

**PENNSYLVANIA PRODUCER'S EXAMINATION FOR
PROPERTY AND CASUALTY INSURANCE
SERIES 16-06**

150 Items - 170 Minutes

1.0 INSURANCE REGULATION (20%)

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)
	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
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)
	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)
1.3	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%)	
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 PROPERTY AND CASUALTY INSURANCE BASICS (14%)	
3.1	Insurable Interest
3.2	Damages
	Compensatory versus Punitive



	General versus Special
3.3	Liability
	Absolute
	Strict
	Vicarious
3.4	Underwriting
	Purpose
	Process
	Results
3.5	Rate Development
	Types
	Components
	Basis
3.6	Types of Hazards
3.7	Types of Loss
	Direct
	Indirect
3.8	Loss valuation
	Actual Cash Value
	Replacement Cost
	Functional Replacement Cost
	Market Value
	Agreed Value
	Valued Policy
3.9	Basic Types of Construction
3.10	Negligence
	Torts
	Elements of a Negligent Act
	Defense Against Negligence
3.11	Accident versus Occurrence
3.12	Policy Structure
	Declarations
	Definitions
	Insuring Agreement
	Supplementary Coverage
	Conditions
	Exclusions
	Endorsements
3.13	Policy Conditions
	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)
3.14	Limits of Liability
	Per Accident
	Per Occurrence
	Per Person
	Aggregate
	Split
	Combined Single Limit
3.15	Coinsurance
	Purpose
	Definition

	Calculation
	Penalties
	Total versus Partial Loss
3.16	Specific, Scheduled, and Blanket Insurance
3.17	Named Insured Provisions
	First Named Insured versus Other Insureds
	Duties After Loss
	Assignment
	Waiver of Rights
3.18	Insurer Provisions
	Liberalization
	Subrogation
	Claim Settlement Options
	Duty to Defend
3.19	Third-Party Provisions
	Loss Payable Clause
	No Benefit to the Bailee
	Leinholder's rights
3.20	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)
	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%)	
4.1	Dwelling Policy ('14)
	Characteristics
	Eligibility
	Purpose
	Policy Definitions
4.2	Coverage Forms Specifying Perils Insured Against
	DP-1 Basic
	DP-2 Broad
	DP-3 Special
4.3	Property Coverages
	Dwelling
	Other Structures
	Personal Property
	Fair Rental Value
	Additional Living Expense
4.4	Dwelling Policy Exclusions
4.5	Dwelling Policy Conditions
4.6	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%)	
5.1	Homeowners Policy ('11)
	Characteristics
	Eligibility
	Purpose
	Policy Definitions
5.2	Perils Insured Against
	Basic
	Broad
	Special
5.3	Homeowners Policy Coverage Forms
	Broad (HO-2)
	Special (HO-3)
	Contents Broad (HO-4)
	Unit-Owners (HO-6)
	Modified Coverages (HO-8)
5.4	Property Coverages
	Dwelling
	Other Structures
	Personal Property
	Loss of Use
	Additional Coverages
5.5	Liability Coverages
	Personal Liability
	Medical Payments to Others
5.6	Homeowners Policy Exclusions
	Vacant versus Unoccupied
5.7	Homeowners Policy Conditions
	Standard Mortgage Clause
5.8	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%)	
6.1	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)
6.2	Motor Vehicle Financial Responsibility Law (75 Pa. C.S. Ch. 17 §§ 1701-1799)
6.3	Personal Automobile Policy Liability ('05)
	Tort Election (Full or limited) (75 Pa. C.S. Ch. 17 §§ 1705)
	Bodily Injury and Property Damage
	Supplementary Payments
	Persons Insured
	Exclusions
6.4	Personal Injury Protection/First Party Benefits (75 Pa. C.S. Ch. 17 §§ 1711-1725)
6.5	Pennsylvania Assigned Risk Plan (75 Pa. C.S. 1741-1744)
6.6	Uninsured/Underinsured Motorist Coverage (40 P.S. § 2000; 75 Pa. C.S. 1731, 1733-1734, 1736, 1738)
6.7	Physical Damage (75 Pa. C.S. Ch. 17 §§ 1792)
6.8	Proof of coverages (75 Pa. C.S. Ch. 17 §§ 1781-1787)
7.0 COMMERCIAL AUTOMOBILE POLICY ('13) (5%)	
7.1	Commercial Automobile Policy (75 Pa. C.S. Ch. 17 §§ 1701 et seq)
	Definitions
	Provisions and Conditions
	Duties After an Accident
	Endorsements
7.2	Commercial Automobile Policy Liability
	Bodily Injury and Property Damage
	Supplementary Payments
	Persons Insured
	Exclusions
7.3	Physical Damage
7.4	Other Commercial Automobile forms (e.g., Motor Carrier, Auto Dealers)
7.5	Proof of coverages (75 Pa. C.S. Ch. 17 §§ 1781-1787)
7.6	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)
7.7	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%)	
8.1	Commercial Package Policy
	Purpose
	Definition
	Coverage parts
8.2	Commercial Policy Components
	Declarations
	Conditions
	Insuring Agreements
	Exclusions
	Interline Endorsements
8.3	Commercial Property Forms
	Coverage Forms for Building and Business Personal Property
	Builders Risk
	Business Income



	Extra Expense
	Legal Liability
	Cause of Loss Forms
8.4	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)
8.5	Commercial Inland Marine
	Definitions
	Conditions and Exclusions
	Coverages (e.g. Transportation, Contractor's Floater, Equipment)
8.6	Equipment Breakdown Coverages
	Equipment Breakdown Protection Coverage Form (EB 00 20)
	Selected endorsement
	Actual Cash Value (EB 99 59)
8.7	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%)	
9.1	Commercial Policy Components
	Declarations
	Conditions
	Interline Endorsements
9.2	Commercial General Liability coverages
	Bodily Injury and Property Damage
	Personal and Advertising Injury
	Medical Payments
	Fire Damage
	Supplementary Payments
9.3	Elements of Commercial General Liability
	Conditions
	Definitions
	Exclusions
9.4	Occurrence versus Claims-Made
9.5	Claims-Made Features
	Trigger
	Retroactive Date
	Prior Acts
	Extended Reporting Periods
	Claim Information
9.6	Commercial General Liability Exposures
	Premises and Operations
	Products and Completed Operations
	Contractual Liability
10.0 COMMERCIAL CRIME (15) (2%)	
10.1	Definitions
10.2	Insuring Agreements
10.3	Coverage Form Classifications (types of coverage forms only)
10.4	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)
11.0 BUSINESSOWNERS (13) POLICY – PROPERTY (3%)	
11.1	Characteristics and purpose
11.2	Businessowners Section I – Property
	Coverage
	Exclusions
	Limits of insurance
	Deductibles
	Loss conditions
	General conditions
	Optional coverages
	Definitions
11.3	Businessowners Section II – Liability
	Coverages
	Exclusions
	Who is an insured
	Limits of insurance
	General conditions
	Definitions
11.4	Businessowners Section III – Common Policy Conditions
11.5	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)
12.0 WORKERS' COMPENSATION INSURANCE (5%)	
12.1	Definitions
12.2	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)
12.3	Benefits (77 P.S. § 511 et seq)
	Death
	Medical
	Survivor
	Rehabilitation
	Lost Wages
12.4	Levels of Disability
	Permanent Partial
	Permanent Total
	Temporary Partial
	Temporary Total
	Impairment Rating
12.5	Accident versus Occupational Disease and Illness
12.6	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)
12.7	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)
	Subsequent injury fund (77 P.S. § 517)
12.8	Rating and Job Classification
	Experience Rating
	Premium Basis
12.9	Claim Reporting Procedures
13.0	OTHER TYPES OF PROPERTY AND CASUALTY INSURANCE (8%)
13.1	Specialty Liability Insurance
	Directors and Officers
	Professional/Errors and Omissions
	Employment Practices
	Employee Benefits
	Internet Liability and Network Protection
13.2	Surety Bonds
	Types
	Parties to a Bond
13.3	Personal Umbrella, Commercial Umbrella, and Excess Policies (DL 98 01, CU 00 01)
	Underlying Limits
	Self-Insured Retention
	Defense Costs
	Follow Form
13.4	Farmowners/Ranchowners Policy
13.5	Mobile Home Policy
13.6	Purpose of Difference in Conditions
13.7	Flood Insurance
	Private vs. NFIP
	Eligibility
	Coverage
	Limits
	Deductibles
13.8	Residual markets including FAIR Plans (40 P.S. §§ 1600.101-.103)
13.9	Alternative funding mechanisms
	Risk retention groups (40 P.S. §§ 991.1501-.1506)
	Risk purchasing groups (40 P.S. §§ 991.1508-.1512)
13.10	Federal Crop Insurance (RMA)
13.11	Ocean Marine
	Major coverages
	Hull insurance
	Cargo insurance
	Freight insurance
	Implied warranties
	Perils
	General and particular average
	Protection and Indemnity
13.12	Other policies
	Aircraft hull
	Aircraft liability
	Boatowners
	Personal watercraft
	Recreational vehicles

