

# 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)
- Terrorism Risk Insurance Act of 2002 and Extensions (15 USC 6701; Public Law 109–144, 110–160; HR 2761)

## 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 ('06)

- 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 ('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)

### **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 ('06) 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