

**NORTH CAROLINA SURPLUS LINES  
CONTENT OUTLINE**  
(55 questions)

This examination will test on topics listed on the following content outline and is composed of fifty-five (55) four-option, multiple choice questions.

**I. TERMS AND CONCEPTS.....5**

- A. Risk**
- B. Hazard**
- C. Peril**
- D. Economic loss**
- E. Indemnity**
- F. Insurable interest**
- G. Deductible**
- H. Direct loss vs. indirect loss (loss of use)**
- I. Named peril vs. risk of loss**
- J. Specific vs. blanket coverage**
- K. Property loss valuation**
  - 1. Actual cash value
  - 2. Replacement cost
  - 3. Functional replacement cost
- L. Mortgage/loss payee**
- M. Misrepresentation, breach of warranty, concealment**
- N. Negligence, liability, and damages**
- O. Bodily injury, property damage, personal injury**
- P. Accident**
- Q. Deposit premium/audit**
- R. Liability limits: single, split, aggregate**
- S. Certificate of insurance**
- T. Binder**
- U. Endorsement**
- V. Subrogation**
- W. Liberalization clause**
- X. First-named insured**
- Y. Monoline vs. package policies**
- Z. Major classes of policy provisions**
  - 1. Declarations
  - 2. Definitions
  - 3. Insuring agreements
  - 4. Exclusions
  - 5. Conditions

**II. COMMERCIAL INSURANCE  
COVERAGES .....5**

- A. Building and personal property coverage form**
- B. Other coverage forms and endorsements (the candidate is**

*responsible only for an understanding of the general nature of these and how they modify or tailor coverage to meet specific needs)*

- 1. Peak season endorsement
- 2. Value reporting form
- 3. Builders risk form
- 4. Legal liability form
- 5. Glass coverage form

**C. Business income coverage form**

**D. Extra expense coverage form**

**E. Crime coverage forms**

**F. Boiler and machinery forms**

**G. General liability insurance**

**H. Automobile insurance**

**I. Commercial inland marine (the candidate is responsible only for a general understanding of the needs these coverages meet)**

- 1. Bailee's customer
- 2. Contractors' equipment
- 3. Builders risk
- 4. Motor truck cargo (owner's form)

**J. Surety bonds**

**K. Commercial umbrella policy**

**III. SURPLUS LINES ACT..... 45**

*Ref: 58-21, 58-33*

**A. Purpose of the Act**

**B. Guaranty Fund**

**C. Condition for placing coverage**

**D. Bond requirement**

**E. Records retention**

**F. Regulatory Support Organizations**

**G. Payments to insurer**

**H. Premium tax**

**I. Unauthorized Insurers**

**J. Quarterly reports**

**K. Penalties**

**L. Eligible Surplus Lines Insurers requirements**

**M. Reporting requirements**

**N. Rates and forms**

**O. Surplus Lines Licensee eligibility**

**P. Placement of coverage**

**Q. Duties to insured**

**R. Corporate License**

**S. Tax filings for non-resident licensees**

**T. Definitions**