

South Carolina Surety Insurance Producer Series 19-08 50 questions - 1 hour time limit
1.0 Insurance Regulation 30% (15 items)
1.1 Licensing
Process (38-43-100)
Types of licensees
Producer (38-43-10, 30)
Nonresident (38-43-70)
Broker (38-45-10, 38-45-20)
Maintenance and duration (38-43-110)
Reinstatement (38-43-110(B))
Reporting of actions (38-43-247)
Continuing education (38-43-106)
Change of address (38-43-107)
Assumed names (38-43-10(C))
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
Fraud and false statements (18 USC 1033, 1034)
2.0 General Insurance 20% (10 items)
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
Definition and purpose of captive companies
Self-insured funds
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
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 Surety Bonds 40% (20 items)
3.1 Nature of surety bonds
Surety bonds versus insurance
Parties of a surety bond
Principal
Obligee
Surety
3.2 Types of surety bonds
Contract bonds
Bid

Performance
Payment
Maintenance
Purpose of license and permit bonds
Types of guaranties
Financial
Indemnity
Public official bond
Statutory, common law, or voluntary
Individual
Name schedule
Position schedule
Judicial bonds
Attachment
Garnishment
Replevin
Counter-replevin
Stay of execution
Release attachment
Bail
Appeal
Cost
Injunction
Dissolve injunction
Discharge mechanics lien
Fiduciary bonds
Probate
Equity
Miscellaneous surety bonds
Reclamation
Self-insurance workers compensation
4.0 Fidelity Coverages 10% (5 items)
4.1 Nature of fidelity bonds
Insuring agreement
Discovery versus loss sustained forms
Bond period
Discovery period
Limit of liability
Aggregate
Single loss
Termination of coverage
4.2 Employee theft coverage
Individual bonds
Blanket
Scheduled
Named employee
Specified position
Pension plan, ERISA compliance
4.3 Financial institution bonds
Form 14 Securities dealers
Form 15 Finance companies
Form 23 Credit unions
Form 24 Banks and thrifts
Form 25 Insurance companies
A – Fidelity
B – On premises
C – In transit
D – Forgery or alteration
E – Securities (forgery)
4.4 Public employee bonds
Coverage Form O – per loss

REFERENCE LIST

The following list of reference materials were used to verify the accuracy of the test items for the examinations. They are listed for the purpose of test validation and do NOT constitute an endorsement or recommendation by PSI or the South Carolina Department of Insurance. Other publications are also available to study for the examinations.

This examination is CLOSED BOOK. The following reference material is not allowed in the examination center:

Property and Casualty Insurance License Exam Manual, 2010, 1st Edition, Revised, Kaplan Financial Education, (800) 824-8742, www.kfeducation.com

South Carolina Code of Laws, Title 38 - Insurance, 2012, South Carolina Legislature, <http://www.scstatehouse.gov>

Dictionary of Insurance Terms, Harvey W. Rubin, 2008, 5th Edition, Barron's Educational Series, Inc., (800) 645-3476, www.barronseduc.com, ISBN 0-7641-3884-7

Property and Casualty Licensing Basics, James J. Smith, 2007, 5th Edition, Bromley Smith Publishers, (732) 449-9288, www.bromleysmithpublishers.com

Property & Casualty Pathfinder, William H. Cummings, J. Mack Spears, Pathfinder Publishers, (800) 592-4242, www.pathfinderedu.com

15 USC 1681- The Fair Credit Reporting Act, Federal Trade Commission, <http://www.ftc.gov/os/statutes/031224fcra.pdf>

18 USC Chapter 47, Sections 1033 and 1034, U.S. Code, <https://www.law.cornell.edu/uscode/text/18/part-I/chapter-47>

