

## ILLINOIS PROPERTY & CASUALTY KEY FACTS

- On property policies, abandonment of the property to the insurer is prohibited.
- The liberalization clause permits the insurer to increase coverage immediately at no charge.
- “Appraisal” is used on property policies to determine the amount payable.
- “Arbitration” is used on liability policies to determine if coverage applies.
- “Subrogation” allows the insurer to recover what they paid to you from an at-fault party.
- The Insuring Agreement lists the covered perils.
- A mortgagee must be given notice of policy non-renewal.
- An independent adjuster represents the insurer.
- A public adjuster represents the claimant.
- An insurance contract sold without any negotiation is considered “Unilateral.”
- Strict or absolute liability is liability without negligence (keeping a pet tiger).
- An “intervening cause” breaks the chain of events and is a defense to negligence.
- Comparative negligence rules vary by state.
- On Contributory Negligence, you cannot recover at all if you are partly at fault.
- The policy period is defined as the time period the policy is in effect.
- Specific insurance provides a specific amount of coverage for specific types of property at specific locations.
- Blanket coverage provides a single amount of insurance that may apply to different types of property or to different locations.
- The amount of property damage in a fire is determined by negotiation between the insured and the insurer.
- The “pro-rata” liability (or other insurance) clause on a property policy allows two or more policies insuring the same property to pay claims proportionately.



- Exclusions eliminate uninsurable perils (like flood).
- The Insuring Clause states that “coverage is provided in consideration of . . .”
- On appraisal, if the two appraisers cannot agree on an umpire, the court appoints one.
- On appraisal, each party pays for the cost of their appraiser, although the cost of the umpire is shared.
- Notice of claim must be given immediately (promptly).
- Insurers may sell the salvage to offset the claims expenses.
- An insurer may ask an insured to produce books and records at any time.
- Adjusters must disclose which part of the policy a claim denial is based upon.
- An endorsement changes the terms of the policy.
- The maximum amount an insurer will pay is stated in the “limits of liability.”
- Exclusions exist in an insurance policy to clarify coverage, not to prevent fraud.
- The purpose of the Conditions Section of the policy is to state the rules, which stipulate the conditions under which the coverages are provided.
- The Cancellation Provisions are found in the conditions section of the policy.
- True fire-resistive construction requires that the thickness of the masonry building materials be able to resist fire damage for at least 2 hours.
- To lower their ‘loss ratio’, an insurer will tighten their underwriting requirements.
- A deductible represents a form of risk retention.
- An ‘endorsement’ may not be used to modify policy conditions.
- Regardless of the type of policy, insurers need only give 10 days advance notice when canceling for non-payment of premium.
- When canceling a policy mid-term, the insurer must return the pro-rata share of the insured’s unearned premium.
- When it is the insured who requests cancellation mid-term, the refund of unearned premium is calculated on a ‘short rate’ basis.
- A property policy may be voided (cancelled immediately without coverage) if the insured lies about a material fact at the time of application or at the time of claim.

- Policies may be modified by endorsement with mutual consent of the parties.
- The policy limit on a property policy is shown on the Declarations page.
- If a landlord fails to properly maintain a rental property, they have violated a legal duty.
- A direct cause of loss is also known as a proximate cause of loss.
- An individual who is spraying poisonous chemicals on their property would have absolute or strict liability if anyone got sick.
- A property owner who fails to maintain lighting on a staircase has violated a standard of care.
- You would look at the policy exclusions to find out that intentional losses are not covered.
- The standard deductible on most Property policies is \$250 per occurrence.
- Examples of package policies are the HO, the BOP and the CPP.
- Medical coverage on all Liability policies (except auto) is to others, not you.
- Most P&C policies contain the Inflation Guard Endorsement, which will automatically keep your policy limits in synch with the rate of inflation.
- The higher the deductible, the lower the premium - and vice versa.
- Vacancy means you have moved out of your home and taken your furniture with you.
- Unoccupied means you are on an extended vacation, but your furniture is still there and you will return.
- Demolition of a structure due to enforcement of an ordinance or law is not covered.
- To see what is covered on an All-risk policy, you must read the exclusions.
- All package policies have at least two parts, Property and Liability.
- The purpose of coinsurance is to make sure the client carries adequate limits.
- The purpose of subrogation is to keep the insured from collecting twice.