures not covered by CGL, including D&O, EPLI (including sexual misconduct), E&O, fiduciary, kidnapping & ransom, and cyber liability

IV. Commercial Insurance Coverages
B. Casualty Insurance
5. Employment practices liability. Be able to identify:
a. who is not covered and what issues are excluded
b. the definition of claims that include written demand for monetary or non-monetary relief
c administrative or regulatory investigations, including EEO Commission charges
d damages that include pre- and post-judgment interest, punitive, exemplary, liquidated, and multiplied damages up to the limit of liability, where insurable; most favorable jurisdiction language applies
e. the broad definition of wrongful act(s) includes, but is not limited to, discrimination, harassment, wrongful demotion, failure to hire or promote, hostile or offensive work environment that interferes with work performance, termination, and retaliation
f. that the bodily injury exclusion includes carve-out for emotional distress mental anguish, defamation, invasion of privacy, or humiliation
g. fraudulent or intentional acts of an employer or its agents and understand there is no exclusion for such acts

IV. Commercial Insurance Coverages
B. Casualty Insurance
6. Commercial auto. Be able to identify and differentiate policy and coverage differences between garage, business auto, and motor carrier forms
a. garage policy; know that:

i. coverage is available for public repair shops, dealerships, attended parking lots, and any other situation where the general public might drive the business vehicle, or when businesses have care, custody, or control over other people's vehicles
ii. garage liability covers garage operations, and be able to identify:
1) The definition of garage operations
2) The four major coverages provided by garage liability
3) Reasons for insuring with garage liability rather than using general liability plus commercial auto coverage
i. be able to distinguish between losses covered by garage keepers legal liability and garage keepers direct coverage (primary or excess)

b. Business Auto Policy (BAP). Be able to identify:
i. why the following coverages might be needed by an insured:
1) Owned autos
2) Hired autos
3) Non-owned autos
4) Uninsured and underinsured motorist
ii. each of the following symbols used to specify covered autos on the BAP declaration pages: 1, 2, 3, 4, 7, 8, 9, and 19
iii. the "who is insured" provision of the policy
iv. the effect of the following exclusions and alternative methods of providing insurance coverage:
1) Workers' compensation
2) "Products" and "completed operations"
3) Pollution
4) Care, custody, and control – property damage
5) Fellow employee
v. the principal physical damage coverages
vi. the effect of the following endorsements:
1) Individual named insured endorsement
2) Drive other car coverage – broadened coverage for named individuals

c. regarding motor carrier policy (e.g., truckers coverage), know:
i. the definition of "trucker" and the general scope of the Motor Carrier Act of 1980
ii. why a separate automobile program was developed for motor carriers

IV. Commercial Insurance Coverages
B. Casualty Insurance
7. Umbrella and excess liability. Be able to identify:
a. the major functions and differences of these policies
b. that most carriers have developed their own form with unique coverage

c. commonly required underlying policies and limits of liability
d. what a self-insured retention is and how it is applied to a loss

IV. Commercial Insurance Coverages
B. Casualty Insurance
8. Workers' compensation. Be able to identify:
a. the effect on the legal relationship between employers, employees, and independent contractors that was intended when worker's compensation laws were written, and know:
i. why misclassified workers may not be covered under a workers' compensation policy
ii. the liability of the employer when a misclassified worker is injured on the job and not covered under a workers' compensation policy
iii. the "ABC" test that defines independent contractors (Assembly Bill 5, Gonzalez, Chapter 296, Statutes of 2019)
b. situations where worker's compensation coverage is required by law and the methods available for providing coverage
c. exclusive remedy
d. the California State Compensation Insurance Fund (SCIF) and California Insurance Code sections 11770, et seq.
i. Know who may place business with SCIF, California Insurance Code section 11784
ii. Know why a producer would place business with SCIF
e. the different types of benefits provided:
i. medical:
1) Know that covered medical expenses do not have time or dollar limits
2) Know the limits for chiropractic care and physical therapy services
ii. disability income:
1) Know the waiting period and weekly benefit limitations
iii. rehabilitation (e.g., vocational retraining)
iv. survivor benefits, including death benefit
f. examples of workers' compensation insurance fraud
i. know the penalties which may be applied to employees who commit workers' compensation insurance fraud
ii. know how employers can commit workers' compensation insurance fraud and the penalties which may be imposed
g. what employers liability coverage is and why it is necessary in addition to workers' compensation, California Insurance Code section 11750.1 (f)
h. the definition and application of the other states' insurance section of the policy, California Insurance Code section 11780.5
i. the voluntary compensation endorsement

j. the term "twenty-four hour coverage," California Insurance Code section 1749.02
k. the California workers' compensation rating system and the purpose of the experience modification system
l. that a workers' compensation policy does not cover any employees subject to federal workers' compensation or employer's liability laws
m. federal workers' compensation programs
    i. Defense Base Act
    ii. Longshore and Harbor Workers' Compensation Act
    iii. Jones Act

IV. Commercial Insurance Coverages
C. Surety Bonds and General Bond Concepts. Be able to differentiate between:
1. The three parties involved in a surety bond
2. Surety bonds and insurance policies with regard to loss payments
3. Contract, financial guarantees, and faithful performance bonds