

Your Exam Content Outline

The following outline describes the content of one of the Arizona 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.

Arizona Examination for Credit Insurance Producer

Series 13-45

60 questions – One-hour time limit

1.0 Insurance Regulation 10%

1.1 Licensing

- License application requirements (20-285)
 - Licensing eligibility (41-1080)
 - Licensing time frames (Rule R20-6-708)
 - Lawful presence (41-1080)
 - Types of licensees
 - Producers (20-281(5), 286)
 - Nonresidents (20-281(11))
 - Adjusters (20-321)
 - Managing general agents (MGAs) (20-311, 311.01)
 - Business entities (20-281(1), 285(D, E), 290(B))
 - Surplus lines brokers (20-407, 411)
 - Temporary (20-294)
 - Vending machines (20-293)
 - Lines of producer license authority (20-286, 331, 332, 411, 411.01, 1580)
 - Fingerprinting requirements (20-142(E), 285(E), 286(C), 289(D))
 - Assumed business name (20-297)
 - Maintenance and duration
 - Expiration, surrender and renewal (20-289)
 - Inactive license status during military service (20-289.01)
 - Change of address (20-286(C))
 - Report of actions (20-301)
 - Continuing education (20-2902, 2903)
 - Disciplinary actions
 - Denial, suspension, revocation or refusal to renew; civil penalties (20-295, 296)
 - Cease and desist order (20-292)
- ##### 1.2 State regulation
- Acts constituting insurance transaction (20-106, 282, 401.01)
 - Negotiate (20-281(10))
 - Sell (20-281(14))
 - Solicit (20-281(15))
 - Payment of premiums (20-191)
 - Certificate of authority (20-217(A))

- Signature on insurance policy (20-229)
- Producer regulation
 - Sharing commissions (20-298)
 - Place of business and records (20-157, 290; AZ Const Art 14 s 16)
- Unfair practices and frauds
 - Unfair trade practices (20-442)
 - Misrepresentation (20-443, 443.01, 447; Rule R20-6-801(D))
 - False or deceptive advertising (20-444)
 - Defamation of insurer (20-445)
 - Boycott, coercion or intimidation (20-446)
 - False financial statements (20-447)
 - Unfair discrimination (20-448)
 - Gender discrimination (Rule R20-6-207)
 - Rebating (20-449-451)
 - Prohibited inducements (20-452)
 - Fees (20-465)
 - Unfair claims settlement practices (20-461; Rule R20-6-801)
 - Claims payment (20-462)
 - Insurance fraud (20-463, 466-466.04)
- Insurance information and privacy protection (20-2101-2122)

1.3 Federal regulation

- Fair Credit Reporting Act (15 USC 1681-1681d)
- Fraud and false statements including 1033 waiver (18 USC 1033, 1034)
- Telemarketing Sales Rule (16 CFR 310; 15 USC 6101-6108; A.R.S. 44-1282)
- CAN-SPAM Act of 2003 (15 USC 7701; 18 USC 1037)

2.0 General Insurance 9%

2.1 Concepts

- Insurance, definition of (20-103)
- 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
Captive insurance companies
Stock companies
Mutual companies
Fraternal benefit societies
Reciprocal
Risk retention groups
Lloyd's associations
Private versus government insurers
Authorized versus unauthorized insurers
Domestic, foreign and alien insurers
(20-201, 203, 204)
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

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
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 Consumer Credit Insurance Basics 40%

3.1 Nature of consumer credit insurance

Parties involved
Debtor/insured (20-1603(7), 1621.01(10))
Creditor/beneficiary (20-1603(6), 1621.01(8))
Insurer
Advantages for debtors and for creditors
Markets
Banks and savings and loans associations
Credit unions
Finance companies
Credit card companies
Automobile dealers and manufacturers

Retailers
Types of credit covered — closed-end versus open-end

3.2 Coverage characteristics

Group versus individual coverage
Underwriting considerations
Underwriting of the debtor/insured (group and individual)
Evidence of insurability
Premiums
Basis and payment of premiums
Single premium versus monthly outstanding balance
Benefit payments
Effect on insured's debt
Payment of excess benefits

3.3 Regulation

Arizona regulation
Approval of policy forms (20-1609, 1621.04)
Amounts to be insured (20-1605, 1606, 1621.02)
Term of insurance (20-1607, 1621.02)
Premium rates (20-1610, 1621.05;
Rule R20-6-604.02)
Premium refunds (20-1611, 1621.07;
Rule R20-6-604.06)
Disclosure requirements (20-1608, 1621.03)
Multiple plans of insurance
(Rule R20-6-604.01(A)(1))
Choice of insurer (20-1614, 1621.03; Rule
R20-6-604.01(A)(2))
Certificate of insurance (20-1608, 1621.03)
Termination of group policy (Rule R20-6-
604.01(C),(D))
Claims processing (20-1613, 1621.08)
Prohibited transactions (Rule R20-6-604.10)
Federal regulation
Consumer Credit Protection Act (Truth-in-
Lending Act) (15 USC s 1601)

4.0 Types of Consumer Credit Insurance 41%

4.1 Credit life insurance (20-1603(3))

Eligibility of the individual insured
Contributory versus non-contributory
Gross coverage versus net payoff coverage
Types of insurance coverages

Decreasing term
Level term
Monthly outstanding balance
Joint credit life
Truncated life

Suicide clause (Rule R20-6-604.04(C)(2)(a))

4.2 Credit disability insurance (20-1603(2))

Eligibility of the individual insured
Qualifying for benefits
Sickness or injury
Definition of disability (own occupation versus any occupation) (Rule R20-6-604.05(C)(2))
Total and permanent

- Elimination period
- Benefit period
- Benefit amount
- Special types of coverage
 - Retroactive
 - Critical period
 - Joint credit disability
- Common exclusions (Rule R20-6-604.05(C)(4))
 - Pre-existing conditions
 - Intentionally self-inflicted injury
 - Normal pregnancy

4.3 Credit unemployment insurance (20-1603(5))

- Eligibility of the individual insured (20-1606.01(B))
- Qualifying for benefits
 - Definition of involuntary unemployment
 - Elimination period (20-1606.01(A)(2))
 - Retroactive coverage
 - Benefit period
- Benefit amount
- Excluded forms of unemployment (20-1606.01(A)(1))

4.4 Other credit insurance (20-1621.01(6))

- Credit property
 - Eligibility
 - Insured event
 - Benefit conditions
- Mortgage guaranty