

# 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 Adjuster Series 13-36

150 questions – 2.5-hour time limit

### 1.0 Insurance Regulation 6%

#### 1.1 Licensing requirements (20-321, 321.01)

- Assumed name (20-297)
- Qualifications
- License application requirements
- Licensing exceptions

#### 1.2 Maintenance and duration

- Expiration, surrender and renewal (20-289, 321.02)
- Inactive status during military service (20-289.01)
- Report of actions (20-301, 321.02)

#### 1.3 Disciplinary actions

- Denial, suspension, revocation or refusal to renew (20-295, 296, 321.02)
- Cease and desist orders (20-292, 321.02)
- Civil penalties (20-295(F, G), 321.02)

#### 1.4 Claim settlement laws and regulations (20-461, 462; Rule R20-6-801; RR R20-5-163)

### 2.0 Insurance Basics 21%

#### 2.1 Contract basics

- 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

#### 2.2 Insurance principles and concepts

- Insurable interest
- Hazards
  - Physical
  - Moral
  - Morale
- Negligence
  - Elements of a negligent act
  - Defenses against negligence
- 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

#### 2.3 Policy structure

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

#### 2.4 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

Assignment

Insurer provisions

Liberalization

Duty to defend

Third-party provisions

Standard mortgage clause

Loss payable clause

No benefit to the bailee

## 2.5 Required provisions

Cancellation and nonrenewal

Personal (20-1651–1656)

Commercial (20-1671–1679)

Fraud; liability for reporting (20-463)

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

## 3.0 Adjusting Losses 30%

### 3.1 Role of the adjuster

Duties and responsibilities

Staff and independent adjuster versus public  
adjuster

Relationship to the legal profession

### 3.2 Claim reporting

Claim investigation

Claim file documentation of events

Types of reports

Initial or first field

Interim or status

Full formal

### 3.3 Property losses

Duties of insured after a loss

Notice to insurer

Minimizing the loss

Proof of loss

Special requirements

Production of books and records

Abandonment

Determining value and loss

Burden of proof of value and loss

Estimates

Depreciation

Salvage

Claim settlement options

Payment and discharge

### 3.4 Liability losses

Investigation procedures

Verify coverage

Determine liability

Gathering evidence

Physical evidence

Witness statements

Determining value of intangible damages

## 3.5 Coverage problems

Dealing with coverage disputes

Reservation of rights letter

Nonwaiver agreement

Declaratory judgment action

## 3.6 Claims adjustment procedures

Settlement procedures

Advance payments

Draft authority

Execution of releases

Subrogation procedures

Alternative dispute resolution

Appraisal

Arbitration

Competitive estimates

Mediation

Negotiation

## 4.0 Dwelling ('02) Policy 5%

### 4.1 Characteristics and purpose

### 4.2 Coverage forms — Insured perils

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 10%

### 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 Insured perils

## 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 12%

### 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)
- 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 ('06)

- 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)
- Commercial carrier regulations
  - The Motor Carrier Act of 1980
  - Endorsement for motor carrier policies of insurance for public liability (MCS-90)

## 7.0 Commercial Package Policy (CPP) 7%

### 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 ('06) Policy 7%

### 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 Other Coverages and Options 2%**

### **9.1 Umbrella/excess liability policies**

Personal (DL 98 01)  
Commercial (CU 00 01)

### **9.2 Specialty liability insurance**

Professional liability  
Errors and omissions  
Directors and officers liability  
Fiduciary liability  
Liquor liability  
Employment practices liability

### **9.3 Surplus lines**

Definitions and markets

### **9.4 Aviation insurance**

Aircraft hull  
Aircraft liability

### **9.5 National Flood Insurance Program**

"Write your own" versus government  
Eligibility  
Coverage  
Limits  
Deductibles

### **9.6 Other policies**

Boatowners  
Difference in conditions