

Test Alert!

Arizona

Property and Casualty Insurance

License Exam Manual

7/01/07

P&C

The information included in this release, in addition to your other Kaplan Financial materials, is designed to assist you in preparing for concepts that your exam may include. We urge you to read it carefully and take time to review the sample questions and rationale.

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Part I

Changes Since the Previous Edition

The information below has been updated since the second edition of the Arizona Property and Casualty Insurance License Exam Manual.

1. Effective July 1, 2007, the following statutes now appear on the exam content outline for Arizona.

Licensing Time Frames [R20-6-708]

Arizona regulations specify time frames within which the department must review applications for insurance licenses and certificates of authority and issue licenses and certificates. There are three time frames:

- **Administrative completeness review:** The number of days from the department's receipt of a license application until the department determines that the application contains all components required by statute or rule, including all information required to be submitted by other government agencies
- **Substantive review:** The number of days after the completion of the administrative completeness review time frame during which the department determines whether an application or applicant for a license meets all substantive criteria required by statute or rule
- **Overall:** The number of days after the department's receipt of an application for a license during which the department determines whether to grant or deny a license; this time frame consists of both the administrative completeness review time frame and the substantive review time frame

Applicable Time Frames

	Administrative Completeness	Substantive Review	Overall
Certificates of Authority	210 days	90 days	300 days
Producer (resident and nonresident), managing general agent, adjuster, surplus lines, and vending machine licenses	120 days	60 days	180 days

Within the time frame for administrative completeness review, the department must notify the applicant in writing of whether the application is complete or incomplete. If the application is incomplete, the department will identify the required information.

Within the time frame for the substantive review, the department may issue one comprehensive written request to the applicant for additional information specifying each component or item of information required.

All time frames are suspended from the date a notice is issued until the date the department receives the information requested. If the applicant does not provide some sort of response within 60 days, the application is deemed withdrawn, and the department is not required to take further action.

The department will notify the applicant in writing within the overall time frame that the application is granted or denied. If the application is denied, the department will provide justification for the denial and an explanation of the applicant's right to a hearing or to an appeal.

Vending Machines [20-293]

Only licensed insurance producers who are authorized by the director may solicit applications for and issue policies by means of mechanical vending machines.

Producers must supervise each machine and may only issue policies from authorized insurers. A policy may not be solicited and issued through a machine if the director finds that:

- the insurance to be sold is unsuitable for sale and issuance through vending machines;
- use of a vending machine may pose a risk of harm to the public; or
- the proposed type of vending machine is not reasonably suitable and practical for that purpose.

Producers must display evidence of their authority to solicit applications and issue policies on or near each vending machine. The evidence of authority must include the name and address of the insurer and producer, the kind of insurance and type of policy to be sold, the place where the machine is to be in operation, and the machine's identification number.

Any authority granted to operate a vending machine terminates if the producer's license expires or is suspended, revoked, or otherwise terminated.

Surplus Lines Broker Licensing [20-407, 411]

Surplus lines coverages must be placed through licensed surplus lines brokers.

To obtain a license, the individual must be an Arizona resident, have a resident property or casualty producer license, and pass a licensing exam. Individuals who are renewing a surplus lines broker license who have not previously passed a surplus lines licensing exam must also take the exam.

Business entities may also obtain a surplus lines broker license if they are licensed as a resident property or casualty insurance producer and meet all other requirements specified for business entity licensing.

At least one individual at each location where surplus lines insurance is transacted must be licensed as either a property or casualty producer or managing general agent and as a surplus lines broker.

Surplus lines broker licenses are subject to the same expiration and renewal requirements specified for other insurance licenses.

Licensed producers and managing general agents may pay a fee or share a commission with a surplus lines broker who procures surplus coverage on their behalf.

2. The following statutes that appear in your licensing exam manual have been modified.

E. PRODUCER REGULATION (PAGE 242)

1. Fingerprinting [(20-142(E), 20-285(F), 289(D))]

- a.** Applicants for new licenses are required to be fingerprinted. Individuals who are renewing licenses may also be required to submit fingerprints.
- b.** The director may also receive criminal history records from the criminal identification section of the department of public safety in connection with the issuance, renewal, suspension, or revocation of a license.

Part II
New Sample Questions

There are no new sample questions at this time.

Part III

Answers and Rationales

There are no new answers and rationales at this time.

Part IV

Errata

1. Unit 2 Quiz, Question #7
The answer is listed as **A**. The correct answer is **B**.
2. Unit 4 Quiz, Question #1
Question should read “which of the following statements concerning the Commercial Package Policy are NOT correct?”
3. Unit 4 Quiz, Question #4
This question applies to the businessowners policy and should appear in Unit 8.
4. Unit 8 Quiz, Question # 9
The correct answer is **B**. The rationale is incorrect. Employee vandalism, weather conditions, and negligent work are excluded on the BOP.
5. Unit 10 Quiz, Question #1
The answer is listed as **A**. The correct answer is **B**.

To submit comments or suggestions, please send an email to errata@kaplan.com.

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