

az-insurance-producer-personal-lines Practice Questions

Free community edition A | Arizona Insurance | 6 questions

QUESTION 1 MULTIPLE CHOICE

Under the Personal Auto Policy (PAP), which of the following coverages are typically OPTIONAL (not required by Arizona's financial responsibility law) and must be specifically elected by the insured? (Choose two.)

- ☐ A Bodily Injury Liability
- ☐ B Property Damage Liability
- ☐ C Collision (Coverage D)
- ☐ D Other Than Collision/Comprehensive (Coverage E)

ANSWER C - D

QUESTION 2 SINGLE CHOICE

In personal lines insurance, what is the primary purpose of a binder?

- ☐ A To permanently replace the policy until renewal
- ☐ B To provide temporary evidence of insurance until the policy is issued
- ☐ C To cancel an existing policy
- ☐ D To serve as a receipt for premium payment only

ANSWER B

QUESTION 3 MULTIPLE CHOICE

Which of the following are commonly required elements for an Arizona insurance producer to demonstrate ethical handling of client premiums? (Choose two.)

- ☒ **A** Depositing premiums into a premium trust account promptly
- ☒ **B** Keeping detailed records of premium receipts and disbursements
- ☐ **C** Using premium funds to pay the producer's personal expenses until the insurer remits
- ☐ **D** Mixing premium funds with the producer's general operating account

ANSWER **A** · **B**

QUESTION 4 SINGLE CHOICE

Under Arizona insurance producer regulations, a personal lines producer who receives a premium payment from an insured on behalf of an insurer must handle those funds in which of the following ways?

- ☐ **A** Deposit the funds into the producer's personal checking account until the insurer sends a billing statement.
- ☒ **B** Hold the funds in a separate trust or fiduciary account and remit them to the insurer or its general agent within a specified time period.
- ☐ **C** Use the funds to pay the producer's office rent and operating expenses, then forward the balance to the insurer.
- ☐ **D** Deposit the funds into a joint account shared with the producer's spouse, to be drawn on as household expenses arise.

ANSWER **B**

QUESTION 5 SINGLE CHOICE

Under a standard ISO homeowners (HO-3) policy, Coverage F (Medical Payments to Others) typically applies to which of the following?

- ☐ A Medical expenses of the insured's family members injured on the premises
- ☒ B Medical expenses of a guest injured on the insured's premises or by the insured's activities, regardless of fault
- ☐ C Medical expenses of the insured injured in an auto accident
- ☐ D Medical expenses of the insured's employees injured in the course of employment

ANSWER B

QUESTION 6 SINGLE CHOICE

Which of the following losses is generally NOT covered under a standard HO-3 homeowners policy and would require a separate endorsement to provide coverage?

- ☒ A Damage to the dwelling from a volcanic eruption
- ☐ B Damage to a detached fence from windstorm
- ☐ C Theft of personal property from the dwelling
- ☐ D Fire damage to the dwelling structure

ANSWER A