

Your Exam Content Outline

For examinations on and after January 1, 2008

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)

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 19.1001-19.1021)

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 (Art. 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 (Art. 5.20; 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)

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 (Art. 21.28-C; 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)

Financial Information Privacy (TAC 22.1-.26)

1.3 Federal regulation

Fair Credit Reporting Act (15 USC 1681–1681d)
Fraud and false statements (18 USC 1033, 1034)

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
Reciprocal exchanges
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

Contract of adhesion
Personal contract
Unilateral contract
Conditional contract

Legal interpretations affecting contracts

Ambiguities in a contract of adhesion
Reasonable expectations
Indemnity
Good faith and fair dealing
Representations/misrepresentations
Warranties
Concealment
Fraud
Waiver and estoppel