

# Your Exam Content Outline

The following outline describes the content of one of the South Dakota insurance examinations. The outlines are the basis of the examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weights assigned to each part 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.

## Series 10-44 South Dakota Producer's Exam for Casualty Insurance

100 questions – Two-hour time limit

### 1.0 Insurance Regulation 10%

#### 1.1 Licensing

- Process (58-30-145, 148)
- Types of licensees
  - Producers (58-30-142, 175)
  - Business entities (58-30-149)
  - Nonresident producers (58-30-100, 159, 160)
  - Temporary (58-30-165, 166)
- Maintenance and duration
  - Renewal (58-30-74, 120, 121)
  - Termination (58-30-112)
  - Change of address (58-30-157, 162)
  - Assumed business name (58-30-164)
  - Reporting of actions (58-30-193)
  - Continuing education (58-30-116, 120;  
Reg 20:06:18:01–04, 09–10, 12–13, 18)
- Disciplinary actions
  - Cease and desist order (58-4-7)
  - Suspension, revocation and refusal to issue or  
renew (58-30-108, 110, 167)
  - Right to hearing (58-30-168)
  - Penalties and fines (58-4-28.1; 58-30-133,  
167, 170)

#### 1.2 State regulation

- Director's general duties and powers (58-2-22)
- Company regulation
  - Certificate of authority (58-6-1)
  - Solvency (58-6-23; Reg 20:06:23:02)
  - Appointment (58-30-175–192)
  - Unfair claims settlement practices (58-33-67)
- Producer regulation
  - Reporting of felonies and crimes of moral  
turpitude (58-30-194)
  - Commissions (58-30-171–174)
  - Loans (58-30-140)
  - Influence of witnesses (58-30-196)
- Unfair trade practices
  - Rebating (58-33-14, 24, 25)
  - Misrepresentation (58-33-5, 6, 37)
  - False advertising (58-33-5, 6)
  - Twisting (58-33-8)
  - Illegal inducement (58-33-11, 15, 24)

- Boycott, coercion or intimidation (58-33-32)
- Charges for extra services (58-33-36)
- Defamation of insurer (58-33-7)
- Unfair discrimination  
(58-11-55; 58-33-13.1, 26)
- Examination of books and records (58-3-5;  
58-30-91; Reg 20:06:01:05–.01)
- Producer appointment (58-30-6, 175)
- Termination of appointment (58-30-8, 180)
- Insurance fraud regulation (58-4A-1–17)
- Privacy of consumer financial information  
(Reg 20:06:45:01–26)

#### 1.3 Federal regulation

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

### 2.0 General Insurance 10%

#### 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
  - Reciprocal
  - Lloyd's associations
  - Surplus lines
  - Risk retention groups
- Risk purchasing groups
- 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 Casualty Insurance Basics 20%

### 3.1 Principles and concepts

Insurable interest

Underwriting

Function

Loss ratio

Rates

Types

Loss costs

Components

Hazards

Physical

Moral

Negligence

Elements of a negligent act

Defenses against negligence

Damages

Compensatory — special versus general

Punitive

Absolute liability

Strict liability

Vicarious liability

### 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

Contribution by equal shares

Limits of liability

Per occurrence (accident)

Per person

Aggregate — general versus products —  
completed operations

Split

Combined single

Named insured provision

Duties after loss

Assignment

Insurer provisions

Liberalization

Subrogation

Duty to defend

### 3.4 South Dakota laws, regulations and required provisions

South Dakota Insurance Guaranty Association  
(58-29A-54–109)

Cancellation and nonrenewal (58-1-14, 15;  
58-20-14; 58-33-61)

Binders (58-11-29–31)

Suit against insurer (58-23-1; RL 15-2-13(1))

Federal Terrorism Insurance Program (15 USC  
6701; Public Law 109–144, 110–160)

## 4.0 Homeowners ('00) Policy — Section II 10%

### 4.1 Coverage forms

HO-2 through HO-6

HO-8

### 4.2 Definitions

### 4.3 Section II — Liability coverages

Coverage E — Personal liability

Coverage F — Medical payments to others

Additional coverages

### 4.4 Exclusions

### 4.5 Conditions

### 4.6 Selected endorsements

Special provisions — South Dakota (HO 01 40)

Limited fungi, wet or dry rot, or bacteria coverage  
(HO 04 26, HO 04 27)

Permitted incidental occupancies — residence  
premises (HO 04 42)

Home day care (HO 04 97)

Business pursuits (HO 24 71)

Watercraft (HO 24 75)  
Personal injury (HO 24 82)

## **5.0 Auto Insurance 12%**

### **5.1 Laws**

South Dakota Financial Responsibility of Vehicle  
Owners and Operators Law (RL 32-35)  
Required limits of liability (RL 32-35-70)  
South Dakota Automobile Insurance Plan (58-11-57)  
Supplemental coverage (58-23-7, 8)  
Medical  
Disability  
Accidental death  
Uninsured/underinsured motorist (58-11-9, 9.4)  
Definitions (58-11-9.1)  
Bodily injury (58-11-9.5)  
Stacked and non-stacked (58-11-9.7, 9.8, 9.9)  
Required limits (58-11-9)  
Cancellation/nonrenewal  
Grounds (58-11-46, 47, 50)  
Notice (58-11-49, 51, 52)  
Notice of eligibility in assigned risk plan (58-11-53)  
Repair standards (58-12-16)  
Aftermarket crash parts (58-33-70, 71)

### **5.2 Personal ('05) Auto Policy**

Definitions  
Liability coverage  
Bodily injury and property damage  
Supplementary payments  
Exclusions  
Medical payments coverage  
Uninsured motorist coverage  
Coverage for damage to your auto  
Collision  
Other than collision  
Deductibles  
Transportation expense  
Exclusions  
Duties after an accident or loss  
General provisions  
Selected endorsements  
Amendment of policy provisions — South Dakota (PP 01 65)  
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)

### **5.3 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)  
Drive other car coverage (CA 99 10)  
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)

## **6.0 Commercial Package Policy (CPP) 11%**

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

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

### **6.2 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

### **6.3 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)

#### **6.4 Farm coverage**

- Farm liability coverage forms ('06)
  - Coverage H — Bodily injury and property damage liability
  - Coverage I — Personal advertising injury liability
  - Coverage J — Medical payments
- Definitions
- Conditions
- Exclusions
- Limits
- Additional coverages

### **7.0 Businessowners ('06) Policy — Liability 11%**

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

#### **7.2 Businessowners Section II — Liability**

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

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

#### **7.4 Selected endorsements**

- Hired auto and non-owned auto liability (BP 04 04)

### **8.0 Workers Compensation Insurance 8%**

#### **8.1 Workers compensation laws**

- Types of laws
  - Monopolistic versus competitive
  - Compulsory versus elective
- South Dakota Workers' Compensation Law
  - Exclusive remedy (RL 62-3-2, 62-8-6)
  - Employment covered (required, voluntary) (RL 62-1-2, 3, 7; RL 62-3-15, 16, 17)
  - Covered injuries (RL 62-1-1(7); RL 62-4-37)
  - Occupational disease (RL 62-8-1, 4)
  - Benefits provided (RL 62-4-1-3, 3.1, 5, 5.1, 6, 8-22)
- Federal workers' compensation laws
  - Federal Employer Liability Act (FELA) (45 USC 51-60)
  - U.S. Longshore and Harbor Workers' Compensation Act (33 USC 901-950)
  - The Jones Act (46 USC 688)

#### **8.2 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
- Voluntary compensation endorsement

#### **8.3 Premium computation**

- Job classification — payroll and rates
- Experience modification factor
- Premium discounts

#### **8.4 Other sources of coverages**

- Assigned risk plan (58-20-15)
- Self-insured employers and employer groups (RL 62-5-5)

### **9.0 Other Coverages and Options 8%**

#### **9.1 Umbrella/excess liability policies**

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

#### **9.2 Specialty liability insurance**

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

#### **9.3 Surplus lines**

- Definitions and markets
- Licensing requirements
- Premium tax obligations (58-32-44, 50)

#### **9.4 Surety bonds**

- Principal, obligee, surety
- Contract bonds
- License and permit bonds
- Judicial bonds

#### **9.5 Other policies**

- Boatowners
- Aircraft liability

#### **9.6 Residual markets**