

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 Casualty Insurance Series 10-44

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)
 - 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 Casualty Insurance Basics 20%

3.1 Principles and concepts

Insurable interest

Underwriting

Function

Loss ratio

Rates

Types

Loss costs

Components

Hazards

Physical

Moral

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

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 provision

Duties after loss

Assignment

Insurer provisions

Liberalization

Subrogation

Duty to defend

3.4 South Dakota laws, regulations and required provisions

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

Cancellation and nonrenewal
(58-1-14, 15; 58-20-14; 58-33-61)

Binders (58-11-29-31)

Suit against insurer (58-23-1; RL 15-2-13(1))

Federal Terrorism Insurance Program

(15 USC 6701; Public Law 109-144, 110-160)

4.0 Homeowners ('00) Policy — Section II 10%

4.1 Coverage forms

HO-2 through HO-6

HO-8

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 Dakota (HO 01 40)

Limited fungi, wet or dry rot, or bacteria coverage
(HO 04 26, HO 04 27)

Permitted incidental occupancies — residence
premises (HO 04 42)

Home day care (HO 04 97)

Business pursuits (HO 24 71)

Watercraft (HO 24 75)
Personal injury (HO 24 82)

5.0 Auto Insurance 12%

5.1 Laws

South Dakota Financial Responsibility of Vehicle
Owners and Operators Law (RL 32-35)
Required limits of liability (RL 32-35-70)
South Dakota Automobile Insurance Plan
(58-11-57)
Supplemental coverage (58-23-7, 8)
Medical
Disability
Accidental death
Uninsured/underinsured motorist (58-11-9, 9.4)
Definitions (58-11-9.1)
Bodily injury (58-11-9.5)
Stacked and non-stacked
(58-11-9.7, 9.8, 9.9)
Required limits (58-11-9)
Cancellation/nonrenewal
Grounds (58-11-46, 47, 50)
Notice (58-11-49, 51, 52)
Notice of eligibility in assigned risk plan
(58-11-53)
Repair standards (58-12-16)
Aftermarket crash parts (58-33-70, 71)

5.2 Personal ('05) Auto Policy

Definitions
Liability coverage
Bodily injury and property damage
Supplementary payments
Exclusions
Medical payments coverage
Uninsured motorist coverage
Coverage for damage to your auto
Collision
Other than collision
Deductibles
Transportation expense
Exclusions
Duties after an accident or loss
General provisions
Selected endorsements
Amendment of policy provisions — South
Dakota (PP 01 65)
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)
Mobile equipment (CA 20 15)
Auto medical payments coverage (CA 99 03)
Drive other car coverage (CA 99 10)
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) 11%

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 forms ('06)
 - Coverage H — Bodily injury and property damage liability
 - Coverage I — Personal advertising injury liability
 - Coverage J — Medical payments
- Definitions
- Conditions
- Exclusions
- Limits
- Additional coverages

7.0 Businessowners ('10) Policy — Liability 11%

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 8%

8.1 Workers compensation laws

- Types of laws
 - Monopolistic versus competitive
 - Compulsory versus elective
- South Dakota Workers' Compensation Law
 - Exclusive remedy (RL 62-3-2, 62-8-6)
 - Employment covered (required, voluntary) (RL 62-1-2, 3, 7; RL 62-3-15, 16, 17)
 - Covered injuries (RL 62-1-1(7); RL 62-4-37)
 - Occupational disease (RL 62-8-1, 4)
 - Benefits provided (RL 62-4-1-3, 3.1, 5, 5.1, 6, 8-22)
- Federal workers' compensation laws
 - Federal Employer Liability Act (FELA) (45 USC 51-60)
 - U.S. Longshore and Harbor Workers' Compensation Act (33 USC 901-950)
 - The Jones Act (46 USC 688)

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
- Voluntary compensation endorsement

8.3 Premium computation

- Job classification — payroll and rates
- Experience modification factor
- Premium discounts

8.4 Other sources of coverages

- Assigned risk plan (58-20-15)
- Self-insured employers and employer groups (RL 62-5-5)

9.0 Other Coverages and Options 8%

9.1 Umbrella/excess liability policies

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

9.2 Specialty liability insurance

- Errors and omissions
- Professional liability
- Directors and officers liability
- Fiduciary liability
- Liquor liability
- Employment practices liability

9.3 Surplus lines

- Definitions and markets
- Licensing requirements
- Premium tax obligations (58-32-44, 50)

9.4 Surety bonds

- Principal, obligee, surety
- Contract bonds
- License and permit bonds
- Judicial bonds

9.5 Other policies

- Boatowners
- Aircraft liability

9.6 Residual markets