

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 Personal Lines Insurance Producer

Series 13-44

100 questions - 2 hour time limit

Effective January 22, 2020

1.0 Insurance Regulation 10%

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

Fair Credit Reporting Act (15 USC 1681-1681d)
Violent Crime Control and Law Enforcement Act (20-489; 18 USC 1033, 1034; 15 USC 6101-6108; ARS 44-1282)
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 10%

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
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

Actual cash value
Replacement cost
Market value
Agreed value
Stated amount

3.0 Property and Casualty 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
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

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
 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)
 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 (20-1651-1656)
Binders (20-1120)
Federal Terrorism Insurance Program (15 USC 6701; Public Law 107-297, 109-144, 110-160)

4.0 Dwelling ('02) Policy 11%

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 23%

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 23%

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
 - 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)

7.0 Other Coverages and Options 6%

7.1 Umbrella/excess liability policies

- Personal (DL 98 01)

7.2 National Flood Insurance Program

- "Write your own" versus government
- Eligibility
- Coverage
- Limits
- Deductibles

7.3 Other policies

- Boatowners