

South Carolina Commercial Lines Adjuster Series 19-24 100 questions - 2 hour time limit
1.0 Insurance Regulation 10%
1.1 Director's general duties and powers (38-3-60, 110)
1.2 Licensing requirements
Qualifications (38-47-10)
Nonresident (38-47-20)
Emergency adjuster permit (Reg 69-1)
1.3 Maintenance and duration (38-47-40)
Change of address (38-47-15)
1.4 Disciplinary actions
Cease and desist order (38-57-200, 230)
Hearings (38-3-170; 38-57-200)
Penalties (38-2-10-30; 38-47-70)
1.5 Claim settlement laws and regulations (38-59-20)
1.6 Federal regulation
Fraud and false statements (18 USC 1033, 1034)
2.0 Insurance Basics 14%
2.1 Contract basics
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
2.2 Insurance principles and concepts
Insurable interest
Hazards
Physical
Moral
Morale
Negligence
Elements of a negligent act
Defenses against negligence
Damages
Compensatory – special versus general
Punitive
Absolute liability
Strict liability
Vicarious liability
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
2.3 Policy structure
Declarations
Definitions
Insuring agreement or clause
Additional/supplementary coverage
Conditions
Exclusions
Endorsements
2.4 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
Restoration/nonreduction of limits
Coinsurance
Vacancy or unoccupancy
Named insured provisions
Duties after loss
Assignment
Abandonment
Insurer provisions
Liberalization
Subrogation
Salvage
Claim settlement options
Duty to defend
Third-party provisions
Standard mortgage clause
Loss payable clause
No benefit to the bailee
2.5 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)
Insurance fraud act (38-55-510-590)
Arbitration of property damage liability claims (38-77-710-770)
Federal Terrorism Insurance Program (15 USC 6701; Public Law 107-297, 109-144, 110-160)
3.0 Adjusting Losses 20%
3.1 Role of the adjuster
Duties and responsibilities

Staff and independent adjuster versus public adjuster
Relationship to the legal profession
3.2 Claim reporting
Claim investigation
Claim file documentation of events
Types of reports
Initial or first field
Interim or status
Full formal
3.3 Property losses
Duties of insured after a loss
Notice to insurer
Minimizing the loss
Proof of loss
Special requirements
Production of books and records
Abandonment
Determining value and loss
Burden of proof of value and loss
Estimates
Depreciation
Salvage
Claim settlement options
Payment and discharge
3.4 Liability losses
Investigation procedures
Verify coverage
Determine liability
Gathering evidence
Physical evidence
Witness statements
Determining value of intangible damages
3.5 Coverage problems
Dealing with coverage disputes
Reservation of rights letter
Nonwaiver agreement
Declaratory judgment action
3.6 Claims adjustment procedures
Settlement procedures
Advance payments
Draft authority
Execution of releases
Subrogation procedures
Alternative dispute resolution
Appraisal
Arbitration
Competitive estimates
Mediation
Negotiation
4.0 Auto Insurance 14%
4.1 Laws
South Carolina Motor Vehicle Financial Responsibility Act (RL Title 56, Chapter 9)
Required limits of liability (38-77-140)
Uninsured/underinsured motorist (38-77-150-170, 180-230, 260)
Definitions
Bodily injury
Property damage
Required limits
Cancellation/nonrenewal (38-77-120-124, 390)
Reasons

Notice
Constructive total loss
Arbitration
4.2 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)
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)
5.0 Commercial Package Policy (CPP) 17%
5.1 Components of a commercial policy
Common policy declarations
Common policy conditions
Interline endorsements
One or more coverage parts
5.2 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
5.3 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)
5.4 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)
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
5.7 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
Farm liability coverage form (06)

Coverage H – Bodily injury and property
Coverage I – Personal and advertising injury liability
Coverage J – Medical payments
Livestock coverage form
Mobile agricultural machinery and equipment coverage form
Cause of loss (basic, broad and special)
Exclusions
Additional coverages
Limits of insurance
Conditions
Definitions
6.0 Businessowners (10) Policy 10%
6.1 Characteristics and purpose
6.2 Businessowners Section I – Property
Coverage
Exclusions
Limits of insurance
Deductibles
Loss conditions
General conditions
Optional coverages
Definitions
6.3 Businessowners Section II – Liability
Coverages
Exclusions
Who is an insured
Limits of insurance
General conditions
Definitions
6.4 Businessowners Section III – Common Policy Conditions
6.5 Selected endorsements
Hired auto and non-owned auto liability (BP 04 04)
Protective safeguards (BP 04 30)
Utility services – direct damage (BP 04 56)
Utility services – time element (BP 04 57)
7.0 Workers Compensation Insurance 4%
7.1 Workers compensation laws
Types of laws
Monopolistic versus competitive
Compulsory versus elective
South Carolina Workers' Compensation Law (RL Title 42)
Exclusive remedy (RL 42-1-540)
Employment covered (required, voluntary) (RL 42-1-130-150, 310, 360)
Covered injuries (RL 42-1-160; RL 42-9-60; RL 42-15-20, 40)
Occupational disease (RL 42-11-10)
Benefits provided (RL 42-9-10-30, 200, 260, 290; RL 42-13-90; RL 42-15-10, 60-70)
7.2 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
Selected endorsement
Voluntary compensation
7.3 Sources of coverage
South Carolina Workers' Compensation Uninsured

Employers' Fund (RL 42-7-200)
Self-insured employers (RL 42-5-20, 50)
South Carolina residual workers compensation
Voluntary market
8.0 Marine Insurance 3%
8.1 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
8.2 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
8.3 Protection and indemnity insurance
Insuring agreements
Indemnity principle
Liability of vessel owner
Common covered losses
Exclusions
Conditions regarding claims
Other provisions
9.0 Surety and Fidelity 3%
9.1 Surety bonds
Nature of surety bonds
Surety bonds versus insurance
Parties of a surety bond – Principal, obligee, surety
Contract bonds
Purpose of license and permit bonds
Public official bond
Judicial bonds
Fiduciary bonds
9.2 Fidelity coverages
Nature of fidelity bonds
Employee theft coverage
Financial institution bonds
Public employee bonds
10.0 Other Coverages and Options 5%
10.1 Umbrella/excess liability policies
Commercial (CU 00 01)
10.2 Specialty liability insurance
Errors and omissions
Professional liability
Directors and officers liability

Fiduciary liability
Liquor liability
Employment practices liability
10.3 Surplus lines
Definitions and markets
Licensing requirements
10.4 Aviation insurance
Aircraft hull
Aircraft liability
10.5 National Flood Insurance Program
Write your own versus government
Eligibility
Coverage
Limits
Deductibles
10.6 South Carolina Wind and Hail Underwriting Association (SCWHUA) (38-75-310-460)
Eligibility
Coverage
Limits
Deductible
10.7 Other policies
Difference in conditions

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>

South Carolina Code of Regulations, Chapter 69 - Department of Insurance, 2012, South Carolina Legislature, <http://www.scstatehouse.gov/codereqs/statmast.php>

South Carolina Code of Laws, Title 42 - Workers' Compensation, 2012, South Carolina Legislature, www.scstatehouse.gov/code/title42.php

The Institutes' Handbook of Insurance Policies, 2011, 10th Edition, The Institutes, (610) 644-2101, www.aicpcu.org

NFIP Dwelling Policy Form - Standard Flood Insurance Policy, FEMA, www.fema.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

Introduction to Risk Management and Insurance, Mark S. Dorfman, 2008, 9th Edition, Prentice-Hall, <https://www.amazon.com/Introduction-Risk-Management-Insurance-9th/dp/0132242273>

Property and Casualty Insurance: A Basic Guide, Ernest H. Gore, 2008, Elizabeth Publishing, <https://www.amazon.com/Property-Casualty-Insurance-Basic-Guide/dp/1605851647>



