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**Addendum: for use with Idaho Property and Casualty study guide version number 28143en/28023en, per exam content outline updates effective 9/1/2023.**

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**Please note that Idaho is changing their testing provider. Effective 9/1/2023, state insurance exams will be administered by Pearson Vue.** For additional information about exam requirements and complete exam content outlines, please review the Insurance Licensing Candidate Handbook at [www.pearsonvue.com/id/insurance](http://www.pearsonvue.com/id/insurance)

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**IDAHO PROPERTY**

The new exam breakdown is as follows:

**Idaho Property Insurance Examination  
80 Total Questions (68 scored; 12 pretest)**

<b>CHAPTERS</b>	<b>PERCENTAGE OF EXAM</b>
<b>General Knowledge:</b>	
Insurance Terms and Related Concepts	22%
Policy Provisions and Contract Law	19%
Types of Property Policies	32%
<b>State Law:</b>	
Idaho Statutes, Rules, and Regulations Common to All Lines	18%
Idaho Statutes, Rules, and Regulations Common to Property and Casualty Insurance Only	4%
Idaho Statutes, Rules, and Regulations Pertinent to Property Insurance Only	5%



The following are content **additions** to supplement your existing text.

## **General Insurance Concepts**

### **D. Contracts**

#### **2. Legal Interpretations Affecting Contracts**

##### **Binders**

A **binder** is a temporary agreement issued by an agent or insurer providing temporary coverage until a policy can be issued. A binder is usually in writing, but may be verbal. **Binders expire when the policy is issued.** However, the policy effective date would be the same as the date when the binder was issued. If the insurer declines to issue the policy, the binder expires on the date after receipt of the notice of cancellation.

## **Property Insurance Basics**

### **C. Common Policy Provisions**

#### **Obligations of the Insurance Company**

An insurance company, in return for premium, must be fair in underwriting and must pay covered losses.

##### **Proof of Loss**

**Proof of loss** is a sworn statement that must usually be furnished by the insured to an insurer before any loss under a policy can be paid. This form is typically used in the settlement of first-party losses, and includes the date and description of the occurrence and the amount of indemnity claimed.

The initial claim report to the insurer may be oral or in writing but the proof of loss must be in writing. The proof of loss is required near the end of the claim process.

##### **Notice of Claim**

**Notice of claim** is a form or statement from an insured to an insurer, informing the insurer that events leading to a possible claim have occurred. The notice will include information as to how, when, and where the loss took place.

## Sources of Insurability Information

A part of the underwriting process is to determine the insurability of the applicant. Insurers have several resources for gathering information, most of which must be agreed to by the insured in writing before the insurer can use them. The following are some of the sources that may be used in the underwriting process:

- Application form;
- Motor vehicle records;
- Interviews with neighbors, friends and employers;
- Inspection of property; and
- Inspection of insurance history.

## Policy Application

The **application** is a printed form that includes questions about a prospective insured and the desired insurance coverage and limits. It provides the underwriter with information for accepting or rejecting the prospective insured and rating the desired policy. Some policies make the application part of the policy. Misrepresentations in the application can void the policy.

## Commercial Property Policy

### B. Commercial Property

#### Cyber First-Party Coverage

With an ever-growing reliance on technology, it is no surprise that cyberattacks and data breaches are more common than ever. Businesses that obtain and store personal, financial, or otherwise sensitive data are prone to extortion and fraud. To protect businesses and consumers, cyber insurance is made available to businesses, designed to lessen the financial impact resulting from cyberattacks and data breaches.

Cyber security insurance is broken into the following coverage types:

- **First-party cyber insurance** — Protects businesses from damages resulting from cyber losses to the business' own network or system; and
- **Third-party cyber insurance** — Covers legal expenses for lawsuits resulting from a business's inability to properly secure consumer data.

## Other Types of Property Insurance

### **Watercraft**

Like many other policy forms, the Watercraft policy form starts with agreement and definitions, and is further divided into the following sections:

- Part A – Liability Coverage;
- Part B – Medical Payments Coverage;
- Part C (*not currently used*);
- Part D – Coverage for Damage to Your Watercraft;
- Part E – Your Duties after Accident or Loss; and
- Part F – General Provisions.

### Definitions

Some of the terms and definitions unique to the watercraft policy are as follows:

**Personal watercraft** – a recreational watercraft powered by an inboard motor, capable of carrying one or more persons in a sitting, standing, or kneeling position.

**Nonowned watercraft** – any watercraft, including its motor and watercraft trailer, which is not owned or available for regular use by the insured.

**Outboard motor** means any motor designed to be attached to a watercraft, including fuel tanks and electric starting equipment or controls necessary for the operation of the motor.

**Watercraft trailer** means a vehicle that is designed to be pulled by a private passenger auto, pickup or van, and transport a watercraft on land.

**Boating equipment** means accessories and other equipment (other than outboard motors) that are owned by the insured, integral to the operation and maintenance of the watercraft, and are in or upon the covered watercraft.

**Covered watercraft** – any watercraft, outboard motor, and watercraft trailer shown in the Declarations, and newly acquired property.



A watercraft, outboard motor, or watercraft trailer will be deemed to be owned by a person if leased under a written agreement to that person, and for a continuous period of at least 6 months.

## Part A – Liability Coverage

**Part A – Liability Coverage** will pay for damages for bodily injury or property damage for which any insured becomes legally liable because of a watercraft accident. As deemed appropriate, the insurer will settle or defend any claim or suit asking for these damages. In addition to the limit of liability shown in the Declarations, the insurer will pay all defense costs they incur.

Liability coverage supplementary payments are as follows, and will not reduce the limit of liability:

- Up to 10% of the limit of liability for Part A;
- Up to \$250 for the cost of bail bonds required because of an accident;
- Premiums on appeal bonds;
- Interest accruing after a judgment is entered in the suit;
- Up to \$200 a day for loss of earnings (but not other income) because of attendance at hearings or trials at the insurer's request; and
- Other reasonable expenses.

## Exclusions

Some of the main **exclusions** to liability coverage are listed below:

- Intentional bodily injury or property damage;
- Property damage to property rented to, used by, or in the care of the insured;
- Bodily injury to a person who is entitled to benefits under the Jones Act, workers compensation benefits, or Federal Longshore and Harbor Workers Compensation benefits;
- Insured's liability for a watercraft while it is being rented to others, used as a public or livery conveyance, or hired for charter;
- Losses incurred while the insured is employed or engaged in the business of selling, repairing, servicing, storing, or docking watercraft;
- Using a watercraft without a reasonable belief that the insured is entitled to do so;



- Bodily injury or property damage for an insured under a nuclear energy liability policy; and
- Watercraft that is being operated in any prearranged or organized race, stunt activity, or other speed competition.

## Part B – Medical Payments Coverage

**Part B – Medical Payments Coverage** covers expenses incurred for necessary medical and funeral services sustained by an insured. The policy will only pay for services rendered within 3 years from the date of the accident.

Part B exclusions are similar to those listed in Part A. The main distinction is that bodily injuries sustained while occupying a personal watercraft will not be covered.

## Part D – Coverage for Damage to Your Watercraft

**Part D – Coverage for Damage to Your Watercraft** pays for direct and accidental loss of the covered watercraft and boating equipment minus any applicable deductible shown in the Declarations. If loss to more than one item of covered property results from the same loss, only one deductible will apply.

The **limit of liability** for Part D will be the **lesser** of

- Amount shown in the Declarations;
- Actual cash value of the stolen or damaged property; or
- Amount necessary to repair or replace the property.

The insurer will make an adjustment for depreciation and physical condition in determining actual cash value in the event of a total loss.

## Additional Coverages

This policy section also provides the following **additional coverages**:

- **Salvage expense coverage** – up to 25% of the Part D limit of liability. This coverage is additional insurance without a deductible.
- **Towing and assistance expense coverage** – if the watercraft becomes disabled, the insurer will pay reasonable expenses for
  - Towing it to the nearest repair place;
  - Delivery of gas, oil, or repair parts at the site of disablement;
  - Watercraft trailer roadside repair; and

- The limit of coverage is \$500 for any one disablement, subject to a maximum of \$1,000 for any one policy period.
- **Personal effects coverage** – the insurer pays for direct and accidental loss to personal effects owned by the insured or the insured's guests (at insured's request). Personal effects include cameras, cell phones, clothing, fishing equipment, water skiing and other sporting equipment. It does not include, however, animals, jewelry, money, watches, or permanently attached equipment. This coverage is limited to \$500. It is additional insurance with no deductible.

## Part E – Duties after an Accident or Loss

Duties of the insured after accident or loss under the watercraft policy form are similar to any other policy form, and can be summarized as follows:

- Promptly notify the insurer of how, when, and where the accident or loss occurred;
- Cooperate with the insurer and provide any documentation as requested;
- Take reasonable steps after loss to protect the damaged property from further loss;
- Promptly notify the police, Coast Guard, or other authorities if covered property is stolen; and
- Permit the insurer to inspect and appraise the damaged property before its repair or disposal.

## Part F – General Provisions

The following general provisions apply to watercraft policies. Most of these provisions have already been discussed in other types of property and liability coverages:

- **Abandonment;**
- **Bankruptcy;**
- **Changes;**
- **Financial responsibility** – when the policy is certified as future proof of financial responsibility, it must comply with the law to the extent required;
- **Fraud;**

- **Lay-up period** – insurer will not provide coverage while a watercraft is operated during the lay-up period, or not stored in the lay-up location;
- **Legal action against insurer;**
- **Loss payable clause;**
- **Insurer's right to recover payment;**
- **Out of state coverage;**
- **Policy period;**
- **Policy territory** – coverage only applies to accidents and losses that occur within the Custom Policy Territory shown in the Declarations, or if not specified, coverage applies on land, in inland waters, in coastal waters within 12 miles of the shoreline, or in the Great Lakes within U.S., its territories or possessions, Puerto Rico, or Canada;
- **Termination** (including cancellation, nonrenewal, automatic termination, and other termination provisions);
- **Transfer of insured's interest in this policy;** and
- **Two or more watercraft policies.**

## Windstorm

Most standard homeowner policies will cover wind damage from minor natural events. This does not usually apply, however, to areas that are considered high risk, such as coastal regions, which are susceptible to hurricanes, and inland areas that are at risk from tornadoes. In these high-risk areas, certain windstorm coverage is removed from the homeowner policy and homeowners are either required or encouraged to purchase a separate windstorm policy.

The terms *wind* and *windstorm* have specific definitions that will make it easier to understand the coverages provided by homeowner and windstorm policies. **Wind** is defined as a natural and perceptible movement of air parallel to or along the ground. A **windstorm** is defined as a storm with high winds or violent gusts but with little or no rain. Wind and windstorm may be different causes of loss, so even though a homeowner policy covers wind damage, it may not cover damage from a windstorm.

Private insurance companies sell specialty coverage such as "wind and hail" or "windstorm" policies, but in states where there are no offerings from private insurers, state-sponsored insurance pools provide windstorm insurance for



these areas. Windstorm policies are written with different classifications that are tied to "trigger" events.

Examples of these trigger events include

- A hurricane or tornado watch issued by the National Hurricane Center or National Weather Service;
- Sustained winds of 74 or more miles per hour; and
- A specific, declared geographic location.

## **IDAHO CASUALTY**

### **Idaho Casualty Insurance Examination 83 Total Questions (70 scored; 13 pretest)**

<b>CHAPTERS</b>	<b>PERCENTAGE OF EXAM</b>
<b>General Knowledge:</b>	
Insurance Terms and Related Concepts	22%
Policy Provisions	17%
Types of Policies, Bonds, and Related Terms	33%
<b>State Law:</b>	
Idaho Statutes, Rules, and Regulations Common to All Lines	17%
Idaho Statutes, Rules, and Regulations Common to Property and Casualty Insurance Only	4%
Idaho Statutes, Rules, and Regulations Pertinent to Casualty Insurance Only	7%

## **Workers Compensation Insurance**

### **Work-Related vs. Non-Work-Related**

Bodily injury and occupational disease that arise out of or during employment are covered under Workers Compensation insurance. Occupational disease must be caused or aggravated by a condition of the employment. In other words, there must be a direct relationship between the job and the disease. Ordinary diseases suffered by the general public are not covered.

The following types of injuries are generally excluded from coverage:

- Injuries that occur while traveling to and from work;
- Injuries that result from intoxication of the employee;
- Injuries willfully caused by the employee;
- Injuries that result from a willful failure to follow safety precautions;
- Injuries that occur from activities not a part of the job.

Penalties and/or increased benefits may be required for certain types of injuries, such as the employer's willful failure to provide required safety equipment, or to minors injured while illegally employed. These penalties must be paid by the employer, as they are excluded under Workers Compensation insurance.

## **Other Coverages and Options**

### **B. Specialty Liability Insurance**

#### **Medical Malpractice**

**Medical malpractice** coverage is written for doctors, hospitals and other medical practitioners to indemnify the insured for injuries to third parties because of any legal liability for bodily injury or death. There are several different types of medical malpractice coverage on the market today.

In the field of insurance, "professional liability" has replaced the use of the terms "malpractice insurance" and "errors and omission insurance" to describe the coverage of specialists in the various professional fields. There are professional liability policies with coverage tailored to cover the exposures of most every professional. The policies that protect those professionals in the medical field respond to actions resulting from injurious acts resulting from claims that the insured was derelict in a professional duty or the failure of a professional skill or learning, misconduct, negligence, or incompetence in the performance of a professional act.

Nearly all of the policies written provide coverage on a "claims-made" basis.

One of the major differences in the coverage of a professional liability coverage compared to personal and general liability coverage is personal and general liability policies cover losses caused by the negligence of an insured but excludes coverage for acts intentionally committed by an insured.



Professional liability policies will also cover some intentional acts. (Recently we have heard of doctors amputating the wrong leg, or performing the wrong surgery.) The doctor intended to amputate that leg, but because of a misdiagnosis, or it caused damage. In the dental field, there have been some instances where the wrong tooth was extracted. These are the kinds of intentional acts that are covered; however, criminal acts are usually specifically excluded from coverage.

Another difference is when a claim is made under a personal or general liability policy. The insurer will decide whether to defend the claim or just to pay the loss. They will usually decide on the option that is the least expensive.

In professional liability coverage, an insurer cannot settle a claim without the consent of the insured. If the insured has not given up this right (for a reduction of premium), the insured can require the insurer to defend the claim and prove in court that they are not liable. (They may want to protect their reputation as a professional in the field.)