
Addendum: for use with Idaho Personal Lines study guide version number 28024en, per exam content outline updates effective 9/1/2023.

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

The new exam breakdown is as follows:

**Idaho Personal Lines Insurance Examination
102 Total Questions (97 scored; 5 pretest)**

| CHAPTERS | PERCENTAGE OF EXAM |
|--|---------------------------|
| General Knowledge: | |
| Property and Casualty Insurance Terms and Related Concepts | 29% |
| Property and Casualty Policy Provisions and Contract Law | 25% |
| Types of Property Policies | 10% |
| Types of Casualty Policies | 14% |
| State Law: | |
| Idaho Statutes, Rules, and Regulations Common to All Lines | 12% |
| Idaho Statutes, Rules, and Regulations Common to Property, Casualty, and Personal Lines Insurance Only | 3% |
| Idaho Statutes, Rules, and Regulations Pertinent to Personal Lines Insurance Only | 7% |



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.

Terrorism Risk Insurance Act (TRIA)

The purpose of the **Terrorism Risk Insurance Act** (TRIA) was to create a temporary federal program that would share the risk of loss from future terrorist attacks with the insurance industry. The act requires that all commercial insurers offer insurance coverage for acts of terrorism. The federal government will then reimburse the insurers for a portion of paid losses for terrorism.

TRIA defines an **act of terrorism** as an act certified by the Secretary of the Treasury, in concurrence with the Secretary of Homeland Security (as of 2015), and the Attorney General of the United States with the following characteristics:

- The act must be violent or dangerous to human life, property, or infrastructure;
- The act must have resulted in damage within the United States, to an air carrier as defined in the U.S. Code, to a U.S. flag vessel or other vessel based principally in the U.S. and insured under U.S. regulation, or on the premises of any U.S. mission;

- The act must have been committed by someone as part of an effort to coerce the U.S. civilian population, to influence U.S. policy, or to affect the conduct of the U.S. government by coercion; or
- The act must produce property and casualty insurance losses in excess of a specified amount.

The Terrorism Risk Insurance Act (TRIA) has been renewed and modified multiple times since 2002.

Other Types of Personal Insurance

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.