

# 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 Surety Insurance Series 19-08

60 questions – One-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)
- 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)
- 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 Surety Bonds 55%

### 3.1 Nature of surety bonds

- Surety bonds versus insurance
- Parties of a surety bond
  - Principal
  - Obligee
  - Surety

### 3.2 Types of surety bonds

- Contract bonds
  - Bid
  - Performance
  - Payment
  - Maintenance
- Purpose of license and permit bonds
  - Types of guarantees
  - Financial
  - Indemnity
- Public official bond
  - Statutory, common law, or voluntary
  - Individual
    - Name schedule
    - Position schedule
- Judicial bonds
  - Attachment
  - Garnishment
  - Replevin
  - Counter-replevin
  - Stay of execution
  - Release attachment
  - Bail
  - Appeal
  - Cost

- Injunction
  - Dissolve injunction
  - Discharge mechanics lien
- Fiduciary bonds
  - Probate
  - Equity
- Miscellaneous surety bonds
  - Reclamation
  - Self-insurance workers compensation

## 4.0 Fidelity Coverages 25%

### 4.1 Nature of fidelity bonds

- Insuring agreement
- Discovery versus loss sustained forms
- Bond period
- Discovery period
- Limit of liability
  - Aggregate
  - Single loss
- Termination of coverage

### 4.2 Employee theft coverage

- Individual bonds
- Blanket
- Scheduled
  - Named employee
  - Specified position
- Pension plan, ERISA compliance

### 4.3 Financial institution bonds

- Form 14 Securities dealers
- Form 15 Finance companies
- Form 23 Credit unions
- Form 24 Banks and thrifts
- Form 25 Insurance companies
  - A — Fidelity
  - B — On premises
  - C — In transit
  - D — Forgery or alteration
  - E — Securities (forgery)

### 4.4 Public employee bonds

- Coverage Form O — per loss