Georgia Personal Lines Agent Content Outline

What You Need to Know to Pass the State Exam

Examination Content Outline provided by GA DOI

I. Types of Property Policies
II. Types of Casualty Policies
III. Property & Casualty Insurance Terms and Related Concepts
IV. Property and Casualty Policy Provisions and Contract Law
V. State Laws, Rules, and Regulations

F.Y.I. EXPRESS

"What You Don't Know Can't Help You!" ... Eddie K. Emmett, Editor / Publisher

On-Demand Training Series

Key Points: PROPERTY AND CASUALTY POLICY PROVISIONS AND CONTRACT LAW

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A. Declarations a/k/a “DEC” page. All of the unique information on one easy to read page. It includes who, what, where, how much, loans, endorsements, etc.

Definitions — in defining the scope of coverage, insurance policies rely on terms and phrases that have very special and often very specific meanings. Since these terms and phrases are usually repeated many times in the insurance policy, a single definition of the term or phrase is included in the definitions section of the policy instead of being repeated whenever the term is used. The reader is alerted when a defined term is used in the insurance policy, usually by its placement within quotation marks. Since definitions may have a significant impact on the scope of coverage, they must be carefully reviewed when interpreting the policy's coverage intent.

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B. Insuring Agreement or Clause – the insuring agreement is the company's promise to pay claims. It also defines the pronouns used in the policy. For example, YOU and YOURS = Insured. WE, US and OUR = Insurance Company

Additional / Supplementary Coverage are automatically included without an additional charge. For example, in homeowners it could be debris removal, collapse, and fire department services.

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C. Conditions are the ground rules for how the client and the insurance company are going to interact with each other. For example, Loss Conditions require the insured to notify the insurance company promptly after a loss, protect the property from further damage, notify the police if a crime has been committed, etc.

D. Exclusions are simply things and situations not covered and fall into three general categories: (1) Catastrophic, (2) Better Covered Elsewhere, (3) Predictable Losses

Endorsements are policy forms that alters or adds to the provisions in a P&C contract.

E. Definition of the Insured –

Named is the person designated on the Declarations page and should be the owner. For example, if vehicles are being insured, the named insured should be the one to which the vehicles are titled and registered.

First Named is the person whose name appears first on the DEC page and has rights / responsibilities not given to other insureds.

Additional is a person or organization not usually protected but is granted insured status by endorsement. Think “Lienholder” or “Mortgagee”.

F. Duties After Loss –

- Protect the property from further damage. If repairs to the property are required, you must make reasonable and necessary repairs to protect the property; and keep an accurate record of repair expenses
- Cooperate with us in the investigation of a claim
- Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory
- These are just a few of the Duties After Loss.

Want to know more? Click here

G. Obligations of the insurance company

Insurer Provisions – outlines the duties of the carrier in an insurance contract. It can include such details as coverage periods, exclusions, riders, start dates, and other important information. As it determines whether coverage applies and for what amount, it is important for policyholders to carefully read the details of their policy and understand them. Otherwise, they risk not taking advantage of the protection their policy provides or potential unexpected financial hardships due to losses that are not covered but assumed to have been.

Liberalization – occasionally insurers will broaden coverage under a particular form of insurance without an additional premium and applies to all policies currently in effect.

Subrogation – when an insurer pay a claim to its policyholder, the policyholder grants his rights to seek recovery from the person who responsible for the loss.

G. Obligations of the insurance company

Insurance Salvage Provisions - When the insured receives payment of an adjusted claim, the property that is damaged becomes the property of the insurance company. Often that damaged property is of little value. However, particularly in the case of a "totaled" automobile, the car may be salvaged, and the insurance company may realize part or all of the adjusted claim payment.

Duty To Defend — a term used to describe an insurer's obligation to provide an insured with defense to claims made under a liability insurance policy. As a general rule, an insured need only establish that there is potential for coverage under a policy to give rise to the insurer's duty to defend.

H. Standard Mortgage Clause – When a mortgagee is named in a mortgagee clause attached to a policy, the loss reimbursement shall be paid to the mortgagee as their interest may appear; and the mortgagee's rights of recovery shall not be defeated by any act or neglect of the insured. The mortgagee is also given other rights such as bringing in a suit in their own name to recover damages.

Third Party Provisions - Liability insurance purchased by an insured (first-party) from an insurer (second party) for protection against the claims of another (third party). The first party is responsible for their damages or losses caused by the insured or other covered parties.

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I. Proof of loss

Documents showing the insurance company that a loss occurred.

J. Notice of claim

A written notice required by insurance companies immediately after an accident or other loss. Part of the standard provisions defining a policyholder's responsibilities after a loss.

K. Appraisal

A survey to determine a property’s insurable value, or the amount of a loss.

L. Other Insurance Provision

Other Insurance provision is a clause in property & casualty policies outlining how a policy’s benefits will be paid if more than one policy covers the same risk.

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M. Subrogation

- Assigning or substituting rights of one party to another in collecting a debt or claim, as an insurance company is assigned an insured's rights of recovery from a third party who has caused a loss.

N. Elements of a contract

- Because an insurance policy is a legal contract, all of the essential elements of a contract must be present:

- **Legal contract** – The parties must be legally capable of contracting.
- **Offer and acceptance** – The contract must be based on an offer by one party and acceptance of that offer in the same terms by the other party.
- **Consideration** – Each party to the contract must give something of value.
- **Legal form** – The contract must be legal in form.
- **Legal purpose** – The contract must be for a legal purpose.

O. Sources of underwriting information

• A part of the underwriting process is to determine the insurability of the applicant. Insures have several resources for gathering information, most of which must be agreed to by the insured in writing before the insurer can use them:

- Application form
- Motor vehicle reports
- Interviews with neighbors, friends and employers
- Inspection of property Inspection of insurance history
- Credit reports

P. Fair Credit Reporting Act

• The Fair Credit Reporting act became law on April 25, 1971, and is administered by the Federal Trade Commission. The purpose of the law is to protect consumers against the circulation of inaccurate or obsolete information, and to ensure that consumer reporting agencies are fair and equitable in their treatment of consumers.

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Q. Privacy Protection (Gramm Leach Bliley)

The Gramm-Leach-Bliley Act requires financial institutions – companies that offer consumers financial products or services like loans, financial or investment advice, or insurance – to explain their information-sharing practices to their customers and to safeguard sensitive data.

R. Policy Application

An insurance application form is a document that can be filled by clients that want to get insurance. It is a necessary step to open an insurance account since it contains all the needed information to complete the process.

S. Terrorism Risk Insurance Act (TRIA)

The Terrorism Risk Insurance Act is a United States federal law signed into law by President George W. Bush on November 26, 2002. The Act created a federal "backstop" for insurance claims related to acts of terrorism. The Act "provides for a transparent system of shared public and private compensation for insured losses resulting from acts of terrorism." The Act was originally set to expire December 31, 2005, was extended for two years in December 2005, and was extended again on December 26, 2007. The Terrorism Risk Insurance Program Reauthorization Act expired on December 31, 2014.

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T. Cancellation and Nonrenewal provisions

Cancellation Restriction:

- Prior to 60 days in force, if not a renewal, policy can be cancelled for any reason.
- After 60 days in force, or if it is a renewal policy, policy can be cancelled only for (i) fraud in obtaining coverage, (ii) nonpayment, (iii) increase in hazard within insured's control which produce an increase in rate, (iv) loss of reinsurance, (v) approved for company solvency.
- Policy cannot be cancelled solely because the insured is an elected official.
- Cancellation Notice:
- 30 days' notice to insured and mortgagee, except for nonpayment of premium then 14 days' notice to the insured and mortgagee. Exception: If the insured is a condominium association, 30 days' notice is required for nonpayment of premium.

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T. Cancellation and Nonrenewal provisions

Nonrenewal Restriction:

- The company may not nonrenew solely because the insured is an elected official.
- A policy covering a church cannot be nonrenewed because of a previous occurrence of arson or a threat of arson against the church.
- If the insured is a condominium association, 30 days' notice.
- Return Premium:
- Based on company filing, short rate or pro rata.

Other Provisions:

- In addition to any other remedy provided by law, any policy cancellation or restriction of coverage made in violation of the laws, rules or policy provisions are deemed to be null and void and of no effect.
- Policies on which notice of nonrenewal is not given as required must be renewed at the request of the insured.
- An insurer may not use an endorsement that reduces coverage unless (1) the insured requests the endorsement, or (2) the insurer provides the policyholder with a written explanation of the change made by the endorsement at least 30 days prior to renewal.
- The transfer of a policyholder between admitted companies within the same group is not considered a refusal to renew.

U. Supplementary payments

Supplementary payments are payments that are additional to the basic providing of liability insurance coverage. The costs for these payments are often incurred when an insured party is defending a claim investigation.

V. Arbitration

Arbitration may be used to settle an insurance dispute between an insurance provider and a policyholder. Instead of filing a lawsuit, the insurer and the policyholder both present their case to the arbitrator. The arbitrator reviews the facts and comes to a decision about how to resolve the dispute.

W. Loss settlement provisions including consent to settle a loss

Claim Settlement Options - Making a claim on your homeowner’s or auto insurance can be a frustrating process. You want to be compensated fairly for your damages. It is the insurance company’s responsibility to indemnify you, or in other words, put you back to a pre-loss condition.

However, your definition of indemnity and the insurance company’s definition may differ. It’s fairly common for the insured to disagree with their initial settlement given by their claim's adjuster, but you have the right to dispute your settlement.

Typically, you have three different options when it comes to disputing an initial settlement of a homeowner’s or auto insurance claim. They are mediation, appraisal, and lawsuit.

Want to know more? Click here

IV. PROPERTY AND CASUALTY POLICY PROVISIONS AND CONTRACT LAW

Now is time to test your understanding of all you have studied in this section of the state exam.

- **Click the link below after reading these instructions**
- **Then click "Options" in the lower left side**
- **Check "Multiple Choice" and Uncheck "Flashcards & Written Answers"**
- **Then check "Audio" to "On"**

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