

Commonwealth Schools of Insurance

P.O. Box 22414, Louisville, KY 40252-0414 • 502.425.5987 • FAX 502.429.0755
E-mail: info@commonwealthschools.com

INSTRUCTIONS TO COMPLETE THE CONTINUING EDUCATION COURSE

Thank you for choosing the Commonwealth Schools of Insurance to fulfill your continuing education requirements.

Please follow the instructions below to complete the course:

STEP 1

Please print out the ANSWER SHEET, CERTIFICATE and QUESTIONS that follow this page. After printing the ANSWER SHEET, please fill out the requested information clearly and completely.

STEP 2

TEST QUESTIONS must be answered on the page that follows. You must score 70% or better to received credit for this course.

STEP 3

After completing the TEST and STUDENT INFORMATION marked with a **RED X** on the Certificate of Completion, **mail the completed forms to:**

Commonwealth Schools of Insurance, Inc.
P O Box 22414
Louisville, KY 40252-0414

Please note that your ANSWER SHEET and CERTIFICATE will not be processed without payment. Payment arrangements are listed on the ANSWER SHEET.

YELLOW CARD SPECIAL

*Simply complete and return all 24 hours of CE at the same time.
Regardless of the prices listed, your total charge will be*

\$110.00

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Commonwealth of Kentucky
Department of Insurance - Agent Licensing Division
P. O. Box 517 - Frankfort, Ky. 40602
502-564-6004 <http://insurance.ky.gov>

APPROVED CONTINUING EDUCATION COURSE

CERTIFICATE OF COMPLETION

STUDENT NAME: **X** _____

CONTINUING EDUCATION COURSE IDENTIFICATION

Course Title: Agent Survival Handbook

Course Certification Number: C47492

Course Completion Date: _____ Number of Hours: 9

Instructor Name: PLEASE LEAVE BLANK
(Required if certification is for a classroom course)

Provider Name: **Capital Resources Corporation**

Provider Certification Number: **S13859/PROV0345**

PROVIDER CERTIFICATION:

I hereby certify that this course was conducted as approved by the Commonwealth of Kentucky Department of Insurance. I further certify that the person whose name appears above did personally complete this course on the date indicated. Also, I acknowledge that fraudulent certification of this document will result in immediate withdrawal of approval of the provider, plus penalties, and simultaneous withdrawal of approval of all of the provider's courses (KRS 304.9-295 and 806 KAR 9:220).

Name: James F Davis
Authorized Provider Representative

Signature: _____ Date: _____

STUDENT CERTIFICATION:

I hereby certify that I personally completed the course listed above in the manner required to satisfy Kentucky's continuing education laws and regulations. Also, I acknowledge that fraudulent certification of completion of this course will result in cancellation of my agent, adjuster, and/or life settlement broker licenses (KRS 304.9-295 and 806 KAR 9:220).

Name: **X** _____ DOI# or NPN: **X** _____

Signature: **X** _____ Date: **X** _____

*The provider is required by law to give the student who successfully completes any continuing education course the original of this form upon completion of the course and to retain a copy in the provider's records for at least five years.
For a classroom course, the provider is required by law to submit the Continuing Education Course Attendance Roster (Form CE-300) to the Department of Insurance within thirty days through eServices electronic submission. Students must verify that credit has been recorded for this class by visiting our website at: <http://insurance.ky.gov>. If credit does not appear, please verify with the provider that the Roster has been submitted. If the Roster has been submitted and you do not receive credit, please forward this original document to the Department directly, and keep a copy for your file.
For all correspondence credits, the provider must submit the Course Completion to the Department through eServices, or the student must mail this original form to DOI and verify credit on our website, as required by KRS 304.9-295(10)(11).*

AGENT SURVIVAL HAND BOOK

(9 credit hours – LOA is Life, Health, Property & Casualty)

PLEASE PRINT CLEARLY

First Name	M.I.	Last Name	Last 4 Digits of SS# or DOI#											
Home Mailing Address		City	State	Zip Code										
Business Address		City	State	Zip Code										
Home Telephone		Business Telephone	Email Address											
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**Mail completed forms and payment to: Commonwealth Schools of Insurance
P O Box 22414
Louisville, KY 40252-0414**

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YELLOW CARD SPECIAL

*Simply complete and return all 24 hours of CE at the same time.
Regardless of the prices listed, your total charge will be \$110.00*

CHECKS AND ALL MAJOR CREDIT CARDS ARE ACCEPTED:
COURSE FEE \$54.00 or **Check Here for Yellow Card Special**

CARD NO. _____ **EXP DATE** _____

CREDIT CARD BILLING ADDRESS _____

SIGNATURE: _____

AGENT SURVIVAL HANDBOOK

EXAMINATION QUESTIONS

1. The process of determining agent liability involves the investigation of:
A. Agency law B. Contract law C. Insurance law D. Estate law

2. An agent's duty to provide correct coverage:
A. Is not triggered by a client's request for full coverage
B. Is triggered by a client's request for full coverage
C. Is not triggered by a client's request for general coverage
D. Is triggered by a client's request for general coverage

3. An agency relationship can be created by:
I. Casual mutual assent II. Contract
A. I only B. II only C. I and II D. Neither I nor II

4. Generally, agents represent the _____ and brokers represent the _____.
A. Client insured B. Insured, insurer C. Insurer, insured D. Insured, client

5. Typically, when a dispute occurs and a producer's status cannot be easily determined by the court, the court will find:
A. No relationship C. Client relationship
B. Agency relationship D. Independent relationship

6. An agent is defined as:
A. A person authorized to transact insurance
B. A person authorized by or on behalf of an insured to transact insurance
C. A person authorized to solicit insurance
D. A person authorized by or on behalf of an insurer to transact insurance

7. Dual agency occurs when:
A. An agent represents more than one primary carrier
B. An agent is employed by more than one insurance agency
C. An agent assumes non-agency duties by agreement
D. An agent assumes additional agency duties

8. Failing to procure coverage results in _____ of claims for agent malpractice.
A. 60% B. 50% C. 40% D. 30%

9. Agents should make it a standard practice to review _____ and to retain _____ on file to answer client questions.
- A. Client policies, sales illustrations
 - B. Client policies, specimen policies
 - C. Specimen policies, sales illustrations
 - D. Specimen policies, client policies
10. In working with a client, the agent owes the client a duty of:
- A. Loyalty
 - B. Good faith
 - C. Reliability
 - D. Competence
11. Plaintiff attorney's usually plead both tort and contract claims against agents. In the case of the tort action, the claims focus on:
- A. Professional standards
 - B. Agent's acts or omissions
 - C. A and B
 - D. Neither A nor B
12. In property casualty, many bad faith issues surface under the title of:
- A. Claim avoidance
 - B. Claim preclusion
 - C. Claim denial
 - D. Claim settlement
13. Earning professional credentials (designations) may subject an agent to:
- A. Less liability exposure
 - B. A higher standard of knowledge and responsibility
 - C. Additional licensing restrictions
 - D. Less statutory oversight
14. A fiduciary is someone who is held in trust or complete confidence. As such, the most obvious fiduciary responsibility for an agent is to:
- A. Provide complete disclosure to the client
 - B. Protect and safeguard client monies
 - C. Protect client confidences
 - D. Provide additional assurances to the client
15. ERISA fiduciary status may be established where a plan trustee:
- A. Solicit quotes from the agent
 - B. Relied heavily on the agent's advice in the purchase of insurance
 - C. Both A & B
 - D. Neither A nor B
16. When an agency agreement exists between the agent and the insurer, the agent has a _____.
- A. Duty of loyalty
 - B. Duty to exercise reasonable care
 - C. Duty to follow the insurer's directions
 - D. Duty not to compete

17. The burden of agent liability involving financially distressed insurance companies is greater today for which of the following reasons:
- I. More liquidations are in process
 - II. Courts want agents to be less responsible for their actions
- A. I only B. II only C. I and II D. Neither I nor II
18. Agents often develop special relationships with clients resulting in increased liability exposure. These relationships can be found where the agent:
- A. Remained in regular contact with the client for service purposes
 - B. Handled all of the insured's business
 - C. Retained accurate and complete files on the client's coverage
 - D. None of the above
19. The cornerstone of agent diligence is now referred to as:
- A. Agent reliance C. Agent due care
 - B. Agent ethics D. Agent competence
20. Agent conduct in choosing an insurer centers on the insurer's solvency at the time of _____ and ability to meet its _____.
- A. Claim, contractual obligations C. Claim, purchase obligations
 - B. Purchase, claim obligations D. Purchase, contractual obligations
21. Reinsurance is an effective tool for _____ and _____ in the marketplace.
- A. Spreading risk, expanding capacity C. Expanding risk, spreading expansion
 - B. Expanding capacity, spreading risk D. Spreading expansion, expanding risk
22. The Risk Based Capital Model Act defines:
- A. Acceptable advertising criteria C. Acceptable agent retention rates
 - B. Acceptable levels of risk D. Acceptable premium structure
23. The two basic rules concerning risk management are:
- I. Potential losses have a reasonable relationship to client resources
 - II. Benefits must be related to cost
- A. I only B. II only C. I & II D. Neither I nor II
24. The process of risk management requires setting and achieving goals in:
- A. Client insurability C. Premium structure
 - B. Agent retention D. Options to deal with the risk

25. After implementation of an appropriate policy, the agent has a duty to:
- A. Review coverage annually
 - B. Evaluate on-going adequacy
 - C. Stay current with new coverage options
 - D. All of the aforementioned
26. One process for determining an estimate of the amount of life insurance needed is called:
- A. Capital expenses
 - B. Capital needs analysis
 - C. Life capital analysis
 - D. Life needs analysis
27. Health insurance is one of the most _____ segments of risk management and the _____ to predict.
- A. Common, easiest
 - B. Valuable, most difficult
 - C. Valuable, easiest
 - D. Common, most difficult
28. Where the client is withdrawing all or part of an annuity prior to age 59½, the IRS penalty is:
- A. 15%
 - B. 25%
 - C. 10%
 - D. 20%
29. In a partnership, if the partner dies or withdraws, the partnership:
- A. May continue with the remaining partners
 - B. Must be terminated or re-organized
 - C. Must continue with the remaining partners
 - D. None of the above
30. Because of binders, indemnity disputes, and redlining, agent liability under property casualty is:
- A. No more than for a life and health agent
 - B. Less than for a life and health agent
 - C. Higher than for a life and health agent
 - D. The same as for a life and health agent
31. A recent survey of real estate found that almost _____ of homes in the U.S. are underinsured by an average of _____.
- A. 60%, 10%
 - B. 10%, 60%
 - C. 35%, 70%
 - D. 70%, 35%
32. Auto policies are typically divided into different segments covering:
- A. liability, medical, uninsured motorists and damages
 - B. medical, uninsured motorists and damages
 - C. uninsured motorists and damages
 - D. liability and damages

33. Examples of commercial and professional insurance includes:

- I. Commercial property coverage
- II. Homeowners coverage
- III. Automobile coverage
- IV. Workers compensation

- A. II and III B. I, II and IV C. I and IV D. I, II, III and IV

34. For the most part, the responsibility for misleading policy illustrations lies with the _____ and the _____ that produce them.

- A. Agent, home office C. Actuary, agent
B. Actuary, marketing department D. Agent, marketing department

35. It is estimated that ____ in ____ agents face an errors and omissions claim each year.

- A. 3, 5 B. 1, 7 C. 2, 4 D. 1, 5

36. Agent licenses have been revoked or suspended where the licensee:

- A. Actively and in good faith carries on business as permitted by law
- B. Ensures the enforcement of insurance laws
- C. Fully presents all terms and effects of a policy/contract
- D. Fails to perform a duty or act expressly required by statute

37. Concealment, whether intentional or unintentional, is defined as:

- A. Neglecting to communicate what the agent knows to be true
- B. Communicating what the agent knows to be true
- C. Inducing a client to replace a policy
- D. Misrepresenting a material fact

38. The act of twisting or churning is illegal. This illegal act is defined as:

- A. Using force to compel a client to purchase insurance
- B. Selling a client multiple policies for the same risk
- C. Misrepresenting policies for the purpose of inducing a client's action
- D. None of the above

39. If an agent is unwilling to assume responsibility and take the time necessary to provide complete coverage, it would be wise for the agent to:

- A. Refuse to take the client
- B. Disclose that the coverage is for a specific risk
- C. Remain silent
- D. Do nothing

40. When an insurer can be shown to have a practice of issuing policies even though the broker has supplied incomplete information, the broker may be able to establish that the insurer has _____ the broker's actions.
- A. Authorized B. Denied C. Ratified D. Accepted
41. There is no standard errors and omissions policy. However, the majority of policies issued today are on a:
- A. Occurrence-made basis C. Occurrence basis
B. Claims-made of Occurrence basis D. Claims-made basis
42. The legal purpose of documenting client transactions is to establish _____.
- A. Procedures B. Claims C. Evidence D. Settlements
43. Because client's often claim an envelope containing correspondence was empty, experts recommend sending correspondence using _____.
- A. UPS B. Window envelope C. Federal Express D. All of the aforementioned
44. An operations manual should cover procedures for dealing with:
- A. Client applications, claims, and policies
B. Client applications, advertising and policies
C. Advertising, claims, and policies
D. Licensing, claims, and policies
45. Advertising is defined as all materials that are designed to create public interest in an insurer, its products, and/or agent. This includes:
- A. Product brochures C. Internal company product flyers
B. Company agent newsletter D. All of the aforementioned
46. Advertising should include which of the following:
- I. Product or policy detail, if specific
II. Identity of insurer
III. Accurate and truthful statements
- A. I only B. II only C. III only D. I, II and III
47. Rebates may or may not be authorized, depending on state law. A rebate may be classified as:
- A. A de minimis gift (e.g. travel atlas) C. An Offer to pay premiums
B. Sharing commissions with a fellow agent D. An increase in premiums for a fixed period

48. A trigger is a label for an event or events that must occur prior to the insurance carrier being obligated to pay a benefit. As such, _____ policies are generally clear as to whether the trigger has been met.

- A. Disability B. Health C. Property D. Life

49. Where an ambiguity in an insurance policy is not capable of resolution, the courts have generally construed the ambiguity:

- A. In favor of the insurer C. In favor of the agent
B. In favor of the insured D. According to state insurance regulations

50. If an insurer is in financial trouble, the insurance commissioner will usually seek to first place the carrier in _____ and if necessary then in _____.

- A. Liquidation, receivership C. Rehabilitation, liquidation
B. Receivership, rehabilitation D. Liquidation, rehabilitation