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PRACTICE QUESTIONS

Arizona Insurance

HRX6UJ8P

AZ Insurance Producer - Property and Casualty (commercial and noncommercial)

EDITION	QUESTIONS	FORMAT
Demo	9	Limited Edition PDF

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Before you begin

What this is

9 practice questions for Arizona Insurance `HRX6UJ8P`, each with its answer key and an explanation. Answer a question before you read its key — the explanation is worth more once you have committed.

If something looks wrong

Send us three things and we will check it:

- the exam code, `HRX6UJ8P`
- the question number
- the email address on your order

Write to **support@mometrix.net**. We reply within one business day.

QUESTION 1 SINGLE CHOICE

In property insurance, which principle requires the insured to bear a portion of the loss when an underinsurance penalty applies?

- A Indemnity
- B Subrogation
- **C Coinsurance**
- D Utmost good faith

ANSWER C

WHY Coinsurance is the percentage-based sharing of loss risk between insurer and insured; failing to carry insurance equal to the coinsurance percentage of value can trigger a penalty (reduced claim payment). Indemnity is the principle of restoring the insured to pre-loss condition. Subrogation is the insurer's right to recover from a third party. Utmost good faith is the foundational duty of disclosure in insurance contracts.

QUESTION 2 SINGLE CHOICE

Which policy provision allows an insurer to cancel a policy mid-term by giving written notice (commonly 10 days) for reasons such as nonpayment of premium or fraud?

- A Nonrenewal clause
- **B Cancellation clause**
- C Extension clause
- D Endorsement clause

ANSWER B

WHY The cancellation provision governs mid-term termination by the insurer, typically with short notice for causes like nonpayment of premium or misrepresentation. Nonrenewal applies at the end of the policy term. Extension clauses broaden coverage periods, and endorsements modify the contract terms.

QUESTION 3 SINGLE CHOICE

Under the standard Homeowners policy forms (HO-2, HO-3, HO-5), which perils are covered on an open-perils (all-risk) basis for the dwelling?

A HO-2 only

B HO-3 and HO-5

C HO-2, HO-3, and HO-5

D None of the standard forms

ANSWER **B**

WHY HO-3 (Special Form) and HO-5 (Comprehensive Form) cover the dwelling on an open-perils basis while listing excluded perils, whereas HO-2 (Broad Form) is a named-perils form covering only the specific perils listed in the policy.

QUESTION 4 SINGLE CHOICE

In the Causes of Loss – Special Form (ISO commercial property), which of the following perils is excluded (rather than covered) under the open-perils coverage?

A Fire

B Windstorm

C Flood

D Explosion

ANSWER **C**

WHY The Causes of Loss – Special Form provides open-perils coverage but excludes flood, earth movement, war, nuclear, wear and tear, and other listed exclusions. Fire, windstorm, and explosion are covered perils under the open-perils Special Form (unless specifically excluded by endorsement).

QUESTION 5 SINGLE CHOICE

Under the standard Commercial General Liability (CGL) Coverage Form, which coverage part pays for damages the insured becomes legally obligated to pay because of bodily injury or property damage caused by an occurrence?

- A **Coverage A – Bodily Injury and Property Damage Liability**
- B Coverage B – Personal and Advertising Injury Liability
- C Coverage C – Medical Payments
- D Coverage D – Premises and Operations

ANSWER A

WHY Coverage A of the standard ISO CGL form responds to sums the insured becomes legally obligated to pay as damages for bodily injury or property damage arising from an occurrence. Coverage B covers personal and advertising injury, and Coverage C covers medical payments.

QUESTION 6 SINGLE CHOICE

Under the standard Personal Auto Policy (PAP), which coverage pays the insured for damage to the insured's own vehicle caused by collision with another object or vehicle?

- A Liability coverage
- B Medical payments coverage
- C **Collision coverage**
- D Uninsured motorists coverage

ANSWER C

WHY Collision coverage under the PAP pays for damage to the insured's auto caused by collision with another object or vehicle (subject to the deductible). Liability covers damages the insured is legally responsible for to others; medical payments covers reasonable medical expenses; uninsured motorists covers bodily injury caused by uninsured or hit-and-run drivers.

QUESTION 7 SINGLE CHOICE

In Arizona, employers are generally required to provide workers compensation insurance for their employees. Which category of worker is typically EXEMPT from mandatory workers compensation coverage under Arizona law?

A Full-time clerical office staff

B Sole proprietors and working members of a limited liability company

C Construction laborers

D Part-time retail sales associates

ANSWER **B**

WHY Under Arizona workers compensation law, sole proprietors, partners, and working members of an LLC are generally considered exempt and may elect to be covered. Most W-2 employees, including clerical staff, laborers, and part-time workers, must be covered by their employer's workers compensation policy.

QUESTION 8 SINGLE CHOICE

Which Arizona agency is responsible for administering and enforcing the state's insurance laws and licensing insurance producers?

A Arizona Department of Insurance

B Arizona Secretary of State

C Arizona Department of Financial Institutions

D Arizona Office of the Attorney General

ANSWER **A**

WHY The Arizona Department of Insurance (AZ DOI) regulates the insurance industry in Arizona, enforces state insurance statutes, licenses producers, and reviews policy forms and rates. The other agencies listed handle unrelated regulatory or legal functions.

QUESTION 9 MULTIPLE CHOICE

A surety bond involves three parties. Which of the following are parties to a surety bond? (Choose three.)

- **A Principal**
- B Obligor
- **C Surety**
- **D Obligee**

ANSWER **A · C · D**

WHY A surety bond is a three-party agreement in which the principal (the party whose obligation is being guaranteed) promises to perform; the surety (the bonding company) guarantees the principal's performance; and the obligee (the party protected by the bond) is the beneficiary to whom the surety will pay if the principal defaults. 'Obligor' is not a party role used in the standard surety bond definition.