

# Your Exam Content Outline

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 Producer

### Series 13-34

**150 questions – 2.5 hour time limit**

**Effective January 22, 2020**

## 1.0 Insurance Regulation 5%

### 1.1 Licensing

License application requirements (20-285)

Number of exam attempts (20-284(H))

Licensing eligibility/lawful presence (41-1080)

Types of licensees

Producers (20-281(5), 286)

Nonresidents (20-281(11))

Adjusters (20-321)

Life Settlement Broker (ARS 20-3202)

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, (A), 321 331, 332, 411, 411.01, 1580, 1693.01, 2662)

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 contact information (20-286(C))

Change of business information (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))

Identification of Producer (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

Violent Crime Control and Law Enforcement Act (20-489; 18 USC 1033, 1034; 15 USC 6101-6108; ARS 44-1282)  
Fair Credit Reporting Act (15 USC 1681-1681d)  
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)  
Gramm-Leach-Bliley Act (20-2121; Public Law 106-102)  
Terrorism Insurance Program (15 USC 6701; Public Law 107-297, 109-144, 110-160)

## 2.0 General Insurance 5%

### 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  
Mutual, stock, fraternal (20-702, -703)  
Captive insurance companies (20-1098)  
Stock companies  
Mutual companies  
Fraternal benefit societies  
Reciprocal (20-761,-762)  
Risk retention groups (20-2401(10), 15 USC SS 3901, 3902)  
Lloyd's associations (20-1021)  
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  
Aleatory 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 14%

#### 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

- Standard Provisions (20-1112)
- Content of Policy (20-1113)
- 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
  - Electronic Communications (20-239; SB 1222)
  - Electronic Posting of Policies (20-240)

### **3.4 Required provisions**

- Arizona Property and Casualty Insurance Guaranty Fund (20-662)
- Certificate of authority (20-217(A))
- 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 ('11) 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)

Duties after an accident or loss

General provisions (PP 00 01)

Selected endorsements

Amendment of policy provisions — Arizona (PP 01 67)

Full Safety Glass Coverage-Arizona (PP 03 48)

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; Regulatory Bulletin 2003-10, 2003-03)

Underinsured motorists coverage — Arizona (PP 04 89; Regulatory Bulletin 2003-10, 2003-03)

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)

## **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/Underinsured motorist coverage

Coverage for damage to your auto

Collision

Other than collision

Deductibles

Transportation expense

Exclusions

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 ('11)**

- 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 8%**

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

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

## **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