

Review Topics for Exam 2 in Insurance Operations on Wednesday, November 28, 2012

This exam will cover knowledge of basic concepts in insurance operations, fundamental principles of casualty insurance contracting, and casualty insurance policy provisions.

Casualty Settlement Options:

Insurable Interest, Actual Cash Value, Cost to Repair, Cost to Replace, Valued Settlement

Definition of the Principle of Indemnity and how it is applied or reinforced in the Casualty Insurance Contract --

Provisions: Assignment, Subrogation, Settlement

Definition of Negligence

Difference between a Civil [Tort] versus a Criminal Case

Requirements in order for a plaintiff to successfully sue a defendant for negligence

Vicarious Liability and where it is found in casualty insurance – auto and homeowners [condo]

Difference defenses related to the liability risk - doctrine of last clear chance, contributory negligence, Hold Harmless – assumption of risk

Different ways liability may be imposed – comparative negligence, res ipsa loquitur, attractive nuisance [gross negligence], employer-employee principle

Different types of Homeowner's Policies – HO-1,2,3,4,6 and how they apply to different types of homeowners, renters or condo owners.

Coverages A, B, C, D [Section 1] in the Homeowner's policy [direct and indirect loss insurance]

Coverages E and F [Section 2] in the Homeowner's policy dealing with Medical Payments and Liability

Unique provisions in the Homeowner's policy – co-insurance, mortgagee clause, transfer provision, definition of fire [determined by court precedent], methods of returning premiums in the event of termination --- pro-rata or short rate basis, appraisal provision

Basic Format to the Casualty Insurance Policy – Declarations, Insuring Agreements, Exclusions and Conditions

What and who is covered under the Medical Payments and Liability section to the HO policy

Duties of the loss adjuster in settling a claim

Requirements on the insured homeowner in the aftermath of an insured loss

e.g. notice, proof of loss, protection of property from further damage

Removal Provision

General Nature of Exclusions to the HO policies – what types of items are excluded

Business pursuits, difficult to value items, etc.

Vicarious liability stemming from the ownership of an auto

Different ways of providing liability coverage in the Personal Auto Policy[PAP] - Split limits, Aggregate Liability

Material misrepresentation in a PAP

Uninsured versus Underinsured Motorist Coverage

Medical Payments Coverage

Liability Coverage

Duties after an Accident with a PAP

Commercial Lines Coverage --- Different Types of Coverages in CPP

Products Liability – Occurrence Based vs. Claims Made Underwriting

Different Types of Reinsurance – pro-rata, excess loss and how they impact the loss settlement process in a liability claim

Implications of the fact that casualty insurance policies are contracts of adhesion that are unilaterally drawn up

What does Inland Marine insurance cover in terms of fixed objects?