

# 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.

## South Dakota Producer's Examination for Crop Insurance Series 10-50

60 questions – One-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 Crop Insurance 40%

#### 3.1 Eligibility

- Insureds
- Insurable crops

#### 3.2 Application

- Binder
- Declarations section
- Required signatures
- Required information
- Provision for company rejection

#### 3.3 Term of coverage

- Effective date
- Inception of coverage
- Expiration
- Cancellation

#### 3.4 Perils insured against

#### 3.5 Exclusions

#### 3.6 Limits of coverage

- Insurable value
- Percentage plan
- Deductibles
- Reduction of insurance

#### 3.7 Other provisions

- Replanting clause
- Acreage variation
- Transit extension
- Fire department service charge
- Pro rata liability clause

- Fire and lightning coverage
- Catastrophe loss award
- Assignment
- Subrogation

### 3.8 Claim settlement practices

- Notice of loss
- Insured's duties after loss
- Appraisal/arbitration

### 4.0 Federal Multi-Peril Crop Insurance Programs 40%

#### 4.1 Basic/catastrophic crop insurance (CAT)

- Eligibility
  - Insureds
  - Insurable crops
- Actuarial document books
- Yield guarantee
  - Actual production history (APH)
  - Assigned yield
  - Transitional yield
- Coverage level
- Market price percentage
- Covered causes of loss
- Application
- Basic unit
- Administrative fee
- Production records
- Acreage reporting
- Late planting agreement option
- Disqualification of producer
- Life of policy
  - Continuous
  - Cancellation
  - Termination

#### 4.2 Multiple peril policy options

- Levels of coverage
- Price election
- Optional units
- High-risk land exclusion
- Hail/fire exclusion
- Replant payments
- Late planting coverage
- Prevented planting coverage
- Transfer of coverage
- Assignment of indemnity
- Subrogation

#### 4.3 Other provisions

- Individual crop
- Small grain
- Coarse grain
- Priorities of conflicts between provisions
- Duties after loss
  - Insured
  - Insurer

#### 4.4 Crop Revenue Coverage (CRC)

- Units
- Base price
- Harvest price
- Guaranteed revenue
- Rebating