

Pennsylvania Producer's Examination for Property and Casualty Insurance

Series 16-06

150 Items - 170 minutes

1.0 Insurance Regulation (20%)

Licensing

Process and types

Requirements (40 P.S. § 310.1, 310.3-310.14)

Resident/nonresident (40 P.S. § 310.3–310.5, 310.10)

Temporary license (40 P.S. § 310.9)

Managers and exclusive general agents (40 P.S. § 310.1, 310.31)

Maintenance and duration

Change in contact information (40 P.S. § 310.11(19))

Renewal (40 P.S. § 310.8)

Duty to report administrative or criminal actions (40 P.S. § 310.78)

Fictitious names (40 P.S. § 310.7)

Continuing education (40 P.S. § 310.8(b), 310.6(a), 31 Pa. Code Ch. 39a)

Inactivity due to military or extenuating circumstances (40 P.S. § 310.8)

Disciplinary actions

License denial, nonrenewal, suspension, or revocation (40 P.S. § 310.91, 310.11)

Penalties and fines for violations (40 P.S. §§ 310.12, 310.41a, 310.91, 1171.11)

Cease and desist order (40 P.S. §§ 310.91, 1171.9)

Civil

Criminal

Hearings

Consent agreement

State regulation

Acts constituting insurance transactions

Negotiate, sell, solicit (40 P.S. §§ 310.1, 310.3, 310.8, 310.11)

Commissioner's general duties and powers (40 P.S. §§ 310.2, 1171.7)

Company regulation

Certificate of authority (40 P.S. §§ 47, 47a, 420)

Solvency (40 P.S. §§ 72, 112)

Policy forms and rates (40 P.S. §§ 510, 776.1–776.7, 1181–1199, 1221–1238)

Unfair claims settlement practices (40 P.S. § 1171.5(a)(10); 31 Pa. Code Ch. 146)

Producer regulation

Fiduciary responsibility (40 P.S. § 310.96; 31 Pa. Code Ch. § 37.81)

Examination of books and records (40 P.S. § 323.3-4)

Producer disclosure requirements (40 P.S. § 310.71(b))

Commissions and fees (40 P.S. §§ 310.72–310.74)

Prohibited acts (40 P.S. § 310.11)

Appointment procedures

Producer appointment (40 P.S. § 310.71, 31 Pa Code 37.61)

Appointment termination (40 P.S. § 310.71a)

Unfair insurance practices (40 P.S. §§ 1171.1-1171.5)

Rebates and Inducements (40 P.S. §§ 310.45, 310.46, 1171.5(a)(8))

Misrepresentation (40 P.S. §§ 310.47–.48, 1171.5(a)(1),(2))

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Twisting (40 P.S. §§ 473)

False advertising (40 P.S. § 1171.5; 31 Pa. Code Ch. 51)

Defamation (40 P.S. § 1171.5(a)(3); 31 Pa. Code Ch. 51)

Boycott, coercion or intimidation (40 P.S. § 1171.5(a)(4))

Misappropriation of funds (40 P.S. §§ 310.11(4), 310.42)

Unfair discrimination (40 P.S. § 1171.5; 31 Pa. Code § 145.4)

Agency Termination (40 P.S. § 241, Act 143)

Privacy of consumer financial information (40 P.S. § 310.77(a); 31 Pa. Code §§ 146a.1–.44)

Insurance fraud regulation (40 P.S. §§ 325.1–325.62; 18 Pa. C.S. § 4117)

Federal Regulation

Fair Credit Reporting Act

Fraud and False Statements (18 USC Sections 1033 and 1034)

Privacy (Gramm-Leach-Bliley)

Terrorism Risk Insurance Act

Motor Carrier Act (MCS-90 and others)

Other federal regulations (e.g., Do Not Call List; <https://www.donotcall.gov/>)

2.0 General Insurance Concepts (8%)

Risk

Methods of Handling Risk (e.g., Avoidance, Retention, Sharing, Reduction, Transfer)

Elements of Insurable Risks

Definitions (e.g., Risk, Hazard, Peril, Loss)

Classifications of Insurers

Mutual, Stock

Admitted, Non-Admitted

Foreign, Domestic, Alien

Elements of a Contract

Consideration

Competent Parties

Legal Purpose

Offer

Acceptance

Authority and Powers of Producers

Express

Implied

Apparent

The Law of Agency

Legal Interpretations Affecting Contracts

Reasonable Expectations

Indemnity

Good Faith

Fraud

Warranties, Representations, Misrepresentations, and Concealment

3.0 Property and Casualty Insurance Basics (14%)

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Insurable Interest

Damages

Compensatory versus Punitive

General versus Special

Liability

Absolute

Strict

Vicarious

Underwriting

Purpose

Process

Results

Rate Development

Types

Components

Basis

Types of Hazards

Types of Loss

Direct

Indirect

Loss valuation

Actual Cash Value

Replacement Cost

Functional Replacement Cost

Market Value

Agreed Value

Valued Policy

Basic Types of Construction

Negligence

Torts

Elements of a Negligent Act

Defense Against Negligence

Accident versus Occurrence

Policy Structure

Declarations

Definitions

Insuring Agreement

Supplementary Coverage

Conditions

Exclusions

Endorsements

Policy Conditions

Insureds

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Policy Period

Policy Territory

Cancellation and Non-Renewal (40 P.S. 1171.5 (a)(9); 31 Pa Code Ch. 59; 40 P.S. §991.2001 et seq.; 40 P.S. §3401 et seq.)

Deductibles

Other insurance (e.g. Primary and Excess, Pro Rata, Nonconcurrency, Contribution by Equal Shares)

Limits of Liability

Per Accident

Per Occurrence

Per Person

Aggregate

Split

Combined Single Limit

Coinsurance

Purpose

Definition

Calculation

Penalties

Total versus Partial Loss

Specific, Scheduled, and Blanket Insurance

Named Insured Provisions

First Named Insured versus Other Insureds

Duties After Loss

Assignment

Waiver of Rights

Insurer Provisions

Liberalization

Subrogation

Claim Settlement Options

Duty to Defend

Third-Party Provisions

Loss Payable Clause

No Benefit to the Bailee

Leinholder's rights

Pennsylvania Laws, Regulations and Required Provisions

Pennsylvania Property and Casualty Insurance Guaranty Association (40 P.S. §§ 991.1801–.1820)

Standard fire policy (40 P.S. § 636)

Cancellation and nonrenewal

Private residential (40 P.S. § 1171.5(a)(9); 31 Pa. Code Ch. 59.6)

Commercial (40 P.S. §§ 3401–3407; 31 Pa. Code Ch. 113.81–.88)

Private passenger auto (40 P.S. § 991.2001 et seq.)

Basic property insurance — death of named insured (40 P.S. § 636.1(a))

Binders (40 P.S. § 636)

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Insurance consultation services exemption (40 P.S. §§ 1841–1844)

Federal Terrorism Risk Insurance Program (15 USC 6701; Public Law 107–297, 109–144, 110–160)

4.0 Dwelling Policy Concepts (4%)

Dwelling Policy ('14)

Characteristics

Eligibility

Purpose

Policy Definitions

Coverage Forms Specifying Perils Insured Against

DP-1 Basic

DP-2 Broad

DP-3 Special

Property Coverages

Dwelling

Other Structures

Personal Property

Fair Rental Value

Additional Living Expense

Dwelling Policy Exclusions

Dwelling Policy Conditions

Dwelling Policy Endorsements

Special Provisions - Pennsylvania (DP 01 37)

Automatic Increase in Insurance Coverage (Inflation Protection) (DP 04 11)

Dwelling Under Construction (DP 11 43)

Theft Coverage (DP 04 72)

Personal Liability Supplement

5.0 Homeowners Policy Concepts (7%)

Homeowners Policy ('11)

Characteristics

Eligibility

Purpose

Policy Definitions

Perils Insured Against

Basic

Broad

Special

Homeowners Policy Coverage Forms

Broad (HO-2)

Special (HO-3)

Contents Broad (HO-4)

Comprehensive (HO-5)

Unit-Owners (HO-6)

Modified Coverages (HO-8)

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Property Coverages

Dwelling

Other Structures

Personal Property

Loss of Use

Additional Coverages

Liability Coverages

Personal Liability

Medical Payments to Others

Homeowners Policy Exclusions

Vacant versus Unoccupied

Homeowners Policy Conditions

Standard Mortgage Clause

Homeowners Policy Endorsements

Business Pursuits (HO 24 71)

Home Day Care (HO 04 97)

Personal Injury (HO 24 82)

Personal Property Replacement Cost - Pennsylvania (HO 23 63)

Watercraft (HO 24 75)

Identity Theft

Water and Sewer Backup

Special Provisions - Pennsylvania (HO 01 37)

Limited Fungi, Wet or Dry Rot, or Bacteria (HO 04 26, HO 04 27)

Permitted Incidental Occupancies (HO 04 42)

Identity Fraud Expense (HO 04 55)

Earthquake Coverage (HO 04 54)

Scheduled Personal Property/Personal Articles Floater (HO 04 61)

6.0 Personal Automobile Policy (10%)

Personal Automobile Policy (75 Pa. C.S. Ch. 17 §§ 1701–1799)

Definitions

General Provisions

Conditions

Duties After an Accident

Endorsements

Amendment of policy provisions — Pennsylvania (PP 01 51)

Towing and labor costs (PP 03 03)

Extended non-owned coverage for named individual (PP 03 06)

Miscellaneous type vehicle (PP 03 23)

Joint ownership coverage (PP 03 34)

Motor Vehicle Financial Responsibility Law (75 Pa. C.S. Ch. 17 §§ 1701–1799)

Personal Automobile Policy Liability ('05)

Tort Election (Full or limited) (75 Pa. C.S. Ch. 17 §§ 1705)

Bodily Injury and Property Damage

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Supplementary Payments

Persons Insured

Exclusions

Personal Injury Protection/First Party Benefits (75 Pa. C.S. Ch. 17 §§ 1711-1725)

Pennsylvania Assigned Risk Plan (75 Pa. C.S. 1741–1744)

Uninsured/Underinsured Motorist Coverage (40 P.S. § 2000; 75 Pa. C.S. 1731, 1733–1734, 1736, 1738)

Physical Damage (75 Pa. C.S. Ch. 17 §§ 1792)

Proof of coverages (75 Pa. C.S. Ch. 17 §§ 1781-1787)

7.0 Commercial Automobile Policy ('13) (5%)

Commercial Automobile Policy (75 Pa. C.S. Ch. 17 §§ 1701 et seq)

Definitions

Provisions and Conditions

Duties After an Accident

Endorsements

Commercial Automobile Policy Liability

Bodily Injury and Property Damage

Supplementary Payments

Persons Insured

Exclusions

Physical Damage

Other Commercial Automobile forms (e.g., Motor Carrier, Auto Dealers)

Proof of coverages (75 Pa. C.S. Ch. 17 §§ 1781-1787)

Selected endorsements

Lessor — additional insured and loss payee (CA 20 01)

Mobile equipment (CA 20 15)

Drive other car coverage (CA 99 10)

Individual named insured (CA 99 17)

Commercial carrier regulations

The Motor Carrier Act of 1980

Endorsement for motor carrier policies of insurance for public liability (MCS-90)

8.0 Commercial Property Policies ('12) (7%)

Commercial Package Policy

Purpose

Definition

Coverage parts

Commercial Policy Components

Declarations

Conditions

Insuring Agreements

Exclusions

Interline Endorsements

Commercial Property Forms

Coverage Forms for Building and Business Personal Property

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Builders Risk

Business Income

Extra Expense

Legal Liability

Cause of Loss Forms

Commercial Property Endorsements

Ordinance or Law (CP 04 05)

Peak Season Limit of Insurance (CP 12 30)

Spoilage (CP 04 40)

Value Reporting Form (CP 13 10)

Commercial Inland Marine

Definitions

Conditions and Exclusions

Coverages (e.g. Transportation, Contractor's Floater, Equipment)

Equipment Breakdown Coverages

Equipment Breakdown Protection Coverage Form (EB 00 20)

Selected endorsement

Actual Cash Value (EB 99 59)

Farm Property

Definitions

Conditions and Exclusions

Coverages

Farm property coverage form ('03)

Livestock coverage form

Mobile agricultural machinery and equipment coverage form

9.0 Commercial General Liability ('13) (7%)

Commercial Policy Components

Declarations

Conditions

Interline Endorsements

Commercial General Liability coverages

Bodily Injury and Property Damage

Personal and Advertising Injury

Medical Payments

Fire Damage

Supplementary Payments

Elements of Commercial General Liability

Conditions

Definitions

Exclusions

Occurrence versus Claims-Made

Claims-Made Features

Trigger

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Retroactive Date

Prior Acts

Extended Reporting Periods

Claim Information

Commercial General Liability Exposures

Premises and Operations

Products and Completed Operations

Contractual Liability

10.0 Commercial Crime ('15) (2%)

Definitions

Insuring Agreements

Coverage Form Classifications (types of coverage forms only)

Other crime coverages

Lessees of Safe Deposit Boxes (CR 04 09)

Securities Deposited with Others (CR 04 10)

Guests' Property (CR 04 11)

Safe Depository (CR 04 12)

14.0 Businessowners ('13) Policy — Property (3%)

Characteristics and purpose

Businessowners Section I — Property

Coverage

Exclusions

Limits of insurance

Deductibles

Loss conditions

General conditions

Optional coverages

Definitions

Businessowners Section II — Liability

Coverages

Exclusions

Who is an insured

Limits of insurance

General conditions

Definitions

Businessowners Section III — Common Policy Conditions

Selected endorsements

Hired and non-owned auto liability (BP 04 04)

Protective safeguards (BP 04 30)

Utility services — direct damage (BP 04 56)

Utility services — time element (BP 04 57)

11.0 Workers' Compensation Insurance (5%)

Definitions

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Coverages

Workers' Compensation Insurance

Employers Liability Insurance

Other States Insurance

Self-insured employers and employer groups (77 P.S. § 501)

State Workers Insurance Fund (77 P.S. § 2601 et seq.)

Benefits (77 P.S. § 511 et seq)

Death

Medical

Survivor

Rehabilitation

Lost Wages

Levels of Disability

Permanent Partial

Permanent Total

Temporary Partial

Temporary Total

Impairment Rating

Accident versus Occupational Disease and Illness

Federal Laws

Federal Employers Liability Act (FELA) (45 USC 51– 60)

Jones Act (46 USC 688)

Longshore and Harbor Workers' Compensation Act (33 USC 904)

Migrant Farm Workers

Federal Mine Safety and Health Act (30 USC 801-944)

Pennsylvania Workers Compensation Act (Title 77)

Exclusive remedy (77 P.S. §§ 72, 481)

Employment covered (required, elective) (77 P.S. §§ 1, 21–22, 461–463, 676)

Covered injuries (77 P.S. §§ 41, 411, 411.2, 431, 602, 631)

Occupational disease (77 P.S. §§ 27.1, 413)

Benefits provided (77 P.S. §§ 511, 511.2, 512–514, 516, 531, 541–542, 561–562, 582, 717.1)

Rating and Job Classification

Experience Rating

Premium Basis

Claim Reporting Procedures

12.0 Other Types of Property and Casualty Insurance (8%)

Specialty Liability Insurance

Directors and Officers

Professional/Errors and Omissions

Employment Practices

Employee Benefits

Internet Liability and Network Protection

Surety Bonds

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Types

Parties to a Bond

Personal Umbrella, Commercial Umbrella, and Excess Policies (DL 98 01, CU 00 01)

Underlying Limits

Self-Insured Retention

Defense Costs

Follow Form

Farmowners/Ranchowners Policy

Mobile Home Policy

Purpose of Difference in Conditions

Flood Insurance

Private vs. NFIP

Eligibility

Coverage

Limits

Deductibles

Residual markets including FAIR Plans (40 P.S. §§ 1600.101–.103)

Alternative funding mechanisms

Risk retention groups (40 P.S. §§ 991.1501–.1506)

Risk purchasing groups (40 P.S. §§ 991.1508–.1512)

Federal Crop Insurance (RMA)

Ocean Marine

Major coverages

Hull insurance

Cargo insurance

Freight insurance

Implied warranties

Perils

General and particular average

Protection and Indemnity

Other policies

Aircraft hull

Aircraft liability

Boatowners

Personal watercraft

Recreational vehicles

Pet Insurance