
Addendum: for use with North Dakota Personal Lines online ExamFX courses and study guides version #26221en, per exam content outline updates effective 3/1/2022.

*The following are **content additions** to supplement your existing text unless otherwise indicated:*

New Exam Breakdown for Personal Lines:

**North Dakota Personal Lines Insurance
110 Questions; Time Limit: 2 hours, 30 minutes**

Chapter	Percent of Exam
General Knowledge:	
General Insurance	5%
Property and Casualty Insurance Basics	24%
Dwelling Policy	6%
Homeowners Policy	12%
Auto Insurance	9%
Other Coverages and Options	6%
State Law:	
Insurance Regulation	11%
State Statutes and Rules Pertinent to Property and Casualty Insurance	15%
State Statutes and Rules Pertinent to Casualty Insurance Only	12%

Content covering State Statutes and Rules pertinent to P&C and Casualty has been moved into separate chapters in the course to better align with the exam content outline; however, the content is the same as in the previous course.

Property and Casualty Insurance Basics

A. Principles and Concepts

9. Negligence

Torts

A **tort** is a wrongful act or the violation of someone's rights that leads to legal liability. **Tortfeasor** is a person who commits a tort. Torts are classified as intentional or unintentional (referred to as negligence).

An intentional tort is any deliberate act that causes harm to another person regardless of whether the offending party intended to injure the aggrieved party. For purpose of this definition, breach of contract is not considered an intentional tort.

An unintentional tort is the result of acting without proper care. This is generally referred to as negligence.

C. Common Policy Provisions

10. Other Insurance

Contribution by Equal Shares

A loss is paid under **contribution by equal shares** when 2 or more insurers issue policies on the same loss at the same level. Each insurer (primary or excess) contributes an equal amount to the loss settlement until the loss is paid, or until each insurer has exhausted its limits of insurance, whichever comes first.

11. Insurer Provisions

Duty to Defend

In addition to the promise to pay all sums that the insurer becomes legally obligated to pay, liability coverage includes a promise to defend the insured in any lawsuit involving the type of liability insured under the coverage. Once the limit of the liability has been paid, the insurer has no further obligation to defend an insured.

Dwelling Policy Concepts

Personal Liability Supplement

Unlike the homeowners policy, the dwelling policy does not include any coverage for personal liability. The personal liability supplement can be added to the dwelling policy or written as a separate policy. Endorsements can be added for comprehensive personal liability (on- or off-premises liability), or premises-only liability if the dwelling is rented to others. The coverage form includes 3 coverages:

1. Coverage L - Personal Liability;
2. Coverage M - Medical Payments to Others; and
3. Additional Coverages.

The additional coverages include

- Claims expenses;
- First aid to others; and
- Damage to property of others.

Liability insurance does not include a list of perils for Coverage L or Coverage M. Instead, coverage is subject to the definitions, exclusions and conditions present in the policy.

A basic limit of \$100,000 per occurrence is applicable to the personal liability coverage, and \$1,000 per person limit for medical payments to others. These limits may be increased for an additional premium.

Personal liability provides coverage for bodily injury or property damage to third parties that is caused by the insured's negligence or a condition of the insured's premises. Medical payments coverage pays for necessary medical expenses incurred by persons

other than an insured, who are injured on the insured's premises or due to an insured's activities off premises.

Homeowners Policy

Selected Endorsements – additions to the existing text

Earthquake

Earth movement (earthquake) is excluded in all property policies, but usually can be purchased separately for an additional premium. The coverage can be purchased to cover the dwelling, other structures, and/or personal property. Rates generally are determined by the type of construction that determines the dwelling's vulnerability to earthquake losses. Frame buildings are less susceptible to severe damage than masonry veneer buildings. Therefore, they have lower rates for this coverage.

Earthquake coverage provided by endorsement in a homeowners form considers one or more earthquake shocks occurring within a **72-hour period** as a single earthquake.

The **deductible** under earthquake coverage is stated as a percentage of loss; however, it cannot be less than a specified minimum dollar amount (*for example*, \$500 in HO '11 ISO form). The deductible applies separately to buildings, other structures, personal property, and loss of use.

Masonry veneer structures are not covered by an endorsement issued for a frame dwelling. A separate endorsement is available for this type of construction.

Business Pursuits

Business pursuits is an endorsement that allows an insured to extend the Section II liability coverage to certain business pursuits that occur away from the premises. It covers the activities of the insured, but will not cover the liability of a business owned by an insured.

Ordinance or Law

The ordinance or law endorsement of a homeowners policy provides for losses for damage to covered property or the building containing covered property to be settled on the basis of any ordinance or law that regulates construction, repair, or demolition of this property. An additional premium will be charged for this endorsement.

Other Coverages and Options

Earthquake

An **earthquake** is defined as a trembling or shaking of the earth that is volcanic or seismic in origin, often resulting in severe damage. It is a peril excluded by most standard property forms. Coverage for the peril of earthquake may be **added by endorsement** to most property policies, or coverage may be written in a Difference in Conditions Policy.

Mobile Home

The coverage structure of the **Mobile Homeowners Policy** follows the structure of the Homeowners policy:

- Coverage A — States the limit of liability for damage to the mobile home;
- Coverage B — Other covered structures;
- Coverage C — Personal property of the insured*
- Coverage D — Loss of use coverage;
- Coverage E — Personal Liability;
- Coverage F — Medical Payments to Others.

* *Note:* Unlike the HO forms, the Mobile Homeowners Policy provides 40% of Coverage A. Items included in the unit (at the time of sale) are classified as Coverage A property.

The mobile homeowners policy changes the language for the **Additional Coverage Property Removed**. The policy will pay up to \$500 if the insured moves the mobile home to a safer area to protect it from loss by a covered peril. If the insured wishes to move the mobile home in a situation in which it is not threatened by an insured peril, they must contact the insurer and obtain, for additional premium, a **Transportation/Permission to Move Endorsement**. This endorsement adds the perils of collision, upset, and stranding and sinking to the perils insured against in the policy. Coverage under this endorsement applies for a period of 30 days anywhere in continental United States or Canada. The mobile homeowners policy endorsement deletes the additional coverage for Ordinance or Law.

State Statutes and Rules Pertinent to Property and Casualty Insurance

C. Property Insurance Provisions

Statute of Limitations

If basic no-fault or optional no-fault benefits **have not been paid** after an accident, any action seeking benefits must begin within **2 years after the injured person suffers the loss** and knows or should know that the loss was caused by the accident, or **within 4 years after the accident**, whichever is earlier. If benefits have been paid for a loss, any attempts seek more benefits for the loss must start within 4 years after the last payment of benefits. This limit is in force whether it is the same claimant or a new claimant.

If no benefits have been paid to a deceased or dependent survivors, an action for benefits for survivors' income loss, replacement services loss and funeral and burial expenses must start within **2 years after the death or 6 years after the accident from which death results**, whichever is earlier. If survivors' income loss and replacement services loss benefits have been paid to any dependent survivor, attempts to seek further survivors' income loss or replacement services loss benefits must start within 6 years after the last payment of benefits.