

VERMONT P&C INSURANCE EXAM CRAM SHEET

High-Yield Revision Guide & Key Topics • 2026 Edition • InsuranceTestPractice.com

1. CORE PROPERTY & CASUALTY INSURANCE PRINCIPLES

- **Principle of Indemnity:** Restores the insured to the same financial position held prior to loss without financial gain or profit.
- **Insurable Interest:** Must exist at the TIME OF LOSS for Property & Casualty insurance contracts.
- **Actual Cash Value (ACV):** Replacement Cost minus Physical Depreciation ($ACV = \text{Replacement Cost} - \text{Depreciation}$).
- **Replacement Cost:** Cost to rebuild or replace damaged property with material of like kind and quality without deduction for depreciation.
- **Coinurance Formula:** $\text{Payment} = (\text{Carried Insurance} \div \text{Required Insurance}) \times \text{Loss Amount}$ (Required = usually 80% of Property Value).
- **4 Elements of Negligence:** Legal Duty Owed, Breach of Duty, Proximate Cause, and Actual Damages/Injury.
- **Strict / Absolute Liability:** Liability imposed regardless of fault or negligence (e.g., harboring wild animals, blasting operations).

2. PERSONAL LINES POLICIES (HO & PAP)

- **HO-2 (Broad Form):** Named perils coverage for Dwelling (A), Other Structures (B), and Personal Property (C).
- **HO-3 (Special Form):** Open perils / All-risk coverage for Dwelling (A) & Other Structures (B); Named perils for Personal Property (C).
- **HO-4 (Renters Form):** Personal Property (Coverage C) named perils coverage only; no dwelling coverage.
- **HO-6 (Condo Unit Form):** Covers unit owner additions, alterations, and personal property (Coverage C).
- **Personal Auto Coverages:** Part A: Liability (BI/PD), Part B: Medical Payments, Part C: Uninsured Motorist, Part D: Damage to Your Auto.
- **Part D Physical Damage:** Collision (impact with object/vehicle) and Other Than Collision / Comprehensive (missiles, fire, theft, hail, flood, animal collision).
- **Split Limits (25/50/25):** \$25,000 BI per person / \$50,000 BI per accident / \$25,000 Property Damage per accident.

3. COMMERCIAL LINES & LIABILITY POLICIES

- **CGL Occurrence Form:** Covers bodily injury or property damage occurring during the policy period, regardless of when claim is filed.
- **CGL Claims-Made Form:** Covers claims reported during the policy period for occurrences after the Retroactive Date.
- **Retroactive Date:** Prevents coverage for claims arising from occurrences prior to the specified retroactive date.
- **Extended Reporting Period (Tail):** Provides coverage for claims filed after claims-made policy expiration for past covered occurrences.
- **Businessowners Policy (BOP):** Pre-packaged policy for small-to-medium businesses combining property and general liability coverage.
- **Workers Compensation:** Statutory benefits (Medical, Disability, Rehabilitation, Death) provided on a no-fault basis for work injuries.

4. VERMONT P&C INSURANCE CODE & REGULATIONS

- **Vermont Insurance Commissioner:** Enforces state insurance laws, issues licenses, conducts examinations, and approves policy forms.
- **Continuing Education (CE):** Typically 24 credit hours every 2 years, including at least 3 hours of Insurance Ethics.
- **Unfair Claims Practices:** Misrepresenting policy provisions, failing to promptly investigate claims, or failing to affirm/deny coverage.

- **Policy Cancellation Timelines:** Nonpayment requires 15 days advance notice (8 V.S.A. §§ 3879, 4224); nonrenewal or cancellation for other grounds requires 45 days notice.
- **Surplus Lines & Guaranty Association:** VT has no statutory FAIR Plan; high-risk properties are placed via Surplus Lines (8 V.S.A. § 5021). VT P&C Guaranty Association (8 V.S.A. § 3615) covers up to \$500,000 per claim.