

# 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)

- Qualifications
- License application requirements
- Licensing exceptions

#### 1.2 Maintenance and duration

- Expiration, surrender and renewal (20-289, 321.02)
- 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
  - Aleatory contract
  - 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**

- Arizona Property and Casualty Insurance Guaranty Fund (20-662)
- 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 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 — 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 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 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 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 ('02)

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 ('07)

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  
Licensing requirements

### **9.4 Surety bonds**

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

### **9.5 Aviation insurance**

Aircraft hull  
Aircraft liability

### **9.6 National Flood Insurance Program**

"Write your own" versus government  
Eligibility  
Coverage  
Limits  
Deductibles

### **9.7 Other policies**

Boatowners  
Difference in conditions