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39	☐ A	☒ B	☐ C	☐ D	☐ E

PRACTICE QUESTIONS

Arkansas Insurance Department

G953MC23

AR Title

EDITION

Demo

QUESTIONS

9

FORMAT

Limited Edition PDF

Before you begin

What this is

9 practice questions for Arkansas Insurance Department **G953MC23**, each with its answer key and an explanation. Answer a question before you read its key — the explanation is worth more once you have committed.

If something looks wrong

Send us three things and we will check it:

- the exam code, **G953MC23**
- the question number
- the email address on your order

Write to **support@mometrix.net**. We reply within one business day.

QUESTION 1

SINGLE CHOICE

Under Arkansas title insurance regulations, which entity is responsible for reviewing and approving title insurance rates and forms filed by title insurance companies operating in the state?

- ☒ **A** Arkansas Insurance Department
- ☐ **B** Arkansas Title Insurance Agents Association
- ☐ **C** Arkansas Real Estate Commission
- ☐ **D** Arkansas Secretary of State

ANSWER A

WHY The Arkansas Insurance Department is the state regulatory authority responsible for overseeing title insurance operations, including reviewing and approving rates and forms filed by title insurance companies. The Real Estate Commission regulates real estate licensees, the Secretary of State handles corporate filings, and there is no separate state title insurance agents association with rate-approval authority.

QUESTION 2

SINGLE CHOICE

A person performing title insurance activities in Arkansas on behalf of a title insurance company must hold which type of license issued by the Arkansas Insurance Department?

- ☒ **A** Title insurance agent license
- ☐ **B** Real estate broker license
- ☐ **C** Property and casualty producer license
- ☐ **D** Escrow officer certification

ANSWER A

WHY Under Arkansas law, individuals who solicit, negotiate, or effect title insurance contracts on behalf of a title insurer must hold a title insurance agent license issued by the Arkansas Insurance Department. A property and casualty producer license does not authorize title insurance activities, escrow officer certification is not issued by the Department, and a real estate broker license covers real estate brokerage, not title insurance.

QUESTION 3

SINGLE CHOICE

Which of the following is a prerequisite for obtaining an Arkansas title insurance agent license?

- ☒ **A** Appointment by a licensed title insurance company or agency
- ☐ **B** Ownership of an abstract plant
- ☐ **C** Certification by the Arkansas Land Title Association
- ☐ **D** Registration with the Arkansas Secretary of State as a corporation

ANSWER A

WHY An applicant for an Arkansas title insurance agent license must be appointed by a licensed title insurance company or agency in order to act on its behalf. Abstract plant ownership, association certification, and corporate registration are not substitutes for the statutory appointment requirement.

QUESTION 4

MULTIPLE CHOICE

Which of the following are regulated activities under Arkansas title insurance law? (Choose two.)

- ☒ **A** Issuing title insurance policies
- ☒ **B** Performing title searches of public records
- ☐ **C** Selling residential real estate on behalf of clients
- ☐ **D** Approving subdivision plats for county government

ANSWER A - B

WHY Issuing title insurance policies and performing title searches of public records are core activities regulated under Arkansas title insurance law. Selling real estate is regulated by the Arkansas Real Estate Commission, and approving subdivision plats is a function of local planning authorities, not the title insurance framework.

QUESTION 5

SINGLE CHOICE

In Arkansas title insurance practice, what is the primary purpose of a title insurance policy?

- ☒ **A** To indemnify the insured against loss caused by covered defects in the title to real property
- ☐ **B** To guarantee the market value of the insured real property
- ☐ **C** To insure the structural condition of the improvements on the land
- ☐ **D** To replace the need for a recorded deed in the public records

ANSWER A

WHY A title insurance policy protects the insured against financial loss arising from covered defects, liens, or encumbrances affecting title to real property. It does not guarantee market value, does not insure physical condition of improvements (which is the role of hazard insurance), and does not replace the recording system for deeds.

QUESTION 6

SINGLE CHOICE

An owner's title insurance policy issued in Arkansas primarily protects which party?

- ☒ **A** The purchaser of the real property
- ☐ **B** The lender providing the mortgage loan
- ☐ **C** The title insurance agent who issued the policy
- ☐ **D** The seller of the real property

ANSWER A

WHY An owner's title insurance policy protects the property purchaser (the buyer) against covered title defects. A lender's policy protects the mortgage lender. The agent and the seller are not the named insureds under a standard owner's policy.

QUESTION 7

MULTIPLE CHOICE

Which of the following are typical escrow responsibilities of a title insurance agent in an Arkansas real estate closing? (Choose two.)

- ☒ **A** Holding and disbursing closing funds according to the closing instructions
- ☒ **B** Preparing and recording the deed and mortgage documents
- ☐ **C** Underwriting the buyer's hazard insurance policy
- ☐ **D** Appraising the market value of the property

ANSWER A • B

WHY Title agents acting as escrow/closing agents commonly hold and disburse closing funds per the closing instructions and prepare documents for recording, including deeds and mortgages. Hazard insurance underwriting is performed by property/casualty insurers, and property appraisal is performed by licensed appraisers — neither is a title agent responsibility.

QUESTION 8

SINGLE CHOICE

When a title insurance company operating in Arkansas wishes to change the rates it charges for title insurance, what must it do under Arkansas Insurance Department rules?

- ☒ **A** File the proposed rates with the Arkansas Insurance Department and obtain approval before use
- ☐ **B** Notify each affected insured in writing at least 30 days before the change
- ☐ **C** Publish the new rates in a newspaper of general circulation in each county
- ☐ **D** Obtain approval from the Arkansas Real Estate Commission

ANSWER A

WHY Title insurance rates in Arkansas are subject to rate filing and approval requirements administered by the Arkansas Insurance Department. Insurer-published notice, newspaper publication, and Real Estate Commission approval are not substitutes for the Department's rate-filing process.

QUESTION 9

SINGLE CHOICE

Under Arkansas title insurance regulations, which of the following practices by a title insurance agent would be prohibited?

- ☒ **A** Rebating a portion of the title insurance premium to the insured as an inducement to purchase
- ☐ **B** Charging the filed rate for a title insurance policy
- ☐ **C** Disclosing dual agency in a real estate transaction
- ☐ **D** Providing a closing disclosure to the buyer

ANSWER A

WHY Rebating or giving anything of value as an inducement to title insurance business is a prohibited practice under Arkansas insurance law. Charging filed rates, disclosing agency relationships, and providing closing disclosures are required or permissible practices, not prohibited ones.