

# YOUR EXAM CONTENT OUTLINE

for examinations on or after July 1, 2006.

*If you do not receive all three pages of this outline, please contact Thomson Prometric.*

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The following outline describes the content of one of the Pennsylvania insurance examinations. The outlines are the basis of the examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weights assigned to each part 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, 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; 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 15%**

#### **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

Accession

Escheats

Involuntary alienation

Abandonment

Judicial sales

Decedents' estates

Intestate

Testate

Trusts

Types of joint ownership

Tenants in common

Joint tenancy

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 25%**

#### **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 20%**

**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