

**Pennsylvania Producer's Examination for Life, Accident and Health Insurance  
Series 16-03**

**150 Items - 170 Minutes**

**1.0 Insurance Regulation (21%)**

**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 producers (40 P.S. § 310.1, 310.31)

Maintenance and duration

Change in contact information (40 P.S. § 310.11(19))

Renewal (40 P.S. § 310.8)

Duty to report administrative or criminal actions (40 P.S. § 310.78)

Fictitious names (40 P.S. § 310.7)

Continuing education (40 P.S. § 310.8(b), 310.6(a), 31 Pa. Code Ch. 39a)

Waiver 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, 310.6(a))

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

**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)

**Pennsylvania Producer's Examination for Life, Accident and Health Insurance  
Series 16-03**

**150 Items - 170 Minutes**

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)

Replacement (40 P.S. § 625, 31 Pa Code Ch. 81)

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)

**Federal Regulation**

Fair Credit Reporting Act

Fraud and False Statements (18 USC Sections 1033 and 1034)

Privacy (Gramm-Leach-Bliley)

National Do Not Call List (<https://www.donotcall.gov/>)

Affordable Care Act

**2.0 General Insurance Concepts (7%)**

**Risk**

Methods of Handling Risk (e.g., Avoidance, Retention, Sharing, Reduction, Transfer)

Elements of Insurable Risks

Definitions (e.g., Risk, Hazard, Peril, Loss)

**Classifications of Insurers**

Mutual, Stock

Admitted, Non-Admitted

Foreign, Domestic, Alien

**Elements of a Contract**

Consideration

Competent Parties

Legal Purpose

Offer

Acceptance

**Authority and Powers of Producers**

Express

Implied

Apparent

The Law of Agency

**Legal Interpretations Affecting Contracts**

Reasonable Expectations

Indemnity

Good Faith

Fraud

Warranties, Representations, Misrepresentations, and Concealment

**3.0 Life, Accident, and Health Insurance Basics (14%)**

**Insurable Interest (40 P.S. § 512)**

**Personal Uses of Life Insurance**

Survivor Protection

**Pennsylvania Producer's Examination for Life, Accident and Health Insurance**  
**Series 16-03**

**150 Items - 170 Minutes**

Estate Creation

Liquidity

Estate Conservation

Asset Protection

**Determining Amount of Personal Life Insurance**

Human Life Value Approach

Needs Approach

**Business Uses of Life Insurance**

Buy-Sell Funding

Key Person

Executive Compensation

**Viatical and life settlements**

Disclosure to consumers (40 P.S. § 626.7)

General rules (40 P.S. § 626.8)

Definitions (40 P.S. § 626.2)

**Classes of life insurance policies**

Group versus individual

Permanent versus term

Participating versus nonparticipating

Fixed versus variable life insurance

General account versus separate account (40 P.S. § 506.2; 31 Pa. Code Ch. 82.41-.51)

Regulation of variable life insurance (31 Pa. Code Ch. 82.1, .14, .81)

**Factors in Premium Determination**

Mortality

Interest

Expense

**Premium Frequency**

**Producer responsibilities**

Sales presentations

Advertising (31 Pa. Code Ch. 51.1-.36, .42)

Life and Health Insurance Guaranty Association (40 P.S. § 991.1717)

Life insurance disclosure statement (31 Pa. Code Ch. 83)

Illustrations (40 P.S. § 625.7-625.8)

Life insurance surrender comparison index disclosure (31 Pa. Code Ch. 83.51-.57)

**Field Underwriting**

Application Procedures

Warranties and Representations

**Policy Delivery**

Effective Date of Coverage

Premium Collection

Statement of Good Health

Delivery receipt requirement (40 P.S. § 625.4)

**Company Underwriting**

Sources of Information

**Pennsylvania Producer's Examination for Life, Accident and Health Insurance  
Series 16-03**

**150 Items - 170 Minutes**

Classifications of Risk (Preferred, Standard, Substandard, Declined)

Selection criteria and unfair discrimination (40 P.S. § 477a)

**Definitions of Perils**

Accidental Injury

Sickness

**Types of Losses and Benefits**

Loss of Income from Disability (Short-Term/Long-Term Disability)

Medical Expense

Long-Term Care Expense

Prescriptions

**Limited Health Insurance Policies**

Accidental Death and Dismemberment

Hospital Indemnity

Critical Illness/Dread Disease (31 Pa. Code Ch. 88.169, .193)

Vision Care

Hearing

Dental

**Common exclusions from coverage (31 Pa. Code Ch. 88.84)**

Pre-existing conditions (31 Pa. Code Ch. 88.51; 31 Pa. Code Ch. 89.402)

Intentionally self-inflicted injuries (1)(ii)

War or act of war (1)(i)

Elective cosmetic surgery (1)(vii)

Conditions covered by workers' compensation (1)(iii)

Commission of or attempt to commit a felony

**Classification of Risks**

Preferred

Standard

Substandard

**Considerations in replacing health insurance**

Pre-existing conditions

Waiting periods

Benefits, limitations and exclusions

Underwriting requirements

Producer's liability for errors and omissions

Pennsylvania replacement requirements (31 Pa. Code Ch. 88.101–.103)

**4.0 Types of Life Insurance Policies (8%)**

**Term Life Insurance**

Level

Decreasing

Increasing Term

Renewable Term

**Whole (Permanent, Ordinary) Life Insurance**

Single Premium

Continuous Premium

**Pennsylvania Producer's Examination for Life, Accident and Health Insurance**  
**Series 16-03**  
**150 Items - 170 Minutes**

Limited Payment Life
Adjustable Life
<b>Universal Life</b>
<b>Index Whole Life</b>
<b>Specialized Policies</b>
Joint Life
Survivorship Life
Juvenile
Return of Premium Term Insurance
<b>Group Life Insurance</b>
Eligible Groups
Characteristics of Group Life Insurance
Conversion to individual policy (40 P.S. § 532.7)
<b>5.0 Life Insurance Policy Provisions, Options, and Riders (13%)</b>
<b>Standard Life Insurance Provisions (40 P.S. § 510)</b>
Ownership
Assignment
Right to Examine (Free Look) (40 P.S. § 510C (a), (2), (3), (b1))
Payment of Premiums (a)
Grace Period (b)
Misstatement of Age/Sex (e)
Incontestability (c)
Reinstatement (k)
Entire Contract (d)
Payment of claims (l)
Prohibited provisions including backdating (40 P.S. § 511)
<b>Beneficiary Designation Options</b>
Individuals
Classes
Estates
Minors
Trusts
<b>Types of Beneficiaries</b>
Revocable versus Irrevocable
Primary and Contingent
<b>Beneficiary-Related Clauses</b>
Common Disaster
Spendthrift
Effects of Divorce on Designation of Beneficiaries (20 Pa C.S.A. § 6111.2)
<b>Settlement Options</b>
Cash Payment (Lump Sum)
Interest Only
Life Income
Fixed-Period

**Pennsylvania Producer's Examination for Life, Accident and Health Insurance**  
**Series 16-03**

150 Items - 170 Minutes

Fixed-Amount Installments
Retained Asset Account
<b>Nonforfeiture Options</b>
Cash Surrender Value
Extended Term
Reduced Paid-Up Insurance
<b>Policy Loan and Withdrawal Options</b>
Loans
Automatic Premium Loans
Withdrawals Partial Surrenders
<b>Dividend Options</b>
Paid-Up Additions
Cash Payment (Lump Sum)
One Year Term
Reduction of Premium
Accumulation at Interest
<b>Disability Riders</b>
Waiver of Premium
Disability Income Benefit
Payor Benefit Life
<b>Riders Covering Additional Insureds</b>
Spouse
Children
Family
<b>Riders Affecting Death Benefit Amount</b>
Accidental Death
Guaranteed Insurability
Cost of Living
Return of Premium
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)
Long-Term Care Rider
<b>Policy Exclusions</b>
<b>6.0 Annuities (9%)</b>
<b>Annuity Principles and Concepts</b>
Accumulation Period versus Annuity Period
Owner, Annuitant, and Beneficiary
Right to Examine (40 P.S. § 510D)
<b>Immediate versus Deferred Annuities</b>
<b>Annuity (Benefit) Payment Options</b>
Life Contingency Options
Annuities Certain

**Pennsylvania Producer's Examination for Life, Accident and Health Insurance  
Series 16-03**

**150 Items - 170 Minutes**

Pure Life versus Life with Guaranteed Minimum

Single Life versus Multiple Life

**Annuity Products**

Fixed Annuities

Equity Indexed Annuities

Immediate Annuities

Variable annuities

Assets in a separate account (31 Pa. Code Ch. 85.21-.27)

Regulation of variable annuities (SEC, FINRA and Pennsylvania) (31 Pa. Code Ch. 85.1-.4)

Suitability of annuities (Act 48 of 2018)

**Uses of Annuities**

Lump-Sum Settlements

Retirement Income

Education

**7.0 Individual Accident and Health Insurance Policy Provisions (7%)**

**Required Provisions (40 P.S. § 753(A))**

Time Limit on Certain Defenses (2)

Grace Period (3)

Reinstatement (4)

Claim Forms (6)

Proof of Loss (7)

Time of Payment of Claims (8)

Physical Examinations and Autopsy (10)

Legal Actions (11)

Entire Contract (1)

Payment of Claims (9)

Change of Beneficiary (12)

Notice of Claim (5)

**General Policy Provisions (40 P.S. § 753(B))**

Change of Occupation (1)

Misstatement of Age/Sex (2)

Other insurance in this insurer (3)

Expense-incurred benefits (4)

Other benefits (5)

Unpaid premium (7)

Cancellation (8)

Conformity with state statutes (9)

Illegal Occupation (10)

Intoxicants, Narcotics, or Other Controlled Substances (11)

**Other General Provisions**

Right to Examine/Free Look (40 P.S. § 752(A)(10); 31 Pa. Code Ch. 89.73)

Insuring Clause

Consideration Clause

Renewability Clause

**Pennsylvania Producer's Examination for Life, Accident and Health Insurance**  
**Series 16-03**  
**150 Items - 170 Minutes**

Coinsurance

Probationary Period

Elimination Period

Exclusions

**8.0 Disability Income and Related Insurance (4%)**

**Benefits Determination for Disability**

Indemnity

**Qualifications of Disability**

Total (Own Occupation, Any Occupation)

Partial (31 Pa. Code Ch. 88.138)

Permanent

Presumptive

Recurrent

Residual (31 Pa. Code Ch. 88.139)

Inability to Perform Duties (31 Pa. Code Ch. 88.137)

Occupational versus Non-Occupational

**Individual Disability Income Insurance**

Basic Total Disability Plan

Cost of Living Rider

Future Increase Option Rider

Change of Occupation

Other Cash Benefits

Refund Provisions

Exclusions

Waiver of Premium

Probationary Period

Elimination Period

Benefit Limits

Relation of earnings to insurance (40 P.S. § 753(B)(6))

Pennsylvania minimum benefit standards (31 Pa. Code Ch. 88.167)

**Unique Aspects of Individual Disability Underwriting**

Occupational Considerations

Benefit Limits

Policy Issuance Alternatives

**Group Disability Income Insurance**

Short-Term Disability

Long-Term Disability

Coordination of Benefits (Workers' Compensation Benefits and Social Insurance) (77 P.S. § 511 et seq)

At-Work Benefits

**Business Disability Insurance**

Key Employee Disability Income

Disability Buy-Sell Policy

Business Overhead Expense

**Social Security Disability**

**Pennsylvania Producer's Examination for Life, Accident and Health Insurance  
Series 16-03**

**150 Items - 170 Minutes**

Qualification for Disability Benefits

Definition of Disability

Waiting Period

**9.0 Medical Plans (4%)**

**Medical Plan Concepts**

Fee-for-Service

Prepaid

Specified Coverage

Comprehensive Coverage

Dependent Coverage

**Provisions and Clauses**

Deductibles

Stop-Loss Provision

Impairment Rider

**Types of Medical Plans**

Basic Plans

Major Medical Insurance

Health Maintenance Organizations (HMOs)

Preferred Provider Organizations (PPOs)

Point-of-Service (POS) Plans

**Cost Containment in Health Care Delivery**

Managed Care

Preventive Care

Outpatient Benefits

Utilization Management

Preauthorization

Gatekeeper

**Health Insurance Portability and Accountability Act (HIPAA) (40 P.S. § 981-1)**

Eligibility Requirements

Terms

Privacy

Portability

**Pennsylvania mandated benefits (individual and group)**

Postpartum coverage (40 P.S. § 1583)

Routine pap smears (40 P.S. § 1574(2))

Treatment for alcohol abuse and dependency (40 P.S. §§ 908-1–908-8)

Serious mental illness (40 P.S. § 764g)

Annual gynecological examinations (40 P.S. § 1574(1))

Cancer therapy (40 P.S. § 764b)

Mammography coverage (40 P.S. § 764c)

Childhood immunizations (40 P.S. § 3503)

Dependent child age limit (31 Pa. Code Ch. 88.32)

Coverage of adopted children (40 P.S. § 775.1)

Newborn child coverage (40 P.S. §§ 771–775.2; 31 Pa. Code Ch. 89.201–.209)

**Pennsylvania Producer's Examination for Life, Accident and Health Insurance  
Series 16-03**

**150 Items - 170 Minutes**

Physically handicapped/mentally retarded children (40 P.S. § 752(A)(9))

Medical foods (40 P.S. § 3901-3909)

Orally administered chemotherapy medication (Act 73 of 2016)

Mental health parity and addiction equity (40 P.S. § 908-11--908-16)

**10.0 Group Health Insurance (3%)**

**Characteristics of Group Health Insurance**

Group Contract

Certificate of Coverage

Eligible Groups

Contributory versus Non-Contributory

**Employer Group Health Insurance**

Underwriting Criteria

Eligibility for Insurance

Pre-existing conditions (31 Pa. Code Ch. 89.402-.406)

Conversion of Coverage (40 P.S. §§ 756.2, 981-9)

Open Enrollment

Probation Period

Coordination of Benefits

**COBRA**

Eligibility

Duration of Coverage

Premium

**11.0 Dental Insurance (1%)**

**Categories of dental treatment**

Diagnostic and preventive

Restorative

Oral surgery

Endodontics

Periodontics

Prosthodontics

Orthodontics

**Indemnity plans**

Choice of providers

Scheduled versus nonscheduled plans

Benefit categories

Diagnostic/preventive services

Basic services

Major services

Deductibles and coinsurance

Combination plans

Exclusions

Limitations

Predetermination of benefits

**Employer group dental expense**

**Pennsylvania Producer's Examination for Life, Accident and Health Insurance  
Series 16-03**

**150 Items - 170 Minutes**

Integrated deductibles versus stand-alone plans

Minimizing adverse selection

**12.0 Health Insurance for Senior Citizens and Special Needs Individuals (7%)**

**Medicare**

Administration

Eligibility

Part A

Part B

Part C

Part D

Medicare Select

**Medicare Supplement Insurance**

Open Enrollment (31 Pa. Code Ch 89.778)

Types of Plans

Standardized Plan Benefits

Exclusions

Pennsylvania regulations and required provisions

Standards for marketing (31 Pa. Code Ch. 89.786)

Advertising (31 Pa. Code Ch. 89.785)

Appropriateness of recommended purchase and excessive coverage (31 Pa. Code Ch. 89.787)

Replacement (40 P.S. § 3108; 31 Pa. Code Ch. 89.784, .789)

Minimum benefit standards (40 P.S. § 3105)

Required disclosure provisions (40 P.S. § 3107; 31 Pa. Code Ch. 89.783)

Permitted compensation arrangements (31 Pa. Code Ch. 89.782)

Guaranteed issue (31 Pa. Code Ch. 89.790)

**Other options for individuals with Medicare**

Employer Group Health Plans

Medicaid

**Long-Term Care Policies**

Eligibility for Benefits

Benefit Periods and Amounts

Exclusions

Guaranteed Insurability Rider

Cost of Living Rider

**Levels of Long-Term Care**

Skilled

Intermediate

Custodial

**Types of Long-Term Care**

Comprehensive Coverage

Home Health

Adult Daycare

Respite Care

Community Care

**Pennsylvania Producer's Examination for Life, Accident and Health Insurance**  
**Series 16-03**  
**150 Items - 170 Minutes**

Partnership Coverage

**Long-Term Care Pennsylvania regulations and required provisions**

Outline of coverage (40 P.S. § 991.1111; 31 Pa. Code Ch. 89a.107, 126)

Right to examine (free look) (40 P.S. § 991.1110)

Pre-existing conditions (40 P.S. §§ 991.1105(c), 1107)

Continuation and conversion (31 Pa. Code Ch. 89a.105)

Unintentional lapse (31 Pa. Code Ch. 89a.106)

Required disclosure provisions (31 Pa. Code Ch. 89a.107)

Inflation protection (31 Pa. Code Ch. 89a.112)

Nonforfeiture benefit (31 Pa. Code Ch. 89a.123)

Benefit triggers (31 Pa. Code Ch. 89a.124, 125)

Replacement (31 Pa. Code Ch. 89a.113, 122)

Standards for marketing (31 Pa. Code Ch. 89a.120)

Suitability of recommended purchase (31 Pa. Code Ch. 89a.121)

Shopper's guide (31 Pa. Code Ch. 89a.127)

Penalties (31 Pa. Code Ch. 89a.128)

**13.0 Federal Tax Considerations for Life and Health Insurance (2%)**

**Requirements of Life Insurance Qualified Plans**

**Federal Tax Considerations for Qualified Plans**

Withdrawals

Rollovers versus Transfers

**Qualified Plan Types, Characteristics, and Purchasers**

Individual Retirement Accounts (IRAs; Traditional versus Roth; Immediate Annuity)

401k

403b

**Taxation of Personal Life Insurance**

Premiums

Dividends

Settlements

**Modified Endowment Contracts (MECs)**

**Health Insurance Premiums and Benefits**

Individual

Group

Disability Income

Business Disability Insurance

Medical Expense

Long-Term Care

**Consumer-Driven Health Plans**

Health Savings Accounts (HSAs)

Health Reimbursement Accounts (HRAs)

Flexible Spending Accounts (FSAs)