

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 time frames (Rule R20-6-708)
- 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)
- Fingerprinting requirements (20-142(E), 285(F), 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 (20-300(B), 2902, 2903)
- Disciplinary actions
 - Denial, suspension, revocation or refusal to renew (20-295, 296)
 - Cease and desist order (20-292)
 - Civil penalties (20-295(F, G))

1.2 State regulation

- Acts constituting insurance transaction (20-106)
 - Negotiate (20-281(10))
 - Sell (20-281(14))
 - Solicit (20-281(15))
- Director's general duties and powers (20-142, 156–157)
- Company regulation
 - Solvency (20-169; Rule R20-6-308)
 - Unfair claims settlement practices (20-461; Rule R20-6-801)
 - Claims payment (20-462)

- Examination of insurer's records (20-156–157; Rule R20-6-1702)
- Payment of commissions (20-298)
- Producer regulation
 - Sharing commissions (20-298)
 - Place of business and records (20-290)
- Unfair practices and frauds
 - 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)
- Insurance information and privacy protection (20-2101–2122)
- Insurance fraud (20-463, 466–466.04)

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

- 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

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

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
- Utmost good faith
- Representations/misrepresentations
- Warranties
- Concealment
- Fraud
- Waiver and estoppel

3.2 Coverage characteristics

Group versus individual coverage

Underwriting considerations

- Eligibility of groups (20-1253)
- Underwriting of the debtor/insured (group and individual)
- Evidence of insurability

Premiums

- Basis and payment of premiums
- Single premium versus monthly outstanding balance

Group policy general provisions

- Grace period (20-1259)
- Incontestability (20-1260)
- Entire contract (20-1261)
- Conditions to require evidence of insurability (20-1262)
- Certificate of insurance (20-1402(A)(2))

Benefit payments

- Effect on insured's debt
- Payment of excess benefits

3.3 Regulation

Arizona regulation

- Approval of policy forms (20-1609)
- Amounts to be insured (20-1605, 1606)
- Term of insurance (20-1607)
- Premium rates (20-1610; Rule R20-6-604.02)
- Premium refunds (20-1611; Rule R20-6-604.06)
- Disclosure requirements (20-1608)
- Multiple plans of insurance (Rule R20-6-604.01(A)(1))
- Choice of insurer (20-1614; Rule R20-6-604.01(A)(2))
- Evidence of coverage (20-1608)
- Termination of group policy (Rule R20-6-604.01(C),(D))
- Claims processing (20-1613)
- Prohibited transactions (Rule R20-6-604.10)

Federal regulation

- Consumer Credit Protection Act (Truth-in-Lending Act) (15 USC s 1601)

3.0 Consumer Credit Insurance Basics 40%

3.1 Nature of consumer credit insurance

Parties involved

- Debtor/insured
- Creditor/beneficiary
- 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

4.0 Types of Consumer Credit Insurance 41%

4.1 Credit life insurance

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

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 involuntary unemployment insurance

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

Credit property

Eligibility

Insured event

Benefit conditions

Mortgage guaranty