

Property and Casualty Insurance
MIS 263
3 Semester Credits
University of Montana
School of Business Administration

Instructor:

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Mission Statement:

The University of Montana's School of Business Administration is a collegial learning community dedicated to the teaching, exploration, and application of the knowledge and skills necessary to succeed in a competitive marketplace.

Course Description:

The Property and Casualty Insurance course covers the individual commercial property and commercial casualty policies as well as the personal policies which usually combine property and casualty coverage. After introducing the basic insurance concepts, the course will introduce the concept of the Commercial Package Policy which adds uniformity to the primary commercial policies. The Building and Personal Property Coverage Form will be the primary property policy covered while the focus of the liability coverage will be upon the Commercial General Liability form. We will see that businesses have other casualty insurance issues, such as commercial crime, surety, employment practices. The course will also examine the role played by Excess Liability and Umbrella policies to fill-in the gaps in both commercial and individual liability policies. We will see that although commercial insurance usually separates property and casualty insurance, the personal lines side of the industry combines property and casualty to better protect the unsophisticated consumer. The course will conclude with a study of the legal environment in which the industry operates, particularly the role of the state government in regulating both policy content and industry conduct.

Course Objectives:

The course objectives are to: (1) recognize the need for property and casualty insurance coverage in both the individual and the commercial settings; (2) learn the basics of the primary property and casualty policies; and (3) examine the state legal environment which serves to regulate the property and casualty insurance industries to provide choice, a degree of uniformity, and consumer protection.

Course Format and Method of Evaluation:

Students are graded on the basis of the following:

- A chapter quiz will be given after each of the 24 chapters.
- A comprehensive final course exam will be given after Chapter 24.

Academic Integrity:

Academic misconduct is subject to an academic penalty by the course instructor and/or a disciplinary sanction by the University. *Any students found engaged in academic dishonesty will, at a minimum, receive an F for the course.*

Text:

Property and Casualty Insurance, by Americasprofessor.com

Course Coverage and Text Assignments:

- 1) **Introduction to Insurance**
 - Risk
 - Managing risk
 - Indemnification
 - Types of Insurers

- 2) **Property and Casualty – The Basics**
 - Insurable interest requirement
 - Limit of liability
 - Coinsurance
 - Fundamental policy provisions

- 3) **Contract Law and the Insurance Policy**
 - Contract elements
 - Sections of the policy
 - Federal Fair Credit Reporting Act
 - Making the underwriting decision
 - Calculating premiums
 - Premium mode

- 4) **Property Policies – The Basics**
 - Additional coverages section
 - Peril coverage: basic, broad, all-risk
 - Valuation of losses
 - Direct versus indirect loss coverage

- 5) **Liability Policies – The Basics**
 - Tort law
 - Difficulty in defining negligence
 - Medical payments coverage
 - Supplementary coverage
 - Resolving claim disputes

- 6) **Commercial Package Policy (CPP)**
 - History of the CPP concept
 - Available coverages
 - Common conditions

- 7) **Building and Personal Property Coverage Form**

- Defining coverages
 - Personal property of others
 - Additional coverages
 - Coverage extensions
 - Exclusions
- 8) **Business Interruption Coverage**
- Business Income Coverage Form
 - Extra Expense Coverage Form
- 9) **Equipment Breakdown Form**
- Coverages available
 - Historical development
 - Exclusions
- 10) **Flood Insurance**
- Role of the federal government
 - Eligibility
 - Negative environmental consequences
- 11) **Earthquake Coverage**
- Coverages and exclusions
- 12) **Marine Insurance**
- Ocean Marine
 - Inland Marine
 - Commercial and personal “floaters”
- 13) **Residential Coverages**
- Available commercial coverages
 - Dwelling forms
 - Homeowner policies
- 14) **Business Owner Policy**
- Property coverages
 - Liability coverages
 - Eligibility and exclusions
- 15) **Commercial General Liability**
- Medical payments
 - Supplementary
 - Eligibility and exclusions
- 16) **Professional Liability Coverage**
- E&O – Errors and Omissions form
 - D&O – Directors and Officers form
- 17) **Employment Practices Liability**
- Available coverages and exclusions
 - Consent to settle
- 18) **Workers Compensation**

- Historical overview
- State regulatory alternatives
- Role of federal government
- Employers liability
- Other states coverage

19) Personal Auto Coverage

- Fault versus No-fault
- State requirements
- Uninsured and Underinsured
- Relation to Umbrella coverage

20) Commercial Crime Coverage

- Relation to fidelity bonding
- Gaps in BPP coverage
- Coverage choices

21) Umbrella and Excess Liability Coverage

- Distinction between Umbrella and Excess Liability
- Changing industry approach to liability limits
- Self-insured retention layer issues

22) Surety

- Distinctions between insuring and bonding
- Indemnity agreement
- Uses for bonds

23) Commercial Auto Coverage

- BAP – Business Auto Policy
- Garage forms
- Motor Carrier coverage

24) State Regulation of Property and Casualty Insurance

- Role of NAIC and ISO
- State Insurance Commissioner - powers
- Regulation of insurers and producers
- State code of ethics