

# Your Exam Content Outline

The following outline describes the content of one of the South Carolina insurance examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weight assigned to each section of the examination. For example, 10 percent means that 6 questions will be drawn from the section on a 60-question exam, 10 will be drawn on a 100-question exam and 15 will be drawn on a 150-question exam.

## South Carolina Public Adjuster's Examination Series 19-14

100 questions – Two-hour time limit

### 1.0 Insurance Regulation 10%

- 1.1 Director's general duties and powers (38-3-60, 110)**
- 1.2 Licensing requirements**
  - Qualifications (38-48-20)
  - Process (38-48-30)
- 1.3 Maintenance and duration (38-48-60)**
  - Contract requirements (38-48-80, 110)
  - Records (38-48-120)
  - Change of address (38-48-30)
- 1.4 Disciplinary actions (38-48-60)**
  - Cease and desist order (38-57-200, 230)
  - Hearings (38-3-170; 38-57-200)
  - Penalties (38-2-10-30)
- 1.5 Claim settlement laws and regulations (38-48-70, 90)**
- 1.6 Federal regulation**
  - Fraud and false statements (18 USC 1033, 1034)

### 2.0 Insurance Basics 18%

#### 2.1 Contract basics

- Elements of a legal contract
  - Offer and acceptance
  - Consideration
  - Competent parties
  - Legal purpose
- Distinct characteristics of an insurance contract
  - Contract of adhesion
  - Aleatory contract
  - Personal contract
  - Unilateral contract
  - Conditional contract
- Legal interpretations affecting contracts
  - Ambiguities in a contract of adhesion
  - Reasonable expectations
  - Indemnity
  - Utmost good faith
  - Representations/misrepresentations
  - Warranties
  - Concealment
  - Fraud
  - Waiver and estoppel

#### 2.2 Insurance principles and concepts

- Insurable interest
- Hazards
  - Physical
  - Moral
  - Morale
- Causes of loss (perils)
- Named perils versus special (open) perils
- Direct loss
- Consequential or indirect loss
- Blanket versus specific insurance
- Basic types of construction
- Loss valuation
  - Actual cash value
  - Replacement cost
  - Functional replacement cost
  - Market value
  - Agreed value
  - Stated amount

#### 2.3 Policy structure

- Declarations
- Definitions
- Insuring agreement or clause
- Additional/supplementary coverage
- Conditions
- Exclusions
- Endorsements

#### 2.4 Common policy provisions

- Insureds — named, first named, additional
- Policy period
- Policy territory
- Cancellation and nonrenewal
- Deductibles
- Other insurance
  - Nonconcurrency
  - Primary and excess
  - Pro rata
- Restoration/nonreduction of limits
- Coinsurance
- Vacancy or unoccupancy
- Assignment
- Liberalization
- Third-party provisions
  - Standard mortgage clause
  - Loss payable clause
  - No benefit to the bailee

## **2.5 South Carolina laws, regulations and required provisions**

South Carolina Valued Policy Law (38-75-20, 30)  
South Carolina Property and Casualty Insurance Guaranty Association (38-31-10-170)  
Cancellation, nonrenewal and renewal (38-75-710-790)  
Insurance fraud act (38-55-510-590)  
Terrorism Risk Insurance Act of 2002 and Extensions (15 USC 6701; Public Law 109-144, 110-160; HR 2761)

## **3.0 Adjusting Losses 23%**

### **3.1 Role of the adjuster**

Duties and responsibilities  
Staff and independent adjuster versus public adjuster  
Relationship to the legal profession

### **3.2 Property losses**

Duties of insured after a loss  
Notice to insurer  
Minimizing the loss  
Proof of loss  
Special requirements  
Production of books and records  
Abandonment  
Determining value and loss  
Burden of proof of value and loss  
Estimates  
Depreciation  
Salvage  
Claim settlement options  
Payment and discharge

### **3.3 Claims adjustment procedures**

Subrogation procedures  
Alternative dispute resolution  
Appraisal  
Arbitration  
Competitive estimates  
Mediation  
Negotiation

## **4.0 Dwelling ('02) Policy 6%**

### **4.1 Characteristics and purpose**

### **4.2 Coverage forms — Perils insured against**

Basic  
Broad  
Special

### **4.3 Property coverages**

Coverage A — Dwelling  
Coverage B — Other structures  
Coverage C — Personal property  
Coverage D — Fair rental value  
Coverage E — Additional living expense  
Other coverages

### **4.4 General exclusions**

### **4.5 Conditions**

### **4.6 Selected endorsements**

Special provisions — South Carolina (DP 01 39)  
Automatic increase in insurance (DP 04 11)  
Broad theft coverage (DP 04 72)  
Dwelling under construction (DP 11 43)

## **5.0 Homeowners ('00) Policy 23%**

### **5.1 Coverage forms**

HO-2 through HO-6  
HO-8

### **5.2 Definitions**

### **5.3 Section I — Property coverages**

Coverage A — Dwelling  
Coverage B — Other structures  
Coverage C — Personal property  
Coverage D — Loss of use  
Additional coverages

### **5.4 Perils insured against**

### **5.5 Exclusions**

### **5.6 Conditions**

### **5.7 Selected endorsements**

Special provisions — South Carolina (HO 01 39)  
Limited fungi, wet or dry rot, or bacteria coverage (HO 04 26, HO 04 27)  
Permitted incidental occupancies (HO 04 42)  
Earthquake (HO 04 54)  
Scheduled personal property (HO 04 61)  
Personal property replacement cost (HO 04 90)  
Home day care (HO 04 97)

## **6.0 Commercial Package Policy (CPP) 8%**

### **6.1 Components of a commercial policy**

Common policy declarations  
Common policy conditions  
Interline endorsements  
One or more coverage parts

### **6.2 Commercial property ('02)**

Commercial property conditions form  
Coverage forms  
Building and personal property  
Condominium association  
Condominium commercial unit-owners  
Builders risk  
Business income  
Legal liability  
Extra expense  
Causes of loss forms  
Basic  
Broad  
Special  
Selected endorsements  
Ordinance or law (CP 04 05)  
Spoilage (CP 04 40)  
Peak season limit of insurance (CP 12 30)  
Value reporting form (CP 13 10)

### **6.3 Commercial inland marine**

Nationwide marine definition  
Commercial inland marine conditions form

- Inland marine coverage forms
  - Accounts receivable
  - Bailee's customer
  - Commercial articles
  - Contractors equipment floater
  - Electronic data processing
  - Equipment dealers
  - Installation floater
  - Jewelers block
  - Signs
  - Valuable papers and records

#### **6.4 Equipment breakdown ('07)**

- Equipment breakdown protection coverage form (EB 00 20)
- Selected endorsement
  - Actual cash value (EB 99 59)

#### **6.5 Farm coverage**

- Farm property coverage form ('03)
  - Coverage A — Dwellings
  - Coverage B — Other private structures
  - Coverage C — Household personal property
  - Coverage D — Loss of use
  - Coverage E — Scheduled farm personal property
  - Coverage F — Unscheduled farm personal property
  - Coverage G — Other farm structures
- Livestock coverage form
- Mobile agricultural machinery and equipment coverage form
  - Definitions
  - Cause of loss (basic, broad, and special)
  - Conditions
  - Exclusions
  - Limits
  - Additional coverages

### **7.0 Businessowners ('06) Policy — Property 5%**

#### **7.1 Characteristics and purpose**

#### **7.2 Businessowners Section I — Property**

- Coverage
- Exclusions
- Limits of insurance
- Deductibles
- Loss conditions
- General conditions
- Optional coverages
- Definitions

#### **7.3 Businessowners Section III — Common Policy Conditions**

#### **7.4 Selected endorsements**

- Protective safeguards (BP 04 30)
- Utility services — direct damage (BP 04 56)
- Utility services — time element (BP 04 57)

### **8.0 Other Coverages 7%**

#### **8.1 National Flood Insurance Program**

- "Write your own" versus government
- Eligibility
- Coverage
- Limits
- Deductibles

#### **8.2 Ocean marine insurance**

- Major coverages
  - Hull insurance
  - Cargo insurance
  - Freight insurance
- Implied warranties
- Perils
- General and particular average

#### **8.3 Other policies**

- Aircraft hull
- Boatowners
- Difference in conditions