

Addendum: for use with Connecticut Property and Casualty online course and study guide, version 15045en/15046en per testing provider update effective 9/1/12.

The following are additions or revisions to the existing text as indicated.

PROPERTY and CASUALTY

Chapter III. Property Insurance Basics/Casualty Insurance Basics

D. Connecticut Laws, Regulations, and Required Provisions

2. Cancellation and Nonrenewal – updated time limits (page 28 of Property and page 16 of Casualty):

The insurer may terminate the policy by providing **60 days'** written notice to the insured and any interested third party (such as a bank or mortgage company). In the case of professional liability insurance (such as errors and omissions insurance), the insurer must provide 90 days' notice. The notice of intent to nonrenew a policy must provide a reason for nonrenewal. Note that this regulation does not apply in case of nonpayment of premium by the insured, in which case the notice of nonrenewal must be at least 10 days.

9. Connecticut FAIR Plan – added text:

The following conditions will make an insurer insured or insured property **ineligible** for the plan and will result in declining, cancellation, or nonrenewal of coverage:

- Property vacancy or unoccupancy for 60 days or more
- Existing substantial damage that the insured has failed or refused to repair
- Failure to pay real estate taxes for 2 or more years
- Failure to furnish heat, water, or public lighting for 30 days or more
- Failure to correct conditions dangerous to life, health, or safety of the property occupants
- Conviction of fraud
- Loss history of the applicant
- Nonpayment of premium
- Any other similar condition.

If the insurer cancels or nonrenews a plan policy, the insurer must send a 60-day notice of cancellation to the insured (if a cancellation is for nonpayment of premium the notice can be 10 days).

Chapter IX. Insurance Regulation

A. Licensing

2. Types of Licenses

Fees versus Commissions – updated fines (page 123):

Consultants cannot receive commissions or compensation from any insurer or producer in connection with the sale or writing of any insurance contracts involved with his/her consulting business. Consultants who violate these provisions can be penalized between **\$250 and \$2,500.**

3. Maintenance and Duration

Renewal – *revised text (page 124); the rest of the section remains unchanged*):

A producer's license continues in force until it is suspended, cancelled, or revoked, as long as the producer pays the proper fee and satisfies the continuing education requirements.

A producer license will expire every 2 years on the **producer's birthday**. The Commissioner will notify the producer of the expiration date at least **30 days** before the license expires.

A producer who has allowed his/her license to lapse may **reinstate** the license no later than 12 months after the due date of the renewal fee, without being required to pass a written examination. For payments after the due date, a penalty in the amount of double the unpaid renewal fee will be required.

Continuing Education Requirements, Exemptions and Penalties – *text added; the rest of the section remains unchanged*:

Property and Casualty or Personal Lines producers must complete a one-time 3-hour course on Federal Flood requirements

Producers who obtain their licenses within the last 12 months of a biennium are **exempt** from meeting continuing education requirements for that biennium. Producers licensed only in credit insurance or travel accident and travel baggage insurance are also exempt from the 24-hour CE requirement.

B. State Regulation

3. Producer Regulation

Commissions – *updated fines (page 130)*:

An individual found in violation will be subject to a fine (**between \$250 and \$2,500**), imprisonment (between 30 and 90 days), or both.

4. Unfair and Prohibited Practices

Twisting – *updated fines (page 132)*:

An insurer or producer guilty of twisting may be fined up to **\$5,000**, imprisoned for up to 30 days, or both.

PROPERTY

Chapter VII. Businessowners Policy

B. Businessowners Section I – Property

7. Optional Coverages – *revised last bullet (page 114; previously “Mechanical breakdown”)*:

Equipment breakdown - This coverage provides protection for a direct loss or damage to covered property caused by a mechanical breakdown or electrical failure to pressure, mechanical or electrical machinery and equipment.

CASUALTY

Chapter V. Auto Insurance

A. Laws

1. Connecticut Motor Vehicle Financial Responsibility Law

Uninsured/Underinsured Motorist – new section:

Connecticut law requires that each automobile liability policy issued must include uninsured/underinsured motorists (UM/UIM) coverage in limits **equal to the policy's bodily injury and property damage coverage**.

Connecticut law requires that the insured agree to any **reduction** in UM/UIM limits. This consent must be in writing and include the following statement: *"When you sign this form, you are choosing a reduced premium, but you are also choosing not to purchase certain valuable coverage which protects you and your family. If you are uncertain about how this decision will affect you, you should get advice from your insurance agent or another qualified advisor."*

No insurance company doing business in the state may limit the time within which any suit may be brought against it to a period of less than 3 years. In the case of an underinsured motorist, the insured may toll any limitation period by:

- Notifying the insurer, prior to the expiration of the limitation period, of any claim; or
- Demanding arbitration no more than 180 days after the exhaustion of all applicable limits of liability.

Insurers must include in their automobile policies bodily injury and property damage liability in an amount equal to the state's minimum financial responsibility requirements (20/40/10). Uninsured motorist coverage must also be included. The law further provides that policies for automobile insurance must meet certain minimum standards for insuring agreements, exclusions, conditions, and other terms applicable to the bodily injury liability, property damage liability, medical payments, and uninsured motorist coverages under such policies. Policies must also include coverage for the cost of bonds to release attachments.

All authorized auto liability insurers must offer Underinsured Motorist **conversion coverage**, for an additional premium. This coverage protects insureds legally entitled to recover damages from owners or operators of underinsured motor vehicles. Each insurer is obligated under this coverage to pay the insured up to the limits for this coverage, after the limits of liability under all bodily injury liability bonds or insurance policies applicable at the time of the accident have been exhausted by payment of judgments or settlements. If the insured purchases this coverage, the Underinsured Motorist coverage will not be reduced on account of any payment by or on behalf of any third party.

Disclosure of Automobile Liability Policy Limits – new section:

Insurers must provide a written disclosure of an insured's auto policy limits within **30 days** of a written request by the insured or a person acting on the insured's behalf who submitted a claim for bodily injuries or death caused in a motor vehicle collision by an insured. The request for disclosure must be sent by certified mail to the insurance adjuster or the last known insurer's business address.

Chapter VI. Commercial Package Policy (CPP)

C. Commercial Crime

3. Coverages – section revised/expanded (page 76):

Common policy provisions applicable to crime coverage forms (both discovery and loss sustained) specify the following **general exclusions**:

- *Acts committed by You, Your partners or Your members*: Loss resulting from acts committed by the insured or the insured's partners or members, as well as acts of managers, directors, employees or representatives learned of by the insured before the policy period
- *Confidential information*: Loss resulting from unauthorized disclosure of the insured's or other person's confidential information (e.g. patents, trade secrets, or customer lists)
- *Government action*: Loss due to governmental authority's seizure or destruction of property
- *Indirect losses*: e.g. expenses incurred while establishing the amount of loss
- *Legal fees, costs and expenses*: Legal expenses related to legal action
- *Nuclear hazards*
- *Pollution*: Loss or damage caused by or resulting from pollution, including discharge, dispersal, seepage, release or escape of any solid, liquid, gaseous or thermal contaminant (such as smoke, vapor, fumes, acids, chemicals, or waste)
- *War or military action*: Losses or damage resulting from war, warlike action by a military force, rebellion, revolution, and similar actions

D. Farm Coverage ('06 ISO revisions)

2. Exclusions – section revised per '06 ISO form (page 79):

Exclusions for Farm Liability coverage forms are the same as the exclusions found in the General Liability coverage form and Homeowners form, with a few additions specific to the nature of farm operations. These additional exclusions include the following:

- Use of any animal, with or without accessory vehicle, to provide rides for a fee or in connection with a fair, charitable event or a similar function;
- Use of any animal in a racing, speed or strength contest or a prearranged stunting activity at the site designated for the contest or activity;
- Rental or holding for rental of an insured location;
- Losses out of any premises where a building or structure is being constructed, other than a dwelling to be occupied by the insured or a farm structure for the insured's use; and
- Bodily injury to any insured.

3. Additional Coverages – section revised per '06 ISO form (page 80):

The farm liability ('06) coverage form policy provides the following **additional coverages**:

- Supplementary payments for Coverages H and I, including up to \$250 a day for loss of earnings; and
- Damage to property of others, which is the same as is found in Personal Liability, with an exception that it will not apply to borrowed farm equipment.

4. Limits – *section revised per '06 ISO form (page 80):*

Liability limits state that the most the insurer will pay in the result of a judgment against an insured is the limit stated in the policy. Any cost incurred by the insurer for the investigation or defense of a claim or suit will be paid by the insurer, over and above the limits shown in the policy. The limits apply separately to each consecutive annual period and to any remaining period of less than 12 months (starting with the beginning of the policy period shown in the Declarations).

Chapter VIII. Workers Compensation

E. Premium Computation

Participation (Dividend) Plans – *new section:*

In some states, insurance companies are allowed to write **participating policies**. This means the insured is eligible for dividends (partial premium refund) if the experience during the policy term falls within guidelines established by the insurer at the inception of the policy term. Dividends are not guaranteed. To be eligible for participation, the account must generate a minimum amount of premium.

In the case of a group policy, the group must qualify for the dividend. In the event the group's loss experience is low, participating members may receive a dividend. No penalty is levied for a high loss experience.