

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 Examination for Viatical Settlement Brokers Series 16-17

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)

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)