

# 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 Producer's Examination for Personal Lines Insurance Series 19-17

100 questions – Two-hour time limit

### 1.0 Insurance Regulation 15%

#### 1.1 Licensing

- Process (38-43-100)
- Types of licensees
  - Producer (38-43-10, 30)
  - Nonresident (38-43-70)
  - Temporary (38-43-102)
  - Broker (38-45-10)
- Maintenance and duration (38-43-110)
  - Reinstatement (38-43-110(B))
  - Reporting of actions (38-43-247)
  - Change of address (38-43-107)
  - Assumed names (38-43-10(C))
  - Continuing education (38-43-106)
- Disciplinary actions
  - Cease and desist order (38-57-200, 230)
  - Hearings (38-3-170; 38-57-200)
  - Penalties (38-2-10-30, 38-43-130)

#### 1.2 State regulation

- Director's general duties and powers (38-3-60, 110)
- Company regulation
  - Certificate of authority (38-5-80)
  - Solvency (38-5-120)
  - Rates (38-3-110)
  - Policy forms (38-61-20)
  - Unfair claims settlement practices (38-59-20)
  - Examination of books and records (38-13-10-30)
  - Appointment (38-43-40, 50)
  - Termination of appointment (38-43-55)
- Producer regulation
  - Records maintenance (38-43-250)
  - Failure to act as fiduciary (38-43-240)
  - Blank forms (38-43-260)
  - Sharing commissions (38-43-200)
  - Representing an unauthorized insurer (38-43-160-180)
- Unfair and prohibited practices
  - Misrepresentation (38-57-40)
  - False advertising (38-57-50)
  - Defamation (38-57-90)

- Boycott, coercion and intimidation (38-57-100)
- False financial statements (38-57-80)
- Unfair discrimination (38-55-50)
- Rebating (38-57-130)
- Twisting (38-57-60)
- Free insurance (38-57-170)
- Prohibited inducements (38-57-130, 150)
- Insurance fraud act (38-55-510-590)
- Consumer information privacy regulation (Reg 69-58 Sec 1-16)

#### 1.3 Federal regulation

- Fair Credit Reporting Act (15 USC 1681-1681d)
- Fraud and false statements (18 USC 1033, 1034)

### 2.0 General Insurance 5%

#### 2.1 Concepts

- Risk management key terms
  - Risk
  - Exposure
  - Hazard
  - Peril
  - Loss
- Methods of handling risk
  - Avoidance
  - Retention
  - Sharing
  - Reduction
  - Transfer
- Elements of insurable risks
  - Adverse selection
  - Law of large numbers
  - Reinsurance

#### 2.2 Insurers

- Types of insurers
  - Stock companies
  - Mutual companies
  - Fraternal benefit societies
  - Lloyd's associations
  - Risk retention groups
  - Captive companies (Title 38, Ch 90)
- Private versus government insurers
- Authorized versus unauthorized insurers
- Domestic, foreign and alien insurers
- Financial status (independent rating services)
- Marketing (distribution) systems

#### 2.3 Producers and general rules of agency

- Insurer as principal
- Producer/insurer relationship

- Authority and powers of producers
  - Express
  - Implied
  - Apparent
- Responsibilities to the applicant/insured

## 2.4 Contracts

- 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

## 3.0 Property and Casualty Insurance Basics 15%

### 3.1 Principles and concepts

- Insurable interest
- Underwriting
  - Function
  - Loss ratio
- Rates
  - Types
  - Loss costs
  - Components
- Hazards
  - Physical
  - Moral
  - Morale
- Negligence
  - Elements of a negligent act
  - Defenses against negligence
- Damages
  - Compensatory — special versus general
  - Punitive
- Absolute liability
- Strict liability
- Vicarious liability
- 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

### 3.2 Policy structure

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

### 3.3 Common policy provisions

- Insureds — named, first named, additional
- Policy period
- Policy territory
- Cancellation and nonrenewal
- Deductibles
- Other insurance
  - Nonconcurrency
  - Primary and excess
  - Pro rata
- Limits of liability
  - Per occurrence (accident)
  - Per person
  - Split
  - Combined single
- Restoration/nonreduction of limits
- Coinurance
- Vacancy or unoccupancy
- Named insured provisions
  - Duties after loss
  - Assignment
  - Abandonment
- Insurer provisions
  - Liberalization
  - Subrogation
  - Salvage
  - Claim settlement options
  - Duty to defend
- Third-party provisions
  - Standard mortgage clause
  - Loss payable clause
  - No benefit to the bailee

### 3.4 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)
- Arbitration of property damage liability claims (38-77-710-770)
- Federal Terrorism Insurance Program (15 USC 6701; Public Law 107-297, 109-144, 110-160)

## 4.0 Dwelling ('02) Policy 10%

### 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)

### 4.7 Personal liability supplement

## 5.0 Homeowners ('00) Policy 20%

### 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 Section II — Liability coverages

- Coverage E — Personal liability
- Coverage F — Medical payments to others
- Additional coverages

### 5.5 Perils insured against

### 5.6 Exclusions

### 5.7 Conditions

### 5.8 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)
- Business pursuits (HO 24 71)
- Watercraft (HO 24 75)
- Personal injury (HO 24 82)

## 6.0 Auto Insurance 25%

### 6.1 Laws

- South Carolina Motor Vehicle Financial Responsibility Act (RL Title 56, Chapter 9)

- Required limits of liability (38-77-140)
- Uninsured/underinsured motorist (38-77-150–170, 180–230, 260)

- Definitions
- Bodily injury
- Property damage
- Required limits

- Cancellation/nonrenewal (38-77-120–124, 390; RL 56-10-280)

- Reasons
- Notice

- Constructive total loss
- Arbitration

### 6.2 Personal ('05) auto policy

- Definitions

- Liability coverage

- Bodily injury and property damage
- Supplementary payments
- Exclusions

- Medical payments coverage

- Uninsured motorists coverage

- Coverage for damage to your auto

- Collision
- Other than collision
- Deductibles
- Transportation expenses
- Exclusions

- Duties after an accident or loss

- General provisions

- Selected endorsements

- Amendment of policy provisions — South Carolina (PP 01 78)

- Towing and labor costs (PP 03 03)

- Extended non-owned coverage (PP 03 06)

- Miscellaneous type vehicle (PP 03 23)

- Joint ownership coverage (PP 03 34)

## 7.0 Other Coverages and Options 10%

### 7.1 Umbrella/excess liability policies

- Personal (DL 98 01)

### 7.2 National Flood Insurance Program

- "Write your own" versus government

- Eligibility

- Coverage

- Limits

- Deductibles

### 7.3 South Carolina Wind and Hail Underwriting Association (SCWHUA) (38-75-310–460)

- Eligibility

- Coverage

- Limits

- Deductibles

### 7.4 Other policies

- Boatowners

### 7.5 Residual markets

- Associated Auto Insurers Plan (38-77-10–395)