

Pennsylvania Producer's Examination for Personal Lines Property and Casualty Insurance

Series 16-16

100 Items - 120 minutes

1.0 Insurance Regulation (17%)

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 producers (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)

Waiver 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))

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

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)

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

2.0 General Insurance Concepts (13%)

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 (25%)

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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

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Insureds

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.)

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)

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 (9%)

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 (15%)

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)

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Modified Coverages (HO-8)

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 (17%)

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)

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

Bodily Injury and Property Damage

Supplementary Payments

Persons Insured

Exclusions

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

Pennsylvania Automobile Insurance 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 Other Types of Property and Casualty Insurance (4%)

Personal Umbrella and Excess Policies (DL 98 01)

Underlying Limits

Self-Insured Retention

Defense Costs

Follow Form

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)

Other policies

Boatowners

Personal watercraft

Recreational vehicles

Pet Insurance