

# 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 Casualty Insurance Producer

### Series 13-43

**100 questions – Two-hour time limit**

#### 1.0 Insurance Regulation 9%

##### 1.1 Licensing

- License application requirements (20-285)
- Licensing eligibility (41-1080)
- Licensing time frames (Rule R20-6-708)
- Lawful presence (41-1080)
- Types of licensees
  - Producers (20-281(5), 286)
  - Nonresidents (20-281(11))
  - Adjusters (20-321)
  - Managing general agents (MGAs) (20-311, 311.01)
  - 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, 331, 332, 411, 411.01, 1580)
- 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 address (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))
- Signature on insurance policy (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)
- Fraud and false statements including 1033 waiver (18 USC 1033, 1034)
- 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)

#### 2.0 General Insurance 9%

##### 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
  - Captive insurance companies
  - Stock companies
  - Mutual companies
  - Fraternal benefit societies
  - Reciprocal
  - Risk retention groups
  - Lloyd's associations
- 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
  - 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 Casualty Insurance Basics 15%

### 3.1 Principles and concepts

- Insurable interest
- 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

### 3.2 Policy structure

- 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
- Named insured provisions
  - Duties after loss
  - Assignment
- Insurer provisions
  - Liberalization
  - Subrogation
  - Duty to defend

### 3.4 Required provisions

- Arizona Property and Casualty Insurance Guaranty Fund (20-662)
- 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 Homeowners ('00) Policy 15%

### 4.1 Coverage forms

- HO-2 through HO-6
- HO-8

### 4.2 Definitions

### 4.3 Section II — Liability coverages

- Coverage E — Personal liability
- Coverage F — Medical payments to others
- Additional coverages

### 4.4 Exclusions

#### **4.5 Conditions**

#### **4.6 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)
- Home day care (HO 04 97)
- Business pursuits (HO 24 71)
- Watercraft (HO 24 75)
- Personal injury (HO 24 82)

### **5.0 Auto Insurance 19%**

#### **5.1 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)

#### **5.2 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)

#### **5.3 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)
  - Auto medical payments coverage (CA 99 03)
  - Drive other car coverage (CA 99 10)
  - Individual named insured (CA 99 17)

### **6.0 Commercial Package Policy (CPP) 13%**

#### **6.1 Components of a commercial policy**

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

#### **6.2 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

#### **6.3 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)

#### **6.4 Farm coverage**

- Farm liability coverage form ('06)
  - Coverage H — Bodily injury and property damage liability
  - Coverage I — Personal and advertising injury liability
  - Coverage J — Medical payments
- Exclusions
- Additional coverages
- Limits of insurance
- Conditions
- Definitions

### **7.0 Businessowners ('10) Policy — Liability 6%**

#### **7.1 Characteristics and purpose**

#### **7.2 Businessowners Section II — Liability**

- Coverages
- Exclusions
- Who is an insured
- Limits of insurance
- General conditions
- Definitions

#### **7.3 Businessowners Section III — Common Policy Conditions**

#### **7.4 Selected endorsements**

- Arizona changes (BP 01 38)
- Hired auto and non-owned auto liability (BP 04 04)

### **8.0 Workers Compensation Insurance 8%**

#### **8.1 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)

#### **8.2 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

#### **8.3 Premium computation**

- Job classification — payroll and rates
- Experience modification factor
- Premium discounts

#### **8.4 Other sources of coverage**

- Assigned risk plan (RL 23-1091)
- Arizona workers compensation fund (RL 23-981)
- Self-insured employers and employer groups (RR R20-5-201-208)

### **9.0 Other Coverages and Options 6%**

#### **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 liability

#### **9.6 Other policies**

- Boatowners