

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 Examination for Surplus Lines Broker Series 19-26

50 questions – One-hour time limit

1.0 Insurance Regulation 35%

1.1 Licensing

- Who may be licensed
 - Resident (38-45-20)
 - Nonresident (38-43-70, 38-45-30)
- Licensing requirements (38-5-180, 38-45-10, 20, 40)
- Municipal license (38-45-70; Bulletin 84-4)
- Maintenance and duration
 - Term and reinstatement (38-45-50)
 - Change of address (38-45-35)
- Disciplinary actions
 - Revocation (38-45-140)
 - Penalties (38-45-150)

1.2 General requirements

- South Carolina Property and Casualty Insurance Guaranty Association
 - Plan of operation (38-31-70)
 - Powers and duties of director (38-31-80)
 - Recovery rights and nonduplication (38-31-90, 100)
 - Financial report (38-31-120)
 - Rates and premiums (38-31-140)
 - Immunity (38-31-150)
- Insurer regulation
 - Solvency (38-5-120)
 - Rates (38-3-110)
 - Policy forms (38-61-20)
- Personal liability (38-45-120, 38-25-360)
- Broker as adjuster (38-45-130)

1.3 Surplus lines coverages and authority of broker

- Types of coverages available
- Characteristics and uses
- Capacity
- Binding
- Claims
- Commissions (38-45-100)
- Errors and omissions

1.4 General prohibitions

- Unfair and prohibited practices
 - Misrepresentation (38-57-40)
 - False advertising (38-57-50)
 - Unfair discrimination (38-55-50)
 - Rebating (38-57-130)
 - Prohibited inducements (38-57-130, 150)
 - Unfair claim settlement practices (38-59-20)

2.0 General Insurance 35%

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
 - 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 Surplus Lines Markets and Practices 30%

3.1 United States and alien nonadmitted markets

- United States nonadmitted markets
 - Nonadmitted insurers
 - Insurance exchanges
- Alien nonadmitted markets
 - Lloyd's of London
 - Other alien markets

3.2 General markets

- Wholesalers
- Alternative Markets
 - Captive insurers
 - Industrial insureds
 - Risk retention groups
 - Purchasing groups (38-87-90, 100)

3.3 Eligible surplus lines insurers (38-45-90, 110, 170)

- Requirements (38-5-180, 38-45-110, 38-75-770)
- Financial condition (38-9-80)
- List of approved eligible surplus lines carriers
- Diligent search (38-45-90)
- Certificate of authority (38-5-90, 38-25-110)

3.4 Fees, records and surplus lines premium tax

- Broker's fees (38-45-160)
- Content and maintenance of records (38-45-80)
- Amount of tax (38-45-20)
- Collection of tax (38-45-60)
- Tax return (38-45-60)