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

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
Causes 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