

Insurance Exam Content Outline

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

Michigan Credit Insurance

Series 16-78

60 questions – One-hour time limit

1.0 Insurance Regulation 25% (15 items)

1.1 Licensing

Process (500.1201, .1201a, .1204, .1205, .1206, .1206b, .1240)

Types of licensees (500.1206)

Producer (500.240, 500.1201, .1201a, .1204, .1205, .1206, .1206b, .1240)

Resident versus nonresident (500.1201, .1201a, .1204, .1204e-.1206b, .1240; R500.635)

Temporary (500.1211b)

Maintenance and duration

Continuation (24.291; 500.1206, .134, .1153)

Change of address (500.1206(5), .1238)

Reporting of actions (500.1208b, .1239, .1244, .1246, .1247)

Assumed names (500.1211a)

Disciplinary actions

Cease and desist order (500.1244, .2038)

Suspension, revocation, refusal to issue or renew (500.1200, .1209, .1239, .1379, .2029, .2043)

Penalties and fines (500.1242, .1244, .1379, .2038, .2040, .2064, .2069)

1.2 State regulation

Commissioner's general duties and powers (500.102, .200, .202, .210)

Company regulation

Certificate of authority (500.108, .402)

Solvency (500.408, .410, .436a)

Rates (500.1609, .1615, .1904, .2106, .2403, .2411, .2603)

Forms and exceptions (500.2236)

Unfair claims settlement practices (500.2006, .2026)

Producer appointment (500.1208a, .1208b, .1209, .1411)

Termination of appointment (500.1208b, .1209)

Producer regulation

Acting without a license (500.251, .1201a, .1202, .1203)

Prohibited conduct (500.1207, .1216, .2003, .2059, .2062)

Commissions (500.1240, .2011)

Fiduciary capacity (500.1207)

Types of compensation – disclosures

Unfair insurance trade practices (500.1239, .1244, .2003, .2006-.2014, .2016-.2021, .2026, .2029)

Misrepresentation (500.2005, .2005a, .2055, .2057, .2064, .2218)

False information and advertising (500.2001, .2002, .2005, .2005a, .2007, .2055, .2057, .2064)

Twisting (500.2005(f), .2064(2))

False financial statements (500.1015, .2014, .2018, .2055, .2062, .2474, .2666)

Defamation (500.2007, .2009; 600.2911; 750.389; R500.662, .1377(14))

Boycott, coercion and intimidation (500.1242, .2012)

Unfair discrimination (500.2019, .2020, .2027, .2082)

Rebating (500.1242, .2024, .2069, .2070)

Illegal inducement (500.2005a, .2024, .2069, .2070)

Examination of books and records (500.249, .222)

Insurance fraud regulation (500.2088, .4501, .4503, .4507, .4509, .4511, .8197; 752.1003, .1005)

Consumer privacy regulation (500.501, .505, .507, .515, .535, .2005a, .4501, .4507, .4509)

1.3 Federal regulation

Fair Credit Reporting Act (15 USC 1681-1681d)

Fraud and false statements (18 USC 1033, 1034)

Patriot Act

Violent Control Act

2.0 General Insurance 7% (4 items)

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
 - Stock companies
 - Mutual companies
 - Fraternal benefit societies
 - Lloyd's associations
 - Risk retention groups
- Private versus government insurers
- Authorized versus unauthorized insurers
- Domestic, foreign and alien insurers
- Financial status (independent rating services)
- 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
 - Aleatory contract
 - 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 43% (26 items)

3.1 Nature of consumer credit insurance

- Parties involved
 - Debtor/insured
 - Creditor/beneficiary
 - Insurer
- Factors for debtors and for creditors to consider
- Markets

- Banks and savings and loan 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 (550.608)
- Underwriting considerations
 - Eligibility of groups
 - 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
 - Right to examine (free look)
 - Grace period
 - Incontestability
 - Entire contract
- Benefit payments
 - Effect on insured's debt
 - Payment of excess benefits (550.609)

3.3 Regulation

- Michigan regulation (493.13a, .110; 500.602-.624; R550.202-.216)
- Approval of policy forms
- Amounts to be insured
- Term of insurance
- Premium rates
- Premium refunds
- Solicitation including insurance sales through lenders
- Evidence of coverage
- Termination of group policy
- Claims processing
- Prohibited transactions
- Federal regulation
 - Consumer Credit Protection Act (Truth-in-Lending Act)

4.0 Types of Consumer Credit Insurance 25% (15 items)

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
- Suicide clause (Bul 87-7)

4.2 Credit accident and health insurance

- Eligibility of the individual insured

- Qualifying for benefits
 - Sickness or injury
 - Definition of disability — own occupation
versus any occupation
 - Total and permanent
 - Elimination period
 - Benefit period
- Benefit amount
- Common exclusions
 - Pre-existing conditions
 - Intentionally self-inflicted injury
 - Normal pregnancy

4.3 Guaranteed automobile protection (GAP)

- Eligibility
- Insured event
- Benefit conditions

4.4 Mortgage guaranty