

# YOUR EXAM CONTENT OUTLINE

for examinations on or after January 1, 2005.

*If you do not receive all three pages of this outline, please contact Experior.*

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The following outline describes the content of your South Dakota insurance exam. This outline is the basis of your exam. The exam will contain questions on the subjects contained in the outline. The percentages indicate the relative weight assigned to each section of the exam. For example, 10 percent means that 5 questions will be drawn from the section on a 50-question exam, 10 will be drawn on a 100-question exam, and 15 will be drawn on a 150-question exam.

## Series 10-43:

### South Dakota Producer's Exam for Property 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)

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, 09–13, 18)

Disciplinary actions

Cease and desist order (58-33-39–46)

Suspension, revocation and refusal to issue or  
renew (58-30-108, 110, 167)

Right to hearing (58-30-168)

Penalties and fines (58-30-133)

##### **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)

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)

Unfair trade practices

Rebating (58-33-14, 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 15%**

##### **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 Property Insurance Basics 20%

### 3.1 Principles and concepts

Insurable interest

Underwriting

Function

Loss ratio

Rates

Types

Loss costs

Components

Hazards

Physical

Moral

Morale

Causes of loss (perils)

Named perils versus 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

Policy limits

Restoration/nonreduction of limits

Appraisal

Coinsurance

Vacancy or unoccupancy

Named insured provision

Duties after loss

Assignment

Abandonment

Insurer provisions

Liberalization

Subrogation

Salvage

Claim settlement options

Third-party provisions

Standard mortgage clause

Loss payable clause

No benefit to the bailee

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

South Dakota Valued Policy Law (58-10-10)

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

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

Binders (58-11-29-31)

Countersignatures and fees (58-6-62-67)

Suit against insurer (RL 15-2-13(1))

Terrorism Risk Insurance Act of 2002 (HR 3210)

## 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

Automatic increase in insurance (DP 04 11)

Broad theft coverage (DP 04 72)

Dwelling under construction (DP 11 43)

Special provisions — South Dakota (DP 01 40)

### 4.7 Personal liability supplement

## 5.0 Homeowners ('00) Policy — Section I 15%

### 5.1 Coverage forms

HO-2 through HO-5

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

Earthquake (HO 04 54)  
Home day care (HO 04 97)  
Limited fungi, wet or dry rot, or bacteria coverage  
(HO 04 26, HO 04 27)  
Permitted incidental occupancies (HO 04 42)  
Personal property replacement cost (HO 04 90)  
Scheduled personal property (HO 04 61)  
Special provisions — South Dakota (HO 01 40)

## 6.0 Commercial Package Policy (CPP) 15%

### 6.1 Components of a commercial policy

Common policy declarations  
Common policy conditions  
Interline endorsements (as needed)  
One or more coverage parts

### 6.2 Commercial property ('02)

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

### 6.4 Boiler and machinery ('01)

Equipment breakdown protection coverage form  
(BM 00 20)  
Selected endorsements  
    Actual cash value (BM 99 59)  
    Business income — Report of values  
(BM 15 31)

### 6.5 Farm coverage ('03)

Farm property coverage form  
    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  
Causes of loss (basic, broad and special)  
Conditions  
Exclusions  
Limits  
Additional coverages

## 7.0 Businessowners ('02) Policy — Property 15%

### 7.1 Characteristics and purpose

### 7.2 Businessowners Section I — Property

Definitions  
Coverage  
Causes of loss  
Conditions  
Limits  
Deductibles  
Exclusions  
Optional coverages

### 7.3 Businessowners Section III — Common Policy Conditions

### 7.4 Selected endorsements

South Dakota protective safeguards (BP 04 79)  
Utility services — direct damage (BP 04 56)  
Utility services — time element (BP 04 57)

## 8.0 Other Coverages and Options 3%

### 8.1 National Flood Insurance Program

“Write your own” versus government  
Eligibility  
Coverage  
Limits  
Deductibles

### 8.2 Other policies

Boatowners  
Aircraft hull  
Difference in conditions

### 8.3 Residual markets

FAIR plans  
Joint reinsurance plan