

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 Insurance Producer

Series 13-42

100 questions – 2 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 personal 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)

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

2.0 General Insurance 7%

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

- Ambiguities in a contract of adhesion
- Reasonable expectations
- Indemnity
- Utmost good faith
- Representations/misrepresentations
- Warranties
- Concealment
- Fraud
- Waiver and estoppel

- 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
- 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
- Third-party provisions
 - Standard mortgage clause
 - Loss payable clause
 - No benefit to the Bailee
- Electronic Communications (20-239)
- Electronic Posting of Policies (20-240)

3.4 Required provisions

3.0 Property Insurance Basics 17%

3.1 Principles and concepts

- Insurable interest (20-1105)
- Underwriting
 - Function
 - Loss ratio
- Rates
 - Types
 - Loss costs
 - Components
- Hazards
 - Physical
 - Moral
 - Morale
- 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)

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 10%

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 16%

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 Perils insured against

5.5 Exclusions

5.6 Conditions

5.7 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)

6.0 Auto Insurance 15%

6.1 Laws

Personal auto cancellation/nonrenewal
 Grounds (20-1631)
 Notice (20-1632)
 Grace period (20-1632.01)

6.2 Personal ('05) auto policy

Definitions
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)

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 ('10)

Commercial auto coverage forms
Business auto
Garage
Business auto physical damage
Truckers
Motor carrier
Coverage form sections
Covered autos
Physical damage coverage
Exclusions
Conditions
Definitions
Selected endorsements
Lessor — additional insured and loss payee (CA 20 01)
Mobile equipment (CA 20 15)
Individual named insured (CA 99 17)

7.0 Commercial Package Policy (CPP) 16%

7.1 Components of a commercial policy

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

7.2 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)

7.3 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

7.4 Equipment breakdown ('11)

Equipment breakdown protection coverage form (EB 00 20)
Selected endorsement
Actual cash value (EB 99 59)

7.5 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

Livestock coverage form

Cause of loss (basic, broad and special)

Exclusions

Additional coverages

Limits of insurance

Conditions

Definitions

9.3 Other policies

Boatowners

Difference in conditions

8.0 Businessowners ('10) Policy — Property 8%

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 III — Common Policy Conditions

8.4 Selected endorsements

Arizona changes (BP 01 38)

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 6%

9.1 Aviation insurance

Aircraft hull

9.2 National Flood Insurance Program

"Write your own" versus government

Eligibility

Coverage

Limits

Deductibles