Preparing for CIC

As the original member organization of The National Alliance for Insurance Education & Research, the Society of Certified Insurance Counselors (CIC) has been providing high-quality continuing education to insurance professionals since 1969. Because of its unparalleled standards, CIC has become the nation’s premier designation program for insurance professionals.

In each of the five CIC institutes, our instructors cover a great deal of material, followed by a rigorous two-hour essay examination. Although the exams are optional (if you are not working toward the designation), we recommend that all attendees take the exams whether your goal is meeting your state’s continuing education requirements or your primary interest is earning the designation. This is because CIC focuses on practical training you can use in your office, and preparing for and sitting for the examination helps reinforce the material you learned during the institute. Also, in case you start out simply trying to meet your CE requirement and then you subsequently decide to go for the designation, you will not have missed the opportunity to get one part under your belt!

The CIC Program consists of five, 20-hour institutes: Agency Management (AM), Commercial Casualty (CC), Commercial Property (CP), Life & Health (LH), and Personal Lines (PL), which you may take in any order. In addition, the CIC designation program can be customized by substituting one CRM course for one CIC institute. Both designations can be earned by completing nine programs – any four CIC institutes and all five CRM courses. For more information on the CRM Program go to www.TheNationalAlliance.com and click on Certified Risk Managers (CRM) or call The National Alliance at 800-633-2165.

If you are planning to take the exams and work toward the designation, you may find it beneficial to prepare in advance. Of course, this would depend on your level of expertise. The purpose of this guide is to provide you with some insight into what the instructors will cover in each institute and how you might prepare prior to attending.

This preparation guide includes:

1. A list of suggested CIC preparation resources
2. A brief discussion of CIC exams
3. A breakdown of topics covered in each CIC institute along with sample exam questions (AM, CC, CP, LH, and PL)

All CIC institutes, with the exception of the Life & Health Institute, assume that you have prior knowledge of the material (an agent’s license, two years in the insurance industry, and/or college-level teaching experience in insurance). At a minimum, you should be well acquainted with the most-often-used terms.
Study Material

Possible Study Materials to Help You Prepare in Advance for a CIC Institute

Pre-licensing Study Materials:
A good starting place to prepare for any of the coverage topics, especially if you know very little about the topic in question, would be to review your state's pre-licensing manual(s). Most of these texts give general descriptions of coverages and major exclusions, as well as addressing some of the unique features of certain forms.

ISO and Other Coverage Forms:
Because you will need to achieve a much more detailed understanding of the forms by the time you take the CIC exam, an advanced method for preparation for the CC, CP, and PL Institutes would be to closely read the latest state-approved editions of the actual coverage forms. Please do not try to memorize the forms, but read through the form completely, highlighting or underlining the areas that seem to be important. If you come to a part you do not understand, mark it, or write your question in the margin. When the instructor begins to discuss the coverage topic at the CIC institute, be prepared to listen closely. When the instructor reaches a part of the form you do not understand, ask a question. Or catch the instructor or educational consultant during a break.

Prior CE Courses:
Most Continuing Education (CE) courses are much more basic than CIC institutes, but those that cover the same material as a given institute can be an excellent introduction. If you have saved materials from prior CE courses – especially if you took good notes during class – use these materials as a review source prior to attending the CIC institute.

Keep in mind that any coverage forms discussed at CIC institutes will be the latest edition approved by your state. If the manual from your prior CE course is outdated, you should use it for general review purposes and then review the newer editions of the forms or obtain an article that details the changes between the two editions in question.

CISR Program:
A good steppingstone for someone who is not as familiar with the insurance coverage forms or is newer to the insurance business would be to take the coverage courses in the Certified Insurance Service Representatives (CISR) Program, also offered by The National Alliance: Agency Operations, Insuring Personal Auto Exposures, Insuring Personal Residential Property, Insuring Commercial Property, and Insuring Commercial Casualty Exposures. You may attend each of these in the classroom as one-day courses, or you may take any or all of them online. For more information on the CISR Program go to www.TheNationalAlliance.com and click on Certified Insurance Service Representatives (CISR) or call The National Alliance at 800-633-2165.
Preparation is the key!

Preparing for CIC

*Insurance Essentials Handbook:*
This publication, which may be purchased online from The National Alliance website (www.TheNationalAlliance.com), gives an excellent overview of commercial and personal lines forms. It includes a study guide CD with short answer essay questions that are ideal for preparing for CIC-CP, CC, PL.

*Life & Benefits Essentials:*
This publication, which may also be purchased online from The National Alliance website (www.TheNationalAlliance.com), gives an excellent overview of basic insurance terms and concepts for life insurance, health insurance, and employee benefits. It includes a study guide CD with short answer essay questions that are ideal for preparing for CIC-LH.

*Other Technical Resources:*
If you have FC&S, PF&M resources, or other technical references in your office, they can be very helpful in preparing for CIC. They often provide detailed analyses of the forms and related issues, so you can reach a comprehension level beyond your own reading of the forms.

If someone in your office has attended the CIC institute you plan to attend, his or her notebook would be very helpful, if it is not outdated. Again, you are looking for current versions of the forms. Other insurance industry texts would be helpful for the PL, CP, and CC institutes. Some technically oriented industry magazines (e.g., Rough Notes, National Underwriter, Best's Review, etc.) often include technical articles and Q & A columns that can be helpful, if they happen to cover topics included in the upcoming institute. Rough Notes, National Underwriter, and other publishers also offer topic-specific books that can help.
Reading Guide – Prepping for Class

The Essentials Series books are some of the most popular publications developed by The National Alliance Research Academy because they each contain a wealth of knowledge about risk management and insurance terms, concepts, coverages and exclusions, and include abundant examples to help explain these fundamentals in language that is easy to understand. We recommend using them as tools to prepare for CIC institutes, CRM courses, and CISR courses, and enhance your understanding of the material to be presented in class. The table below acts as a guide to the chapters of the books which correspond with the material taught in the CIC, CRM, and CISR Programs.

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Examinations

Each CIC institute ends with an optional two-hour essay examination (passing the exam is required to earn the CIC designation). The exams have between 17-21 questions, and most of the questions have sub-parts with the potential points clearly indicated by each part. There are a total of 200 points on each exam, and you need 70% or 140 points to pass. Because the exam is short-answer essay, there are plenty of opportunities to receive full or partial credit – if you know the material.

The three property-casualty coverage institutes – CC, CP, and PL – are very similar in organization, preparation style, and exam format. Each instructor focuses on a detailed analysis of policy coverages, and most of the exam questions involve coverage scenarios in which you are given certain coverages in force and then you are asked to indicate whether a particular claim situation would be covered. If so, how much will be paid, and why or why not. The question may go on to ask what limits, endorsements, or declarations page inclusions could be purchased to obtain the necessary coverage.

The LH and AM Institutes are more conceptual in nature than the three coverage-oriented classes. These examinations tend to involve more recall and less application.

Exam questions are asked in the same order in which subjects are discussed during the institute. The point values of questions are weighted, based on the amount of time devoted to each topic. For example, four hours of the Commercial Casualty Institute are devoted to Business Auto Policy (BAP), so there will be approximately 40 points worth of questions on the BAP (i.e., 4 hours of BAP / 20 hours of class x 200 points on exam = 40 points on BAP).

Keep in mind which topics are the major topics as you prepare for a CIC institute, because you will benefit much more on the exam from a thorough understanding of a four-hour topic, six-hour topic, or eight-hour topic than you will from a one-hour topic or two-hour topic.

The educational consultant actually writes the examination and answer key during the institute; therefore, the examination will reflect topics that were included in the instructors' notebook material and discussed in class. The questions are intended to test your knowledge, not to trick you.

At the institute, you will be better prepared for the exam if you review your outlines and notes each night, rather than waiting until the night before the examination. As you review, try to ask yourself questions about the material based on the learning objectives that are listed. Questions such as "If my client asked me about this concept, how would I explain it?" or "If a claim occurred, how would this policy respond, and why?" Writing out short answers to some of these questions may help you prepare for the short-answer essay exam you will be taking at the end of the institute. Also, take advantage of the opportunity to discuss the class and your thoughts about the exam with other students – both fellow exam-takers and CICs.
Institute Agenda

Each CIC institute consists of 20 hours of class. About 18 of those 20 hours will be "mandatory" topics with remaining classroom time devoted to optional topics. Mandatory topics are included in that particular institute whenever it is held anywhere in the country, varying only as to the inclusion of state-specific endorsements or the particular version of the ISO forms that particular state is using, such as the 1998 Personal Auto policy instead of the 2005 Personal Auto policy in the Personal Lines Institute. The topics will also vary somewhat by instructor because CIC instructors develop their own course material. In order to ensure consistent quality, the academic development department approves each instructor’s course material separately reviewing it individually to make sure it covers major elements of each topic adequately. Instructors also will provide examples from their own experiences; however, overall, you can count on the "mandatory" topics being essentially the same any time you attend a particular institute.

Each institute (except Agency Management and Commercial Casualty) also includes between 2-4 hours of "optional" topics. These optional topics are not optional for the students attending the class, but are the topics each state’s CIC Committee decides to include when planning the agendas for the coming year. To maintain quality, each optional topic outline must be approved, but the instructors have more flexibility with the elements they focus on within those topics. You can find out what the optional topic will be for a particular institute by clicking on the “agenda” in the schedule/registration area of The National Alliance website, www.TheNationalAlliance.com.

The following guide shows the "mandatory" topics for each institute in bold type with a description of the major elements that are likely to be covered in each topic. It then lists possible optional topics for each institute, followed by sample questions and answers.
Agency Management Institute

This is probably the hardest institute to prepare for because it is predominantly conceptual and procedural in nature. The material is based on the speaker's area of expertise and individual approach to each topic.

A good understanding of various agency management-related topics is the best preparation available. If you have some basic knowledge, you will be better able to follow the presentation and assimilate the information. However, you need to be willing to realize that there are other ways to manage besides the way your organization manages. One thing to keep in mind is that you will need to answer the exam questions based on the material the instructor has presented on a particular agency function, rather than the way your organization performs that particular function. In other words, you would be well prepared if you have a combination of knowledge and flexibility.

Mandatory Topics

The Agency Management institute contains only mandatory topics.

The Agency as an Organization (4 Hours):
Learn the stages an organization goes through as it grows and the fundamentals of agency planning, including the steps in the planning process. Find out why customers stay and why they leave. Discover why it is important to understand both traditional and non-traditional company markets.

Managing and Sustaining Financial Strength (4 Hours)
Understand the basics of balance sheets, income statements, and effective collection procedures. Identify ways to establish new business production and how to design an agency target marketing plan for both the agency and producer.

Human Resources (4 Hours)
Take a look at the process of managing personnel including job descriptions, interviewing techniques, performance appraisals/evaluations, and termination procedures.

Agency Productivity and Effectiveness (4 Hours)
Study productivity and how to take advantage of automation to improve the effectiveness of your organization. Gain insight on how to manage processes, look at sources of receiving and distributing information, and how to use reports from an agency management system.

Legal and Ethical Responsibilities (4 Hours)
Determine what motivates ethical behavior and how to define the types of agency authority and the resulting liability. Examine the leading causes of E&O claims made against agents and the risk control methods to reduce or prevent them. Review the coverage found in an Agent’s E&O Policy and how to compare policies.
Sample Agency Management Examination Questions:

Sample Question 1:
Agency planning should be conducted through a formal process that includes several steps. Please identify five of the six formal steps in the planning process.

Sample Answer 1:
1. Conduct a situation analysis
2. Write/review the agency’s mission statement
3. Develop goals
4. Write specific action plans
5. Implement
6. Monitor and correct (evaluate)

Sample Question 2:
Agent Best placed a Commercial Property policy with the Fire and Casualty Company. Subsequently, Agent Best’s client suffered a large fire loss covered by the policy. However, because of financial difficulties, Fire and Casualty could not pay. Explain the possible liability of the agent in this case.

Sample Answer 2:
One of the agent’s legal responsibilities to clients is the duty to investigate the solvency of an insurance company. Placing coverage with a financially troubled insurer could be considered a breach of duty for which the agent could be held legally liable. Agents should exercise due diligence when placing insurance coverage with a questionable insurer. If Agent Best knew or reasonably should have known of financial difficulties when coverage was placed, Agent Best could be liable. Financial difficulty that arises subsequent to the placement does not impose liability if the company was solvent (to the best of the agent’s knowledge) at the time of placement.
Commercial Casualty Institute

Mandatory Topics

The Commercial Casualty Institute contains only mandatory topics. Participants will learn the reasons for adding Additional Insureds to a policy and be able to describe the purpose, coverage and limitations of the various endorsements.

Commercial General Liability (8 Hours):
This is the longest topic at a CC Institute. Because it is the longest single topic in this institute, it would be an excellent area to focus on in your preparation. Learn the concept of legal liability and gain an understanding of how legal liability arises out of direct actions, vicarious liability, and contractual liability. Determine who is an insured in a Commercial General Liability (CGL) policy. Identify and examine the three major coverages of the CGL form. Learn to identify the limits of the CGL form and apply those limits to losses. Apply the various exclusions of the CGL form to determine if coverage is available in given loss situations. In addition, discuss a number of significant endorsements.

Business Automobile Coverages (4 Hours):
Identify the exposures covered by the Business Auto Coverage form. Determine who is and who is not insured in a Business Auto policy. Identify covered autos, with special attention given to newly acquired vehicles. Additionally, identify the types of vehicles that are granted coverage through the liability extension, and learn to apply the liability and physical damage exclusions of the Business Auto policy to specific situations.

Workers Compensation (4 Hours):
Briefly examine the Workers Compensation system. Explain the purpose of Workers Compensation laws. Examine the benefits provided in Workers Compensation laws. Examine in detail the three coverage areas in the Workers Compensation Policy: Workers Compensation Insurance, Employers Liability Insurance, and Other States Insurance. Describe the uses and coverages of major Workers Compensation and Employers Liability endorsements.

Additional Insureds (2 Hours):
Identify the reasons for adding Additional Insureds to a policy and be able to describe the purpose, coverages and limitations of the most commonly used Additional Insureds endorsements. This session also includes being able to understand the Waiver of Subrogation Concept and how it applies to the CGL, Business Auto and Workers Compensation coverage.

Excess Liability/Commercial Umbrella Coverages (2 Hours):
Identify and describe the purposes and types of Excess Liability and Commercial Umbrella policies, including the characteristics of each type. Give special attention to the concepts of Self-Insured Retention and Concurrency, as well as the underlying insurance requirements of Excess Liability and Commercial Umbrella policies. In addition, examine major policy concepts, important policy provisions, and exclusions common to Excess Liability and Commercial Umbrella policies.
Sample Commercial Casualty Exam Questions:

Sample Question 1:
Your insured states that he understands his Commercial General Liability (CGL) policy provides coverage for an "insured contract." He then asks, "What is an insured contract?" Answer your insured's question by listing the six "insured contracts" found in the CGL policy.

Sample Answer 1:
1. Lease of premises.
2. Sidetrack agreement.
3. Easement or license agreement, except construction or demolition on or within 50 feet of railroad.
4. Agreement to indemnify municipality, except in conjunction with work for municipality.
5. Elevator maintenance agreement.
6. Any other contract pertaining to insured's business, assuming tort liability of another to pay a third party.

Sample Question 2:
The Workers Compensation and Employers Liability Policy is composed of three coverages. Name each coverage and briefly describe the purpose of one of the coverages.

Sample Answer 2:
Must name all three coverages.
Workers Compensation
Employers Liability
Other States Coverage

Provide any one description.
Workers Compensation provides coverage for workers compensation benefits to employees as required by state law.

or
Employers Liability provides coverage for liability other than state mandated benefits arising out of an employee's work-related injuries.

or
Other States Coverage provides temporary automatic workers compensation for new operations in other states, plus coverage for incidental exposures in other states. The states to be included must be listed in Item 3C on the Workers Compensation Declarations page.
Commercial Property Institute

Mandatory Topics

Commercial Property Coverages (4 Hours):
Covers the fundamentals of commercial property insurance, including categories of property, valuation, schedule vs. blanket insurance, and coinsurance. Also includes an in-depth study of the Building and Personal Property Coverage Form.

Commercial Property Causes of Loss Forms (2 Hours):
Addresses the Basic, Broad, Special, and Legal Liability forms, with emphasis on the Special Form. Directs students to the appropriate endorsements to fill coverage gaps found in these forms.

Commercial Property Endorsements (2 Hours):
Covers the purposes of property endorsements in general and reviews several specific endorsements that fill gaps and deficiencies in coverage forms previously discussed.

Commercial Inland Marine Coverages (4 Hours):
Briefly reviews the history of Inland Marine, the Nationwide Inland Marine Definition, and the characteristics of and differences between filed and non-filed Inland Marine coverage forms. Analyzes four coverage areas: Contractors Equipment, Builders Risk, Installation Floater, and Transportation.

Time Element Coverages (4 Hours):
 Begins with a discussion of Time Element exposures and an analysis of the Business Income Coverage Forms and the Extra Expense Coverage Form. Also includes a discussion of endorsements used with Time Element Forms. Emphasizes application of and compliance with coinsurance provisions.

Businessowners Policies (2 Hours):
Highlights the major features and discusses advantages and disadvantages of a BOP. Presents policy provisions and coverages unique to a BOP.

Optional Topics
One of the following optional topics will make up the remaining two hours of instruction:

- Difference in Conditions (DIC)
- Other Inland Marine Coverages
- Crime
- Equipment Breakdown
- Flood
- EDP Coverages
- Construction Occupancy, Protection, and Exposures (COPE)
- Commercial Property Case Study/Risk Management
- State-Specific Exposures/Innovations/Special Coverages
Sample Commercial Property Institute Questions

Sample Question 1:
MAP Company insures its corporate headquarters under a Building and Personal Property Coverage Form with the Special Causes of Loss Form. The building is insured for $600,000 and the business personal property for $200,000. The 80% coinsurance requirement is satisfied. Answer the questions posed by Ms. Peterson, the comptroller, as to how the policy would respond to the following losses. Explain your answer.
A. Part of our premises includes an unattached retaining wall for decorative effects. The value of this wall is $15,000. What coverage applies if a drunk driver smashes into the wall?
B. Will our policy pay for loss to our employees' belongings while they are at work?

Sample Answer 1A:
No coverage.
Retaining walls that are not part of the building are defined as Property Not Covered.

Sample Answer 1B:
Covered.
Under the Coverage Extension Personal Effects and Property of Others coverage applies up to $2,500 at each described premises.
However, loss or damage by theft is not covered.

Sample Question 2:
A prospect of yours decides to purchase Business Income Coverage from your agency. This prospect asks you the following question: "If my business is closed down for a long time, it will be ages after I reopen before all my customers return and my revenue returns to normal. How would this coverage respond?" Please respond to the client's question, giving the coverage and any limits or restrictions.

Sample Answer 2:
The policy would pay the loss of business income that continues after physical restoration for up to 30 days or until the limit is exhausted, whichever occurs first. The time period may be extended beyond the 30 days in 30 day increments.
Life & Health Institutes

If you are not involved in life and health insurance, do not be intimidated by this Life & Health Institute. The CIC Program is designed primarily for property-casualty agents; therefore, we recognize that many participants will have little or no involvement in life and health insurance. For this reason, this course is a little less advanced than the three property/casualty parts. The first eight hours of the institute focus on Life Insurance Concepts and Health Insurance Concepts.

Mandatory Topics

Life Insurance Concepts (4 Hours):
Discusses reasons for purchasing life insurance. Identifies and describes different types of Term and Permanent Life Insurance policies, and the purpose, uses, and features of each. Analyzes contract provisions, the applications of non-forfeiture values and settlement options, and riders. Includes discussion of proper designation of beneficiaries.

Health Insurance Concepts (4 Hours):
Describes the concept of the Major Medical Insurance Policy and its purpose, claim payment, provisions, exclusions, and conditions. Discusses the concept of group insurance, including advantages and general underwriting considerations. Also discusses Health Savings Accounts and a discussion of federally mandated benefits such as ERISA, COBRA, and HIPAA.

Planning for Personal Needs (2 Hours):
Demonstrates how life and disability income insurance policies apply to personal life situations and how to assist a client in determining the amount of Life and Disability Income Insurance needed in particular life situations. Also discusses the impact of Social Security benefits on Life and Disability Income planning.

Annuities (2 Hours):
Discusses the nature, purpose, types, standard contract provisions, and uses of annuities. Reviews settlement options or withdrawals, followed by an analysis of basic taxation considerations.

Applications of Life and Disability Income Insurance to Business Needs (4 Hours):
Discusses the potential problems of continuing a business after the death or disability of an owner, partner, or key stockholder, followed by a basic analysis of business continuation planning using buy-sell agreements. Covers ways to identify, measure, and insure the key-person exposures in a business. Reviews basic concepts of executive-deferred compensation plans, as well as the need for business overhead expense policies.

Disability Income and Long-Term Care Insurance (2 Hours):
A discussion of the need for and the solutions provided with DI and LTC policies. Analysis of contract provisions, definitions, and riders. Describes the various claim triggers found in DI and LTC contracts and outlines tax issues regarding premium paid and benefits received.
Optional Topics
The remaining two hours of the LH institute will consist of one, two-hour optional topic, such as:

• Implementing Life and Health in an Agency
• Medicare, Medicare Supplement, and Medicaid
• Retirement Planning
• Estate Planning
• Specific State Exposures/Special Coverages

Sample Life & Health Examination Questions:

Sample Question 1:
The following policy provisions are commonly found in most major medical insurance policies: (a) coinsurance clause (b) deductible. Describe each provision and explain its purpose.

Sample Answer 1:
(a) The coinsurance clause requires that the insured pay a portion of each dollar loss after the deductible has been exceeded. This feature may or may not have a limit per period or per illness.
   Purpose - To control the use of medical facilities and to reduce rates.

(b) A deductible is an amount of money paid by the insured. It must be satisfied before the insurance contract responds.
   Purpose - The deductible eliminates the small claim and avoids high processing costs relative to the insurance benefit.

Sample Question 2:
One of the special provisions found in most whole life policies is the reinstatement provision. Explain the reinstatement provision and list the requirements needed to reinstate a policy.

Sample Answer 2:
After the expiration of the grace period (usually for 3-5 additional years) the insured may request the reinstatement of the contract. Requirements: proof of insurability, payment of all back premiums, interest, and policy loans.
Personal Lines Institute

Mandatory Topics

Personal Residential Coverages (8 Hours):
Discusses coverages used to insure the personal residential exposures of the owners and tenants under the Homeowners and Dwelling policies. Identifies and briefly describes the exposures, the policies available to cover each exposure, and the valuation of property. Devotes the balance of the presentation to policy analysis. Emphasizes how coverages apply so that the student can correctly help a family cover its property and personal liability exposures.

Personal Automobile Coverages (6 Hours):
Begins with a discussion of the eligibility and coverages of the Personal Auto Policy, with emphasis on who is covered and how the coverages apply. Analyzes the insuring agreement, definition of insured, and exclusions for each part of the policy.

Personal Umbrella (2 Hours):
Explains the concepts of Personal Umbrella/Excess, following form and the “hybrid” policies which are now more commonly used in the marketplace. Reviews policy language, with an emphasis on the non-standard nature of these policies.

Optional Topics
Two, two hour optional topics will make up the remaining four hours of the Personal Lines Institute, such as:
- Condominiums
- Watercraft Coverages
- Flood
- Personal Lines Catastrophe Coverages
- Mobile Home Coverages
- Personal Lines Case Study
- State-Specific Exposures/Innovations/Special Coverages

Sample Personal Lines Examination Questions

Sample Question 1:
John is the named insured on an unendorsed ISO Homeowner 3 policy with a $200,000 limit on Coverage A (Dwelling), a $20,000 limit on Coverage B (Other Structures), a $150,000 limit on Coverage C (Personal Property) and a $300,000 limit on Coverage E (Personal Liability).

A. John rents a detached bungalow to a college student. The tenant accidently starts a fire that destroys the bungalow and the tenant’s personal property in the bungalow. The replacement cost of the bungalow, at the time of loss, is $25,000. The actual cash
value of the tenant's personal property at the time of loss is $6,000. How will John’s homeowner policy respond to these property losses. Explain you answer.

B. While John is on vacation, a neighbor is caring for John’s dog as a favor. The neighbor fails to lock the fence and the dog attacks a child. A lawsuit in the amount of $500,000 is brought against John and the neighbor for the bodily injury to the child. How will John’s homeowner policy respond to this loss. Explain you answer.

Sample Answer 1:
A. While fire is a covered peril, John’s homeowner policy does not cover detached structures rented or held for rental to others unless used solely as a private garage, therefore there is no coverage for the structure. There is no coverage for the tenant’s personal property.

B. John is the named insured and is provided coverage for bodily injury caused by his dog. The neighbor is also an insured while caring for John’s dog as the neighbor is not in the kennel business. However the policy will only provide a total limit of $300,000 for bodily injury damages.

Sample Question 2:
Sue is the named insured on an ISO Personal Auto Policy. Sue’s 14 year old son, Jerry, resides in her household. Jerry has no driver’s license and knows he is not allowed to drive.

A. Jerry drives Sue’s covered auto, which she owns, and causes an accident resulting in bodily injury and property damage to others. Do Sue and Jerry have liability coverage under Sue’s Personal Auto Policy? Briefly explain your answers.

B. Sue is pulling a borrowed two-wheel utility trailer with her covered auto. The trailer comes unhitched and causes an accident resulting in bodily injury and property damage to others. The owner of the trailer has no insurance. Does Sue have liability coverage? Briefly explain your answer.

Sample Answer 2:
A. Sue has liability coverage because she is the named insured, it is her covered auto and no exclusion applies. While the Personal Auto Policy excludes Liability Coverage if any insured (Jerry) is using a vehicle without the reasonable belief that that insured is entitled to do so, the exclusion does not apply to a family member (Jerry) using your (Sue’s) covered auto which is owned by you, so Jerry has Liability Coverage also.

B. As the named insured, Sue is an insured for the use of any auto or trailer. While there is an exclusion for any vehicle which has fewer than four wheels, the exclusion does not apply to any trailer. Therefore, Sue has Liability Coverage.
Wrap Up

Now, as a student, you have a clearer overview of the make-up of each CIC institute and the examination. Remember, in order to pass the exams you will need to study each night. As you study, keep in mind that the words used in the Learning Objectives (e.g., purposes, advantages, methods, steps, etc.), and the information that follows will often appear on an exam. Also, make sure you are prepared to answer all parts of any given question (e.g., Is it covered? How much will be paid? Explain, etc.). When a question asks for three elements, you will be given at least partial credit for any correct responses. So, if you are unsure, put down any answers that come to you. Some of them may be correct.

You will not need a calculator for all examinations; however, you are allowed to bring one. The institute where you will be most likely to need a calculator is the Commercial Property Institute. A basic calculator without word memory is the only type of calculator allowed.

Your cell phone and PDAs will not be allowed to be used as a calculator during the exam.

As a courtesy to your instructors and fellow students attending the institute, you will be asked to turn cellular telephones, pagers, PDAs, etc., off during class.

We Wish You Success!

Thank you for taking the time to read this preparation guide. If you have any questions, please do not hesitate to contact the Society of CIC at:

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