

Your Exam Content Outline

The following outline describes the content of one of the Pennsylvania insurance examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weight assigned to each section of the examination. For example, 10 percent means that 6 questions will be drawn from the section on a 60-question exam, 10 will be drawn on a 100-question exam and 15 will be drawn on a 150-question exam.

Series 16-17 Pennsylvania Examination for Viatical Settlement Brokers

60 questions – One-hour time limit

1.0 Insurance Regulation 20%

1.1 Licensing

- Process (40 P.S. § 626.3)
- Types of licensees
 - Viatical settlement broker (40 P.S. § 626.2)
 - Viatical settlement provider (40 P.S. § 626.2)
- Maintenance and duration
 - Renewal (40 P.S. § 626.3(e))
- Disciplinary actions
 - Cease and desist order (40 P.S. §§ 1171.8–.10)
 - Revocation, suspension or denial of license (40 P.S. § 626.4)
 - Penalties (40 P.S. § 1171.11, 626.12)

1.2 State regulation

- Commissioner's general duties and powers (40 P.S. §§ 310.2, 1171.7)
- Company regulation
 - Solvency (40 P.S. §§ 72, 112)
 - Policy forms (40 P.S. §§ 510, 776.1–776.7)
 - Unfair claims settlement practices (40 P.S. § 1171.5(a)(10); 31 Pa. Code Ch. 146)
- Licensee regulation
 - Fiduciary responsibility (40 P.S. § 310.96)
 - Examination of books and records (40 P.S. §§ 626.16, 1171.5)
- Unfair insurance practices
 - Rebating (40 P.S. §§ 310.45, 1171.5(a)(8))
 - Misrepresentation (40 P.S. §§ 310.47–.48, 1171.5 (a)(1),(2))
 - Twisting (40 P.S. §§ 310.47, 473, 1171.4)
 - 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, 310.96)
 - Unfair discrimination (40 P.S. § 1171.5; 31 Pa. Code § 145.4)

Illegal inducement

(40 P.S. §§ 310.46, 1171.5(a)(8))

Privacy of consumer financial and health information (31 Pa. Code §§ 146a.1–.44, 146b)

Insurance fraud regulation (40 P.S. §§ 325.1–.3, .21–.24, .41–.47, .61–.62; 18 Pa. C.S. 4117)

Fraudulent viatical settlement act (40 P.S. § 626.2)

1.3 Federal regulation

Fraud and false statements (18 USC §§ 1033, 1034)

1.4 State securities regulation

2.0 General Insurance 5%

2.1 Concepts

Risk management key terms

Risk
Exposure
Hazard
Peril
Loss

Methods of handling risk

Avoidance
Retention
Sharing
Reduction
Transfer

Elements of insurable risks

Adverse selection
Law of large numbers
Reinsurance

2.2 Contracts

Elements of a legal contract

Offer and acceptance
Consideration
Competent parties
Legal purpose

Distinct characteristics of an insurance contract

Contract of adhesion
Aleatory contract
Personal contract
Unilateral contract
Conditional contract

Legal interpretations affecting contracts

Ambiguities in a contract of adhesion
Reasonable expectations
Indemnity
Utmost good faith
Representations/misrepresentations

Warranties
Concealment
Fraud
Waiver and estoppel

3.0 Life Insurance Policies 25%

3.1 Term life insurance

Level term
Annual renewable term
Level premium term
Life expectancy contract
Term-to-65 contract
Decreasing term

3.2 Whole life insurance

Continuous premium (straight life)
Limited payment
Single premium
Graded premium
Modified life
Current assumption

3.3 Flexible premium policies

Adjustable life
Universal life
Equity indexed universal life
Variable universal life

3.4 Specialized policies

Joint life (first-to-die)
Survivorship life (second-to-die)
Juvenile life

3.5 Group life insurance

Characteristics of group plans
Types of plan sponsors
Group underwriting requirements
Conversion to individual policy (40 P.S. § 532.7)

3.6 Credit life insurance

(individual versus group)

4.0 Life Insurance Policy Provisions, Options and Riders 15%

4.1 Standard provisions (40 P.S. § 510)

Ownership
Assignment
Entire contract (d)
Modifications
Right to examine (free look) (40 P.S. § 510c(a))
Payment of premiums (a)
Grace period (b)
Reinstatement (k)
Incontestability (c)
Misstatement of age (e)
Exclusions
Payment of claims (l)
Prohibited provisions including backdating (40 P.S. § 511)
Insurable interest (40 P.S. § 512)

4.2 Beneficiaries

Designation options
Individuals

Classes
Estates
Minors
Trusts

Succession

Revocable versus irrevocable

Common disaster clause

Spendthrift clause

4.3 Settlement options

Cash payment
Interest only
Fixed-period installments
Fixed-amount installments
Life income
Single life
Joint and survivor

4.4 Nonforfeiture options

Cash surrender value
Extended term
Reduced paid-up insurance

4.5 Policy loans and withdrawal options

Cash loans
Automatic premium loans
Withdrawals or partial surrenders

4.6 Dividend options

Cash payment
Reduction of premium payments
Accumulation at interest
One-year term option
Paid-up additions
Paid-up insurance

4.7 Disability riders

Waiver of premium
Waiver of cost of insurance
Disability income benefit
Payor benefit life/disability (juvenile insurance)

4.8 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)

4.9 Riders covering additional insureds

Spouse/other-insured term rider
Children's term rider
Family term rider

4.10 Riders affecting the death benefit amount

Accidental death
Guaranteed insurability
Cost of living
Return of premium

5.0 Viatical Settlement Principles and Practices 35%

5.1 Parties to a viatical settlement (40 P.S. § 626.2)

Viator
Viatical settlement provider
Viatical settlement broker

Viatical settlement purchaser
Financing entity
Independent escrow agent

5.2 Definitions (40 P.S. § 626.2)

Chronically ill
Terminally ill
Viatical settlement contract
Related provider trust

5.3 Application process

Disclosures (including Broker commission disclosure) (40 P.S. § 626.7)
Required documents (40 P.S. § 626.8)
Confidentiality (40 P.S. § 626.206)

5.4 Procedure

Rules of conduct (40 P.S. § 626.8)
Viator proceeds (40 P.S. § 626.8(i))
Advertising (40 P.S. § 626.2)
Right to rescind (40 P.S. § 626.7(a)(5), .8(h))
Prohibited activities (40 P.S. § 626.9)

**Series 16-18
Pennsylvania Public Adjuster Solicitor
Examination**

60 questions – One-hour time limit

1.0 Insurance Regulation 25%

1.1 Licensing requirements

Qualifications (63 P.S. § 1602;
31 Pa. Code Ch. 115.11–.13)
Fees (63 P.S. § 1603)
Surety bond (63 P.S. § 1604)

1.2 Maintenance and duration

Renewal (31 Pa. Code Ch. 115.21)
Contract requirements (63 P.S. § 1605;
31 Pa. Code Ch. 115.1–.3)
Change of address (40 P.S. § 310.11(19))

1.3 Disciplinary actions

Cease and desist orders (40 P.S. §§ 1171.8–.10)
Suspension and revocation (63 P.S. § 1606)
Penalties (63 P.S. § 1606)

1.4 Claim settlement laws and regulations

(40 P.S. §§ 1171.1–.11, .13;
31 Pa. Code Ch. 146.1–.10)

1.5 Role of the adjuster

Duties and responsibilities
Independent adjuster versus public adjuster
Public adjuster versus public adjuster solicitor
Relationship to the legal profession

1.6 Federal regulation

Fraud and false statements (18 USC 1033, 1034)

2.0 Insurance Basics 35%

2.1 Contracts

Elements of a legal contract
Offer and acceptance
Consideration
Competent parties

Legal purpose
Distinct characteristics of an insurance contract
Contract of adhesion
Aleatory contract
Personal contract
Unilateral contract
Conditional contract

Legal interpretations affecting contracts
Ambiguities in a contract of adhesion
Reasonable expectations
Indemnity
Utmost good faith
Representations/misrepresentations
Warranties
Concealment
Fraud

2.2 Insurance principles and concepts

Insurable interest
Hazards
Physical
Moral
Morale
Causes of loss (perils)
Named perils versus special (open) perils
Direct loss
Consequential or indirect loss
Blanket versus specific insurance
Basic types of construction
Loss valuation
Actual cash value
Replacement cost
Functional replacement cost
Market value
Agreed value
Stated amount

2.3 Policy structure

Declarations
Definitions
Insuring agreement or clause
Additional/supplementary coverage
Conditions
Exclusions
Endorsements

2.4 Common policy provisions

Insureds — named, first named, additional
Policy period
Policy territory
Cancellation and nonrenewal
Deductibles
Other insurance
Nonconcurrency
Primary and excess
Pro rata
Policy limits
Restoration/nonreduction of limits
Coinsurance
Vacancy or unoccupancy
Assignment

- Liberalization
- Third-party provisions
 - Standard mortgage clause
 - Loss payable clause
 - No benefit to the bailee

2.5 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)
 - Commercial (40 P.S. §§ 3401–3407; 31 Pa. Code Ch. 113.81–.88)
 - Basic property insurance — death of named insured (40 P.S. § 636.1)
- Binders (40 P.S. § 636)
- Insurance consultation services exemption (40 P.S. §§ 1841–1844)
- Terrorism Risk Insurance Act of 2002 and Extensions (15 USC 6701; Public Law 109–144, 110–160; HR 2761)

3.0 Adjusting Losses 40%

3.1 Property losses

- Duties of insured after a loss
 - Notice to insurer
 - Minimizing the loss
 - Proof of loss
 - Special requirements
 - Production of books and records
 - Abandonment
- Determining value and loss
 - Burden of proof of value and loss
 - Estimates
 - Depreciation
 - Salvage
- Claim settlement options
- Payment and discharge

3.2 Coverage problems

- Waiver and estoppel
- Dealing with coverage disputes
 - Reservation of rights letter
 - Nonwaiver agreement
 - Declaratory judgment action

3.3 Claims adjustment procedures

- Settlement procedures
 - Advance payments
 - Draft authority
 - Execution of releases
- Subrogation procedures
- Alternative dispute resolution
 - Appraisal
 - Arbitration
 - Competitive estimates
 - Mediation
 - Negotiation