

How to Approach a CIC Exam
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If you are a first-time CIC student or a student who has been unsuccessful on previous exams, here are some suggestions on how to improve your chance for success.

First of all, read "Preparing for CIC". This guide is available from the National Alliance website at www.scic.com/CIC/CICinstitutes/PrepForCIC/PreparingforCIC2006.pdf. This publication has some excellent advice regarding how to prepare you for CIC.

In my experience, CIC exam-takers are unsuccessful for four major reasons:

1. They don't read the question and answer the question being asked.
2. Their answers are too brief and don't show an understanding of the material.
3. Their answers are too wordy and they run out of time. Look at the number of points for the question. This should be an indicator of how much time to spend on a question. Just because there is a lot of blank space doesn't mean you have to fill up the space.
4. They turn in the exam with some questions unanswered. This could be because they run out of time, they didn't thoroughly review the exam before they turned it in or they didn't know the correct answer. Obviously the grader can't give points for unanswered questions.

Keep in mind that the grader awards points for correct answers but does not take away points for incorrect answers. So it doesn't hurt to guess. My Mama used to say, "even a blind squirrel finds an acorn." You might just include an answer that will receive a couple of points and that might be the difference between passing and failing. Use your common sense and logic as the basis for your guess.

Look for key words and the number of points in the question. There will normally be 20 questions on the exam with a total of 200 points. You must get a score of at least 140 points (70%) to pass. Some of the questions are divided into multiple parts.

Here are some key words you might encounter:

1. Explain – This is asking if you have a basic understanding of the concept. How would you answer this question if it were posed to you by an insured?
2. Give reasons – List key points that support your reasoning for your answers.
3. Identify – This is just asking you to list certain items. It's not asking for a detailed explanation.
4. List – This is the same as "identify". It's not asking for an explanation.

5. Indicate – Another word similar to “identify” and “list”. Again, just get to the point and move on. It’s not asking for a wordy answer.
6. Briefly answer – This is similar to “explain” but the answer doesn’t need as much detail. One or two sentences will suffice.
7. Name and briefly explain – This would be a “list and briefly answer” type of question. If you just provide a list with no explanation you won’t receive full credit for the answer.
8. Name – Similar to “identify”, “list”, and “indicate”. No explanation is needed.

Let’s look at some examples of good answers and poor answers:

CIC Personal Lines - Homeowners

1. In each of the following situations, indicate how a homeowners policy would respond to water damage.
 - a. An insured returns home from a business trip and discovers that frozen water-pipes have damaged the dwelling and personal property. (4 points)

Poor answer – The homeowners policy does not cover business so this isn’t covered. OR The homeowners policy doesn’t cover water damage. - 0 points for this answer.

Good answer – The homeowners policy provides coverage for damage to both the dwelling and personal property caused by freezing of plumbing as long as the insured maintained the heat in the dwelling or drained the pipes. – 4 points for this answer.

- b. A rat ate a hole in the dishwasher hose and water damaged the carpet, walls and floor. (4 points).

Poor answer – There is no coverage because the dishwasher is personal property. – 0 points for this answer.

Good answer – The homeowners policy normally excludes damage to the dwelling or other structures caused by birds, vermin, insects and rodents and a rat is a rodent. However, there is an exception for accidental discharge of water from a household appliance caused by rodent, so there is coverage. – 4 points for this answer.

c. The insured went to work and forgot to close his windows. That afternoon there was a storm and rain blew in and damaged the insured's furniture.

Poor answer – Water damage to personal property is covered. (This might be true in some cases, but not in this one.) – 0 points for this answer.

Good answer – The homeowners policy excludes damage to personal property caused by wind-driven rain unless the wind damages the dwelling causing an opening in a roof or wall and the rain enters through the opening. Open windows don't constitute an opening caused by the wind, so there is no coverage. – 4 points for this answer.

CIC Personal Lines – Personal Auto

1. Otto Ohner is a compulsive buyer and seller of cars. He understands that he's supposed to call you when he buys or sells a car. He has physical damage coverage (other than collision and collision) on his Chevy. In the following situations indicated what coverage, if any, applies to his new vehicle. Describe what he must do, if anything, in order for all his current PAP coverage (liability medical payments, uninsured motorists, and physical damage) to apply.

a. Otto buys an additional private passenger auto during the policy period. (4 points)

Poor answer – He doesn't have any coverage until he calls the agent. – 0 points for this answer.

Good answer – The PAP definition of “newly acquired autos” provides 14-days coverage for additional vehicles and the broadest coverage of any vehicle currently on the policy applies during that 14-day period. After 14 days, all coverage ceases if the Otto hasn't called the agent.

b. Would your answer be different if the new car replaced an exiting car? (4 points)

Poor answer – A replacement car has the same coverage as the old car. – 0 points for this answer.

Good answer – The PAP definition of “newly acquired autos” is a little bit different for replacement vehicles. Again the new vehicle has the broadest coverage of any vehicle currently on the policy.

Otto has 14-days to report the auto if he wants to add or continue physical damage coverage. The 14-day reporting period does not apply to other coverage. In other words, if Otto hasn't reported the purchase within the 14-day period, there is no physical damage coverage but the other coverage would apply for the policy period. – 4 points for this answer.

- c. Would the answer to b. change if Otto only carried liability coverage on his former vehicle? (4 points)

Poor answer – He'd only have liability coverage. – 0 points for this answer.

Good answer – He'd have automatic liability coverage for the remainder of the policy because the 14-day reporting requirement only applies to physical damage. He would have physical damage coverage with a \$500 deductible for 4-days. – 4 points for this answer.

CIC Commercial Property – Property Forms

1. John Smith owns a building, which he rents to Sammy's Subs. A Building and Personal Property Coverage form with a Special Causes of Loss form insures the building. Giving reasons, explain the coverage John has in the following losses: (ignore deductibles)

- a. Thieves stole John's janitorial supplies when they entered through a door, which Sammy had left unlocked. (5 points)

Poor answer – There is no coverage because the door was left unlocked. – 0 points for this answer.

Good answer – The Building and Personal Property coverage form includes as a building item personal property used to service the building or premises. The Special Cause of Loss form provides theft as a covered peril. Therefore the theft of the janitorial supplies is covered. – 5 points for this answer.

- b. Snow builds up on the roof after a snowstorm. The weight of the snow causes part of the building to collapse.

Poor answer – The policy doesn't cover snowstorms because it's caused by wind. Tornadoes and hurricanes aren't covered either. – 0 points for this answer.

Good answer – The Special Causes of Loss form excludes damage caused by collapse unless the collapse is caused by a “specified cause of loss”. Weight of snow is one of the specified causes of loss and therefore the damage is covered. – 5 points for this answer.

CIC Commercial Casualty – Essentials of Legal Liability

1. A tort is a civil wrong and is based on common law.

a. Name the four types of torts. (4 points)

Poor answer – statutory liability, contract liability, products liability and punishment liability. – 0 points for this answer.

Good answer – The four types of torts are negligence, intentional torts, strict liability and absolute liability.

b. In order to prove that someone is negligent, common law requires that four things be established. Using examples, identify the four elements of negligence. (6 points)

Poor answer – The other person has to be at fault, the other person has to carry insurance, the other person can't be related to the injured person and a judge has to decide there is negligence. – 0 points for this answer.

Good answer – 6 points for this answer

1. Duty owed – the person causing the injury or damage must owe the other person a duty – A vehicle driver must operate a vehicle safely.
2. Breach of duty – the person causing the injury or damage must fail to live up to the duty – The driver runs a stop sign and hits another driver.
3. Damage – the other person must be able to prove they have monetary damage – The other driver's vehicle has \$1,500 worth of damage.
4. Proximate causes – there must be an unbroken link between the breach of duty and the damages – running the stop sign was the direct cause of the damage – there were no intervening causes.

CIC Life & Health - Life Insurance

1. You recommend a client purchase term insurance to cover a business loan when he starts a new business.

- a. Identify three other general uses of life insurance other than securing a loan. (4 points)

Poor answer -- level term, whole life, increasing term. -- 0 points for this answer.

Good answer -- Life insurance can be used to create an estate, provide a college fund for children or grandchildren or pay off a home mortgage. -- 4 points for this answer.

- b. Explain the difference between Level Term, Annual Term and Decreasing Term insurance. (6 points)

Poor answer -- 0 points for this answer

Level -- no cash value

Annual -- premium is annual

Decreasing -- the premium reduces

Good answer -- 6 points for this answer

Level term -- The policy face amount and premium remain level for a specified policy term. (e.g. 10-year term, 30-year term, etc.)

Annual term -- The policy face amount remains level but the premium increases at each annual anniversary.

Decreasing term -- The policy face amount decreases each year during the policy term but the premium remains level. (e.g. 30-year decreasing term)

CIC Agency Management – Managing a Book of Business – Retention

1. Clients expect certain services and a successful agency must understand what they expect in order to provide the best service. Describe three services expected by agency customers. (9 points)

Poor answer – 0 points for this answer

Premium loans

Annual calendar

Birthday card

Good answer – 9 points for this answer

1. Knowledge of the client's industry – They want to know that you understand their unique problems and can help them handle those problems.
2. Good value at fair prices – Customers don't always want the lowest price. They want the best value for the coverage they need. Addressing needs is more important than addressing price.
3. Personal attention – They want to feel they are important and will receive personal contact. They want to know you have a good knowledge of their account.

Finally, here are some good suggestions for preparing for the exam:

1. Pay attention to the educational objectives for each section. Some students like to write them out, although this is not necessary.
2. Don't spend so much time highlighting in multiple colors and filling out index cards that you don't listen to the instructor.
3. Watch for areas in which the instructor spends a lot of time and uses a lot of examples. If he talks for 30 minutes about "who is an insured", that is probably an important area. If he skips over material, that probably isn't important.
4. Ask the instructor questions in class or during breaks. If you don't understand something, it's up to you to get clarification. Also, many instructors teach multiple parts of an institute and can probably answer questions about material covered by the previous instructor.

5. Attend all the review sessions conducted by the education consultant.
6. Study that day's material for a couple hours after class. Don't wait until the end of the institute to study all the material.
7. Study with other students. Ask each other questions. Give each other examples. Remember, the institute is more about understanding concepts and less about memorizing lists of things.
8. Get plenty of rest during the institute, especially the night before the exam. This is not the time to party with your friends. "All-nighters" are not an effective way to study.
9. It is possible to "over-study". When your brain is on overload, give it a break. Take a walk. Get some coffee.
10. If you have to study at home, try to eliminate distractions. It's difficult to take care of the kids, cook supper, clean the house, and study all in the same night. If you don't have a quiet place to study, go to a neighbor's house or to the library.
11. Eat a light breakfast before the exam. You don't want to be too hungry but you also don't want to eat so much you fall asleep during the exam.
12. Dress in layers during the institute. Yes, the room will be too hot, too cold and just right all in the same day. Wear socks; bring a blanket – whatever you need. It's impossible to keep the temperature perfect for everyone.

I hope you find these suggestions helpful. Good luck in the institute and with the exam. You're going to do just fine. Remember, all CIC's have gone through this – and we somehow survived.