

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 Property and Casualty Insurance Producer

Series 13-34

150 questions – 2.5-hour time limit

1.0 Insurance Regulation 6%

1.1 Licensing

- License application requirements (20-285)
 - Licensing eligibility (41-1080)
 - Licensing time frames (Rule R20-6-708)
 - Lawful presence (41-1080)
 - 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)
 - Lines of producer license authority (20-286, 331,
332, 411, 411.01, 1580)
 - 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 address (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)
- ##### 1.2 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))

- Signature on insurance policy (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)

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 6%

2.1 Concepts

- Insurance, definition of (20-103)
- 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
(20-201, 203, 204)
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

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

3.0 Property and Casualty Insurance Basics 15%

3.1 Principles and concepts

Insurable interest (20-1105)
Underwriting
Function
Loss ratio
Rates
Types
Loss costs
Components
Hazards
Physical

Moral
Morale
Negligence
Elements of a negligent act
Damages
Compensatory — special versus general
Punitive
Strict liability
Vicarious liability
Causes of loss (perils)
Named perils versus special (open) perils
Direct loss
Consequential or indirect loss
Blanket versus specific insurance
Basic types of construction
Loss valuation
Actual cash value
Replacement cost
Market value
Agreed value
Stated amount

3.2 Policy structure

Declarations
Definitions
Insuring agreement or clause
Additional/supplementary coverage
Conditions
Exclusions
Endorsements

3.3 Common policy provisions

Insureds — named, first named, additional
Policy period
Policy territory
Cancellation and nonrenewal
Deductibles
Other insurance
Nonconcurrency
Primary and excess
Pro rata
Contribution by equal shares
Limits of liability
Per occurrence (accident)
Per person
Aggregate — general versus products —
completed operations
Split
Combined single
Policy limits
Restoration/nonreduction of limits
Coinsurance
Vacancy or unoccupancy
Named insured provisions
Duties after loss
Assignment
Abandonment
Insurer provisions
Liberalization
Subrogation
Salvage

- Claim settlement options
- Duty to defend
- Third-party provisions
- Standard mortgage clause
- Loss payable clause
- No benefit to the bailee

3.4 Required provisions

- Arizona Property and Casualty Insurance Guaranty Fund (20-662)
- Cancellation and nonrenewal
 - Personal (20-1651-1656)
 - Commercial (20-1671-1679)
- Binders (20-1120)
- Federal Terrorism Insurance Program (15 USC 6701; Public Law 107-297, 109-144, 110-160)

4.0 Dwelling ('02) Policy 9%

4.1 Characteristics and purpose

4.2 Coverage forms — Perils insured against

- Basic
- Broad
- Special

4.3 Property coverages

- Coverage A — Dwelling
- Coverage B — Other structures
- Coverage C — Personal property
- Coverage D — Fair rental value
- Coverage E — Additional living expense
- Other coverages

4.4 General exclusions

4.5 Conditions

4.6 Selected endorsements

- Special provisions — Arizona (DP 01 02)
- Automatic increase in insurance (DP 04 11)
- Broad theft coverage (DP 04 72)
- Dwelling under construction (DP 11 43)

4.7 Personal liability supplement

5.0 Homeowners ('00) Policy 15%

5.1 Coverage forms

- HO-2 through HO-6
- HO-8

5.2 Definitions

5.3 Section I — Property coverages

- Coverage A — Dwelling
- Coverage B — Other structures
- Coverage C — Personal property
- Coverage D — Loss of use
- Additional coverages

5.4 Section II — Liability coverages

- Coverage E — Personal liability
- Coverage F — Medical payments to others
- Additional coverages

5.5 Perils insured against

5.6 Exclusions

5.7 Conditions

5.8 Selected endorsements

- Special provisions — Arizona (HO 01 02)

- Limited fungi, wet or dry rot, or bacteria coverage (HO 04 26, HO 04 27)
- Permitted incidental occupancies (HO 04 42)
- Earthquake (HO 04 54)
- Scheduled personal property (HO 04 61)
- Personal property replacement cost (HO 04 90)
- Home day care (HO 04 97)
- Business pursuits (HO 24 71)
- Watercraft (HO 24 75)
- Personal injury (HO 24 82)

6.0 Auto Insurance 13%

6.1 Laws

- Arizona Motor Vehicle Financial Responsibility Law (RL Title 28, Chapter 9)
 - Required limits of liability (20-266, RL 28-4009)
 - Required proof of insurance (RL 28-4133)
- Arizona Automobile Insurance Plan (RL 28-4008)
- Premium payments and administrative fees (20-267)
- Uninsured/underinsured motorist (20-259.01)
 - Definitions
 - Bodily injury
 - UM/UIM rejection
 - Required limits
- Personal auto cancellation/nonrenewal
 - Grounds (20-1631)
 - Notice (20-1632)
 - Grace period (20-1632.01)
 - Notice of eligibility in assigned risk plan (20-1632)
- Subrogated claim (20-268)

6.2 Personal ('05) auto policy

- Definitions
- Liability coverage
 - Bodily injury and property damage
 - Supplementary payments
 - Exclusions
- Medical payments coverage
- Uninsured motorist coverage
- Coverage for damage to your auto
 - Collision
 - Other than collision
 - Deductibles
 - Transportation expense
 - Exclusions
- Duties after an accident or loss
- General provisions
- Selected endorsements
 - Amendment of policy provisions — Arizona (PP 01 67)
 - Towing and labor costs (PP 03 03)
 - Extended non-owned coverage — vehicles furnished or available for regular use (PP 03 06)
 - Limited Mexico coverage (PP 03 21)
 - Joint ownership coverage (PP 03 34)

- Uninsured motorists coverage — Arizona (PP 04 77)
- Underinsured motorists coverage — Arizona (PP 04 89)
- Miscellaneous type vehicle — Arizona (PP 13 69, PP 13 70, PP 13 71, PP 13 72)

6.3 Commercial auto ('10)

- Commercial auto coverage forms
 - Business auto
 - Garage
 - Business auto physical damage
 - Truckers
 - Motor carrier
- Coverage form sections
 - Covered autos
 - Liability coverage
 - Garagekeepers coverage
 - Trailer interchange coverage
 - Physical damage coverage
 - Exclusions
 - Conditions
 - Definitions
- Selected endorsements
 - Lessor — additional insured and loss payee (CA 20 01)
 - Mobile equipment (CA 20 15)
 - Auto medical payments coverage (CA 99 03)
 - Drive other car coverage (CA 99 10)
 - Individual named insured (CA 99 17)

7.0 Commercial Package Policy (CPP) 17%

7.1 Components of a commercial policy

- Common policy declarations
- Common policy conditions
- Interline endorsements
- One or more coverage parts

7.2 Commercial general liability ('07)

- Commercial general liability coverage forms
 - Bodily injury and property damage liability
 - Personal and advertising injury liability
 - Medical payments
 - Exclusions
 - Supplementary payments
 - Who is an insured
 - Limits of insurance
 - Conditions
 - Definitions
- Occurrence versus claims-made
- Claims-made features
 - Trigger
 - Retroactive date
 - Extended reporting periods — basic versus supplemental
 - Claim information
- Premises and operations
- Products and completed operations
- Insured contract

7.3 Commercial property ('07)

- Commercial property conditions form

- Coverage forms
 - Building and personal property
 - Condominium association
 - Condominium commercial unit-owners
 - Builders risk
 - Business income
 - Legal liability
 - Extra expense
- Causes of loss forms
 - Basic
 - Broad
 - Special
- Selected endorsements
 - Ordinance or law (CP 04 05)
 - Spoilage (CP 04 40)
 - Peak season (CP 12 30)
 - Value reporting form (CP 13 10)

7.4 Commercial crime ('06)

- General definitions
 - Burglary
 - Theft
 - Robbery
- Crime coverage forms
 - Commercial crime coverage forms (discovery/loss sustained)
 - Government crime coverage forms (discovery/loss sustained)
- Coverages
 - Employee theft
 - Forgery or alteration
 - Inside the premises — theft of money and securities
 - Inside the premises — robbery or safe burglary of other property
 - Outside the premises
 - Computer fraud
 - Funds transfer fraud
 - Money orders and counterfeit money
- Other crime coverage
 - Extortion — commercial entities (CR 04 03)

7.5 Commercial inland marine

- Nationwide marine definition (Rule R20-6-602)
- Commercial inland marine conditions form
- Inland marine coverage forms
 - Accounts receivable
 - Bailee's customer
 - Commercial articles
 - Contractors equipment floater
 - Electronic data processing
 - Equipment dealers
 - Installation floater
 - Jewelers block
 - Signs
 - Valuable papers and records
- Transportation coverages
 - Motor truck cargo forms
 - Transit coverage forms

7.6 Equipment breakdown ('08)

Equipment breakdown protection coverage form (EB 00 20)

Selected endorsement

Actual cash value (EB 99 59)

7.7 Farm coverage

Farm property coverage form ('03)

Coverage A — Dwellings

Coverage B — Other private structures

Coverage C — Household personal property

Coverage D — Loss of use

Coverage E — Scheduled farm personal property

Coverage F — Unscheduled farm personal property

Coverage G — Other farm structures

Farm liability coverage form ('06)

Coverage H — Bodily injury and property damage liability

Coverage I — Personal and advertising injury liability

Coverage J — Medical payments

Livestock coverage form

Cause of loss (basic, broad and special)

Exclusions

Additional coverages

Limits of insurance

Conditions

Definitions

8.0 Businessowners ('10) Policy 6%

8.1 Characteristics and purpose

8.2 Businessowners Section I — Property

Coverage

Exclusions

Limits of insurance

Deductibles

Loss conditions

General conditions

Optional coverages

Definitions

8.3 Businessowners Section II — Liability

Coverages

Exclusions

Who is an insured

Limits of insurance

General conditions

Definitions

8.4 Businessowners Section III — Common Policy Conditions

8.5 Selected endorsements

Arizona changes (BP 01 38)

Hired auto and non-owned auto liability (BP 04 04)

Protective safeguards (BP 04 30)

Utility services — direct damage (BP 04 56)

Utility services — time element (BP 04 57)

9.0 Workers Compensation Insurance 5%

9.1 Workers compensation laws

Types of laws

Monopolistic versus competitive

Compulsory versus elective

Arizona Workers Compensation Law

Exclusive remedy (RL 23-1022)

Employment covered (required, voluntary, elective) (RL 23-901(6), 902)

Covered injuries (RL 23-901(13), 901.04)

Occupational disease (RL 23-901.01)

Benefits provided (RL 23-1021, 1044(A,B), 1045(A,B,C), 1046, 1062)

Subsequent injury fund (RL 23-1065)

Federal workers compensation laws

Federal Employers Liability Act (FELA)

(45 USC 51-60)

U.S. Longshore and Harbor Workers

Compensation Act (33 USC 904)

The Jones Act (46 USC 688)

9.2 Workers compensation and employers liability insurance policy

General section

Part One — Workers compensation insurance

Part Two — Employers liability insurance

Part Three — Other states insurance

Part Four — Your duties if injury occurs

Part Five — Premium

Part Six — Conditions

Voluntary compensation endorsement

9.3 Premium computation

Job classification — payroll and rates

Experience modification factor

Premium discounts

9.4 Other sources of coverage

Assigned risk plan (RL 23-1091)

Arizona workers compensation fund (RL 23-981)

Self-insured employers and employer groups (RR R20-5-201-208)

10.0 Other Coverages and Options 8%

10.1 Umbrella/excess liability policies

Personal (DL 98 01)

Commercial (CU 00 01)

10.2 Specialty liability insurance

Professional liability

Errors and omissions

Directors and officers liability

Fiduciary liability

Liquor liability

Employment practices liability

10.3 Surplus lines

Definitions and markets

Licensing requirements

10.4 Surety bonds

Principal, obligee, surety

Contract bonds

License and permit bonds

Judicial bonds

10.5 Aviation insurance

Aircraft hull

Aircraft liability

10.6 National Flood Insurance Program

"Write your own" versus government

Eligibility

Coverage

Limits

Deductibles

10.7 Other policies

Boatowners

Difference in conditions