

# 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 Casualty Insurance Producer Series 13-43

**100 questions – Two-hour time limit**

### 1.0 Insurance Regulation 9%

#### 1.1 Licensing

- License application requirements (20-285)
  - Licensing eligibility (41-1080)
  - Licensing time frames (Rule R20-6-708)
  - 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, 411, 411.01, 1580)
  - Fingerprinting requirements (20-142(E), 285(F), 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 (20-300(B), 2902, 2903)
  - Disciplinary actions
    - Denial, suspension, revocation or refusal to renew (20-295, 296)
    - Cease and desist order (20-292)
    - Civil penalties (20-295(F, G))
- #### 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))
  - Director's general duties and powers (20-142, 157)
  - Payment of premiums (20-191)

- Certificate of authority (20-216(B), 217(A))
- Signature on insurance policy (20-229)
- Producer regulation
  - Sharing commissions (20-298)
  - Place of business and records (20-290)
  - Fees (20-465)
- Unfair practices and frauds
  - Unfair trade practices (20-442)
  - Unfair claims settlement practices (20-461; Rule R20-6-801)
  - Claims payment (20-462)
  - 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)
  - 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 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  
Captive insurance companies  
Stock companies  
Mutual companies  
Fraternal benefit societies  
Reciprocals  
Risk retention groups  
Lloyd's associations  
Private versus government insurers  
Authorized versus unauthorized insurers  
Domestic, foreign and alien insurers  
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  
Responsibilities to the applicant/insured

## 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 Casualty Insurance Basics 15%

### 3.1 Principles and concepts

Insurable interest  
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

### 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  
Named insured provisions  
Duties after loss  
Assignment  
Insurer provisions  
Liberalization  
Subrogation  
Duty to defend

### 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 Homeowners ('00) Policy 15%

### 4.1 Coverage forms

HO-2 through HO-6  
HO-8

### 4.2 Definitions

### 4.3 Section II — Liability coverages

Coverage E — Personal liability  
Coverage F — Medical payments to others

Additional coverages

#### 4.4 Exclusions

#### 4.5 Conditions

#### 4.6 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)  
Home day care (HO 04 97)  
Business pursuits (HO 24 71)  
Watercraft (HO 24 75)  
Personal injury (HO 24 82)

### 5.0 Auto Insurance 19%

#### 5.1 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)

#### 5.2 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)

#### 5.3 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)

### 6.0 Commercial Package Policy (CPP) 13%

#### 6.1 Components of a commercial policy

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

#### 6.2 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

### 6.3 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)

### 6.4 Farm coverage

- Farm liability coverage form ('06)
  - Coverage H — Bodily injury and property damage liability
  - Coverage I — Personal and advertising injury liability
  - Coverage J — Medical payments
- Exclusions
- Additional coverages
- Limits of insurance
- Conditions
- Definitions

## 7.0 Businessowners ('06) Policy — Liability 6%

### 7.1 Characteristics and purpose

### 7.2 Businessowners Section II — Liability

- Coverages
- Exclusions
- Who is an insured
- Limits of insurance
- General conditions
- Definitions

### 7.3 Businessowners Section III — Common Policy Conditions

### 7.4 Selected endorsements

- Arizona changes (BP 01 38)
- Hired auto and non-owned auto liability (BP 04 04)

## 8.0 Workers Compensation Insurance 8%

### 8.1 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)

### 8.2 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

### 8.3 Premium computation

- Job classification — payroll and rates
- Experience modification factor
- Premium discounts

### 8.4 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)

## 9.0 Other Coverages and Options 6%

### 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
- Licensing requirements

### 9.4 Surety bonds

- Principal, obligee, surety
- Contract bonds
- License and permit bonds
- Judicial bonds

### 9.5 Aviation insurance

- Aircraft liability

### 9.6 Other policies

- Boatowners