

YOUR EXAM CONTENT OUTLINE

for examinations on or after July 1, 2006.

If you do not receive all five pages of this outline, please contact Thomson Prometric.

The following outline describes the content of one of the Arizona insurance examinations. The outlines are the basis of the examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weights assigned to each part 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
- Absolute liability
- 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 Arizona laws, regulations and 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)
- Terrorism Risk Insurance Act of 2002 and Extension Act of 2005 (15 USC 6701; S467)

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
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 for named
individual (PP 03 06)
Limited Mexico coverage (PP 03 21)
Joint ownership coverage (PP 03 34)
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 ('04)

- 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 Boiler and machinery ('01)

- Equipment breakdown protection coverage form (BM 00 20)
- Selected endorsements
 - Business income — Report of values (BM 15 31)
 - Actual cash value (BM 99 59)

7.7 Farm coverage ('03)

- Farm property coverage form
 - 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
 - Coverage H — Bodily injury and property damage liability
 - Coverage I — Personal and advertising injury liability
 - Coverage J — Medical payments
- Livestock coverage form
- Definitions

- Cause of loss (basic, broad and special)
- Conditions
- Exclusions
- Limits
- Additional coverages
- 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