

# Your Exam Content Outline

The following outline describes the content of one of the New Hampshire 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.

## Producer's Credit Series 12-87

**60 questions – 1 hour time limit**

### 1.0 Insurance Regulation 10%

#### 1.1 Licensing

- Process (402-J:5, 6)
  - Types of licensees
    - Producer (402-J:2, 14)
    - Producer with appointment (402-J:14)
    - Business entity (402-J:6)
    - Financial institutions (406-C:1–19)
    - Resident versus nonresident (402-J:8, 16)
    - Temporary (402-J:11)
  - Maintenance and duration
    - Renewal (402-J:7(II–IV))
    - Change of address (402-J:7(VI))
    - Reporting of actions (402-J:17)
    - Assumed names (402-J:10)
    - Continuing education requirements (Reg 1302.03, 1302.04, 1304.03)
  - Disciplinary actions
    - Cease and desist order (417:12)
    - Denial, suspension or revocation (402:49; 402-J:12)
    - Penalties and fines (400-A:15(III); 402:42, 48; 402-J:12(IV); 417:10, 13)
- #### 1.2 State regulation
- Commissioner's general duties and powers (400-A:3, 15; 417:5, 14)
  - Company regulation
    - Producer appointment (402-J:14)
    - Termination of appointment (402-J:15)
  - Producer regulation
    - Acting without a license (402-J:3, 13)
    - Commissions (402-J:13)
    - Conversion of funds by producer (402:53)
    - Referrals (402:16-B)
    - Controlled business (402:74)
    - Fiduciary requirements (Reg 4301.01–4301.09)
    - License to transact business (402:12)
    - Unfair claim settlement practices (417:4(XV); Reg 1001.01–.11, Reg 1002.01–.20)
  - Unfair insurance trade practices
    - Misrepresentation (402:46; 417:4(I, II))
    - Twisting (402:47; 417:4(I))
    - False information and advertising (417:4(III))

- Defamation (417:4(IV))
- Boycott, coercion and intimidation (417:4(V))
- Illegal inducement (417:4(VII))
- Unfair discrimination (417:4(VIII))
- Rebating (402:39–41; 417:4(IX))

- Examination of books and records (400-A:37)
- Insurance fraud regulation (400-A:36-b(II); 417:23; RL 638:20)
- Consumer privacy regulation (Reg 3001–3006)

#### 1.3 Federal regulation

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

### 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
  - Stock companies
  - Mutual companies
  - Fraternal benefit societies
  - Reciprocal
  - Lloyd's associations
  - Risk retention groups
  - Surplus lines
- 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

## 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 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 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
- 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 (408:16(I); 415:18(I)(p))
  - Incontestability (408:10; 408:16(II); 415:18(I)(r))
  - Entire contract (408:9; 408:16(III); 415:18(I)(a))
  - Conditions to require evidence of insurability (408:16(IV); 408-A:5)
  - Certificate of insurance (408-A:6)
- Benefit payments
  - Effect on insured's debt

Payment of excess benefits

### 3.3 Regulation

- New Hampshire regulation
  - Approval of policy forms (408-A:7)
  - Amounts to be insured (408-A:4)
  - Term of insurance (408-A:5)
  - Premium rates (408-A:8(I); Reg 1201.19)
  - Premium refunds (408-A:8(II); Reg 1201.05)
  - Solicitation (408-A:11; 408-B:19(1); Reg. 1201.04(b))
  - Evidence of coverage (408-A:6)
  - Termination of group policy (Reg 1201.04(e))
  - Claims processing (408-A:10)
  - Prohibited transactions (417:4(XVI); Reg 1201.15)
- Federal regulation
  - Consumer Credit Protection Act (Truth-in-Lending Act)

## 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

### 4.2 Credit disability 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
- Special types of coverage
  - Retroactive
  - Critical period
- Common exclusions
  - Intentionally self-inflicted injury
  - Normal pregnancy

### 4.3 Credit involuntary unemployment insurance

- Eligibility of the individual insured
- Qualifying for benefits
  - Definition of involuntary unemployment
  - Elimination period
  - Retroactive coverage
  - Benefit period
- Benefit amount
- Excluded forms of unemployment

### 4.4 Other credit insurance

- Credit property
  - Eligibility
  - Insured event
  - Benefit conditions
- Guaranteed automobile protection (GAP)

Eligibility  
Insured event  
Benefit conditions  
Mortgage guaranty