

Pennsylvania Producer's Examination for Life, Accident and Health Insurance

Series 16-03

150 Items - 150 Minutes

1.0 Insurance Regulation (21%)

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)

Assumed 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, 310.6(a))

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))

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)
Replacement (40 P.S. § 625, 31 Pa Code Ch. 81)
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)
National Do Not Call List
Affordable Care Act
2.0 General Insurance Concepts (7%)
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 Life, Accident, and Health Insurance Basics (14%)
Insurable Interest (40 P.S. § 512)
Personal Uses of Life Insurance
Survivor Protection
Estate Creation
Liquidity
Estate Conservation

Asset Protection
Determining Amount of Personal Life Insurance
Human Life Value Approach
Needs Approach
Business Uses of Life Insurance
Buy-Sell Funding
Key Person
Executive Compensation
Viatical and life settlements
Disclosure to consumers (40 P.S. § 626.7)
General rules (40 P.S. § 626.8)
Definitions (40 P.S. § 626.2)
Classes of life insurance policies
Group versus individual
Permanent versus term
Participating versus nonparticipating
Fixed versus variable life insurance
General account versus separate account (40 P.S. § 506.2; 31 Pa. Code Ch. 82.41-.51)
Regulation of variable life insurance (31 Pa. Code Ch. 82.1, .14, .81)
Factors in Premium Determination
Mortality
Interest
Expense
Premium Frequency
Producer responsibilities
Sales presentations
Advertising (31 Pa. Code Ch. 51.1-.36, .42)
Life and Health Insurance Guaranty Association (40 P.S. § 991.1717)
Life insurance disclosure statement (31 Pa. Code Ch. 83)
Illustrations (40 P.S. § 625.7-625.8)
Life insurance surrender comparison index disclosure (31 Pa. Code Ch. 83.51-.57)
Field Underwriting
Application Procedures
Warranties and Representations
Policy Delivery
Effective Date of Coverage
Premium Collection
Statement of Good Health
Delivery receipt requirement (40 P.S. § 625.4)
Company Underwriting
Sources of Information
Classifications of Risk (Preferred, Standard, Substandard, Declined)
Selection criteria and unfair discrimination (40 P.S. § 477a)
Definitions of Perils
Accidental Injury
Sickness
Types of Losses and Benefits

Loss of Income from Disability (Short-Term/Long-Term Disability)
Medical Expense
Long-Term Care Expense
Prescriptions
Limited Health Insurance Policies
Accidental Death and Dismemberment
Hospital Indemnity
Critical Illness/Dread Disease (31 Pa. Code Ch. 88.169, .193)
Vision Care
Hearing
Dental
Common exclusions from coverage (31 Pa. Code Ch. 88.84)
Pre-existing conditions (31 Pa. Code Ch. 88.51; 31 Pa. Code Ch. 89.402)
Intentionally self-inflicted injuries (1)(ii)
War or act of war (1)(i)
Elective cosmetic surgery (1)(vii)
Conditions covered by workers' compensation (1)(iii)
Commission of or attempt to commit a felony
Classification of Risks
Preferred
Standard
Substandard
Considerations in replacing health insurance
Pre-existing conditions
Waiting periods
Benefits, limitations and exclusions
Underwriting requirements
Producer's liability for errors and omissions
Pennsylvania replacement requirements (31 Pa. Code Ch. 88.101–.103)
4.0 Types of Life Insurance Policies (8%)
Term Life Insurance
Level
Decreasing
Increasing Term
Renewable Term
Whole (Permanent, Ordinary) Life Insurance
Single Premium
Continuous Premium
Limited Payment Life
Adjustable Life
Universal Life
Index Whole Life
Specialized Policies
Joint Life
Survivorship Life
Juvenile
Return of Premium Term Insurance

Group Life Insurance
Eligible Groups
Characteristics of Group Life Insurance
Conversion to individual policy (40 P.S. § 532.7)
5.0 Life Insurance Policy Provisions, Options, and Riders (13%)
Standard Life Insurance Provisions (40 P.S. § 510)
Ownership
Assignment
Right to Examine (Free Look) (40 P.S. § 510C (a), (2), (3), (b1))
Payment of Premiums (a)
Grace Period (b)
Misstatement of Age/Sex (e)
Incontestability (c)
Reinstatement (k)
Entire Contract (d)
Payment of claims (l)
Prohibited provisions including backdating (40 P.S. § 511)
Beneficiary Designation Options
Individuals
Classes
Estates
Minors
Trusts
Types of Beneficiaries
Revocable versus Irrevocable
Primary and Contingent
Beneficiary-Related Clauses
Common Disaster
Spendthrift
Effects of Divorce on Designation of Beneficiaries (20 Pa C.S.A. § 6111.2)
Settlement Options
Cash Payment (Lump Sum)
Interest Only
Life Income
Fixed-Period
Fixed-Amount Installments
Retained Asset Account
Nonforfeiture Options
Cash Surrender Value
Extended Term
Reduced Paid-Up Insurance
Policy Loan and Withdrawal Options
Loans
Automatic Premium Loans
Withdrawals Partial Surrenders
Dividend Options
Paid-Up Additions

Cash Payment (Lump Sum)
One Year Term
Reduction of Premium
Accumulation at Interest
Disability Riders
Waiver of Premium
Disability Income Benefit
Payor Benefit Life
Riders Covering Additional Insureds
Spouse
Children
Family
Riders Affecting Death Benefit Amount
Accidental Death
Guaranteed Insurability
Cost of Living
Return of Premium
Accelerated (Living) Benefit Provision Rider
Conditions for payment (31 Pa. Code Ch. 90f.3)
Effect on death benefit (31 Pa. Code Ch. 90f.3)
Exclusions and restrictions (31 Pa. Code Ch. 90f.4)
Long-Term Care Rider
Policy Exclusions
6.0 Annuities (9%)
Annuity Principles and Concepts
Accumulation Period versus Annuity Period
Owner, Annuitant, and Beneficiary
Right to Examine (40 P.S. § 510D)
Immediate versus Deferred Annuities
Annuity (Benefit) Payment Options
Life Contingency Options
Annuities Certain
Pure Life versus Life with Guaranteed Minimum
Single Life versus Multiple Life
Annuity Products
Fixed Annuities
Equity Indexed Annuities
Immediate Annuities
Variable annuities
Assets in a separate account (31 Pa. Code Ch. 85.21–.27)
Regulation of variable annuities (SEC, FINRA and Pennsylvania) (31 Pa. Code Ch. 85.1–.4)
Suitability of annuities (Act 48 of 2018)
Uses of Annuities
Lump-Sum Settlements
Retirement Income
Education
7.0 Individual Accident and Health Insurance Policy Provisions (7%)

Required Provisions (40 P.S. § 753(A))
Time Limit on Certain Defenses (2)
Grace Period (3)
Reinstatement (4)
Claim Forms (6)
Proof of Loss (7)
Time of Payment of Claims (8)
Physical Examinations and Autopsy (10)
Legal Actions (11)
Entire Contract (1)
Payment of Claims (9)
Change of Beneficiary (12)
Notice of Claim (5)
General Policy Provisions (40 P.S. § 753(B))
Change of Occupation (1)
Misstatement of Age/Sex (2)
Other insurance in this insurer (3)
Insurance with other insurers
Expense-incurred benefits (4)
Other benefits (5)
Unpaid premium (7)
Cancellation (8)
Conformity with state statutes (9)
Illegal Occupation (10)
Intoxicants, Narcotics, or Other Controlled Substances (11)
Other General Provisions
Right to Examine/Free Look (40 P.S. § 752(A)(10); 31 Pa. Code Ch. 89.73)
Insuring Clause
Consideration Clause
Renewability Clause
Coinsurance
Probationary Period
Elimination Period
Exclusions
8.0 Disability Income and Related Insurance (4%)
Benefits Determination for Disability
Indemnity
Qualifications of Disability
Total (Own Occupation, Any Occupation)
Partial (31 Pa. Code Ch. 88.138)
Permanent
Presumptive
Recurrent
Residual (31 Pa. Code Ch. 88.139)
Inability to Perform Duties (31 Pa. Code Ch. 88.137)
Occupational versus Non-Occupational
Individual Disability Income Insurance

Basic Total Disability Plan
Cost of Living Rider
Future Increase Option Rider
Change of Occupation
Other Cash Benefits
Refund Provisions
Exclusions
Waiver of Premium
Probationary Period
Elimination Period
Benefit Limits
Relation of earnings to insurance (40 P.S. § 753(B)(6))
Pennsylvania minimum benefit standards (31 Pa. Code Ch. 88.167)
Unique Aspects of Individual Disability Underwriting
Occupational Considerations
Benefit Limits
Policy Issuance Alternatives
Group Disability Income Insurance
Short-Term Disability
Long-Term Disability
Coordination of Benefits (Workers' Compensation Benefits and Social Insurance) (77 P.S. § 511 et seq)
At-Work Benefits
Business Disability Insurance
Key Employee Disability Income
Disability Buy-Sell Policy
Business Overhead Expense
Social Security Disability
Qualification for Disability Benefits
Definition of Disability
Waiting Period
9.0 Medical Plans (4%)
Medical Plan Concepts
Fee-for-Service
Prepaid
Specified Coverage
Comprehensive Coverage
Dependent Coverage
Provisions and Clauses
Deductibles
Stop-Loss Provision
Impairment Rider
Types of Medical Plans
Basic Plans
Major Medical Insurance
Health Maintenance Organizations (HMOs)
Preferred Provider Organizations (PPOs)
Point-of-Service (POS) Plans

Cost Containment in Health Care Delivery
Managed Care
Preventive Care
Outpatient Benefits
Utilization Management
Preauthorization
Gatekeeper
Health Insurance Portability and Accountability Act (HIPAA) (40 P.S. § 981-1)
Eligibility Requirements
Terms
Privacy
Portability
Pennsylvania mandated benefits (individual and group)
Postpartum coverage (40 P.S. § 1583)
Routine pap smears (40 P.S. § 1574(2))
Treatment for alcohol abuse and dependency (40 P.S. §§ 908-1–908-8)
Serious mental illness (40 P.S. § 764g)
Annual gynecological examinations (40 P.S. § 1574(1))
Cancer therapy (40 P.S. § 764b)
Mammography coverage (40 P.S. § 764c)
Childhood immunizations (40 P.S. § 3503)
Dependent child age limit (31 Pa. Code Ch. 88.32)
Coverage of adopted children (40 P.S. § 775.1)
Newborn child coverage (40 P.S. §§ 771–775.2; 31 Pa. Code Ch. 89.201–.209)
Physically handicapped/mentally retarded children (40 P.S. § 752(A)(9))
Medical foods (40 P.S. § 3901-3909)
Orally administered chemotherapy medication (Act 73 of 2016)
Mental health parity and addiction equity (40 P.S. § 908-11--908-16)
10.0 Group Health Insurance (3%)
Characteristics of Group Health Insurance
Group Contract
Certificate of Coverage
Eligible Groups
Contributory versus Non-Contributory
Employer Group Health Insurance
Underwriting Criteria
Eligibility for Insurance
Pre-existing conditions (31 Pa. Code Ch. 89.402–.406)
Conversion of Coverage (40 P.S. §§ 756.2, 981-9)
Open Enrollment
Probation Period
Coordination of Benefits
COBRA
Eligibility
Duration of Coverage
Premium
11.0 Dental Insurance (1%)

Categories of dental treatment
Diagnostic and preventive
Restorative
Oral surgery
Endodontics
Periodontics
Prosthodontics
Orthodontics
Indemnity plans
Choice of providers
Scheduled versus nonscheduled plans
Benefit categories
Diagnostic/preventive services
Basic services
Major services
Deductibles and coinsurance
Combination plans
Exclusions
Limitations
Predetermination of benefits
Employer group dental expense
Integrated deductibles versus stand-alone plans
Minimizing adverse selection
12.0 Health Insurance for Senior Citizens and Special Needs Individuals (7%)
Medicare
Administration
Eligibility
Part A
Part B
Part C
Part D
Medicare Select
Medicare Supplement Insurance
Open Enrollment (31 Pa. Code Ch 89.778)
Types of Plans
Standardized Plan Benefits
Exclusions
Pennsylvania regulations and required provisions
Standards for marketing (31 Pa. Code Ch. 89.786)
Advertising (31 Pa. Code Ch. 89.785)
Appropriateness of recommended purchase and excessive coverage (31 Pa. Code Ch. 89.787)
Replacement (40 P.S. § 3108; 31 Pa. Code Ch. 89.784, .789)
Minimum benefit standards (40 P.S. § 3105)
Required disclosure provisions (40 P.S. § 3107; 31 Pa. Code Ch. 89.783)
Permitted compensation arrangements (31 Pa. Code Ch. 89.782)
Guaranteed issue (31 Pa. Code Ch. 89.790)
Other options for individuals with Medicare

Employer Group Health Plans
Medicaid
Long-Term Care Policies
Eligibility for Benefits
Benefit Periods and Amounts
Exclusions
Guaranteed Insurability Rider
Cost of Living Rider
Levels of Long-Term Care
Skilled
Intermediate
Custodial
Types of Long-Term Care
Comprehensive Coverage
Home Health
Adult Daycare
Respite Care
Community Care
Partnership Coverage
Long-Term Care Pennsylvania regulations and required provisions
Outline of coverage (40 P.S. § 991.1111; 31 Pa. Code Ch. 89a.107, 126)
Right to examine (free look) (40 P.S. § 991.1110)
Pre-existing conditions (40 P.S. §§ 991.1105(c), 1107)
Continuation and conversion (31 Pa. Code Ch. 89a.105)
Unintentional lapse (31 Pa. Code Ch. 89a.106)
Required disclosure provisions (31 Pa. Code Ch. 89a.107)
Inflation protection (31 Pa. Code Ch. 89a.112)
Nonforfeiture benefit (31 Pa. Code Ch. 89a.123)
Benefit triggers (31 Pa. Code Ch. 89a.124, 125)
Replacement (31 Pa. Code Ch. 89a.113, 122)
Standards for marketing (31 Pa. Code Ch. 89a.120)
Suitability of recommended purchase (31 Pa. Code Ch. 89a.121)
Shopper's guide (31 Pa. Code Ch. 89a.127)
Penalties (31 Pa. Code Ch. 89a.128)
13.0 Federal Tax Considerations for Life and Health Insurance (2%)
Requirements of Life Insurance Qualified Plans
Federal Tax Considerations for Qualified Plans
Withdrawals
Rollovers versus Transfers
Qualified Plan Types, Characteristics, and Purchasers
Individual Retirement Accounts (IRAs; Traditional versus Roth; Immediate Annuity)
401k
403b
Taxation of Personal Life Insurance
Premiums
Dividends
Settlements

Modified Endowment Contracts (MECs)
Health Insurance Premiums and Benefits
Individual
Group
Disability Income
Business Disability Insurance
Medical Expense
Long-Term Care
Consumer-Driven Health Plans
Health Savings Accounts (HSAs)
Health Reimbursement Accounts (HRAs)
Flexible Spending Accounts (FSAs)