

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 Property Insurance Series 19-05

100 questions – Two-hour time limit

1.0 Insurance Regulation 10%

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

3.0 Property Insurance Basics 18%

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 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
- ### 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
- Coinsurance
- Vacancy or unoccupancy
- Named insured provisions
 - 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 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)
- Federal Terrorism Insurance Program (15 USC 6701; Public Law 107-297, 109-144, 110-160)

4.0 Dwelling ('02) Policy 10%

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 12%

5.1 Coverage forms

HO-2 through HO-6

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

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)

6.0 Auto Insurance 15%

6.1 Laws

Cancellation/nonrenewal (38-77-120-124, 390;
RL 56-10-280)
Reasons
Notice
Constructive total loss
Arbitration

6.2 Personal ('05) auto policy

Definitions
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)
Miscellaneous type vehicle (PP 03 23)
Joint ownership coverage (PP 03 34)

6.3 Commercial auto ('10)

Commercial auto coverage forms
Business auto
Garage
Business auto physical damage
Truckers
Motor carrier

Coverage form sections
Covered autos
Physical damage coverage
Exclusions
Conditions
Definitions

Selected endorsements

Lessor — additional insured and loss payee
(CA 20 01)
Mobile equipment (CA 20 15)
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) 11%

7.1 Components of a commercial policy

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

7.2 Commercial property ('07)

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)

7.3 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

7.4 Equipment breakdown ('08)

Equipment breakdown protection coverage form
(EB 00 20)

Selected endorsement

Actual cash value (EB 99 59)

7.5 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

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 ('10) Policy — Property 6%

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 III — Common Policy Conditions

8.4 Selected endorsements

Protective safeguards (BP 04 30)

Utility services — direct damage (BP 04 56)

Utility services — time element (BP 04 57)

9.0 Marine Insurance 3%

9.1 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

9.2 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

9.3 Protection and indemnity insurance

Insuring agreements

Indemnity principle

Liability of vessel owner

Common covered losses

Exclusions

Conditions regarding claims

Other provisions

10.0 Other Coverages and Options 10%

10.1 Aviation insurance

Aircraft hull

10.2 National Flood Insurance Program

"Write your own" versus government

Eligibility

Coverage

Limits

Deductibles

10.3 South Carolina Wind and Hail Underwriting Association (SCWHUA) (38-75-310-460)

Eligibility

Coverage

Limits

Deductibles

10.4 Other policies

Boatowners

Difference in conditions

10.5 Surplus

Definitions and markets

Licensing requirements