

#300 – CEQ -- CALIFORNIA ADJUSTER EARTHQUAKE COURSE – FINAL EXAM

1. The **California Earthquake Authority** is a _____, operating much like an insurance company.
 - A. Publicly-managed, privately-financed entity
 - B. Government owned venture
 - C. Privately run operation
 - D. A member organization required for ALL California insurers.
2. Under California **fair claim time line rules**, an insurer has _____ days after coverage has been affirmed to tender payment of a claim.
 - A. 10 Days
 - B. 15 Days
 - C. 30 Days
 - D. 45 Days
3. If a **claim payment ratio** is declared by the California Earthquake Authority, it means that the CEA's claim-paying ability is _____.
 - A. Overfunded
 - B. Exceeded
 - C. Just fine
 - D. At the limit
4. **Claims settlement practices** shall NOT be based on the following:
 - A. Age, Race, Gender
 - B. Income or religion
 - C. Sexual orientation or disability
 - D. None of the above should be considered in claim settlements
5. The CEA earthquake policy has a \$_____ **chimney sublimit**, no matter how many chimneys there are on a property.
 - A. \$2,000
 - B. \$3,000
 - C. \$5,000
 - D. \$8,000
6. A **companion policy**, in the form of a residential fire policy, is required by CEA. If none exists, CEA earthquake policy coverage is _____.
 - A. Delayed
 - B. Cut in half
 - C. Legally void
 - D. Investigated
7. **Unidirectional cracks** in walls are signs of _____.
 - A. Major settlement
 - B. Earthquake damage
 - C. Minor settlement
 - D. Both A and B are possible
8. **Destructive tests**, used to determine the extent or loss of a claim, are _____ under CEA policies.
 - A. Always covered
 - B. Never covered
 - C. Covered at the *option* of CEA
 - D. Not mentioned
9. **Denial letters** under CEA policies must inform the insured of his rights to obtain _____.
 - A. Further inspections
 - B. New estimates
 - C. Legal counsel
 - D. Both A and B
10. **Decorative or artistic glass** features are _____ under CEA earthquake policies.
 - A. Excluded
 - B. Covered
 - C. Optionally covered
 - D. Illegal
11. **Asbestos or lead paint** may be present in buildings constructed prior to _____. Special consultants and abatement may be required.
 - A. 1993
 - B. 1980
 - C. 2000
 - D. 1985

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12. **Loss assessment** coverage for condominium associations is optional CEA coverage with a maximum limit of \$_____.
- A. \$25,000
 - B. \$50,000
 - C. \$75,000
 - D. \$100,000
13. A **pipe scan or smoke test** might be required for a damaged _____, where fresh cracks, major settlement or detachment is observed.
- A. Vent pipe
 - B. Fireplace or chimney
 - C. Oven
 - D. Toilet
14. **Fair claims settlement timelines** require a **reply to a claim** within _____ days or sooner where a response is required.
- A. 15 days
 - B. 20 days
 - C. 30 days
 - D. 40 days
15. The **CEA policy deductible** applies to damage to _____ ONLY.
- A. Real property
 - B. Personal property
 - C. Decorative glass
 - D. Hot tubs
16. A **technical consultant** may be required where walls after an earthquake _____.
- A. Are visibly out of plumb
 - B. Show stucco cracks wider than 1/16" and longer than 3 feet
 - C. Include loose or buckled stucco along the plate line
 - D. All of the above are reasons to consult with an expert
17. A **pre-existing concrete crack** can be recognized where the crack _____.
- A. Is partially or fully filled with older contaminates like adhesive, dirt, paint, etc
 - B. Has fresh, sharp edges
 - C. Has no fill or contaminates
 - D. Has just been noticed
18. **Fair Claims Settlement Practice Compliance** requires a licensee to read the all Fair Claims Settlement Code Sections regulations and keep a copy of same in his _____.
- A. Office files
 - B. Car
 - C. Claims adjusting manual
 - D. Computer back-up drive
19. A **CEA Event Code** is a special code assigned to an earthquake with a Richter magnitude of _____ or greater. All claim-related transmissions must include this event code.
- A. 3.0
 - B. 5.0
 - C. 7.0
 - D. 9.0
20. **Buildings vulnerable** to earthquake damage include _____.
- A. Older buildings not bolted to their foundation
 - B. Older buildings with unbraced cripple or stem walls
 - C. Split level houses
 - D. All of the above
21. **Credentials and references of contractors** are important because in the aftermath of a major earthquake _____.
- A. Services are more costly
 - B. Scams are prevalent
 - C. Good people are hard to find
 - D. No one cares

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22. **Building upgrades** can be **required** for a earthquake damaged structure where existing nonconforming uses are considered _____ by building officials.
- A. Dangerous to human life
 - B. Out of whack
 - C. A tad unsafe
 - D. Outdated
23. The adjuster's **scope of loss** examination of earthquake damage should include, but not limited to _____.
- A. Attics and crawlspaces
 - B. Roofs
 - C. Foundations and structural areas
 - D. All of the above
24. **Earthquake victim assistance** may be available where coverage is denied or limited. Adjusters should know that low-interest loans or grants may be available through _____.
- A. SBA (Small business Administration)
 - B. FEMA (Federal Emergency Management Agency)
 - C. CEA (California Earthquake Authority)
 - D. A and B are correct
25. CEA policies cover **walkways, driveways, decks and patios** ONLY if they _____.
- A. Have a building permit
 - B. Are under 500 square feet
 - C. Are necessary for regular pedestrian ingress and egress
 - D. Were installed after 1980
26. **CEA policies do NOT cover** _____.
- A. Homes and mobilehomes
 - B. Renters
 - C. Common interest apartments or condominiums
 - D. Commercial or office buildings
27. The CEA **dwelling coverage limit** amount for homes is the same insured value declared _____.
- A. By the CEA published rate chart
 - B. In the companion homeowners policy
 - C. By an appraiser at time of loss
 - D. By a qualified adjuster
28. **Land stabilization costs** are covered by CEA up to \$ _____ when caused directly by an earthquake.
- A. \$5,000
 - B. \$10,000
 - C. \$25,000
 - D. \$50,000
29. **Coverage disputes** concerning CEA policies are _____.
- A. Decided by arbitration
 - B. Reviewed and decided by CEA
 - C. Handled through the CDI Mediation Program
 - D. Mediated by the courts
30. The **CEA (California Earthquake Authority) name** must be used properly. An adjuster working on a CEA claim would use his own letterhead and include which of the following:
- A. "CEA approved Adjuster"
 - B. "A Participating Insurer of the California Earthquake Authority"
 - C. "Representing the CEA"
 - D. "CEA Sanctioned"
31. When inspecting **floors, ceilings and roofs**, telltale signs that damage may NOT be earthquake-related include:
- A. Normal sagging of roof structures
 - B. Twisting framing members due to missed nails, green wood, etc
 - C. Backing out of nails or screws
 - D. All of the above

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32. The **CDI Earthquake Claims Mediation Program** resolves issues of _____.

- A. Scope of loss
- B. Building code upgrades
- C. Pre-existing damage
- D. All of the above

33. **Emergency repair costs** incurred to prevent further earthquake damage are covered up to a _____% limit of insurance for the type of property being protected.

- A. 5%
- B. 7%
- C. 10%
- D. 12%

34. A **settlement offer** cannot be _____ according to California Fair Claims Law.

- A. In writing
- B. Too high
- C. Unreasonably low
- D. Complicated

35. **Suggesting or recommending a specific individual** or entity repair a property is illegal unless _____.

- A. The bid is good
- B. The referral is expressly requested by the claimant
- C. You get a kick-back
- D. You had good intentions

36. **Attic or crawlspace inspections** might require an engineer consultant if _____.

- A. Diagonal braces are fractured, buckled or loose
- B. The frame is shifted relative to the foundation
- C. 1/8" or greater stem wall cracks are found
- D. All of the above require an engineer

37. **Reasonably uniform appearance** of repairs means that items replaced by an insurer must match in _____.

- A. Quality
- B. Color
- C. Size
- D. All of the above

38. An adjuster must be prepared to **reevaluate an estimate** if he is notified that the actual cost of repairs _____.

- A. Are unrealistic
- B. Differ from the costs listed on the original estimate
- C. Favor the insurer
- D. Do not replace the damage

39. **Slab or stem wall cracks** less than 1/8" with no offset, slope or settlement probably do not need structural repair. Wider cracks, up to 1/4", with no offset are _____.

- A. Always replaced
- B. Typically repaired using epoxy injection
- C. Require no repairs
- D. Filled with painter's caulk

40. A **CEA deductible** of 15% applied against \$200,000 in policy limit damages and additional dwelling and extension damage of \$34,000 is calculated to be \$_____.

- A. \$15,000
- B. \$30,000
- C. \$40,000
- D. \$50,000

---END EXAM---