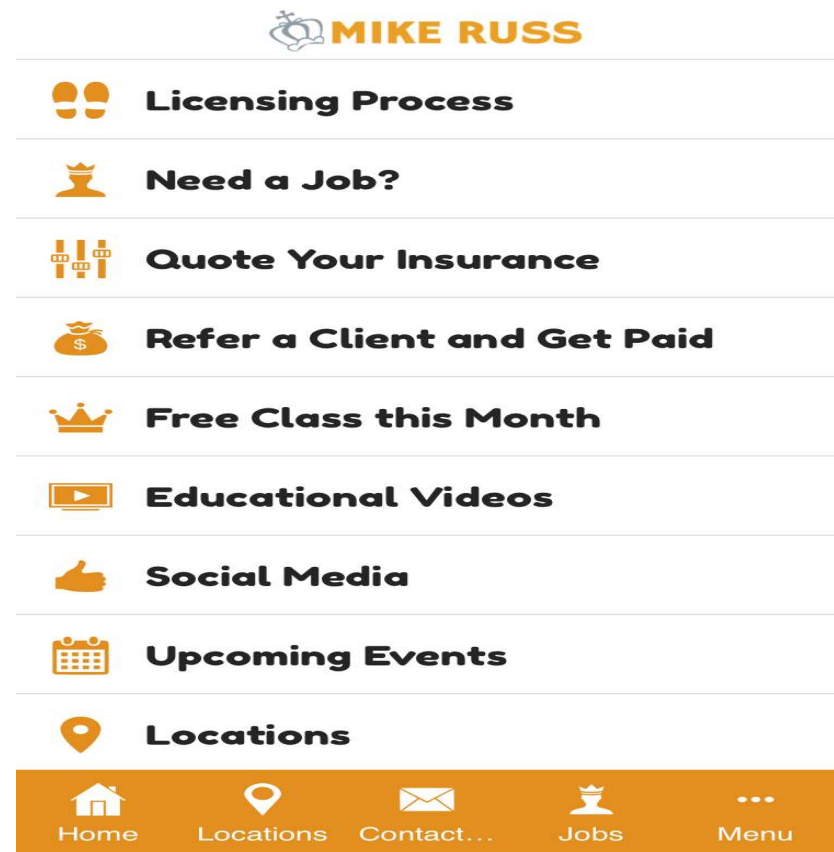
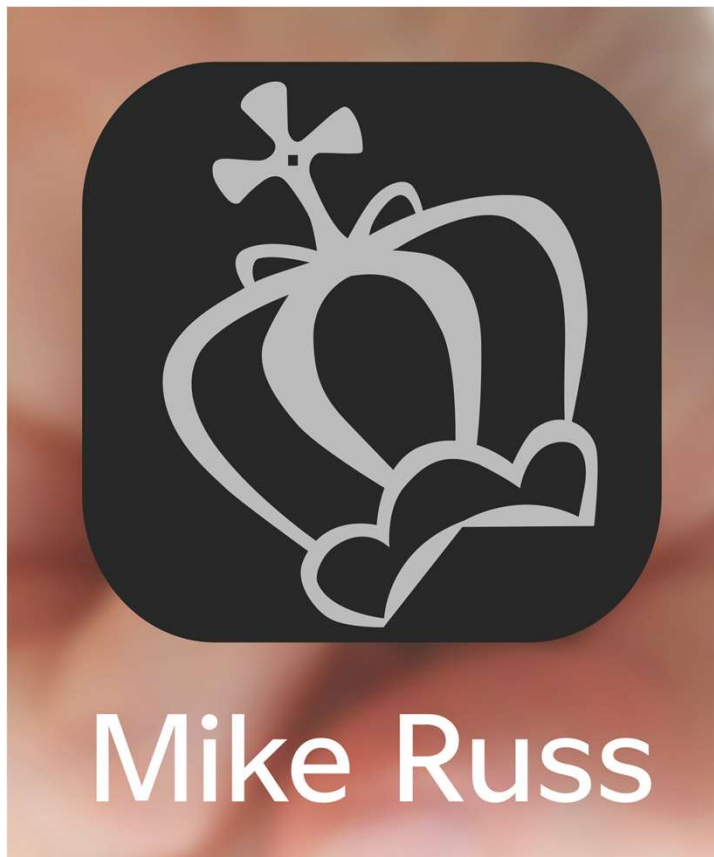


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We will start @ 8:33!



CAR INSURANCE



Liability & Physical Damage

LIABILITY (Pays Others)	PHYSICAL DAMAGE (The Car)
California Minimum Limits: 15/30/5	OTC: \$100 deductible
\$15,000 BI per person	Collision: \$500 deductible
\$30,000 BI per occurrence	
\$5,000 PD per occurrence	
Medical Payments: \$1000/person (per occurrence)	
Uninsured Motorist (UM): BI	
Underinsured Motorist	

Who Is an Insured Under a PAP

- Named Insured (registered owner)
- Resident spouse, family members
- Anyone driving the car with **permission**
 - **Note:** in A PAP, the owner's insurance is the primary policy (policy that covers the vehicle), secondary policy is policy that covers the driver (if not the owner) EXCEPT when you leave your car in the care/custody/control of a business (ex: auto dealer, repair shop) then their policy is primary

Eligibility for a PAP

- Vehicle must have no less than 4 wheels
 - Miscellaneous Vehicle Endorsement must be added to cover vehicles with less than 4 wheels
- Vehicle must not weigh more than 10,000 LBS
- Vehicle must not be used for commercial use (except farming)

Coverage Territory: Generally, the policy territory is limited to the United States, its territories and possessions (ex: Puerto Rico), and Canada

Mexico Coverage Endorsement: Provides excess liability coverage for accidents in Mexico within 25 miles of the US border for trips less than 10 days in duration (only applies when insured collides with American citizen)

Liability: Protects the insured and will pay a third party if insured is found liable for any bodily injury (BI) or property damage (PD) to a third party

- Written as “split limits” (BI Per person, BI per occurrence, PD per occurrence)
- CA Minimum Liability Requirements: 15/30/5

Medical Payments: pays reasonable medical expenses incurred by insured, family, and passengers in the car (\$1000 per person)

- Payment is immediate, and regardless of who was at fault

Uninsured Motorist: protects the insured for BI if injuries are caused by an uninsured or hit and run driver

Underinsured Motorist: protects the insured if another driver who causes an accident is insured, but does not have enough insurance to cover the damages

Good Driver Discount: 20% below rate insured would otherwise be charged

- at fault accident involving BI will exclude insured from eligibility for good driver discount

Cancellation of an Auto Policy Notification Requirements

- **10 days:** non-payment
- **20 days:** cancellation for any reason besides non-payment
- **30 days:** non-renewal

Review

Physical Damage: covers the insured for damage to their own vehicle they are found liable for (covers damage to insured's vehicle in an at fault accident, liability will cover damage to other vehicles if the insured is at fault)

Collision: covers direct or accidental loss to damage to insured's vehicle as a result of upset or collision with another vehicle or object (hitting a parked car)

Other Than Collision: covers damage to insured's vehicle due to any reason except collision (theft, collision with an animal)

Transportation Expense: part of physical damage, covers expenses if insured's vehicle is inoperable because of a covered collision or OTC loss (\$20 per day, \$600 max, begins 48 hours after a theft)

Towing & Labor: pays for towing & labor at the place of disablement

Optional Physical Damage: coverage for audio, visual, data electronic equipment, tapes, records, discs and other media (\$200 max coverage)

Duties after a loss: Part of the conditions of a policy, tells insured what they must do after suffering a loss to avoid penalization

- Notify the insurer
- Submit proof of loss
- Cooperate with insurer in investigation
- Submit to medical exam if requested
- Notify police for theft or hit and run
- Allow company to inspect vehicle & appraise damages
- Protect property from further damage after a loss (Insurer will cover these costs)

CAARP: can provide auto insurance liability to those who are unable to procure such insurance through ordinary methods (uninsurable because of driving record), used as a last resort

- Applicant must have been denied coverage in voluntary market
- Applicants who failed to pay auto premiums in year before applying to CAARP are not eligible
- Coverages: Liability (BI & PD), Medical Payments, Uninsured Motorist
- Does not cover physical damage

Low Cost Auto Insurance: available for drivers in a household with low income (no more than 250% of federal poverty level), **minimum liability limits: 10/20/3**

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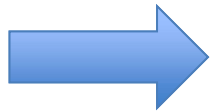
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Auto Insurance

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This Course Will Cover:

- Carriers & Getting Contracts
- Application Process
- Raters
- Determining Coverage Needed
- Policy Coverages, Limits & State Law Requirements
- and more!



Form	HO-1 Basic	HO-2 Broad	HO-3 Special	HO-4 Tenant Broad	HO-5 Comprehensive	HO-6 Condo Broad
Sec. I Property						
A. Dwelling	\$15,000 min	\$15,000 min	\$20,000 min		\$30,000 min	\$1,000 flat
B. Other Structures	10% of A	10% of A	10% of A		10% of A	
C. Personal Property	50% of A	50% of A	50% of A	\$6,000 min	50% of A	\$6,000 min
D. Loss of Use	10% of A	20% of A	30% of A	20% of C	30% of A	40% of C
Additional Coverage	Removal for 30 days; Cost for reas. repairs; Fire dept. service fees; Lawns, plants, shrubs & trees; Debris removal fees; Credit card fund transfer card, forgery, & counterfeit money cov.; Breakage of glass; Landlord furnishing	Same as HO-1 plus Collapse of building	Same as HO-1 plus Collapse of building	Same as HO-1 plus Collapse of building Building additions & alterations	Same as HO-1 plus Collapse of building	Same as HO-1 plus Collapse of building
Including Removal for..	30 days	30 days	30 days	30 days	30 days	30 days
Perils:	Fire, Lightening, EC, VMM, Theft, Volcano	Same as HO-1 plus Falling objects; Weight of ice, snow or sleet; Accidental discharge of water; Sudden tearing apart of heat, A/C, hot water system; Freezing; Artificially generated electrical current	All Risk for Dwelling and Structures Broad Form Perils for Personal Property	Broad Form Perils for Personal Property	All Risk for Dwelling and Structures All Risks for Personal Property	Broad Form perils for Dwelling (condo fixtures) Broad Form for Personal Property
Recovery						
Replacement cost A & B	✓	✓	✓		✓	(ACV Cov. A)
All other prop. ACV	✓	✓	✓	✓	✓	✓

Section II: Liability	(all forms are identical)	
Primary Coverages	Coverage E: Personal Liability Coverage F: Medical Payments to others	\$100,000 (personal liability) per occurrence \$1000 guest on premises
Additional Coverages:	Insurance-related Claim Expenses First Aid to Others Damage to Property of Others- \$500 per occurrence Loss Assessment Coverage: \$1000 per occurrence	

Section 1: Property Coverage

- **Coverage A: Dwelling**
 - Covers Dwelling and anything attached to the dwelling
- **Coverage B: Other Structures (10% of A)**
 - Covers any real property that is detached from the dwelling
- **Coverage C: Personal Property (50% of A)**
 - Covers everything movable in your life except your auto
- **Coverage D: Loss of Use**
 - Covers expenses incurred if home is uninhabitable due to a covered peril

Section 2: Liability

- **Coverage E:** Personal Liability (Min. \$100,000)
- **Coverage F:** Medical Payments (Min. \$1,000)

Who is an Insured: Insured, spouse, residents of the household

- Insureds are protected by the policy and liability policy will pay a third party if insured is found responsible for BI or PD
- Coverage applies if pet is responsible for BI or PD to third party

Note: Coverage applies to personal property & liability only. Business related losses not covered unless specifically added by insurer

Cause of Loss Forms

Basic

HO 1

HO 8

DP 1

Broad

HO 2

HO 4(Renters)

HO 6 (Condo)

Mobile Home

DP 2

Special (All Risk)

HO 3

HO 5

DP 3

Review

Mortgage Clause: if insured loses their right to recovery, mortgage holder can still collect

Scheduled Personal Property Endorsement: covers specialty items such as jewelry, furs, firearms, cameras, etc. (each item individually listed on policy with value assigned to each item, usually covered on open peril basis)

Inflation Guard: increases the dwelling coverage automatically each year

Personal Injury Endorsement. This coverage is added by endorsement and amends the definition of bodily injury to include loss due to personal injury. Personal injury includes the following: false arrest, libel, slander, defamation of character, and invasion of privacy.

Water Damage Exclusion: excludes any damage from tidal waves, flood, sewage backup

Subsidence: sinking, earth movement (not covered)

Additional Coverages

Lawns, Plants, Shrubs & Trees: up to 5 percent of the amount of dwelling coverage—though no more than \$500 can be spent on any single tree, shrub or bush

Landlord's Furnishings: \$2500

Debris Removal: covers cost of debris removal (if caused by a covered peril)

Fire Department Service Charge

Grave Markers: \$5000

Loss Assessment: charges from insured's HOA for claims involving common/shared areas

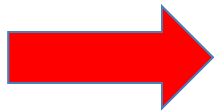
Ordinance and Law Coverage: Covers expenses incurred if the insured needs to rebuild up to code after a loss (usually 10% of A)

If you are a student and want to do a Homeowners Quote Go Here!



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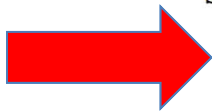
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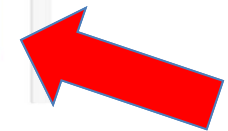
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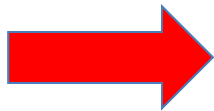


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- and more!

This course is approved for 4 hours of CE for a P&C License

Course #295192

Dwelling Insurance (DPs) Review

for LANDLORDS

Section 1: Property

- **Coverage A:** Dwelling (covers dwelling and any real property attached to the dwelling)
- **Coverage B:** Other structures (covers any real property detached from the dwelling)
- **Coverage C:** Personal property (covers everything movable in your life except your auto)
- **Coverage D:** Rental Income
- **Coverage E:** Loss of Use (covers expenses incurred if dwelling is uninhabitable due to a covered peril)

Dwelling Coverage: Does **not** include theft or liability unless added by endorsement

COMPARISON OF DWELLING FORMS



BASIC FORM	Basic DP-1	Broad DP-2	Special DP-3
Coverages Included (direct) loss A- Dwelling B- Other Structure C- Personal Property (indirect loss) D- Rental Value (extra expenses) E- Additional Living Expenses	X X X X	X X X X X	X X X X X
Other Coverages Number of extensions Including Removal for... Collapse	8 5 days not covered	11 30 days covered	11 30 days covered
Perils:	Fire Lightning Internal Explosion	Fire Lightning EC VMM Burglars Falling Objects Weight of ice, snow, & sleet Discharge/ overflow of water/steam Tearing apart, cracking, burning bulging of, steam/water system Freezing of plumbing, heating, air conditioning/ sprinkler systems Artificially generated electric current	All Risk for Dwelling & Structures Broad Form perils for Personal Property
Recovery	ACV	Building Only--- Replacement cost if at least 80% insurance-to-value All Other- ACV	Building Only- Replacement cost if at least 80% insurance -to- value All Other- ACV
<ul style="list-style-type: none"> • Coverage E (Additional Living Expense) may be added to Basic Form by Endorsement EC and VMM • Perils are optional on the Basic Form, and apply only if a premium for them is shown on the policy. 			



**California
FAIR
Plan** **PROPERTY
INSURANCE**

FAIR Plan: Provides insurance to homeowners who are unable to obtain insurance in the voluntary market (property is in an area considered to be too hazardous for insurer to write profitably)

Requirements:

- Must be in a designated area
- Must have already been turned down for coverage
- Must be an insurable risk



CEA: California Earthquake Authority, falls under the jurisdiction of the commissioner, provides property coverage for losses due to earthquake (excluded by homeowner's and dwelling policies)

CA Requirement: Must be **offered** by companies selling Homeowner's/Dwelling in CA (insurers not required to include coverage, homeowner's not required to purchase coverage)



Umbrella Policy: provides excess liability protection beyond the underlying home & auto policies, or after the retention is paid (Retention ranges from \$250 up to \$1,000)

Excess Liability Policy: provides excess home & auto liability only

Required Primary Limits: policy will specify what limits insured is required to maintain for home and auto liability, if insured does not maintain required primary limits, primary limits will act as the deductible, and insured must pay up to those limits before insurer will pay

Retention: payment (deductible) that must be paid before an umbrella policy will cover claims if the claim is not covered by the underlying liability policy, but is covered by the umbrella policy



Boat Owners Policy

- **Coverages:** Physical Damage, Liability, Medical payments, Uninsured Boater
 - Does not include Protection & Indemnity
- Boat Owner's Coverages most similar to an **auto** policy (not yacht)
- Covers non commercial use of boat (ex: unofficial race or contest)
- Does not cover carrying passengers or cargo for a fee

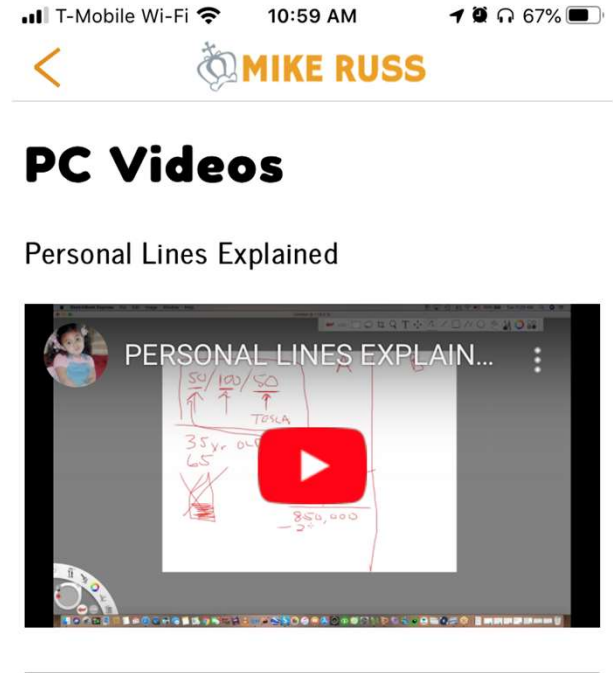
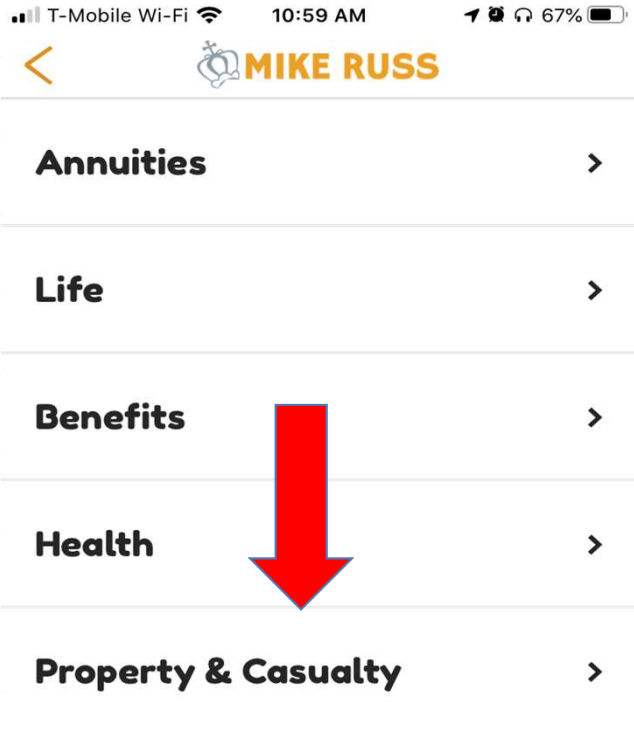
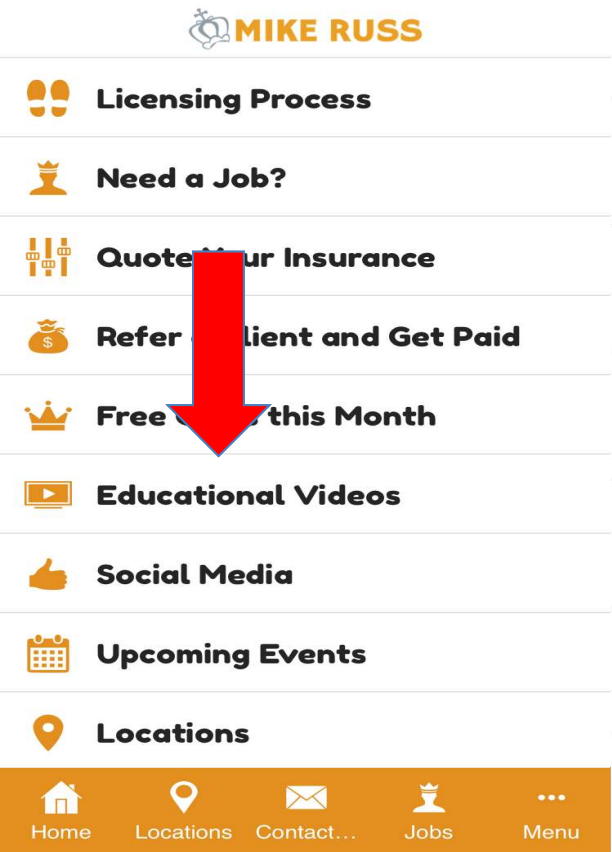
Yacht Policy

- **Coverages:** Hull (physical damage), Trailer, Protection & Indemnity (Liability & Workers Comp)
- **Sue and Labor Clause:** Requires that insured take all reasonable steps to protect property from further damage. Insurer will cover expenses the insured incurred by doing so

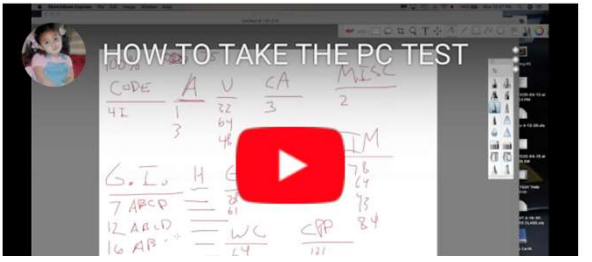
Homeowners Policy Limitations for watercraft (horsepower and length)

	Owned by the Insured
Outboard Engine	25 HP or less
Inboard Engine	50 HP or less
Sailboat	26 feet or less

Go watch the Personal lines video on the app!



HOW TO TAKE THE P&C TEST



Your Lunch Homework is to go do your own Auto quote & go watch the Personal lines Explained Video on the Mike Russ App!



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Commercial
Insurance

**COMMON
POLICY
DECLARATIONS**

**COMMON
POLICY
CONDITIONS**

**PLUS
(ANY TWO OR MORE)**

**COMMERCIAL
PROPERTY
COVERAGE
PART**

**COMMERCIAL
INLAND
MARINE
COVERAGE
PART**

**BOILER
AND
MACHINERY
COVERAGE
PART**

**FARM PROPERTY
AND
LIABILITY
COVERAGE
PART**

**COMMERCIAL
GENERAL
LIABILITY
COVERAGE
PART**

**COMMERCIAL
CRIME
COVERAGE
PART**

**COMMERCIAL
AUTOMOBILE
COVERAGE
PART**

EQUAL

**COMMERCIAL
PACKAGE
POLICY**

COMMERCIAL PROPERTY INSURANCE

Learn how to protect your commercial property against fire, theft and other risks with commercial property insurance.



Commercial Property Forms

(Buildings are valued under ACV unless otherwise indicated)

- **Builders Risk** – The Builders Risk form provides commercial property coverage for buildings or building alterations during the course of their construction. The coinsurance requirement on Builders Risk is 100%
- **Business Income** – If it is necessary to suspend operations because of direct physical loss caused by a covered cause of loss, the insurance company will pay for loss of business income during a period of restoration
- **Glass coverage**
- **Building and Personal Property** – This form describes the types of property coverage that apply, and establishes the conditions for coverage.

Building and Personal Property Coverage Form (BPP Form)

- **Coverage A – Building (valued using ACV unless otherwise indicated)**
 - More than one building or structure may be described in the commercial property declarations.
 - Notice that coverage applies to more than just the building itself—building additions, permanently installed fixtures and equipment, and property used to service the building or premises (such as fire extinguishing equipment, laundering equipment and ventilating systems) are covered as part of building coverage.
 - **Note:** Dwellings are not eligible.

BPP Form (cont.)

- **Coverage B – Business personal property of the Insured**
 - Business personal property includes most types of commercial property owned or used by businesses which are not considered part of the building.
 - This coverage applies to furniture, machinery, equipment, stock or merchandise held for sale, office supplies, and other such items.
 - **If you are a tenant, this coverage also applies to your interest in improvements and betterments made at your expense. (All Business personal property is valued at ACV unless otherwise indicated by the insurer)**
- **Coverage C – Business personal property of others**
 - This coverage applies to personal property of others in your care, custody or control.
 - Any payment for loss will be made only for the account of the owner, which means the coverage is designed to reimburse the owner for the loss.
 - Payment will not be made to the named insured under any circumstances, and payment would not be made if the owner had other insurance and was able to recover under that policy.

Additional Coverages

Additional coverages are limited amounts of coverage for specific types of losses or expenses which are provided in addition to the major property coverages. Additional Coverages Include:

- Debris Removal (expenses must be reported within 180 days of loss)
- Preservation of property
- Fire department charges
- Pollution (coverage for cost of extracting pollutants from land or water; cause of pollution must be a covered peril for this coverage to apply)

Extensions of Coverage

- newly acquired or constructed property
- personal effects and property of others
- valuable papers and records
- property off-premises, and
- outdoor property

Commercial Causes of Loss Forms

BASIC FORM	BROAD FORM	SPECIAL FORM
Covers...	Covers...	Covers...
Fire Lightening Extended Coverages Vandalism Sinkhole Collapse Sprinkler Leakage Volcanic Action Windstorm	All perils listed in the Basic Form, plus... Glass Breakage Weight of Ice, Snow, Sleet Water Damage Falling Objects Collapse Coverage	All perils listed in the Basic Form & Broad Form, plus... Risk of Direct Physical Loss Theft

Common Exclusions:

- Earth movement
- Government action
- Ordinance or law (cost necessary to make a restroom ADA compliant)

BPP Form (cont.)

Vacancy Clause – A vacancy condition applies to loss or damage of a building which has been vacant for more than **60** days at the time of loss. A building is considered to be vacant when it does not contain enough business personal property for conducting customary business operations and/or 70% of the total square footage is not rented or used to conduct customary operations.

If loss occurs when the building has been vacant for more than 60 consecutive days, losses are not covered if caused by:

- Vandalism
- Theft
- Water damage
- Building glass breakage
- Sprinkler leakage

(payment for all other covered causes of loss occurring after 60 days of vacancy will be reduced by 15 percent)

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This course is designed to take an insurance agent to the next level in the business insurance arena. Upon completion of the course, the attendee should be able to complete applications, communicate with clients, quote, understand the binding process, know the technology available, and understand carrier preferences and field underwriting policies.

Students can purchase each module (day) individually for \$200 per module, or purchase all 4 modules in a BUNDLE for \$600. Students have 1 year from purchase date to retake as many times as needed.

Module	Topic	Time	Course Description
CIA #1	General Liability, Commercial Property, BOP's, COI	10A-2P	This course is designed to help you understand the fundamentals of the different types of coverages for Business Owners, how to develop and target markets and business types, and how to develop leads based on the agent's markets.
CIA #2	Worker's Comp, Loss Runs, X-Mod Rate	10A-2P	This course is designed to help you with understanding the fundamentals of Worker's Comp and CA Laws, classifying employees correctly, monitoring the Experience Modification (X-Mod) Rate, reviewing loss runs, and identifying discounts, loss prevention, and patterns of claims.
CIA #3	Commercial Auto, Trucking, Garage Keepers	10A-2P	This course is designed to help the agent with the fundamentals of Commercial Auto, Trucking and Garage Keepers, and understand how to ensure the agent is submitting the minimum requirements to carriers as they develop a relationship with underwriters. The course will also cover the different symbols for Auto and Garage risks and how to develop leads based on the agent's markets.
CIA #4	Bonds, Contractors, Daycare (Adult/Children)	10A-2P	This course is designed to simplify the understanding of Surety and Fiduciary bonds, show you how to understand the risks, markets for contractors, daycare risks for adults and children, and how to develop leads based on the agent's markets.



Boiler & Machinery Equipment Breakdown Insurance

Boiler & Machinery (Equipment Breakdown)

- Boiler and machinery insurance includes property and liability coverage, but its so highly specialized that many carriers do not write it because it requires specialized underwriters, loss control engineers, and claim adjusters
- A substantial portion of each premium dollar is used for the inspection and loss control services



Crime Insurance

Commercial crime coverage may be written as a monoline or as part of a commercial package policy. One of the **unique things about the commercial crime program is that jurisdiction is jointly shared by ISO and the Surety Association of America (SAA)**

•Coverage Forms

- Form A – Employee Dishonesty (blanket or schedule options)
- Form C – Theft, disappearance and destruction

Form A – Employee Dishonesty

- This coverage form is one of four forms in the commercial crime program that falls under the jurisdiction of the Surety Association of America. In effect, the coverage is a fidelity bond. It provides coverage for losses resulting from employee dishonesty.
- **Parties to a Fidelity Bond**
 - Principal** - Employee
 - Obligee** - Employer
 - Guarantor/Surety** - The bonding company or Insurance company

Form C – Theft , Disappearance and Destruction Coverage

- This form provides theft insurance, which is broader than burglary or robbery coverage because “theft” includes all acts of stealing. It also provides more than crime coverage. Since it covers disappearance or destruction of covered property, it will cover some losses that do not result from theft or attempted theft.

Crime Insurance Key Provisions

- **Loss Sustained form** – Covers losses that occur during the policy period and losses that are discovered and reported during the policy period for up to (1) one year after the policy expires.
- **Discovery form** – Covers losses that occur either prior to the policy inception or during the policy period and losses are discovered and reported during the policy period or up to 60 days after the policy expires

Crime Insurance Definitions

- **Burglary** –taking of property from inside the premises by a person unlawfully entering or leaving the premises as evidenced by marks of forcible entry or exit
- **Robbery** –taking property from the care and custody of a person by someone who has caused or threatened to cause bodily harm.
- **Theft** –any act of stealing. Theft is a broad category. It includes all of the more narrowly defined acts of stealing, such as burglary and robbery, and goes beyond them in scope.
- **Assault and battery** - the crime of threatening a person together with the act of making physical contact with them.



Small businesses that typically buy a BOP



**Contractors,
carpenters and
plumbers**



**Auto mechanics
and car washes**



Retail stores



**Restaurants and
bakeries**



**Lawyers and
accountants**



**Salons and
barber shops**



Doctors and dentists



**Wholesale
distributors**



**Personal
trainers**

Business Owner's Policy

A **Business Owner's Policy (BOP)** provides a broad package of coverages for small and medium sized apartment buildings, offices, and retail stores. Each policy includes mandatory **property and liability coverages** and offers optional coverages. Many standard conditions and exclusions apply. A BOP is a self contained, complete **package** policy.

BOP Size Requirements:

- **office** buildings which do not exceed six stories in height and do not exceed 100,000 square feet in total area (incidental mercantile, service or processing risks which do not exceed 15,000 square feet, and apartments within the office building are permitted)
- **apartment** buildings which do not exceed six stories in height and do not have more than 60 dwelling units (incidental mercantile, service or processing risks which do not exceed 15,000 square feet, and incidental offices are permitted)

Not covered by BOPs: banks, auto sales/repair, restaurants & bars, amusement parks



Commercial General
Liability Insurance

Commercial General Liability

- **General Liability Insurance** – Protects an insured person or company from a wide variety of exposures. This insurance usually covers legal obligation arising out of injuries or damages suffered by members of the public, customers, tenants and others.
- **There are two major sub-lines**
 - premises/ operations
 - products and completed operations.
- **Aggregate limit** – An aggregate limit is the maximum the insurer would pay for all claims during a policy period on behalf of the insured. In a CGL policy there are two major aggregate limits.
 - General Aggregate limit
 - Products completed operations aggregate limit (separate aggregate limit).

General & Products Completed Operations Aggregate limit are separate limits- a claim applying to one does not affect the other

Occurrence vs Claims Made Forms

- **Occurrence form** - protects you from any covered incident that “occurs” during the policy period, regardless of when a claim is filed. An occurrence policy will respond to claims that come in – even after the policy has been canceled – so long as the incident occurred during the period in which coverage was in force.
- **Claims Made form** provides coverage for claims only when BOTH the alleged incident AND the resulting claim happen during the period the policy is in force. Claims made policies provide coverage so long as the insured continues to pay premiums for the initial policy and any subsequent renewals. Each succeeding year the policy is continuously renewed, the “coverage period” is extended. Once premiums stop the coverage stops. Claims made to the insurance company after the coverage period ends will not be covered, even if the alleged incident occurred while the policy was in force.

Basic Extended Reporting Periods (BERP)

- The 60-day (**MINI TAIL**) and 5-year (**MIDI TAIL**) extended reporting periods (ERPs) are automatically provided to the insured by the 1986 ISO claims-made commercial general liability (CGL) policy when a claims-made policy is canceled, not renewed, renewed with a laser exclusion, renewed on a basis other than claims-made, or renewed with an advanced retroactive date, meaning there may be a gap in coverage. BERPs are also included in some claims-made professional liability policies. The Basic ERP includes 2 parts
 - **Mini Tail:** provides 60 days after policy expiration date for reporting a claim
 - **Midi Tail:** provides 5 years after policy expiration date to report an “occurrence” (as long as original loss was reported during policy period or mini tail)

Supplemental Extended Reporting Period

- The optional extended reporting period (ERP) of unlimited duration under the standard claims-made commercial general liability (CGL) policy. The insured must request and pay for this coverage to activate it.

Claims made CGL reporting periods.



*Or, have the client buy the Optional,
Supplemental, Full tail, or Maxi tail policy,
with an Unlimited Reporting period.*

***Remember:
Full-Tail=Unlimited Duration**

Commercial General Liability Coverages

Coverage A – Bodily Injury & Property Damage

Coverage B – Personal & Advertising Injury

Coverage C – Medical Payments (reasonable medical expenses without regard to fault/legal responsibility)

Auto vs. Mobile Equipment

- **Auto is for public road use (commercial auto)**

- ex: Taxis, Buses, Limos

- **Mobile Equipment not for public road use (commercial general liability)**

- ex: Forklift, crane, bulldozer

Liquor Liability Coverage

- Any establishment that sells, serves, or assists in the purchase or use of liquor (i.e. dram shop) opens its doors for a liability claim as a consequence of someone getting drunk to the extent that injuries or property damages are the result.
 - includes restaurants, bars, nightclubs, and taverns.
- While it's logical that the inebriated person should be the one to pay, in reality the business that served the alcohol could be liable for injuries, damages, or both that occurred as a result of actions, behaviors, or conduct of a patron who drank too much, creating a need for liquor liability coverage
- Liability arising from situations of “host liquor” would be covered by CGL (ex: company party where alcohol is served)



Professional Liability Insurance

Medical Malpractice: In the medical field, malpractice insurance applies to bodily injuries arising out of the rendering or failure to render professional services. Bodily injuries are covered because medical, surgical, dental and nursing treatments, medicine, and services have physical consequences for patients. Medical Malpractice is needed for the following occupations/providers:

- Hospitals
- Physicians & Surgeons
- Nurses
- Chiropractors
- Optometrists
- Veterinarians

Professional Liability Insurance (cont.)

Many non-medical practitioners have liability exposure arising out of the knowledge, skill or advice they sell, and the professional activities they engage in. Professional liability policies are available for:

- Insurance agents and brokers
- Accountants
- Attorneys
- Directors and officers of corporations

**Professional Liability for Insurance Agents:
Errors & Omissions Insurance**



Commercial Auto

Commercial auto is very similar to personal auto coverage and can also be purchased as part of a commercial package policy

Commercial Auto coverage forms

- Different coverage forms have been designated for different types of commercial automobile exposure
 - Business autos
 - Garage coverage – Auto dealers, car washes, Auto repair shops (needed when a car is left in the care/custody/control of a business)
 - Truckers coverage

Symbols

- Symbols: The policy uses “Symbols” to tailor coverage and designate what kind of cars are covered under the various parts of the policy.
- **Important Symbols**
 - **Symbol 1**- “any” auto
 - **Symbol 4** – Owned Auto other than private passenger “autos” only
 - **Symbol 7** – Specifically Described auto
 - **Symbol 8**: Hired “autos” only
 - **Symbol 9** – Non-owned “auto”



Farm Insurance Review

- Farm insurance forms were developed because owning a farm calls for a combination of both **personal lines** and **commercial lines**.
- Farm insurance provides coverage for both **property** and **liability**
- Does **not** include auto coverage

OCEAN MARINE INSURANCE



Coverages

Vessel as hull of a ship



Cargo shipped internationally by sea, air or rail



Freight revenue



Legal Liability



Ocean Marine

Ocean Marine Insurance covers the transportation of goods and/or merchandise by vessels crossing both foreign and domestic waters including any inland or aviation transit associated with the shipment. This type of marine insurance also encompasses coverage for damage to the vessels involved in shipments and any legal liability arising in the course of shipment.

(note: coverage will be denied for deviation in the route)

Ocean Marine is a “self contained package” that includes:

- Hull Coverage– provides physical damage to the ship and engine
- Open Cargo – Covers Merchandise being shipped
- Protection and Indemnity Insurance (P&I) – A combination of workers comp and Liability insurance
- Freight Coverage – covers the cost of the second shipment

Cabotage: Transportation of goods or persons between two US ports (two ports in same country)

Jettison: The voluntary throwing overboard of property in order to save the ship

Jones Act: Made ship owners liable for bodily injury to a seaman (required Worker's Comp)

US Longshoremen & Harborworker's Act: Required Worker's Compensation for maritime workers other than crew members (dock workers, ship builders, etc.) who get injured while working

Some things Inland Marine might cover



- Contractor's Equipment
- Valuable artwork, like paintings, photographs, and sculptures
- Transportation equipment such as food trucks or cargo vans
- Mobile tools and equipment for construction, landscaping, etc.
- Property in transit like construction tools and supplies
- Computer equipment, including servers and laptops
- Communication equipment and networking tools

Inland Marine

- Coverage includes property insurance for property in transit over land, certain types of moveable property, instrumentalities of transportation (such as bridges, roads, and piers), instrumentalities of communication (such as television and radio towers), and legal liability exposures of **bailees**.
- Many inland marine coverage forms provide coverage without regard to the location of the covered property; these are sometimes called "floater" policies.
- As a group, inland marine coverage forms are generally broader than property coverage forms.

Important Coverage Forms

- **Valuable Papers and Records:** used to protect against loss/damage of essential documents (maps, mortgages, deeds, books, etc.)
- **Equipment dealers:** used to cover the interests of a dealer of mobile agricultural/construction equipment
- **Motor Truck Cargo:** covers property while in transit (must have motor truck cargo to cover stock in a vehicle more than 100ft from premises)

Notes regarding Inland Marine Coverages:

- Inland marine policies on an annual transit basis will be on a named peril coverage. If not on an annual transit basis the coverage would be open peril
- Coverage is usually provided on a open peril basis
- Inland marine is similar to a personal article floater



Commercial Insurance Package

- Multi-Policy Discounts
- Bundled Coverages
- Premium Credits
- Common Forms
- Customizable
- Flexible

**COMMON
POLICY
DECLARATIONS**

**COMMON
POLICY
CONDITIONS**

**PLUS
(ANY TWO OR MORE)**

**COMMERCIAL
PROPERTY
COVERAGE
PART**

**COMMERCIAL
INLAND
MARINE
COVERAGE
PART**

**BOILER
AND
MACHINERY
COVERAGE
PART**

**FARM PROPERTY
AND
LIABILITY
COVERAGE
PART**

**COMMERCIAL
GENERAL
LIABILITY
COVERAGE
PART**

**COMMERCIAL
CRIME
COVERAGE
PART**

**COMMERCIAL
AUTOMOBILE
COVERAGE
PART**

EQUAL

**COMMERCIAL
PACKAGE
POLICY**

Commercial Package Policies

ISO developed a series of specialized forms, with each form fulfilling a specific policy function. The right combination of forms would create a complete, custom-made policy. Any of the available coverage forms could be issued as part of a **monoline** policy (only one major kind of coverage), or could be joined with other coverages to form a **modular** policy (package policy of two or more coverage parts).

There are advantages of having a package policy, as opposed to several monoline policies. Some of those advantages include:

- Package discounts are available
- Fewer gaps in coverage
- No duplication of coverage
- Convenience of having all the coverage in one policy

Common Conditions

- **Notice of Cancellation:** This condition states the “First-Named Insured” is entitled to cancel the policy. If the insurer cancels the policy, they are only required to give advance notice to the “First-Named Insured”.
- **Changes:** This condition states the “First-Named Insured” is authorized to request change to the commercial package policy; however, it is subject to the insurer’s consent.
- **Examination of Records:** This condition gives the insurer the right to audit the insured’s books and records anytime during the policy period, and for three years following the expiration of the policy. This condition is frequently related to claims and /or premium determination.
- **Inspections and Surveys:** This condition states the insurer has the right to inspect the risk and make loss control recommendations. These inspections are used to help determine the rate to be charged. It is important to note these are NOT considered safety inspections; they will not warrant the insured is compliant with the safety laws and regulations.

WORKERS' COMPENSATION

A state-mandated insurance that provides medical benefits and wage replacement for employees who have a job-related illness or injury.



Workers Compensation

- **Workers' compensation** is a form of **insurance** providing wage replacement and medical benefits to employees injured in the course of employment in exchange for mandatory relinquishment of the employee's right to sue his or her employer for the tort of negligence.
- **State program**
- **Compulsory** (REQUIRED by law)
- **Worker's Comp Part 1:** shows all the state compensation laws and insurers obligation to meet them
- **California is a competitive state**, which means that we have the choice of getting workers compensation from a private insurance company or the state fund
- States that can only buy workers compensation insurance from the state fund are referred to a **monopolistic** state (monoline = 1)

Workers Compensation (cont.)

- **Insuring Agreement**

- **Medical benefits** – Medical benefits are provided without limit in every state.
- **Income benefits** – Income benefits are paid to employees who suffer work-related disabilities. Workers Compensation will not replace your entire amount of earnings (WC will replace a maximum of 66 2/3 % of your income)
- **Death benefits** – death benefits are provided by every state, and there are two types of payments: a modest burial allowance with a maximum dollar amount (usually within the \$1,000 to \$5,000 range) in addition to weekly income payments
- **Rehabilitation benefits** – Benefits are provided by all states. Some states have set up a special fund to provide these benefits, while others have not. Rehabilitation benefits may include therapy, vocational training , devices such as wheelchair and the cost of travel

COMMERCIAL 101

Continuing Education



Commercial Insurance 101

**i This course requires a fee of \$4.55 for submitting completed hours. Click for more information.
(7 Hours CE)**

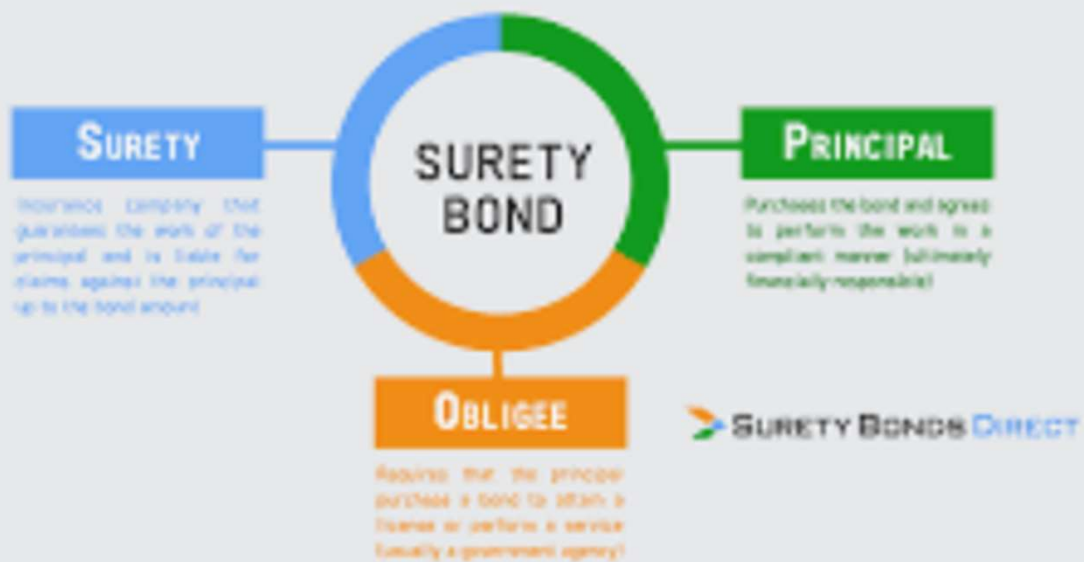
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This Class Will Cover: How to differentiate coverages (personal, professional, and business liability), General Liability Made Simple, Worker's Comp Made Simple, Commercial Auto Made Simple, Commercial Property Made Simple, How to Complete Acord Forms for Any Business, Quoting & Rating Systems, Wholesalers, Surplus Lines, and More

This course is approved for 7 hours of continuing education for a P&C license.

WHAT IS A SURETY BOND?

HOW DO THEY WORK?



Parties to a Surety Bond (3 Party Contract)

- **Principal:** party that promises to perform (Contractor)
- **Obligee:** party getting a guarantee & who will receive payment if principal defaults (Customer)
- **Surety/Guarantor:** party providing the financial backing (Bonding company)

Principal applies for and pays for surety bond

EMAIL FORM

AGENT USE ONLY
BOND NUMBER

SPEEDY APP

TYPE OF BOND	AMOUNT \$	EFFECTIVE DATE	TERM	SOCIAL SECURITY NO.
NAME (MUST BE EXACTLY AS IT IS TO APPEAR ON BOND)		BUSINESS PHONE		BUSINESS FAX
BUSINESS STREET ADDRESS (MUST BE PROVIDED)	CITY	STATE	ZIP	<input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> CORPORATION <input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> LLC
MAILING ADDRESS	CITY	STATE	ZIP	TAX ID FOR CORPORATION OR PARTNERSHIP
HOME ADDRESS	NATURE OF APPLICANT'S BUSINESS		HOME PHONE	
PROCESSOR BOND Bond Amount - \$10,000. 2-Year Term - \$70.00 County of _____	NOTARY BOND Bond Amount - \$15,000. 4-Year Term - \$70.00 Attach Copy of Commission Slip	<input checked="" type="checkbox"/> MOTOR VEHICLE (Defective Title, Foreign Vehicle) Rate 2% of bond amount required. \$100 min. Complete Below. If bond exceeds \$10,000., submit financial statement. BOND AMOUNT \$ _____		
INSURANCE BROKER BOND Bond Amount - \$10,000. 2-Year Term - \$120.00 Broker's License _____	TAX PREPARER BOND Bond Amount - \$5,000.00 <input type="checkbox"/> 1-Year Term - \$65.00 <input type="checkbox"/> 2-Year Term - \$75.00 <input type="checkbox"/> 3-Year Term - \$90.00 <input type="checkbox"/> 4-Year Term - \$100.00	VEHICLE MAKE	MODEL	YEAR
		BODY TYPE	LICENSE	MOTOR NO.
		SERIAL NO. _____		

INDEMNITY AGREEMENT - READ CAREFULLY AND SIGN

IN CONSIDERATION of the execution of such bond, and in compliance with a promise of the undersigned made prior thereto, the undersigned individually hereby agree, for themselves, their personal representatives, successors and assigns, jointly and severally, as follows:

- To reimburse American Contractors Indemnity Company ("Surety") upon demand for all payments made for and to indemnify Surety from:
 - all loss, contingent loss, liability and contingent liability, claim, expense, including attorneys' fees, for which Surety shall become liable or shall become contingently liable by reason of such suretyship, whether or not Surety shall have paid same at the time of demand; and
 - to pay Surety an advance premium for the first year or a fractional part thereof and to pay annually thereafter such annual premium for suretyship as is billed until satisfactory evidence of discharge or release of liability shall be furnished to Surety by the obligee.
 - Upon written demand, to deposit with the Surety a sum of money requested by Surety to cover any claim, suit, expense or judgment that Surety in its absolute discretion determines necessary and the deposit shall be pledged as collateral security on any bond or other bonds the Surety may have issued for the undersigned.
- Surety and undersigned agree that the place of performance of this agreement, including the promise to pay Surety, shall be in Los Angeles, California and venue for any suit, arbitration, mediation or any other form of dispute resolution shall be in Los Angeles, California.
- Surety is authorized to investigate, at any time, the undersigned's credit, employment history, and department of motor vehicle records.

Regardless of the date of signature, this indemnity is effective as of the date of execution of the aforementioned bond(s) and is continuous until Surety is satisfactorily discharged from liability pursuant to the terms and conditions contained herein and in the bond(s).

Date _____

If Individual - Sign Below	
✓ Signature _____	✓ Signature - Spouse _____
Printed Name _____ Soc. Sec. # _____ Driver's Lic. # _____	Printed Name _____ Soc. Sec. # _____ Driver's Lic. # _____

If Partnership - Sign Below
Name of Partnership _____
✓ Signature - Partner & Individually _____
Printed Name _____ Soc. Sec. # _____ Driver's Lic. # _____
✓ Signature - Partner & Individually _____
Printed Name _____ Soc. Sec. # _____ Driver's Lic. # _____

If Corporation - Sign Below
Name of Company _____
✓ Signature - President & Individually _____
Printed Name _____ Soc. Sec. # _____ Driver's Lic. # _____
✓ Signature - Secretary _____
Printed Name _____

AGENT INFORMATION	
Name PIPELINE INSURANCE GENERAL AGENCY C/O JOE ZELLER	Phone (858) 571-5827 EXT 116
Address 8322 CLAIREMONT MESA BLVD STE 105	Fax (866) 219-9967
City, State, Zip SAN DIEGO, CA 92111	HCCS Producer No. 4295

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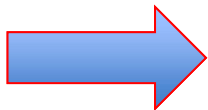
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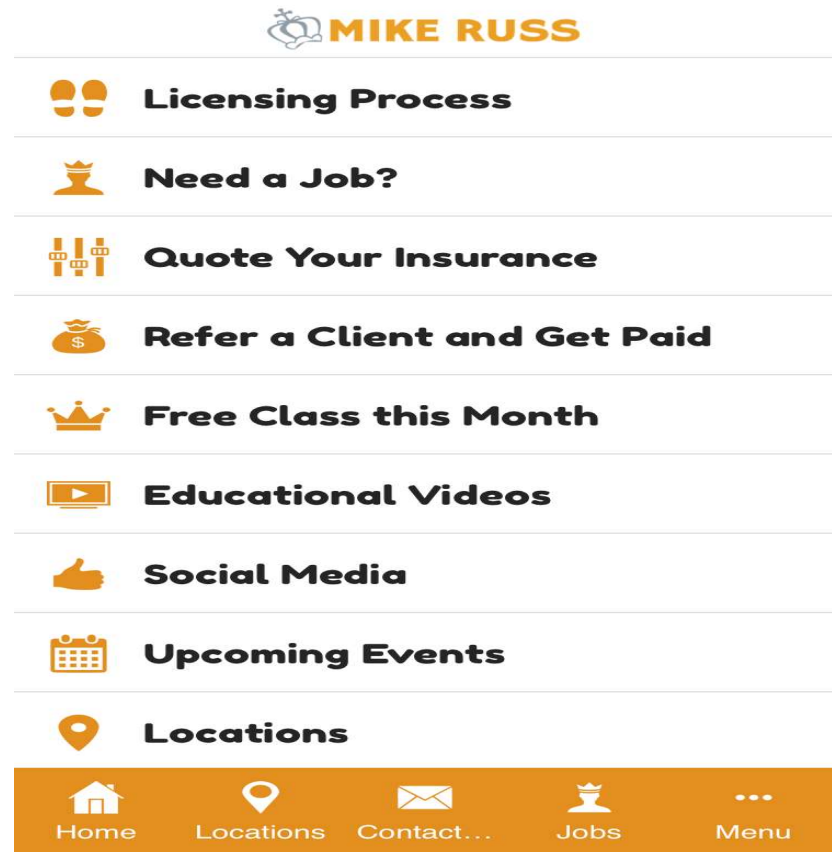
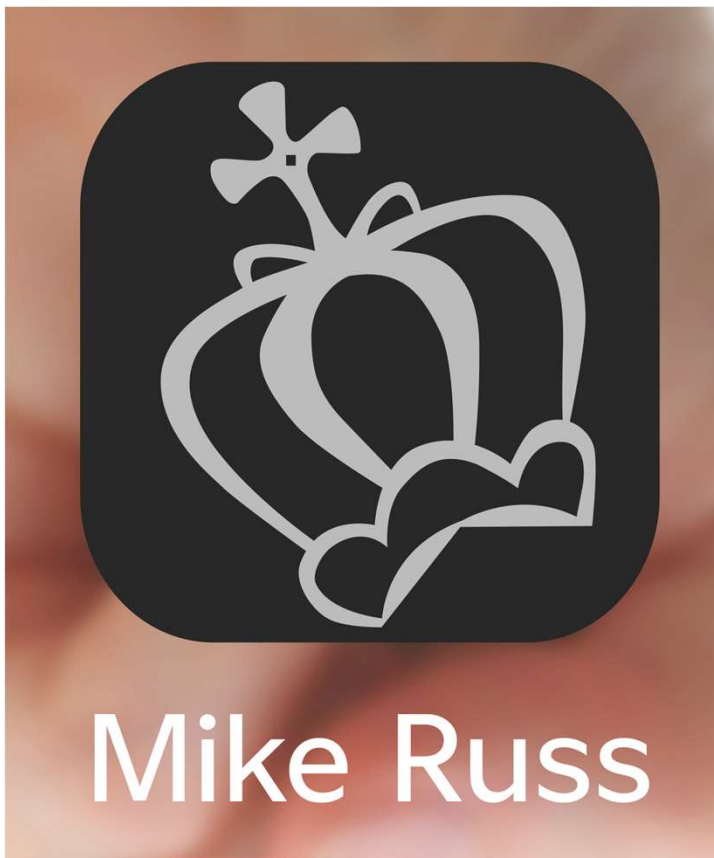
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Department of Insurance

California Department of Insurance

RICARDO LARA
Insurance Commissioner

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Rest

Wash your hands

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Information for Small Businesses

from CA Department of Insurance

RICARDO LARA

03:18

Information for Agents and Brokers

Join a Tele Townhall with

Climate

Understanding Important Terms

- **Insured** – Client (1st party)
 - Party who accepts the contract and receives the coverage
- **Insurer** – Insurance company (2nd party)
 - Party who makes the contract and provides the coverage
- **Claimant** - A claimant is the person making a claim for payment from an insurance company. For dismemberment claims on an accidental death and dismemberment (AD&D) policy, it may be the insured person who makes the claim. Otherwise, the claimant is usually the beneficiary of a life insurance policy.
- **Contract** – Insurance policy
- **CIC** – Insurance law (written by the State Legislature)
- **CCR** – Insurance Rules (written by the commissioner, who can change/withdraw regulations)

Understanding Important Terms

- **Agent** – Represents the Insurance company
 - Exclusive (captive) agent – Represents 1 Company
 - Independent agent – can represent more than 1 company
- **Direct system** – Also known as a **Direct Writer**, this is when Insurance Company advertises directly to the consumer by Radio, Television, and Internet. They don't have licensed agents they have licensed employees.
- **Broker** – Represents the Consumer (PC only)
- **Life only agent** (Represents the insurer)
- **Health only agent** (Represents the insurer)
- **Life & Health agent** (Represents the insurer)
- **Insurance Agent (PC License)** (Represents the insurer)

Understanding Important Terms

- **Commissioner:** Elected by the people to serve a four year term (May serve 2 consecutive terms - total 8 years)
 - If Commissioner leaves office during the 4 year term, governor will appoint someone to finish the term
- **McCarran Ferguson Act** – Gave the states the right to regulate the majority of the insurance industry at the state level (CDI)
 - In the public's best interest

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EMAIL FORM

SPEEDY APP

TYPE OF BOND	AMOUNT	EFFECTIVE DATE	TERM	SOCIAL SECURITY NO.
NAME (MUST BE EXACTLY AS IT IS TO APPEAR ON BOND)	\$			BUSINESS PHONE
BUSINESS STREET ADDRESS (MUST BE PROVIDED)	CITY	STATE	ZIP	BUSINESS FAX
MAILING ADDRESS	CITY	STATE	ZIP	<input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> CORPORATION <input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> LLC
HOME ADDRESS				TAX ID FOR CORPORATION OR PARTNERSHIP
				DATE STARTED
				NATURE OF APPLICANT'S BUSINESS
				HOME PHONE

PROCESS SERVER BOND Bond Amount - \$2,000. 2-Year Term - \$70.00 County of _____	NOTARY BOND Bond Amount - \$15,000. 4-Year Term - \$70.00 Attach Copy of Commission Slip	<input type="checkbox"/> MOTOR VEHICLE (Defective Title, Foreign Vehicle) Rate 2% of bond amount required. \$100 min. Complete Below. If bond exceeds \$10,000., submit financial statement. BOND AMOUNT \$ _____ VEHICLE MAKE _____ MODEL _____ YEAR _____ C.V.L. _____ BODY TYPE _____ LICENSE _____ MOTOR NO. _____ SERIAL NO. _____
INSURANCE BROKER BOND Bond Amount - \$10,000. 2-Year Term - \$120.00 Broker's License _____	TAX PREPARER BOND Bond Amount - \$5,000.00 <input type="checkbox"/> 1-Year Term - \$65.00 <input type="checkbox"/> 2-Year Term - \$75.00 <input type="checkbox"/> 3-Year Term - \$90.00 <input type="checkbox"/> 4-Year Term - \$100.00	

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- To reimburse American Contractors Indemnity Company ("Surety") upon demand for all payments made for and to indemnify Surety from:
 - all loss, contingent loss, liability and contingent liability, claim, expense, including attorneys' fees, for which Surety shall become liable or shall become contingently liable by reason of such suretyship, whether or not Surety shall have paid same at the time of demand, and
 - to pay Surety an advance premium for the first year or a fractional part thereof and to pay annually thereafter such annual premium for suretyship as is billed until satisfactory evidence of discharge or release of liability shall be furnished to Surety by the obligee.
 - Upon written demand, to deposit with the Surety a sum of money requested by Surety to cover any claim, suit, expense or judgment that Surety in its absolute discretion determines necessary and the deposit shall be pledged as collateral security on any bond or other bonds the Surety may have issued for the undersigned.
- Surety and undersigned agree that the place of performance of this agreement, including the promise to pay Surety, shall be in Los Angeles, California and venue for any suit, arbitration, mediation or any other form of dispute resolution shall be in Los Angeles, California.
- Surety is authorized to investigate, at any time, the undersigned's credit, employment history, and department of motor vehicle records.

Regardless of the date of signature, this indemnity is effective as of the date of execution of the aforementioned bond(s) and is continuous until Surety is satisfactorily discharged from liability pursuant to the terms and conditions contained herein and in the bond(s).

Date _____

If Individual - Sign Below <input checked="" type="checkbox"/> Signature _____ Printed Name _____ Soc. Sec. # _____ Driver's Lic. # _____	<input type="checkbox"/> Signature - Spouse _____ Printed Name _____ Soc. Sec. # _____ Driver's Lic. # _____
If Partnership - Sign Below <input checked="" type="checkbox"/> Name of Partnership _____ Signature - Partner & Individually _____ Printed Name _____ Soc. Sec. # _____ Driver's Lic. # _____ <input checked="" type="checkbox"/> Signature - Partner & Individually _____ Printed Name _____ Soc. Sec. # _____ Driver's Lic. # _____	If Corporation - Sign Below <input checked="" type="checkbox"/> Name of Company _____ Signature - President & Individually _____ Printed Name _____ Soc. Sec. # _____ Driver's Lic. # _____ <input checked="" type="checkbox"/> Signature - Secretary _____ Printed Name _____

AGENT INFORMATION Name _____ PIPELINE INSURANCE GENERAL AGENCY C/O JOE ZELLER Address _____ 8322 CLAIREMONT MESA BLVD STE 105 City/State/Zip _____ SAN DIEGO, CA 92111	Phone (858) 571-5827 EXT 116 Fax (858) 571-9867 IIC's Producer No. _____ 4295	
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Understanding Important Terms

- **Express Authority** – An authority that's written in the contract
- **Implied Authority** – An authority you have that's not specifically written in the contract but is reasonable for the public to assume you have
- **Apparent Authority** - Authority of an agent that is created when the agent oversteps actual authority, and when inaction by the insurer does nothing to counter the public impression that such authority exists

Insurer Structure

- **Stock company**
 - Non-participating policies
 - Stockholder
 - Dividends to a stockholder are taxable
 - No dividends paid to policy holder
 - Dividends are not guaranteed
- **Mutual company**
 - Participating policies
 - Policyholder
 - Dividends not taxable
 - Dividends are not guaranteed

Reciprocal Insurers

- Owned by the company's policyholders (like a mutual company)
- In a reciprocal insurer, each policyholder insures the risk of the other policyholders.
- Reciprocal Insurers are managed by an **attorney in fact**.
 - An attorney in fact is a person who holds a power of attorney and the legal right to transact business and execute documents on behalf of another person. The attorney is an agent of the principal.

Admitted vs. Non Admitted

Admitted – Licensed by the state of California to transact

- Regulated by the State of California
- Subject to the Financial Solvency regulations
 - **Solvency Requirements:** Money to cover liabilities, reinsurance, assets equivalent to paid in capital
 - **Insolvency:** Failure to meet solvency requirements
 - **Notice of Seizure:** Issued by court, gives commissioner right to seize books/assets/records. Failure to comply can result in \$1000 fine and/or imprisonment for up to 1 year
- Member of the **California Guarantee Association**

Non-Admitted – Not licensed by the state of California to transact

- Not subject to the financial solvency regulations
- Not member of the California Guarantee Association

Guarantee Associations

California Life & Health Insurance Guarantee Association (CLHIGA): For Life, Health, Annuity Companies (Admitted companies only)

California Insurance Guarantee Association (CIGA): For Property & Casualty Companies (Admitted companies only)

Purpose: To protect policy holders & insureds when member insurers become insolvent (Subject to certain limitations)

All admitted insurers must participate

Domicile of the Insurer (principal legal residence)

- **Domestic** – Insurer is one incorporated under the laws of California
- **Foreign** - Insurer is one incorporated under the laws of any state, other than CA (Arizona)
- **Alien** - Insurer is one incorporated under the laws of any country outside the United States (Canada)

Reinsurance

- **Reinsurance:** The process where one insurer transfers loss exposures from policies written for its insureds to another insurer
- **Retention Limit:** The maximum amount of risk retained by an insurer for an insurance policy
- **Reinsurer:** Insurer that accepts the excess risk and provides additional financial protection
- **Ceding Company:** Original Insurer that purchases reinsurance

Surplus Lines Broker

- **Surplus line broker** - A broker who is licensed to place coverage with non-admitted insurers (insurers not licensed to do business in a given state)
- **Surplus disclosure** – Every non-admitted insurer must obtain signature of the applicant on a disclosure statement at the time an application for a policy is accepted
 - The disclosure statement shall be in **boldface 16-point type** on a freestanding document.
 - Every policy issued by a non-admitted insurer and every certificate evidencing the placement of insurance shall contain, or have affixed to it by the insurer or surplus line broker, the disclosure statement in **boldface 16-point type** on the front page of the policy.
 - In the case where the applicant has not received and completed the signed disclosure form, he/she may cancel the insurance so placed.



How To Use Your Insurance License Class

You paid for this in the package you bought from us! Log in information is below!

We have found that our students have so many questions about how to use their license such as....

- Where can I find a job?**
- How do you Broker business?**
- How do I get appointments/contracts?**
- How is an Agency set up?**
- What trainings and certifications do I need to use my license?**
- What's the most profitable insurance to offer?**
- What tools are available that I can use in my practice?**

Much more! Come join us for 2 hours and get your questions answered!

When: May 7th 10am - 12pm
Where: Online/Webinar
Cost: \$49



REVIEW

Transacting Without a License

- A person cannot conduct any activities of an agent, broker, or solicitor unless he holds a valid insurance license issued by the commissioner.
- Anyone who acts, offers to act, or assumes to act in a capacity for which a license is required, without holding a valid license, is guilty of a **misdemeanor**.

Reasons for Denial of License Application

- The applicant is not of good business reputation
- The applicant has been refused a professional, occupational, or vocational license, or has had such a license suspended or revoked for a reason that should preclude the granting of an insurance license in the last 5 years (Can deny application without hearing).
- Applicant lacks integrity
- Applicant is not properly qualified to perform

License Renewal

- **License Term:** Once issued, a license is only valid for 2 years, and must be renewed every 2 years to remain active
- To renew a license, the licensee must submit the renewal application, pay the renewal fees, and complete **24 hours of Continuing Education (Including ethics)**
- The license must be renewed on or before the last day of the period for which the previous licensed was issued
- A renewal application, accompanied by the renewal fee, submitted on or before the license expiration date shall entitle the applicant to continue operating under the existing license for **60** days after its specified expiration date or until notified by the Department of Insurance

Termination of license

- A licensee may voluntarily surrender his insurance license for cancellation at any time by delivering the license to the commissioner
- The licensee may also surrender his license by providing written notice to the commissioner of the licensee's desire to surrender the license
- Note: A license automatically terminates upon death of the licensee

Change of Address (CIC 1729)

- Every licensee and applicant for a license must ***immediately*** notify the commissioner in writing of any change in his residence address, business address or mailing address (Includes email address)

License Number Disclosure Requirements

- Every Licensee shall prominently print his license number on business cards, written price quotation and printed advertisements for insurance products. **The license number must be printed in the same size type as any telephone number, address, or fax number.**

(For violation of this code, first offense is a fine of \$200.00)

Internet Advertisement

- When Advertising on the internet you must include the following information:
 - His/her name as it appears on his/her insurance license
 - The state of his domicile and principal place of business
 - His/her license number
 - Office Address (If you have one)

Free Insurance

- In the state of California free insurance is **not legal**

Records

- Agents/Brokers must maintain records for all transactions for 5 years, and have records available if Commissioner requests access
- Records must be stored at the Primary/Principal office
- Failure to produce records, or denying access to records is a **misdemeanor** on the first offense (Any additional instances may result in **termination of license**)

Code Section 770

- States that no one engaged in the business of financing real or personal property can make such financing agreement contingent upon the placing of insurance business with a specified agent or broker

Representation

- A representation is a statement to the best knowledge and belief of the party making the statement (representations also may be considered an implied warranty)

Concealment

- Concealment is defined as the neglect to communicate that which a party knows and ought to communicate.

Twisting

- A person shall not make any representation or comparison of insurers or policies to an insured which is misleading for the purpose of getting the insured to lapse, forfeit, change or surrender their current policy

Replacement

- If replacement is involved, the agent must obtain two copies of a Notice Regarding Replacement of life insurance signed by both the agent and the applicant. One copy stays with the applicant and second copy goes to the Replacing Insurer

Theft

- If an Agent diverts or appropriates fiduciary funds for his own use is guilty of theft, which is punishable under criminal law

Fraud

- Submitting fraudulent claims is considered a felony
- Every Insurer is required to have a sub-division to investigate possible fraud from their insured's
- Insurer's Claim form must carry the following statement (Or similar wording)
 - A person who knowingly presents a false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison

Warranty

- A warranty in an insurance policy is a statement attesting that something the insured person says is true. For example, if you are applying for life insurance, you must make a warranty that you are not terminally ill. If the insurer discovers that one of your warranties is untrue, it generally has the power to void the contract and not honor any claims you make.

Unfair Trade Practices

- Unfair discrimination: It is prohibited to make or allow unfair discrimination between persons of the same class and life expectancy in the rates charged or the terms, conditions, benefits, or dividends of a life insurance policy or an annuity. Differences based on sex are permitted if they can be substantiated by mortality data and other statistical information
- Misrepresentation
- Advertising membership in the State's Guarantee Association (CIGA, CLHIGA)

Unfair Claims Practices

- Directly advising a claimant not to obtain the services of an attorney
- Misrepresenting to claimants any pertinent facts or policy provisions which relate to coverage at issue
- Failing to acknowledge and act reasonably promptly on communications relative to policy claims
- Failing to affirm or deny coverage within a reasonable time after proof of loss statements have been completed and submitted



How to Set Up an Independent Agency

Upcoming Class: Thursday, May 14th
10am - 3pm
\$299

[CLICK HERE TO SIGN UP!!](#)

Are you interested in setting up your own independent agency but don't know where to begin?
Then come to our upcoming class: How to Set Up an Independent Agency!

This class will teach you everything you need to know about starting your own agency, including:

- Entity License & DBA with the DOI
- E&O Coverages
- Carrier Appointments
- MGA's ,Wholesalers & Clusters
- Rating Software
- Bonding
- Education/Training Programs
- One on One Mentoring Program
- Potential Start-Up cost
- ...and much more!

[CLICK HERE TO SIGN UP!!](#)

From The Desk Of James Russ

Hello past student! I'm doing a free "Networking/Marketing Webinar" tomorrow from 9am - 9:45. The format is to teach you something for your business, update you whats coming up and more.

[CLICK HERE FOR THE LOG IN INFO!](#)

Hope you are all staying safe!

Every day is a blessing,

James Russ

"Only the educated are free" - Epictetus

Insurance: Written contract that indemnifies one party against loss, damage or liability from a contingent or unknown event (risk)

- Contract must have mutual assent, valid legal purpose, consideration, and competent parties

Risk: Uncertainty or chance of loss

– Two Types of Risk

- **Pure Risk:** chance of loss or no loss (insurable)
- **Speculative Risk:** chance of loss or gain (not insurable)

STARR is an acronym for:

Share

Transfer

Avoid

Retain

Reduce

Peril: A cause of loss

Hazard: Anything that increases the chance of loss

- **Physical:** Anything that you can see, hear, touch or smell that increases the chance of a loss
- **Moral:** A condition of morals/habits that increases the chance of a loss (Ex: Lying on an application)
- **Morale:** Condition arising out of one's carelessness or indifference to a situation

Insurable Interest: Financial interest an individual has in the life of an insured continuing, or in property being insured.

- **For Life Insurance:** must exist at the time of the application and when the insurance takes effect, but not at the time of loss
- **For Property Insurance:** must exist at the time of application, and at the time of loss

Basic Elements of an Insurance Contract

- **Adhesion:** If there is any ambiguous language in the contract, court would decide a dispute in favor of the insured
- **Unilateral Contract:** Only the insurer is bound by the terms of the contract (premium/consideration is exchanged for a promise of protection)
- **Utmost Good Faith:** Each party to a contract needs to be able to rely on representations of the other parties (must exist between Applicant, Insurer, and Agent)
- **Aleatory:** There may be an unequal exchange of money. The outcome will depend on an uncertain future event (Ex: car accident, death)

Tort: A wrongful act other than a crime or breach of contract

Tort Law: Used to determine responsibility for damages when a tort has been committed

Tortfeasor: person committing the tort

3 Basis of Legal Liability Under Tort Law

- **Absolute Liability** (inherently dangerous)
- **Intentional Tort** (deliberate/intentional act)
- **Negligence** (failure to do what a reasonable/prudent person would do under normal circumstances)

Mortality (Life insurance): Number of deaths for a certain age group (separated by sex)

- Used along with interest & expense to determine life insurance rate

Morbidity (Health Insurance): Amount of sickness illness or disease for a certain age group

- Used along with interest & expense to determine health insurance rate

HIV/AIDS Disclosure: Applicants must sign a separate disclosure form to allow for testing for HIV or AIDS

Medical Information Bureau: Non-profit supported by member insurers. MIB collects reports on applicants that are found to be special rated. Purpose is to reduce fraud. Every applicant must receive and sign a written notice and letting them know that the MIB may be consulted for more information and that he/she has been informed of the following facts (1) Insurers may report information to the MIB (2) Any Information contained in the MIB files may be disclosed.

Attending Physician's Statement (APS): Underwriter's request for additional info from physician

Law of Large Numbers

Theory that states **the greater the number of exposures (insureds), the more accurately insurer can predict losses & set appropriate premiums (gives greater credibility to the prediction)**

- This is the basis for the statistical expectation of loss used to determine premium rates
- Based on these statistics, the insurance company can predict how many of their policy holders will suffer a loss

Underwriting: Process of examining applications, accepting or rejecting the risk (application), and classifying acceptable risk to determine the rate to be charged

Risk Classification

- **Preferred:** Risk is below the average the insurer would accept
- **Standard:** Risk falls within the company's guidelines/average
- **Substandard:** Risk is higher than the average the insurer would accept

Unearned vs. Earned Premium

- **Earned Premium:** Portion of the premium that has been paid to insurer, and that insurer has used to provide coverage
- **Unearned Premium:** Portion of the premium that has been paid to insurer, but has not yet been used to provide coverage

Cancellation

Pro-Rata Cancellation: Insurer only retains earned premium, returns unearned premium back to insured

Short Rate Cancellation: Insurer retains earned premium, and also charges the insured for “expenses”

Flat Cancellation: Insurer refunds entire premium

Check the “Student Resources” section of the Mike Russ Website for upcoming free classes to learn more for your business!



First 10 students get free classes!

Here is how it works:
Click on the links for the classes you want below! The presentation is free. If you would like the 1-hour continuing education credit for that particular license there is a \$5 charge you will need to pay after class.

Note: this is not on our website you must use the links below or call the office for this special promotion!!!

FORWARD THIS EMAIL TO ANYONE THAT YOU MIGHT THINK WOULD WANT THIS!

LIFE INSURANCE 101

This presentation will cover the different types of life insurance you can plug into your business. We will cover how to calculate how much insurance your clients should have, the appropriate product and how to implement that line of insurance into your business.

When: Friday May 15th 9:00am - 10:00am
Where: Online/Webinar Format
Cost: Free

SPACE IS LIMITED! PLEASE ONLY SIGN UP IF YOU ARE COMING FOR SURE! OTHERWISE, YOU ARE TAKING AWAY SOMEONE ELSE'S OPPORTUNITY TO LEARN & THAT'S JUST NOT COOL! :)

CLICK HERE TO SIGN UP!

COMMERCIAL SUBMISSION

This presentation will cover the basic information that must be collected to write General liability, Workers Comp & Commercial Auto.

When: Friday May 15th 10:00am - 11:00am
Where: Online/Webinar Format

Practice exams & Flash cards Available!

Property /
Casualty
Workbook

[Click to View Items
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\$69.00

Life and Health
Workbook

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Flash cards

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