

# 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 Casualty Insurance Series 19-06

**100 questions – Two-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)
  - Broker (38-45-10)
- 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)
- Free insurance (38-57-170)
- 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

## 3.3 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 provisions
  - Duties after loss
  - Assignment
- Insurer provisions
  - Liberalization
  - Subrogation
  - Claim settlement options
  - Duty to defend

## 3.4 South Carolina laws, regulations and required provisions

- South Carolina Property and Casualty Insurance Guaranty Association (38-31-10-170)
- Cancellation, nonrenewal and renewal (38-75-710-790)
- 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)

## 4.0 Homeowners ('00) Policy 9%

### 4.1 Coverage forms

- HO-2 through HO-6

### 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 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)
- Home day care (HO 04 97)
- Business pursuits (HO 24 71)
- Watercraft (HO 24 75)
- Personal injury (HO 24 82)

## 3.0 Casualty Insurance Basics 16%

### 3.1 Principles and concepts

- Insurable interest
- Underwriting
  - Function
  - Loss ratio
- Rates
  - Types
  - Loss costs
  - Components
- 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

### 3.2 Policy structure

- Declarations
- Definitions
- Insuring agreement or clause
- Additional/supplementary coverage
- Conditions
- Exclusions
- Endorsements

## **5.0 Auto Insurance 25%**

### **5.1 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; RL 56-10-280)
  - Reasons
  - Notice
- Constructive total loss
- Arbitration

### **5.2 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)

### **5.3 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)

- Employees as insureds (CA 99 33)
- 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)

## **6.0 Commercial Package Policy (CPP) 9%**

### **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 form ('06)  
Coverage H — Bodily injury and property damage liability  
Coverage I — Personal and advertising injury liability  
Coverage J — Medical payments  
Exclusions  
Additional coverages  
Limits of insurance  
Conditions  
Definitions

### **7.0 Businessowners ('10) Policy — Liability 5%**

#### **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 10%**

#### **8.1 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)

#### **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  
Selected endorsement  
Voluntary compensation

#### **8.3 Premium computation**

Job classification — payroll and rates  
Experience modification factor  
Premium discounts  
Participation (dividend) plans  
Audit

#### **8.4 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

### **9.0 Surety and Fidelity 2%**

#### **9.1 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

#### **9.2 Fidelity coverages**

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

### **10.0 Other Coverages and Options 4%**

#### **10.1 Umbrella/excess liability policies**

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

#### **10.2 Specialty liability insurance**

Errors and omissions  
Professional liability  
Directors and officers liability  
Fiduciary liability  
Liquor liability  
Employment practices liability  
Identity Fraud Expense Coverage (BP 14 01, HO 04 55)  
Employee Benefits Liability Coverage (CU 04 03)

#### **10.3 Surplus lines**

Definitions and markets  
Licensing requirements

#### **10.4 Aviation insurance**

Aircraft liability

#### **10.5 Other policies**

Boatowners  
Difference in conditions

#### **10.6 Residual markets**

Joint Underwriting Associations  
Professional Liability Insurance (38-83-10-190)  
Associated Auto Insurers Plan (38-77-10-395)