

# 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.

## Pennsylvania Agent's Examination for Title Insurance Series 16-10

60 questions – One-hour time limit

### 1.0 Insurance Regulation 15%

#### 1.1 Licensing

- Process (40 P.S. § 310.5)
- Persons to be licensed
  - General requirements (40 P.S. §§ 310.5–310.12)
  - Title agent additional requirements (40 P.S. §§ 910-24, 24.1, 910.26.1)
- Appointment procedures (40 P.S. §§ 310.71, 910-26)
- Maintenance and duration
  - Expiration (40 P.S. § 910-26)
  - Renewal (40 P.S. § 310.8)
  - Reporting of actions (40 P.S. § 310.78)
  - Assumed names (40 P.S. § 310.7)
  - Address change (40 P.S. § 310.11(19))
  - Continuing education (40 P.S. § 910-26)
- Disciplinary actions
  - Cease and desist order (40 P.S. § 1171.9)
  - Revocation, suspension, nonrenewal or denial of license (40 P.S. § 310.91)
  - Fines (40 P.S. §§ 310.12, 310.91, 1171.11)

#### 1.2 State regulation

- Commissioner's general duties and powers (40 P.S. §§ 310.2, 1171.7)
- Company regulation
  - Solvency (40 P.S. §§ 910-32–35)
  - Rates (40 P.S. §§ 910-37–39)
  - Unfair claims settlement practices (40 P.S. § 1171.5(a)(10))
  - Examination of title required (40 P.S. § 910-7)
- Agent regulation
  - Charges for extra services (31 Pa. Code Ch. 125)
  - Unfair inducements and marketing practices in obtaining title insurance business (40 P.S. § 910-31; 31 Pa. Code Ch. 125)
  - Record keeping (40 P.S. § 910-27)
  - Prohibited acts (40 P.S. § 310.11)
- Unfair insurance trade 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. § 473)
- False advertising (40 P.S. §§ 910-47, 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))
- Unfair discrimination (40 P.S. § 1171.5)
- Illegal inducements (40 P.S. § 310.46)

#### 1.3 Federal regulation

- Fair Credit Reporting Act (15 USC 1681–1681d)
- Fraud and false statements (18 USC 1033, 1034)

### 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
  - Insurable interest
  - Law of large numbers
  - Reinsurance

#### 2.2 Agents

- Law of agency
- Insurer as principal
- Agent/insurer relationship
- Authority and powers of agents
  - Express
  - Implied
  - Apparent
- Responsibilities to the applicant/insured

#### 2.3 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 Real Property 12%**

#### **3.1 Concepts, principles and practices**

- Definition of real property
- Types of real property
- Title to real property
- Marketable title

#### **3.2 Acquisition and transfer of real property**

- Conveyances
- Encumbrances
- Adverse possession
- Condemnation
- Riparian Rights
- Escheats
- Involuntary transfer
- Abandonment
- Judicial sales
- Decedents' estates
  - Intestate
  - Testate
- Trusts
- Types of joint ownership
  - Tenants in common
  - Joint tenancy
  - Tenants by the entirety
- Acknowledgments
- Legal capacity of parties
  - Individuals
  - Corporations
  - General partnerships
  - Limited partnerships
  - Fictitious names
  - Trust agreements
  - Limited Liability Company (LLC)

#### **3.3 Legal descriptions**

- Types of legal descriptions
- Types of measurements used
- Language of legal descriptions
- Structure and format
- Interpretation

### **4.0 Title Insurance 20%**

#### **4.1 Title insurance principles**

- Risks covered by title insurance
  - Risk of error in public records
  - Hidden off-record title risks
  - Risk of omission and commission by agent
- Entities that can be insured; need for insurance
  - Individual
  - Commercial
- Interests that can be insured
  - Fee simple estate
  - Leasehold estate
  - Life estate
  - Easements
- Title insurance forms
  - Commitments
  - Owner's policy
  - Loan policy
  - Leasehold policy
  - Enhanced policies
- Title insurance policy structure and provisions
  - Insuring provisions
  - Schedule A
  - Schedule B — Exceptions from coverage
  - Exclusions from coverage
  - Conditions and stipulations
  - Endorsements

#### **4.2 Title searching techniques**

- Hard copy index
- Computer index
- Chain sheet

### **5.0 Title Exceptions and Procedures for Clearing Title 20%**

#### **5.1 Principles and concepts**

- General exceptions
- Voluntary and involuntary liens
- Federal liens
- Judgments
- Taxes and assessments
- Surveys
- Condominiums
- Water rights
- Mineral rights
- Equitable interests
- Attachments
- Executions
- Covenants
- Conditions
- Restrictions

#### **5.2 Special problem areas and concerns**

- Acknowledgments
- Mechanic's lien
- Bankruptcy
- Probate
- Good faith
- Foreclosure
- Claims against the title

Lis pendens

### **5.3 Principle of clearing title**

Releases

Assignments

Subordinations

Affidavits

## **6.0 Real Estate Transactions 28%**

### **6.1 Escrow principles**

Escrow terminology

Types of escrows

Escrow contracts

Fiduciary responsibilities of escrow agents

(40 P.S. §§ 310.96, 910-24.2)

### **6.2 Document preparation regulations and requirements**

Deeds

Mortgages

Notes

Releases

Acknowledgment forms

### **6.3 Settlement/closing procedures for all types of closings**

Scheduling of closing

Types of documents used

FHA requirements

VA requirements

Real Estate Settlement Procedures Act (RESPA)

Insured closing protection

Recording and disbursement procedures

Settlement statement, lender and government entity requirements

Contract sales

All-inclusive trust deed

Lot sales

Loan closings

Exchanges (including 1031)

### **6.4 Recording**

Types of records

Types of recording systems

Requirements to record

Recording steps

Acknowledgments

Presumptions