

**PENNSYLVANIA PRODUCER'S EXAMINATION FOR
LIFE, ACCIDENT AND HEALTH INSURANCE
SERIES 16-03**

150 Items - 170 Minutes

1.0 INSURANCE REGULATION (21%)

1.1	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 address (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)
	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
1.2	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%)	
2.1	Risk
	Methods of Handling Risk (e.g., Avoidance, Retention, Sharing, Reduction, Transfer)
	Elements of Insurable Risks
	Definitions (e.g., Risk, Hazard, Peril, Loss)
2.2	Classifications of Insurers
	Mutual, Stock
	Admitted, Non-Admitted
	Foreign, Domestic, Alien
2.3	Elements of a Contract
	Consideration
	Competent Parties
	Legal Purpose
	Offer
	Acceptance
2.4	Authority and Powers of Producers
	Express
	Implied
	Apparent
	The Law of Agency
2.5	Legal Interpretations Affecting Contracts
	Reasonable Expectations
	Indemnity
	Good Faith
	Fraud
	Warranties, Representations, Misrepresentations, and Concealment
3.0 LIFE, ACCIDENT, AND HEALTH INSURANCE BASICS (14%)	
3.1	Insurable Interest (40 P.S. § 512)
3.2	Personal Uses of Life Insurance
	Survivor Protection
	Estate Creation
	Liquidity



	Estate Conservation
	Asset Protection
3.3	Determining Amount of Personal Life Insurance
	Human Life Value Approach
	Needs Approach
3.4	Business Uses of Life Insurance
	Buy-Sell Funding
	Key Person
	Executive Compensation
3.5	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)
3.6	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)
3.7	Factors in Premium Determination
	Mortality
	Interest
	Expense
3.8	Premium Frequency
3.9	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)
3.10	Field Underwriting
	Application Procedures
	Warranties and Representations
3.11	Policy Delivery
	Effective Date of Coverage
	Premium Collection
	Statement of Good Health
	Delivery receipt requirement (40 P.S. § 625.4)
3.12	Company Underwriting
	Sources of Information
	Classifications of Risk (Preferred, Standard, Substandard, Declined)
	Selection criteria and unfair discrimination (40 P.S. § 477a)
3.13	Definitions of Perils
	Accidental Injury
	Sickness
3.14	Types of Losses and Benefits
	Loss of Income from Disability (Short-Term/Long-Term Disability)
	Medical Expense
	Long-Term Care Expense
	Prescriptions

3.15	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
3.16	Common exclusions from coverage (31 Pa. Code Ch. 88.84)
	Pre-existing conditions (31 Pa. Code Ch. 88.51)
	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
3.17	Classification of Risks
	Preferred
	Standard
	Substandard
3.18	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%)	
4.1	Term Life Insurance
	Level
	Decreasing
	Increasing Term
	Renewable Term
4.2	Whole (Permanent, Ordinary) Life Insurance
	Single Premium
	Continuous Premium
	Limited Payment Life
	Adjustable Life
4.3	Universal Life
4.4	Index Whole Life
4.5	Specialized Policies
	Joint Life
	Survivorship Life
	Juvenile
	Return of Premium Term Insurance
4.6	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%)	
5.1	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)
5.2	Beneficiary Designation Options
	Individuals
	Classes
	Estates
	Minors
	Trusts
5.3	Types of Beneficiaries
	Revocable versus Irrevocable
	Primary and Contingent
5.4	Beneficiary-Related Clauses
	Common Disaster
	Spendthrift
	Effects of Divorce on Designation of Beneficiaries (20 Pa C.S.A. § 6111.2)
5.5	Settlement Options
	Cash Payment (Lump Sum)
	Interest Only
	Life Income
	Fixed-Period
	Fixed-Amount Installments
	Retained Asset Account
5.6	Nonforfeiture Options
	Cash Surrender Value
	Extended Term
	Reduced Paid-Up Insurance
5.7	Policy Loan and Withdrawal Options
	Loans
	Automatic Premium Loans
	Withdrawals Partial Surrenders
5.8	Dividend Options
	Paid-Up Additions
	Cash Payment (Lump Sum)
	One Year Term
	Reduction of Premium
	Accumulation at Interest
5.9	Disability Riders
	Waiver of Premium
	Disability Income Benefit
	Payor Benefit Life
5.10	Riders Covering Additional Insureds
	Spouse
	Children
	Family
5.11	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%)	
6.1	Annuity Principles and Concepts
	Accumulation Period versus Annuity Period
	Owner, Annuitant, and Beneficiary
	Right to Examine (40 P.S. § 510D)
6.2	Immediate versus Deferred Annuities
6.3	Annuity (Benefit) Payment Options
	Life Contingency Options
	Annuities Certain
	Pure Life versus Life with Guaranteed Minimum
	Single Life versus Multiple Life
6.4	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)
6.5	Uses of Annuities
	Lump-Sum Settlements
	Retirement Income
	Education
7.0 INDIVIDUAL ACCIDENT AND HEALTH INSURANCE POLICY PROVISIONS (7%)	
7.1	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)
7.2	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)
7.3	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%)	
8.1	Benefits Determination for Disability
	Indemnity
8.2	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
8.3	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)
8.4	Unique Aspects of Individual Disability Underwriting
	Occupational Considerations
	Benefit Limits
	Policy Issuance Alternatives
8.5	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
8.6	Business Disability Insurance
	Key Employee Disability Income
	Disability Buy-Sell Policy
	Business Overhead Expense
8.7	Social Security Disability
	Qualification for Disability Benefits
	Definition of Disability
	Waiting Period
9.0 MEDICAL PLANS (4%)	
9.1	Medical Plan Concepts
	Fee-for-Service
	Prepaid
	Specified Coverage
	Comprehensive Coverage
	Dependent Coverage

9.2	Provisions and Clauses
	Deductibles
	Stop-Loss Provision
	Impairment Rider
9.3	Types of Medical Plans
	Basic Plans
	Major Medical Insurance
	Health Maintenance Organizations (HMOs)
	Preferred Provider Organizations (PPOs)
	Point-of-Service (POS) Plans
9.4	Cost Containment in Health Care Delivery
	Managed Care
	Preventive Care
	Outpatient Benefits
	Utilization Management
	Preauthorization
	Gatekeeper
9.5	Health Insurance Portability and Accountability Act (HIPAA) (40 P.S. § 981-1)
	Eligibility Requirements
	Terms
	Privacy
	Portability
9.6	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%)	
10.1	Characteristics of Group Health Insurance
	Group Contract
	Certificate of Coverage
	Eligible Groups
	Contributory versus Non-Contributory
10.2	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



10.3	COBRA
	Eligibility
	Duration of Coverage
	Premium
11.0 DENTAL INSURANCE (1%)	
11.1	Categories of dental treatment
	Diagnostic and preventive
	Restorative
	Oral surgery
	Endodontics
	Periodontics
	Prosthodontics
	Orthodontics
11.2	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
11.3	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%)	
12.1	Medicare
	Administration
	Eligibility
	Part A
	Part B
	Part C
	Part D
	Medicare Select
12.2	Medicare Supplement Insurance
	Open Enrollment (31 Pa. Code Ch 89.778)
	Types of Plans
	Standardized Plan Benefits
	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)
12.3	Other options for individuals with Medicare
	Employer Group Health Plans
	Medicaid

12.4	Long-Term Care Policies
	Eligibility for Benefits
	Benefit Periods and Amounts
	Exclusions
	Guaranteed Insurability Rider
	Cost of Living Rider
12.5	Levels of Long-Term Care
	Skilled
	Intermediate
	Custodial
12.6	Types of Long-Term Care
	Comprehensive Coverage
	Home Health
	Adult Daycare
	Respite Care
	Community Care
	Partnership Coverage
12.7	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)
	Permitted compensation arrangements (31 Pa. Code Ch. 89a.129)
	Penalties (31 Pa. Code Ch. 89a.128)
13.0 FEDERAL TAX CONSIDERATIONS FOR LIFE AND HEALTH INSURANCE (2%)	
13.1	Requirements of Life Insurance Qualified Plans
13.2	Federal Tax Considerations for Qualified Plans
	Withdrawals
	Rollovers versus Transfers
13.3	Qualified Plan Types, Characteristics, and Purchasers
	Individual Retirement Accounts (IRAs; Traditional versus Roth; Immediate Annuity)
	401k
	403b
13.4	Taxation of Personal Life Insurance
	Premiums
	Dividends
	Settlements
13.5	Modified Endowment Contracts (MECs)
13.6	Health Insurance Premiums and Benefits
	Individual
	Group
	Disability Income
	Business Disability Insurance
	Medical Expense



	Long-Term Care
13.7	Consumer-Driven Health Plans
	Health Savings Accounts (HSAs)
	Health Reimbursement Accounts (HRAs)
	Flexible Spending Accounts (FSAs)

