

# Pennsylvania Producer's Examination for Property and Casualty Insurance

Series 16-06

150 Items - 150 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)

Assumed 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))

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)
<b>Federal Regulation</b>
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; <a href="https://www.donotcall.gov/">https://www.donotcall.gov/</a> )
<b>2.0 General Insurance Concepts (8%)</b>
<b>Risk</b>
Methods of Handling Risk (e.g., Avoidance, Retention, Sharing, Reduction, Transfer)
Elements of Insurable Risks
Definitions (e.g., Risk, Hazard, Peril, Loss)
<b>Classifications of Insurers</b>
Mutual, Stock
Admitted, Non-Admitted
Foreign, Domestic, Alien
<b>Elements of a Contract</b>
Consideration
Competent Parties
Legal Purpose
Offer
Acceptance
<b>Authority and Powers of Producers</b>
Express
Implied
Apparent
The Law of Agency
<b>Legal Interpretations Affecting Contracts</b>
Reasonable Expectations
Indemnity
Good Faith
Fraud
Warranties, Representations, Misrepresentations, and Concealment
<b>3.0 Property and Casualty Insurance Basics (14%)</b>
<b>Insurable Interest</b>
<b>Damages</b>
Compensatory versus Punitive
General versus Special

<b>Liability</b>
Absolute
Strict
Vicarious
<b>Underwriting</b>
Purpose
Process
Results
<b>Rate Development</b>
Types
Components
Basis
<b>Types of Hazards</b>
<b>Types of Loss</b>
Direct
Indirect
<b>Loss valuation</b>
Actual Cash Value
Replacement Cost
Functional Replacement Cost
Market Value
Agreed Value
Valued Policy
<b>Basic Types of Construction</b>
<b>Negligence</b>
Torts
Elements of a Negligent Act
Defense Against Negligence
<b>Accident versus Occurrence</b>
<b>Policy Structure</b>
Declarations
Definitions
Insuring Agreement
Supplementary Coverage
Conditions
Exclusions
Endorsements
<b>Policy Conditions</b>
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.; 40 P.S. §3401 et seq.)
Deductibles
Other insurance (e.g. Primary and Excess, Pro Rata, Nonconcurrency, Contribution by Equal Shares)
<b>Limits of Liability</b>

Per Accident
Per Occurrence
Per Person
Aggregate
Split
Combined Single Limit
<b>Coinsurance</b>
Purpose
Definition
Calculation
Penalties
Total versus Partial Loss
<b>Specific, Scheduled, and Blanket Insurance</b>
<b>Named Insured Provisions</b>
First Named Insured versus Other Insureds
Duties After Loss
Assignment
Waiver of Rights
<b>Insurer Provisions</b>
Liberalization
Subrogation
Claim Settlement Options
Duty to Defend
<b>Third-Party Provisions</b>
Loss Payable Clause
No Benefit to the Bailee
Leinholder's rights
<b>Pennsylvania Laws, Regulations and Required Provisions</b>
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)
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)
<b>4.0 Dwelling Policy Concepts (4%)</b>
<b>Dwelling Policy ('14)</b>
Characteristics
Eligibility
Purpose
Policy Definitions
<b>Coverage Forms Specifying Perils Insured Against</b>
DP-1 Basic
DP-2 Broad

DP-3 Special
<b>Property Coverages</b>
Dwelling
Other Structures
Personal Property
Fair Rental Value
Additional Living Expense
<b>Dwelling Policy Exclusions</b>
<b>Dwelling Policy Conditions</b>
<b>Dwelling Policy Endorsements</b>
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
<b>5.0 Homeowners Policy Concepts (7%)</b>
<b>Homeowners Policy ('11)</b>
Characteristics
Eligibility
Purpose
Policy Definitions
<b>Perils Insured Against</b>
Basic
Broad
Special
<b>Homeowners Policy Coverage Forms</b>
Broad (HO-2)
Special (HO-3)
Contents Broad (HO-4)
Unit-Owners (HO-6)
Modified Coverages (HO-8)
<b>Property Coverages</b>
Dwelling
Other Structures
Personal Property
Loss of Use
Additional Coverages
<b>Liability Coverages</b>
Personal Liability
Medical Payments to Others
<b>Homeowners Policy Exclusions</b>
Vacant versus Unoccupied
<b>Homeowners Policy Conditions</b>
Standard Mortgage Clause
<b>Homeowners Policy Endorsements</b>
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)
<b>Scheduled Personal Property/Personal Articles Floater (HO 04 61)</b>
<b>6.0 Personal Automobile Policy (10%)</b>
<b>Personal Automobile Policy (75 Pa. C.S. Ch. 17 §§ 1701–1799)</b>
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)
<b>Motor Vehicle Financial Responsibility Law (75 Pa. C.S. Ch. 17 §§ 1701–1799)</b>
<b>Personal Automobile Policy Liability ('05)</b>
Tort Election (Full or limited) (75 Pa. C.S. Ch. 17 §§ 1705)
Bodily Injury and Property Damage
Supplementary Payments
Persons Insured
Exclusions
<b>Personal Injury Protection/First Party Benefits (75 Pa. C.S. Ch. 17 §§ 1711-1725)</b>
<b>Pennsylvania Assigned Risk Plan (75 Pa. C.S. 1741–1744)</b>
<b>Uninsured/Underinsured Motorist Coverage (40 P.S. § 2000; 75 Pa. C.S. 1731, 1733–1734, 1736, 1738)</b>
<b>Physical Damage (75 Pa. C.S. Ch. 17 §§ 1792)</b>
<b>Proof of coverages (75 Pa. C.S. Ch. 17 §§ 1781-1787)</b>
<b>7.0 Commercial Automobile Policy ('13) (5%)</b>
<b>Commercial Automobile Policy (75 Pa. C.S. Ch. 17 §§ 1701 et seq)</b>
Definitions
Provisions and Conditions
Duties After an Accident
Endorsements
<b>Commercial Automobile Policy Liability</b>
Bodily Injury and Property Damage
Supplementary Payments
Persons Insured
Exclusions
<b>Physical Damage</b>

<b>Other Commercial Automobile forms (e.g., Motor Carrier, Auto Dealers)</b>
<b>Proof of coverages (75 Pa. C.S. Ch. 17 §§ 1781-1787)</b>
<b>Selected endorsements</b>
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)
<b>Commercial carrier regulations</b>
The Motor Carrier Act of 1980
Endorsement for motor carrier policies of insurance for public liability (MCS-90)
<b>8.0 Commercial Property Policies ('12) (7%)</b>
<b>Commercial Package Policy</b>
Purpose
Definition
Coverage parts
<b>Commercial Policy Components</b>
Declarations
Conditions
Insuring Agreements
Exclusions
Interline Endorsements
<b>Commercial Property Forms</b>
Coverage Forms for Building and Business Personal Property
Builders Risk
Business Income
Extra Expense
Legal Liability
Cause of Loss Forms
<b>Commercial Property Endorsements</b>
Ordinance or Law (CP 04 05)
Peak Season Limit of Insurance (CP 12 30)
Spoilage (CP 04 40)
Value Reporting Form (CP 13 10)
<b>Commercial Inland Marine</b>
Definitions
Conditions and Exclusions
Coverages (e.g. Transportation, Contractor's Floater, Equipment)
<b>Equipment Breakdown Coverages</b>
Equipment Breakdown Protection Coverage Form (EB 00 20)
Selected endorsement
Actual Cash Value (EB 99 59)
<b>Farm Property</b>
Definitions
Conditions and Exclusions
Coverages
Farm property coverage form ('03)
Livestock coverage form

Mobile agricultural machinery and equipment coverage form
<b>9.0 Commercial General Liability ('13) (7%)</b>
<b>Commercial Policy Components</b>
Declarations
Conditions
Interline Endorsements
<b>Commercial General Liability coverages</b>
Bodily Injury and Property Damage
Personal and Advertising Injury
Medical Payments
Fire Damage
Supplementary Payments
<b>Elements of Commercial General Liability</b>
Conditions
Definitions
Exclusions
<b>Occurrence versus Claims-Made</b>
<b>Claims-Made Features</b>
Trigger
Retroactive Date
Prior Acts
Extended Reporting Periods
Claim Information
<b>Commercial General Liability Exposures</b>
Premises and Operations
Products and Completed Operations
Contractual Liability
<b>10.0 Commercial Crime ('15) (2%)</b>
<b>Definitions</b>
<b>Insuring Agreements</b>
<b>Coverage Form Classifications (types of coverage forms only)</b>
<b>Other crime coverages</b>
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)
<b>14.0 Businessowners ('13) Policy — Property (3%)</b>
<b>Characteristics and purpose</b>
<b>Businessowners Section I — Property</b>
Coverage
Exclusions
Limits of insurance
Deductibles
Loss conditions
General conditions
Optional coverages
Definitions



<b>Businessowners Section II — Liability</b>
Coverages
Exclusions
Who is an insured
Limits of insurance
General conditions
Definitions
<b>Businessowners Section III — Common Policy Conditions</b>
<b>Selected endorsements</b>
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)
<b>11.0 Workers' Compensation Insurance (5%)</b>
<b>Definitions</b>
<b>Coverages</b>
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.)
<b>Benefits (77 P.S. § 511 et seq)</b>
Death
Medical
Survivor
Rehabilitation
Lost Wages
<b>Levels of Disability</b>
Permanent Partial
Permanent Total
Temporary Partial
Temporary Total
Impairment Rating
<b>Accident versus Occupational Disease and Illness</b>
<b>Federal Laws</b>
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)
<b>Pennsylvania Workers Compensation Act (Title 77)</b>
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)
<b>Rating and Job Classification</b>

Experience Rating
Premium Basis
<b>Claim Reporting Procedures</b>
<b>12.0 Other Types of Property and Casualty Insurance (8%)</b>
<b>Specialty Liability Insurance</b>
Directors and Officers
Professional/Errors and Omissions
Employment Practices
Employee Benefits
Internet Liability and Network Protection
<b>Surety Bonds</b>
Types
Parties to a Bond
<b>Personal Umbrella, Commercial Umbrella, and Excess Policies (DL 98 01, CU 00 01)</b>
Underlying Limits
Self-Insured Retention
Defense Costs
Follow Form
<b>Farmowners/Ranchowners Policy</b>
<b>Mobile Home Policy</b>
<b>Purpose of Difference in Conditions</b>
<b>Flood Insurance</b>
Private vs. NFIP
Eligibility
Coverage
Limits
Deductibles
<b>Residual markets including FAIR Plans (40 P.S. §§ 1600.101–.103)</b>
<b>Alternative funding mechanisms</b>
Risk retention groups (40 P.S. §§ 991.1501–.1506)
Risk purchasing groups (40 P.S. §§ 991.1508–.1512)
<b>Federal Crop Insurance (RMA)</b>
<b>Ocean Marine</b>
Major coverages
Hull insurance
Cargo insurance
Freight insurance
Implied warranties
Perils
General and particular average
Protection and Indemnity
<b>Other policies</b>
Aircraft hull
Aircraft liability
Boatowners
Personal watercraft
Recreational vehicles