

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 Adjuster's Examination for Property, Casualty, Surety and Marine Insurance Series 19-11

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 (38-47-10)

Nonresident (38-47-20)

Emergency adjuster permit (Reg 69-1)

1.3 Maintenance and duration (38-47-40)

Change of address (38-47-15)

1.4 Disciplinary actions

Cease and desist order (38-57-200, 230)

Hearings (38-3-170; 38-57-200)

Penalties (38-2-10-30; 38-47-70)

1.5 Claim settlement laws and regulations (38-59-20)

1.6 Federal regulation

Fraud and false statements (18 USC 1033, 1034)

2.0 Insurance Basics 14%

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

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

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

Contribution by equal shares

Limits of liability

Per occurrence (accident)

Per person

Aggregate — general versus products —
completed operations

- Split
- Combined single
- Restoration/nonreduction of limits
- Coinsurance
- 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

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)
- 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)

3.0 Adjusting Losses 20%

3.1 Role of the adjuster

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

3.2 Claim reporting

- Claim investigation
- Claim file documentation of events
- Types of reports
 - Initial or first field
 - Interim or status
 - Full formal

3.3 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

3.4 Liability losses

- Investigation procedures
 - Verify coverage
 - Determine liability
- Gathering evidence
 - Physical evidence
 - Witness statements
- Determining value of intangible damages

3.5 Coverage problems

- Dealing with coverage disputes
 - Reservation of rights letter
 - Nonwaiver agreement
 - Declaratory judgment action

3.6 Claims adjustment procedures

- Settlement procedures
 - Advance payments
 - Draft authority
 - Execution of releases
- Subrogation procedures
- Alternative dispute resolution
 - Appraisal
 - Arbitration
 - Competitive estimates
 - Mediation
 - Negotiation

4.0 Dwelling ('02) Policy 7%

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 15%

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 19%

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)
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)

6.3 Commercial auto ('10)

Commercial auto coverage forms
Business auto
Garage
Business auto physical damage
Truckers
Motor carrier
Coverage form sections
Covered autos
Liability coverage
Garagekeepers coverage
Physical damage coverage
Exclusions
Conditions
Definitions
Selected endorsements
Lessor — additional insured and loss payee
(CA 20 01)
Mobile equipment (CA 20 15)
Auto medical payments coverage (CA 99 03)
Hired autos specified as covered autos you own
(CA 99 16)
Individual named insured (CA 99 17)
Commercial carrier regulations
The Motor Carrier Act of 1980
Endorsement for motor carrier policies of
insurance for public liability (MCS-90)

7.0 Commercial Package Policy (CPP) 3%

7.1 Components of a commercial policy

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

7.2 Commercial general liability ('07)

Commercial general liability coverage forms
Bodily injury and property damage liability
Personal and advertising injury liability
Medical payments
Exclusions
Supplementary payments
Who is an insured
Limits of insurance
Conditions
Definitions
Occurrence versus claims-made
Claims-made features
Trigger
Retroactive date
Extended reporting periods — basic versus
supplemental
Claim information
Premises and operations
Products and completed operations
Insured contract

7.3 Commercial property ('07)

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)

7.4 Commercial crime ('06)

- General definitions
 - Burglary
 - Theft
 - Robbery
- Crime coverage forms
 - Commercial crime coverage forms (discovery/loss sustained)
 - Government crime coverage forms (discovery/loss sustained)
- Coverages
 - Employee theft
 - Forgery or alteration
 - Inside the premises — theft of money and securities
 - Inside the premises — robbery or safe burglary of other property
 - Outside the premises
 - Computer fraud
 - Funds transfer fraud
 - Money orders and counterfeit money
- Other crime coverage
 - Extortion — commercial entities (CR 04 03)

7.5 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
- Transportation coverages
 - Common carrier cargo liability
 - Motor truck cargo forms
 - Transit coverage forms

7.6 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
- Farm liability coverage form ('06)
 - Coverage H — Bodily injury and property damage liability
 - Coverage I — Personal and advertising injury liability
 - Coverage J — Medical payments
- Livestock coverage form
- Mobile agricultural machinery and equipment coverage form
- Cause of loss (basic, broad and special)
- Exclusions
- Additional coverages
- Limits of insurance
- Conditions
- Definitions

8.0 Businessowners ('10) Policy 3%

8.1 Characteristics and purpose

8.2 Businessowners Section I — Property

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

8.3 Businessowners Section II — Liability

- Coverages
- Exclusions
- Who is an insured
- Limits of insurance
- General conditions
- Definitions

8.4 Businessowners Section III — Common Policy Conditions

8.5 Selected endorsements

- Hired auto and non-owned auto liability (BP 04 04)
- Protective safeguards (BP 04 30)
- Utility services — direct damage (BP 04 56)
- Utility services — time element (BP 04 57)

9.0 Workers Compensation Insurance 3%

9.1 Workers compensation laws

- Types of laws
 - Monopolistic versus competitive
 - Compulsory versus elective

South Carolina Workers' Compensation Law
(RL Title 42)
Exclusive remedy (RL 42-1-540)
Employment covered (required, voluntary)
(RL 42-1-130-150, 310, 360)
Covered injuries (RL 42-1-160; RL 42-9-60;
RL 42-15-20, 40)
Occupational disease (RL 42-11-10)
Benefits provided (RL 42-9-10-30, 200, 260,
290; RL 42-13-90; RL 42-15-10, 60-70)
Second injury fund (RL 42-7-310;
RL 42-9-400)

9.2 Workers compensation and employers liability insurance policy

General section
Part One — Workers compensation insurance
Part Two — Employers liability insurance
Part Three — Other states insurance
Part Four — Your duties if injury occurs
Part Five — Premium
Part Six — Conditions
Selected endorsement
Voluntary compensation

9.3 Sources of coverage

South Carolina Workers' Compensation Uninsured
Employers' Fund (RL 42-7-200)
Self-insured employers (RL 42-5-20, 50)
South Carolina residual workers compensation
Voluntary market

10.0 Marine Insurance 2%

10.1 Hull coverage

Characteristics and purpose
Assured
Agreed value
Deductible (or deductible average clause)
Premium, return of premium and nonpayment
of premium
Adventure
Causes of loss
Claims (general provisions)
General average and salvage
Sue and labor
Collision liability
Limitations of liability
Pilotage and towage
Change of ownership
Additional insurances
War, strikes, and related exclusions

10.2 Cargo coverage

Characteristics and purpose
Types of cargo losses
Total loss — actual total loss versus
constructive total loss
Partial loss — particular average versus
general average
Sue and labor expenses
Salvage charges and awards

10.3 Protection and indemnity insurance

Insuring agreements
Indemnity principle
Liability of vessel owner
Common covered losses
Exclusions
Conditions regarding claims
Other provisions

11.0 Surety and Fidelity 2%

11.1 Surety bonds

Nature of surety bonds
Surety bonds versus insurance
Parties of a surety bond — Principal, obligee,
surety
Contract bonds
Purpose of license and permit bonds
Public official bond
Judicial bonds
Fiduciary bonds

11.2 Fidelity coverages

Nature of fidelity bonds
Employee theft coverage
Financial institution bonds
Public employee bonds

12.0 Other Coverages and Options 2%

12.1 Umbrella/excess liability policies

Personal (DL 98 01)
Commercial (CU 00 01)

12.2 Specialty liability insurance

Errors and omissions
Professional liability
Directors and officers liability
Fiduciary liability
Liquor liability
Employment practices liability

12.3 Surplus lines

Definitions and markets
Licensing requirements

12.4 Aviation insurance

Aircraft hull
Aircraft liability

12.5 National Flood Insurance Program

"Write your own" versus government
Eligibility
Coverage
Limits
Deductibles

12.6 South Carolina Wind and Hail Underwriting Association (SCWHUA) (38-75-310-460)

Eligibility
Coverage
Limits
Deductible

12.7 Other policies

Boatowners
Difference in conditions