
<u>Contents</u>	<u>Page</u>
Chapter 1 – Insurance Principals & Concepts	1
I. The Concept of Insurance	1
What is Insurance?	1
II. Types of “Property & Casualty” Insurance	1
Parts of an Insurance Contract	2
Standardized Policies	3
Important Insurance Terms	3
Important Property Insurance Concepts	4
Important Liability Insurance Concepts	7
III. The Principal of Risk	9
Categories of Risk	9
Risk Management	10
IV. Elements of Insurability	11
Insurable Interest	11
Characteristics of an Insurable Risk	11
V. The Insurance Contract	11
Elements of the Insurance Contract	12
Characteristics of an Insurance Contract (Policy)	12
Legal Interpretations Affecting the Insurance Contract	13
Chapter I Review Questions	14
Chapter 1 Review Answers	19
Chapter 2 – Insurance Regulation	20
I. The State Insurance Department	20
Regulation of Insurance	20
The Insurance Commissioner/Director	20
II. Insurance Companies	21
Types of Insurance Companies	21

III. The Insurance Adjuster's License	21
General Requirements for Licensing	21
License Maintenance	22
License Revocation, Suspension or Penalty	22
IV. Unfair Trade & Claims Settlement Practices	23
Unfair Trade Practices	23
Chapter 2 Review Questions	27
Chapter 2 Review Answers	30
Chapter 3 – Insurance Claims Adjusting	31
I. The Insurance Adjuster	31
Types of Insurance Adjusters	31
Duties and Responsibilities of the Adjuster	31
II. The Claims Filing Process	32
Duties of the Insured	32
Duties of the Insurer	32
III. Adjusting Losses	35
Property Losses	35
Liability Losses	36
IV. Adjusting Automobile Losses	36
Standards for Prompt, Fair and Equitable Settlements	36
Adjustment of Partial Losses	37
Adjustment of Total Losses	37
V. Basic Claims Handling Activities	39
Adjusting Claims	39
The Adjuster's Investigation	39
The Evaluation Process	41
Negotiation of Settlement	42
Settlement Options/Releases	42
Types of Adjuster Reports	43
Dealing with Coverage Disputes	43
Doctrines of Waiver and Estoppel	44
Chapter 3 – Review Questions	45
Chapter 3 – Review Answers	48

Chapter 4 – Dwelling Insurance	49
I. Preview of Eligibility, Forms and Perils Under the Dwelling Property Program	49
Preview	49
Dwelling Property Perils At-A-Glance	50
II. Dwelling Property Forms & Coverages	50
The Basic DP-1 Form	51
The Broad DP-2 Form	52
The Special DP-3 Form	56
III. Features of the Dwelling Form	57
Direct Loss Coverages	57
Indirect Loss Coverages	59
Additional Coverages of the Dwelling Policy	60
Dwelling Coverages Added by Endorsement	61
IV. Common Dwelling Property Exclusions	62
V. Common Dwelling Property Conditions	63
Chapter 4 Review Questions	65
Chapter 4 Review Answers	70
Chapter 5 – Homeowners Insurance	71
I. Introduction to Homeowners Insurance	71
Eligibility	71
Persons Insured	72
II. The Homeowners Forms	72
The Coverages At-A-Glance	73
Additional Coverages of the HO Forms	74
Overview of Section I – Property Coverage	75
Overview of Section II – Liability Coverage	75
III. Section I – Property Coverage	75
Coverage A – Dwelling	75
Coverage B – Other Structures	76
Coverage C – Personal Property	76
Coverage D – Loss of Use	78

IV. Section II – Personal Liability	78
Coverage E – Personal Liability	78
Coverage F – Medical Payments to Others	79
Additional Coverages Under Section II – Liability	79
Section II – Liability Exclusions	80
Coverage E – Personal Liability – Exclusions	82
Coverage F – Medical Payments to Others – Exclusions	82
V. General Conditions of the Homeowners Policy	82
VI. Homeowners Endorsements	83
Earthquake Coverage	83
Inflation Guard Endorsement	84
Personal Property Replacement Cost	84
Special Limits of Liability Endorsement	84
Scheduled Personal Property Endorsement	84
Optional Liability Endorsements	85
Mobile Homes	86
VII. Changes and New Homeowner Forms for 2000	88
Eligibility	88
New Coverage Form – The HO-5	88
Changes to Coverage C – Personal Property	88
Changes to Property Not Covered	89
Changes to Coverage D – Loss of Use	89
Changes to Additional Coverages – Section I	89
Other Changes	89
Chapter 5 Review Questions	91
Chapter 5 Review Answers	96
Chapter 6 Personal Auto Insurance	97
I. The Personal Auto Policy	97
Eligibility Requirements	97
Rating Factors	97
Limit of Liability	98
Policy Territory	98
II. Parts of the Personal Auto Policy	98
Definitions	98
Part A – Liability Coverage	101
Liability Coverage Exclusions	102

Part B – Medical Payments	103
Part C – Uninsured Motorist	104
Part D – Coverage for Damage to Your Auto	104
Comprehensive and Collision Exclusions	105
Parts E and F Conditions	106
Other Provisions	108
Endorsements	108
Chapter 6 Review Questions	109
Chapter 6 Review Answers	115
Chapter 7 – Miscellaneous Personal Insurance	116
I. Flood Insurance	116
The National Flood Insurance Program	116
Eligibility	117
Coverage	117
II. Personal Inland Marine	118
Personal Property Floaters	118
Pair and Set Clause	119
Exclusions	119
III. Personal Watercraft	119
Homeowners Watercraft Coverage	119
Boatowners Policy	120
Yacht Policy	120
IV. Comprehensive Personal Liability	121
Basic Limits of Coverage	121
V. Umbrella Coverage	121
VI. FAIR Plans	122
Chapter 7 Review Questions	123
Chapter 7 Review Answers	125
Chapter 8 – Commercial General Liability	126
I. Preview of the CGL Policy	126
Preview	126
II. Commercial General Liability Insurance	127

Types of CGL Forms	127
“Insureds” Under the CGL Policy	127
CGL Policy Territory	127
III. The CGL Policy	128
Coverage A – Bodily Injury & Property Damage Liability	128
Coverage B – Personal and Advertising Injury	132
Coverage C – Medical Payments	130
CGL – Supplementary Payments	131
Conditions of the CGL Policy	131
Terms Applying to the Claims-Made Form	133
IV. CGL – Limits of Insurance	133
Types of Aggregate Limits	134
Limits	134
Sublimits	135
Premises/Operations vs. Product/Completed Operations	135
V. Other CGL Coverage Forms	136
VI. Owners & Contractors Protective Liability	136
Chapter 8 – Review Questions	138
Chapter 8 – Review Answers	144
Chapter 9 – Commercial Auto Insurance	145
I. Introduction to the Business Auto Policy	145
The Business Auto Coverage Form	145
Business Auto Endorsements	146
BAP: Section I – Covered Autos	146
BAP: Section II – Liability Coverage	147
BAP: Section III – Physical Damage	147
BAP: Section IV – Conditions	148
BAP: Section V – Definitions	149
II. Garage Coverage	149
Garage Policy: Section 1 – Covered Autos	149
Garage Policy: Section II – Liability	150
Garage Policy: Section III – Garage Keepers	150
Garage Policy: Section IV – Physical Damage	150
Garage Policy: Endorsements	150
III. Truckers Coverage	151

The Truckers Coverage Form	151
Chapter 9 Review Questions	152
Chapter 9 Review Answers	155
Chapter 10 – Commercial Package Policies & The Businessowners Policy	156
I. Introduction to Commercial Package Policies	156
The Commercial Package Policy	156
II. Professional Liability Insurance	157
Medical Professional Liability	157
Errors & Omissions Insurance	158
III. Introduction to the Businessowners Policy	158
Types of Businesses Excluded from the Businessowners Policy	159
Elements of the Businessowners Policy	160
Businessowners Policy Named Perils	160
Standard BOP Exclusions	160
IV. Businessowners Coverages	162
Section I – Property	162
Section II – Liability	163
BOP Endorsements	164
V. Comparison of the Commercial Package Policy and the Businessowners Policy	165
Chapter 10 Review Questions	166
Chapter 10 Review Answers	168
Chapter II – Commercial Property Insurance	169
I. Introduction to Commercial Property Insurance	169
Commercial Building & Personal Property Coverage Form	169
Commercial Property Forms	169
II. Business Income (Time Element)	175
Business Income Coverage	175
Extra Expense Coverage Form	178
Contingent Business Interruption	179

Miscellaneous Forms	179
Chapter II Review Questions	180
Chapter II Review Answers	183
Chapter 12 – Commercial Inland Marine	184
I. Introduction to Marine Insurance	184
II. Commercial Inland Marine Policies	184
Commercial Inland Marine Forms covering Domestic Shipments	185
Coverage for Instrumentalities of Transportation & Communication	185
Commercial Property Floaters Risks	186
III. Commercial Inland Marine Conditions Form	189
IV. Common Exclusions	191
V. Ocean Marine Insurance	192
Introduction to Ocean Marine Insurance	192
Hull Coverage	193
Cargo Coverage	193
Freight Insurance	193
Exclusions to Open Perils Coverage	193
Covered Perils of the Named Perils Form	194
Implied Warranties	194
Inchmaree Clause	195
General and Particular Average	195
Protection & Indemnity Coverage	196
Chapter 12 Review Questions	197
Chapter 12 Review Answers	200
Chapter 13 Commercial Crime and Bonding	201
I. Commercial Crime Insurance	201
Commercial Crime Coverage	201
Important Commercial Crime Terms & Concepts	202
II. Crime General Provisions	202
The Discovery Condition	203
Loss Sustained During Prior Insurance Condition	203

III. Commercial Crime Coverage	203
Coverage Form A – Employee Dishonesty	203
Coverage Form C – Theft, Disappearance & Destruction	204
Coverage Form D – Robbery and Safe Burglary	205
Coverage Form E – Premises Burglary	205
Other Commercial Crime Forms	206
IV. Commercial Crime Exclusions & Conditions	207
Exclusions Applicable to all Crime Forms	207
Exclusions Applicable to Selected Coverages	208
Conditions	209
V. Bonding	209
Parties to a Bond	209
Fidelity Bonds	209
Types of Fidelity Bonds	210
Surety Bonds	211
Parties to a Surety Bond	211
Types of Surety Bonds	212
Financial Institution Bonds	213
Chapter 13 Review Questions	215
Chapter 13 Review Answers	219
Chapter 14 – Miscellaneous Commercial Insurance	220
I. Aviation Insurance	220
Aircraft Hull Policies	220
Aircraft Liability Coverages	221
Admitted Aircraft Liability Coverage	221
Medical Payments Coverage	222
Special Aviation Insurance Coverages	222
Hangarkeeper’s Liability Coverage	222
Airport and Air Meet Liability	222
Product and Cargo Liability	223
Exclusions	223
Underwriting Considerations	224
II. Farm Insurance	224
Farm Property Coverage Forms	224
Farm Liability Coverage Form	227

III. Boiler and Machinery Insurance	227
Major Coverages and Extensions of Coverage	228
Exclusions	229
Chapter 14 Review Questions	231
Chapter 14 Review Answers	233
Chapter 15 – Workers Compensation	234
I. Introduction to Workers Compensation	234
Coverages	234
Losses Covered	234
Parts of the Policy	236
II. Laws Affecting Workers Compensation	236
Coverage in Other States	236
Federal Jurisdiction	236
The Jones Act	236
Federal Employees Compensation Act	237
Federal Employers Liability Act	237
III. Workers Compensation Benefits	237
Medical Benefits	237
Income Benefits	237
Death Benefits	238
Rehabilitation Benefits	238
Appeal by the Insured	238
Chapter 15 Review Questions	239
Chapter 15 Review Answers	242