

# Your Exam Content Outline

The following outline describes the content of one of the Texas insurance examinations. The outlines are the basis of the examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weights assigned to each part 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.

## Texas Examination for Limited Lines Agent Series 14-75

50 questions – One-hour time limit

### 1.0 Insurance Regulation 60%

#### 1.1 Licensing requirements

##### General provisions

Who are agents (Ins. 4001.003(1), .051)

Process (Ins. 4001.006, .102, .103, .105; Ins. 4002.001)

Types of licensees (Ins. 4001.003)

Individuals (Ins. 4001.105)

Partnerships (Ins. 4001.106)

Corporations (Ins. 4001.106)

Nonresident agents (Ins. 4056.001-.004)

##### Types of licenses

General lines property and casualty agent (Ins. 4051.051-.054)

Limited property and casualty agent (Ins. 4051.101-.102)

Personal lines property and casualty (Ins. 4051.401-.404)

Insurance services representative (Ins. 4051.151-.152)

County mutual (Ins. 4051.201-.206)

Managing general agent (Ins. 4053.001-.152)

Risk manager

Surplus lines (Ins. 981.201-.222)

General lines life, accident and health agent (Ins. 4054.001-.304)

Limited life, accident and health agent (Ins. 4054.101-.103)

Life and health counselor (Ins. 4052.001-.101)

Life agent (Ins. 4054.301-.304)

##### Maintenance and duration

Expiration and renewal (Ins. 4003.001, .004, .006, .007)

Temporary license (Ins. 4001.151-.156)

Continuing education requirements (Ins. 4004.051-.054; TAC 19.1001-19.1027)

##### Disciplinary actions

Denial of license (Ins. 4005.101, .102)

Cease and desist order (Ins. 83.001-.153; Ins. 541.108; TAC 1.901-.911)

Surrender of license (Ins. 4005.107; TAC 19.2)

Suspension, revocation or refusal to renew (Ins. 4001.254; Ins. 4005.101, .102, .105)

Penalties (Ins. 82.001-.056; Ins. 84.001-.051; Ins. 4005.102)

#### 1.2 State regulation

Commissioner's general duties and powers (Ins. 31.001, .002, .021; Ins. 201.004; Ins. 404.051-.053; Ins. 481.001-.009; Ins. 491.051-.052; Ins. 521.003-.004; Ins. 4001.005)

##### Company regulation

Certificate of authority (Ins. 801.051-.053)

Financial requirements (Ins. 401.001-.021)

Examination of records (Ins. 38.001; Ins. 86.001-.002; Ins. 401.051-.062)

Unfair claims settlement practices (Ins.

541.060, 542.001-.014; TAC 21.201-.205)

##### Agent regulation

One agent, one license (TAC 19.902)

Acting without a license (Ins. 4001.101)

Unfair trade practices (TAC 21.3)

Misrepresentations (Ins. 541.051, .061; TAC 21.4)

False advertising (Ins. 541.052; TAC 21.115)

Defamation of insurer (Ins. 541.053)

Boycott, coercion and intimidation (Ins. 541.054)

False financial statements (Ins. 541.055)

Unfair discrimination (Ins. 541.057)

Rebates (Ins. 541.056; Ins. 1806.001-.107; Ins. 4005.053(c)(1), .101(b)(9))

Testimonials (TAC 21.107)

False use of statistics (TAC 21.108)

Unlawful inducement (TAC 21.109)

Disparagements (TAC 21.110)

Unfair comparisons (TAC 21.111)

Commissions and fees (Ins. 4001.157; Ins. 4005.053, .054)

Referrals (Ins. 4001.051(d), 4005.053)

Controlled business (Ins. 4001.104)

Joint advertising by similarly licensed agents (TAC 19.904)

Reporting change of address (Ins. 4001.252, 4003.009; TAC 19.906)

Reporting of actions (Ins. 4001.252)

Records maintenance (Ins. 4001.255)

Illegal conversion of funds

(Ins. 4005.101(b)(4))

- Probation due to disability  
(Ins. 4006.001-.056; TAC 1.1501-1506)
- Agent appointment (Ins. 4001.201)
- Termination of appointment (Ins. 4001.206)
- Insurance guaranty funds
  - Texas Certified Self-Insurer Guaranty Association (Lab. 407.001, .121; TAC 181.1)
  - Texas Property and Casualty Insurance Guaranty Association (Ins. 462.001-.351; TAC 29.1)
  - Life, Accident, Health and Hospital Service Insurance Guaranty Association (Ins. 463.001-.451; TAC 21.6)
- Insurance fraud regulation (Ins. 701.001-.154)
- Consumer privacy regulation (TAC 22.1-.26)

### **1.3 Federal regulation**

- Fair Credit Reporting Act (15 USC 1681-1681d)
- Fraud and false statements (18 USC 1033(e))

## **2.0 General Insurance 40%**

### **2.1 Concepts**

- Risk management key terms
  - Risk
  - Exposure
  - Hazard
  - Peril
  - Loss
- Elements of insurable risks
- Adverse selection
- Law of large numbers
- Reinsurance

### **2.2 Insurers**

- Types of insurers
  - Stock companies
  - Mutual companies
  - County mutuals
  - Risk retention groups
  - Self-insurers
  - Lloyd's Plan
- Purchasing groups
- Private versus government insurers
- Authorized versus unauthorized insurers
- Domestic, foreign and alien insurers
- Financial status (independent rating services)
- Marketing (distribution) systems

### **2.3 Agents and general rules of agency**

- Insurer as principal
- Agent/insurer relationship
- Authority and powers of agents
  - 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
  - Aleatory contract
  - Personal contract
  - Unilateral contract
  - Conditional contract
- Legal interpretations affecting contracts
  - Reasonable expectations
  - Indemnity
  - Good faith and fair dealing
  - Representations/misrepresentations
  - Warranties
  - Concealment
  - Fraud
  - Waiver and estoppel