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**Addendum: for use with Indiana Property and Casualty online ExamFX course and study guide version 22000en, and Personal Lines course and study guide version 21453en per exam content outline updates effective 8/1/2018.**

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

**Chapter VII. Personal Auto Policy – P&C and Personal Lines**

**D. Selected Endorsements**

**Rental Reimbursement**

The **Rental Reimbursement** endorsement is only available if the policy includes Other Than Collision coverage. This endorsement will reimburse the insured for rental charges incurred because the covered auto is out of use due to a covered loss.

**Transportation Network Company (TNC) Drivers**

With the upward trend in ride-sharing services, such as Uber and Lyft, most states have passed legislation requiring insurance protection for transportation network company drivers. A **transportation network company (TNC)** is any company that uses a digital network to connect riders to drivers for the purpose of providing transportation.

The National Association of Insurance Commissioners divides TNC services into three exposure periods:

1. Waiting for a match (or pre-match);
2. Match accepted (driver is on the way to pick up the passenger); and
3. Passenger in the vehicle and until the passenger exits the vehicle.

Because drivers who contract with TNCs are using their personal vehicles, many of them do not have a livery driver's license, nor are their vehicles registered or insured as commercial vehicles. This is opposed to limousine or taxi drivers who drive commercial vehicles and have commercial insurance coverage. Personal auto policies do not generally provide coverage for ride sharing.

As of June 2017, 48 states and the District of Columbia have enacted legislation addressing insurance.

In the state of Indiana, TNCs may not operate without first obtaining a license from the Department of Insurance. TNCs must also comply with the automobile financial responsibility insurance requirements established by state statutes.

For TNC drivers logged into a TNC digital network but *not engaged in a prearranged trip*:

- **\$50,000** for bodily injury/death to any one person per accident;
- **\$100,000** for bodily injury/death to two or more persons per accident; and
- **\$25,000** for property damage per accident.

For TNC drivers logged into a TNC digital network *while engaged in a prearranged trip*:

- **\$1,000,000** for bodily injury/death of one or multiple persons or property damage per accident.

Indiana requires the following TNC record maintenance guidelines:

- Zero tolerance policy records must be maintained for at least **2 years** following the date in which a TNC rider reports a policy violation;
- Individual trip records must be maintained for at least **1 year** after each trip;
- Records related to a TNC driver who is no longer permitted to act as a TNC driver must be maintained for at least **1 year**.

## **Chapter VIII. Commercial Property Policy – P&C only**

### **F. Boiler and Machinery – section renamed as “Equipment Breakdown” and revised as follows:**

The equipment breakdown coverage form, formerly called the *boiler and machinery* coverage form, is used to insure most types of business risks and all industrial risks. Coverage will pay for direct loss to covered property caused by breakdown of covered equipment.

The equipment breakdown form is essentially a one-peril form. That peril is the breakdown to covered equipment. Property damage will be paid as long as that property incurs **direct damage to covered property** at the **premise** described in the Declarations.

Some of the other coverages provided by this form include:

- **Expediting expenses** — up to \$25,000 for temporary repairs or expediting permanent repairs or replacement of property; not considered an additional amount of insurance;
- **Spoilage damage** to raw materials, property in process or finished products;
- **Utility interruption** if the interruption is the direct result of a breakdown, the covered equipment is used to supply electric power, communication services, air conditioning, heating, gas, sewer, or water to the premises, and the interruption lasts at least the consecutive period of time shown in the Declarations.
- Automatic coverage for **newly acquired locations** if the coverage is the same as the coverage at the currently insured location.

- **Ordinance or law** coverage applies despite the ordinance or law exclusion, and provided the increases in loss are necessitated by the enforcement of any ordinance or law that is in force at the time of the breakdown.
- **Errors and omissions**
- **Brands and labels** — if branded or labeled merchandise that is covered property is damaged by a breakdown, the insurer may take all or any part of the property at an agreed or appraised value.
- **Contingent business income and extra expense, or extra expense only coverage** — subject to the same terms and conditions, this coverage is extended to cover a loss to covered equipment resulting from a breakdown.

This form contains a loss condition that affects the valuation of covered property. Property is insured on a **replacement cost basis**. However, if damaged property is not repaired or replaced within **24 months** after the accident, settlement is at the smaller of actual cash value or the cost to repair or replace.

The policy does not cover bodily injury liability or consequential losses, such as business interruption and extra expense. However, the insured may purchase optional business interruption coverage.

The policy defines *accident* as the sudden and accidental breakdown of an object, resulting in physical damage to the object. **Accident** does not include the following:

- Depletion, deterioration, erosion, or corrosion;
- Wear and tear;
- Leakage at valves, joints or fittings;
- Breakdown of any vacuum tube, gas tube, or brush;
- Breakdown of any computer, or electronic data processing equipment;
- Breakdown of a foundation supporting the object; or
- The functioning of any safety or protective device.

Unless a higher limit is shown in the Declarations, equipment breakdown coverage will pay for direct damage as a direct result of a breakdown to covered equipment up to **\$25,000** for each of the following:

- Consequential loss;
- Data and media — the cost to research, replace, or restore the damaged data;
- Expediting expenses;
- Hazardous substance cleanup, or repair or replacement of contaminated property;
- Ammonia contamination; and
- Water damage.

Following a covered breakdown, coverage for fungus, wet or dry rot is generally limited to **12 months** and **\$15,000** for testing, removal and restoration, regardless of the number of claims.

The insured usually can buy optional higher limits for each of these coverages. In addition, the losses are subject to a deductible shown in the declarations. If more than one object is involved in an accident, then the highest deductible will apply.

Equipment breakdown coverage specifically **excludes** losses that result from any of the following:

- **Ordinance or law** — except for the use and operation of electrical supply and emergency generating equipment located on the premises of a hospital;
- **Earth movement;**
- **Water** (flood, surface water, tidal waves and tsunami, overflow or spray of any body of water, mudslides and mudflow, sewer or drain backups, or water damage caused by the discharge or leakage of a sprinkler system);
- **Nuclear hazard;**
- **War or military action;**
- **Explosion** — If not otherwise excluded, the company will pay for direct loss or damage caused by an explosion of covered steam boilers, electric steam generators, steam piping, steam turbines, steam engines, or gas turbines. Moving or rotating machinery is covered if the explosion is caused by centrifugal force or mechanical breakdown;
- **Fire or combustion explosion** — including those that result in, occur at the same time as, or ensue (follows) from a breakdown;
- **Explosion within the furnace** — of a chemical recovery-type boiler or within the passage from the furnace to the atmosphere;
- **Fungus, wet rot and dry rot** (unless these conditions are caused by a breakdown);
- **Virus, bacterium, or other microorganism** (except if caused by a breakdown);
- **Damage to covered equipment undergoing a pressure or electrical test;**
- **Water or other means used to extinguish a fire, even when the attempt is unsuccessful;**
- **Depletion, deterioration, corrosion, erosion, or wear and tear** — If a breakdown results from these causes, the company will pay for the resulting loss or damage;
- **A breakdown caused by aircraft or vehicles, freezing caused by cold weather, lightning, sinkhole collapse, smoke, riot, civil commotion or vandalism, or weight of snow, ice or sleet;**
- **A breakdown caused by windstorm or hail;**
- **A delay in or an interruption of any business, manufacturing or processing activity** — except for any coverage provided by the business income and extra expense, extra expense only, and utility interruption coverages;
- **Lack or excess of power, light, heat, steam or refrigeration** — except for any coverage provided by the business income and extra expense, extra expense only, spoilage damage and utility interruption coverages;
- **Any indirect result of a breakdown to covered equipment** — except for any coverage provided by the Business Income And extra expense, extra expense only, spoilage damage, and utility interruption coverages; or
- **The insured's neglect to use all reasonable means to save and preserve covered property from further damage at and after the time of the loss.**

No coverage is provided under the business income and extra expense, extra expense only, and utility interruption coverages for the following situations:

- Business that would not or could not have been carried on if the breakdown had not occurred;
- The insured's failure to use due diligence and dispatch and all reasonable means to operate the business as nearly normal as practicable at the premises shown in the declarations;
- The suspension, lapse, or cancellation of a contract following a breakdown extending beyond the time business could have resumed if the contract had not lapsed, been suspended, or cancelled.

No coverage is provided under utility interruption coverage for acts of sabotage; collapse; deliberate acts of load shedding by the supplying utility; freezing caused by cold weather; impact of aircraft, missile or vehicle; impact of objects falling from an aircraft or missile; lightning; riot, civil commotion or vandalism; sinkhole collapse; smoke; and weight of snow, ice or sleet. Many of these perils can be covered using commercial property forms.

Because equipment breakdown insurance places a lot of emphasis on inspections and loss control (the majority of the premium pays for inspections), the policy contains a unique condition that allows the insurer to immediately suspend coverage whenever an object is found in or exposed to a dangerous condition. No advance notice is required, and the suspension will take effect when the insured is notified in writing. The suspension applies only to losses that result from a particular object, not to the entire policy if more than one object is insured.

In the equipment breakdown form, objects covered are defined as *covered equipment* and include pressure equipment, refrigeration equipment, mechanical equipment, electrical equipment, turbines, and production machinery.

If an accident causes other accidents, all related accidents will be treated as a single accident. All accidents at the same location at the same time, and by the same cause, will be considered **a single accident**.

## **G. Commercial Crime**

**Disappearance** – *section renamed as “Mysterious Disappearance” and revised as follows:*

**Mysterious disappearance** in crime insurance is defined as property gone with no apparent explanation. *For example*, a bicycle is missing from the garage on the insured premises. Mysterious disappearance is the probability of theft.

## Chapter XI. Insurance Regulation – *P&C and Personal Lines*

### B. Licensing Laws

#### 1. Types of Licensees

##### **Adjuster**

An **adjuster** is an individual, firm, limited liability company, or corporation who, for compensation, investigates and negotiates, on behalf of the insurer, settlement of claims arising under insurance contracts.

A **public adjuster** acts on behalf of an insured in negotiating a settlement of a claim. An **independent adjuster** contracts for compensation with insurers or self-insurers to investigate, negotiate, or settle property, casualty, and workers compensation claims.

**Limited Lines** – *addition to the existing text; the rest of the section remains unchanged*

**Crop** — insurance coverage for loss or damage to crops due to natural disaster.

**Self-storage** — insurance coverage for loss or damage to property contained in storage space or in transit during a self-storage rental agreement period; does not apply to homeowners, renters, or private passenger motor vehicle insurance policies.

#### 3. Maintenance and Duration

**Change of Address** – *revised the first sentence to include legal name and e-mail address; the rest of the section remains unchanged*

Licensees must inform the Commissioner of a change of **business or residential address, legal name, or email address** within **30 days** of the change.

##### **Criminal or Administrative Actions**

Within **30 days** after the final disposition of the matter or after the initial pretrial hearing date, an insurance producer must report to the Director any administrative action or criminal prosecution taken against the producer in another jurisdiction or by another governmental agency in this state. The report must include a copy of the order or initial complaint, consent to order, the order resulting from the hearing, or other relevant documents.