

Arizona Examination for Life Insurance Producer

Series 13-31

100 Items - 2 Hours

Insurance Regulation 5%

Licensing

License application requirements (20-285)

Number of exam attempts 20-284(H)

Licensing eligibility/lawful presence (41-1080)

Types of licensees

Producers (20-281(5), 286)

Nonresidents (20-281(11))

Adjusters (20-321)

Life Settlement Broker (ARS 20-3202)

Business entities (20-281(1), 285(D, E), 290(B))

Surplus lines brokers (20-407, 411)

Temporary (20-294)

Vending machines (20-293)

Lines of producer license authority (20-286, (A), 321, 331, 332, 411, 411.01, 1580, 1693.01, 2662)

Fingerprinting requirements (20-142(E), 285(E), 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 personal contact information (20-286(C))

Change of business information (20-286)(C))

Business information (20-286)(C))

Report of actions (20-301)

Continuing education (20-2902, 2903)

Disciplinary actions

Denial, suspension, revocation or refusal to renew; civil penalties (20-295, 296)

Cease and desist order (20-292)

State regulation

Acts constituting insurance transaction (20-106, 282, 401.01)

Negotiate (20-281(10))

Sell (20-281(14))

Solicit (20-281(15))

Payment of premiums (20-191)

Certificate of authority (20-217(A))

Identification of Producer (20-229)

Producer regulation

Sharing commissions (20-298)

Place of business and records (20-157, 290; AZ Const Art 14 s 16)

Unfair practices and frauds

Unfair trade practices (20-442)

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)

Fees (20-465)

Unfair claims settlement practices (20-461; Rule R20-6-801)

Claims payment (20-462)

Insurance fraud (20-463, 466–466.04)

Insurance information and privacy protection (20-2101–2122)

Federal Laws and Regulations 3%

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

18 United States Code (USC) Sections 1033 and 1034 - Purpose (Letter of Written Consent)

National Do Not Call List

Violent Crime Control and Law Enforcement Act (20-489; 18 USC 1033, 1034; 15 USC 6101-6108; ARS 44-1282)

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)

Gramm-Leach-Bliley Act (20-2121; Public Law 106-102)

Terrorism Insurance Program (15 USC 6701; Public Law 107-297, 109-144, 110-160)

General Insurance Concepts 13%

Risk

Methods of Handling Risk (Avoidance, Retention, Sharing, Reduction, Transfer)

Elements of Insurable Risks

Definitions (Risk, Hazard, Peril, Loss)

Classifications of Insurers

Mutual, Stock, Fraternal

Admitted, Non-Admitted

Foreign, Domestic, Alien

Elements of a Contract

Consideration

Competent Parties

Legal Purpose

Offer

Acceptance

Authority and Powers of Producers

Express

Implied

Apparent

The Law of Agency

Legal Interpretations Affecting Contracts

Reasonable Expectations - good faith

Indemnity

Good Faith

Fraud

Warranties, Representations, Misrepresentations, and Concealment

Life Insurance Basics 16%

Insurable Interest

Personal Uses of Life Insurance

Survivor Protection

Liquidity

Determining Amount of Personal Life Insurance

Human Life Value Approach

Needs Approach

Business Uses of Life Insurance

Buy-Sell Funding

Key Person

Executive Bonuses

Factors in Premium Determination

Mortality

Interest

Expense

Premium Frequency

Field Underwriting

Application Procedures

Warranties and Representations

Policy Delivery

Effective Date of Coverage

Policy Review

Premium Collection

Statement of Good Health

Company Underwriting

Sources of Information

Classifications of Risk (Preferred, Standard, Substandard, Declined)

Types of Life Insurance Policies 18%

Term Life Insurance

Level

Decreasing

Increasing Term

Whole (Permanent, Ordinary) Life Insurance

Single Premium

Continuous Premium

Limited Payment

Adjustable Life

- Universal Life
- Variable Life
- Variable Universal
- Indexed Universal Life
- Specialized Policies
 - Joint Life
 - Survivorship Life
 - Juvenile
- Group Life Insurance
 - Eligible Groups
 - Characteristics of Group Life Insurance

Life Insurance Policy Provisions, Options, and Riders 28%

- Standard Life Insurance Provisions
 - Ownership
 - Assignment
 - Right to Examine (Free Look)
 - Payment of Premiums
 - Grace Period
 - Misstatement of Age/Sex
 - Incontestability
 - Reinstatement
 - Entire Contract
- Beneficiary Designation Options
 - Individuals
 - Classes
 - Minors
- Types of Beneficiaries
 - Primary and Contingent
- Beneficiary-Related Clauses
 - Common Disaster
- Settlement Options
 - Cash Payment (Lump Sum)
 - Interest Only
 - Life Income
 - Fixed-Period
 - Fixed-Amount Installments
 - Joint
 - Last Survivor
- Nonforfeiture Options
 - Cash Surrender Value
 - Extended Term
 - Reduced Paid-Up Insurance
- Policy Loan and Withdrawal Options
 - Loans

- Automatic Premium Loans
- Withdrawals Partial Surrenders

Dividend Options

- Paid-Up Additions
- Cash Payment (Lump Sum)
- One Year Term
- Reduction of Premium
- Accumulation at Interest

Disability Riders

- Waiver of Premium
- Disability Income Benefit
- Payor Benefit Life

Riders Covering Additional Insureds

- Spouse
- Children
- Family term rider

Riders Affecting Death Benefit Amount

- Accidental Death
- Guaranteed Insurability
- Cost of Living
- Return of Premium
- Accelerated (Living) Benefit Provision Rider
- Long-Term Care Rider

Policy Exclusions

Annuities 12%

Annuity Principles and Concepts

- Accumulation Period versus Annuity Period
- Owner, Annuitant, and Beneficiary

Immediate versus Deferred Annuities

Annuity (Benefit) Payment Options

- Life Contingency Options
- Annuities Certain
- Pure Life versus Life with Guaranteed Minimum
- Single Life versus Multiple Life

Annuity Products

- Fixed Annuities
- Equity Indexed Annuities
- Variable Annuities

Uses of Annuities

- Lump-Sum Settlements
- Retirement Income
- Long-Term Care Rider
- Guaranteed Minimum Withdrawal Benefit (GMWB)

Federal Tax Considerations for Life Insurance 5%

Taxation of Personal Life Insurance and Annuities

- Premiums

- Dividends

- Settlements

- Last In First Out (LIFO) and First In First Out (FIFO)

- Surrenders and Withdrawals

- Modified Endowment Contracts (MECs)