Study 1 The Influence of Legislation

Objectives:

- Define or explain certain terms relevant to the discussion in this study, including fire insurance, fire, distribution, underinsured, ab initio, privity of contract, materiality, pro rata, earned premium, unearned premium, short-rate basis, and waiver of inventory.
- Describe in general terms the laws that govern insurance contracts, especially fire insurance contracts.
- Discuss provisions under the provincial Insurance Acts that govern all insurance contracts.
- Discuss provisions under the provincial Insurance Acts that specifically apply to fire insurance.
- Explain what the Statutory Conditions are, where they are found, and how they are applied.
- Name the Statutory Conditions, summarize the provisions of each Statutory Condition, and explain the reasons for it.

Study 1 Sample Question:

(a) Describe the necessary steps that need to be taken in order to resolve a disagreement between an insurer and insured, in a contract that provides and appraisal to do so. (3 Marks)

(b) List THREE (3) situations where a judge of the provincial court may appoint an appraiser or umpire on application by the insured or the insurer. (3 Marks)
Study 2 – The Evolution of Property Policies Part 1

Objectives:

- **Insurance Principles & Doctrines**
  - The Elements of a Contract
  - Insurable Interest
  - Indemnity
  - Subrogation
  - Proximate Cause

- **Creating Policy Wordings**
  - Direct & Indirect Loss
  - Description & Location of Subject Matter
  - Occupancy

- **The Basic Fire Policy**
  - The Insuring Agreement

- **Exclusions**

- **Extensions of Coverage**
  - Removal of Insured Property
  - Debris Removal

Study 2 Sample Question:

Jennifer Milk has placed an advertisement in the local newspaper for her car, which she wants to sell for $14,000. John Shake sees the advertisement and telephones Ms. Milk to arrange a meeting. After Mr. Shake has inspected the vehicle, he and Ms. Milk agree that $14,000 is a fair price. Mr. Shake gives Ms. Milk a cheque for $14,000 and assumes possession of the vehicle.

Identify the elements that make a legal contract of the arrangement between Ms. Milk and Mr. Shake. (5 Marks)
Study 3 – The Evolution of Property Policies Part 2

Objectives:

- Define or explain certain terms relevant to the discussion in this study including:
  - mortgage, chattel mortgage, mortgagor, mortgagee, loss payee, rate of premium, public fire protection, private fire protection, occupancy, susceptibility, deductible, and blanket basis

- Describe the calculation of premium for property insurance policies

- Discuss the interest in a property policy of parties other than the named insured

- Explain the reasons for and operation of other common clauses and conditions including:
  - deductibles, coinsurance, average distribution clauses, deferred payment clauses, and mortgage clauses

Study 3 Sample Question:

(a) What is a Deferred Payment Clause? (3 Marks)

(b) Explain why a Deferred Payment clause would be used. (5 Marks)

(c) Identify the most common example of a Deferred Payment clause (2 Marks)
Study 4 – Broadening the Contract Part 1

Objectives:

- Define or explain certain terms relevant to the discussion in this study, including moral hazard, stock, declaration form, equipment, riot, vandalism, malicious act, theft, smoke, leakage from fire protective equipment, and flood;

- Explain the reasons for and application of replacement cost and automatic reinstatement;

- Describe the broadening of fire insurance by related additional perils

Study 4 Sample Question:

The wording recommended by the IBC for Automatic Reinstatement coverage states that **loss under (any item of) this policy shall not reduce the (applicable) amount of insurance.** Explain the TWO (2) features of this wording.  

(4 Marks)
Study 5 – Broadening the Contract Part 2

Objectives:

- Define or explain certain terms relevant to the discussion in this study, including landslide, mudslide, conversion, mysterious disappearance, flat rate, graded rates, named perils, multi-peril, all risks, and constructive total loss

- Discuss how losses are apportioned between multiple property insurance policies;

- Explain the difficulties in insuring against earthquake and describe aspects of the underwriting, rating, and coverage for earthquake;

- Describe the broadening of fire insurance by the multi-peril approach;

- Explain named perils and all risk policies

- Discuss the additional conditions often added to multi-peril policies

Study 5 Sample Question:

You are a claims adjuster working on a recent fire claim. Your client makes plastic and vinyl products, especially raincoats, rubber boots, tarps, and swimming pool covers. Much of its warehouse was destroyed in a fire, along with a lot of stock and machinery. If your client simply waits for the premises and equipment to be restored, it will lose many customers to its competitors. Your client must find other premises, rent machinery, and perhaps contract work to other manufacturers while building repairs are completed. That will increase costs and reduce net income. In addition, tenants who used to pay your client rental income are barred from the damaged building by authorities for safety reasons.

Explain to your client which part of the loss would be considered direct loss and which would be considered indirect loss.

(6 Marks)
Study 6 – The Commercial Property Named Perils Form

Objectives:

- Define or explain certain terms relevant to the discussion in this study, including hackers, viruses, tenant’s improvements, actual cash value, all property, building, cash cards, clean up, contents, data, data problem, declarations page, equipment, fire protective equipment, fungi, pollutants, premises, spores, and terrorism;

- Distinguish in general terms the Commercial Property Named Perils Form from its Broad Form counterpart;

- Identify and explain the clauses of the Commercial Property Named Perils Form.

Study 6 Sample Question:

Define and describe the THREE (3) different kinds of equipment under the Commercial Property Named Perils Form. (15 Marks)
Study 7 – The Commercial Property Broad Form

Objectives:

- Define or explain certain terms relevant to the discussion in this study, including All risks, equipment, stock, theft, free on board, fire-following, agricultural smudging, friendly fire, hostile fire, pollutants, clean up, warranty, named perils, premises, and surface water;

- Distinguish in general terms the Commercial Property Broad Form for its Named Perils counterpart;

- Identify and explain the clauses of the Commercial Property Broad Form

Study 7 Sample Question:

Explain the following exclusions in the Commercial Property Broad Form.

(a) Sewers, Drains, and Watermains Exclusion (5 Marks)

(b) Furs, Jewellery, Precious Stones Exclusion (10 Marks)

(c) Breakdown Exclusion (4 Marks)

(d) Building Movement Exclusion (6 Marks)
Study 8 – Habitational Insurance

Objectives:

- Define or explain certain terms relevant to the discussion in this study, including habitational insurance, clear language, Coverage summary, packaging, estimator, calculator, and telecommuting;

- Describe the scope of and eligibility criteria for habitational insurance;

- Explain the significance of clear language in habitational policies;

- Identify the elements of a Coverage Summary Page and explain its use with habitational policy wordings;

- Explain the package policy concept and the development of the Homeowners forms;

- Distinguish the Homeowners forms by the property and the perils they insured

- Identify the sections and coverages in the Homeowners policies and explain how amounts of insurance are set and premium is calculated for Section I

Study 8 Sample Question:

Identify and distinguish between the TWO (2) parts of a Homeowners form. State what FOUR (4) parts compose each of those main parts of the form.

(10 Marks)
Study 9 – The Homeowners Basic Form

Objectives:

- Define or explain certain terms relevant to the discussion in this study, including business, Coverage Summary age, data, domestic water container, dwelling, ground water, insured, premises, residence employee, spouse, surface waters, terrorism, vacant, equipment, structures, personal property, blanket limit, scooters, cash cards, consequential loss, civil authority, water hammer, smoke, vandalism, malicious acts, water damage, peril exclusions, policy exclusions, guaranteed replacement cost, replacement cost, and actual cash value;

- Distinguish in general terms the Homeowners Basic Form from its counterparts the Broad Form and the Comprehensive Form;

- Identify and explain the clauses of the Homeowners Basic Form

Study 9 Sample Question:

Your client has a Homeowner Basic or Standard Form. They have retired and plan to spend the winter in Florida. They have previously never been away from home for so long. Answer the following questions.

(a) How will this absence affect the coverage under their policy? To what extent? What should they do about it? (4 Marks)

(b) What coverage do they have on the personal effects that they have with them in the condominium they are renting in Florida? (3 Marks)

(c) What Coverage do they have on the jewellery they are taking with them? (3 Marks)
Study 10 – The Homeowners Broad and Comprehensive Forms

Objectives:

- Distinguish between the Homeowners forms by the property and perils they insure
- Identify the clauses that the Homeowners Broad form has in common with the Homeowners Basic Form
- Identify the clauses that the Homeowners Comprehensive Form has in common with the Homeowners Broad Form
- Describe and discuss the clauses that distinguish the Homeowners Broad and Comprehensive Forms from each other and from the Homeowners Basic Form

Study 10 Sample Question:

You are an insurance agent and you have received the following applications for insurance. In each case, explain whether either the Homeowners Broad Form or the Homeowners Comprehensive form would be adequate to insure the risk. If the Comprehensive form is needed over the Broad Form, explain why.

(a) Cynthia and her husband are looking to purchase a new home that has a deck, a swimming pool, and a garden shed in the back. (3 Marks)

(b) Janice is waiting for her new house to be built and is renting an apartment in the meantime. Until she can move into her new house, she has put much of her personal property into a public storage unit in a warehouse. Janice would like to insured her personal property against theft and all other perils. (5 Marks)

(c) Jose purchased a piece of land and is building a new home for his family. He expects to have the house built and move his family into it in two years. Jose is looking to insured his house against theft and vandalism while it is under construction. (8 Marks)

(d) Casey is looking to insured the South American parrot he has purchased and newly installed in a cage in his basement. (9 Marks)