

# Commonwealth Schools of Insurance

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P.O. Box 22414, Louisville, KY 40252-0414 • 502.425.5987 • FAX 502.429.0755  
E-mail: [info@commonwealthschools.com](mailto: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 receive credit for this course.

### STEP 3

After completing the TEST and STUDENT INFORMATION marked with a "X" on the Certificate of Completion, the completed Answer Sheet and Certificate may be emailed, faxed or mailed to:

Emailed to:	<a href="mailto:info@commonwealthschools.com">info@commonwealthschools.com</a>
Faxed to:	502.429.0755
Mailed 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***

### NOTICE

*The material contained herein may not be duplicated without the express written permission of Commonwealth Schools of Insurance.*

*The material contained in this course cannot be used as an original source of authority on legal matters. Any references made to laws and regulations in this material have been edited and summarized for clarity; and changes in these laws and regulations may have occurred since this course was published. The reader should always consult legal counsel as appropriate.*

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: Liability Exposures

Course Certification Number: C09227

Course Completion Date: \_\_\_\_\_ Number of Hours: 12

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

Provider Name: Commonwealth Schools of Insurance, Inc.

Provider Certification Number: S12128/PROV0085

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).*

# Liability Exposures

(12 credit hours – LOA is Property & Casualty)

**PLEASE PRINT CLEARLY**

First Name	M.I.	Last Name	DOI# and NPN#
Home Mailing Address	City	State	Zip Code
Business Name			
Business Address	City	State	Zip Code
Home Telephone	Business Telephone	Email Address	
Date of Birth	Month	Year	FAX#

Please send COMPLETED ANSWER SHEET, CERTIFICATE and PAYMENT VIA:

Emailed to: [info@commonwealthschools.com](mailto:info@commonwealthschools.com)  
 Faxed to: 502.429.0755  
 Mailed to: Commonwealth Schools of Insurance, Inc.  
 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 \$64.00**      or       Check Here for Yellow Card Special

**CARD NO.** \_\_\_\_\_ **EXP DATE** \_\_\_\_\_ **CV2#** \_\_\_\_\_

**CREDIT CARD BILLING ADDRESS** \_\_\_\_\_

**SIGNATURE:** \_\_\_\_\_

# LIABILITY EXPOSURES EXAMINATION

1. A private or civil wrong but not a crime or a breach of contract is
  - A. a tort
  - B. a crime
  - C. a felony
  - D. an issue
2. Design Defects and Manufacturing Defects have been established for a long time as a basic part of
  - A. property law
  - B. civil law
  - C. tort law
  - D. professional law
3. The underwriter uses several tools to make a risk profile with the primary tool being the
  - A. credit report
  - B. the company's financial statement
  - C. screening process
  - D. application
4. The changes in the general liability field which resulted in the Insurance Services Office (ISO) occurred in the
  - A. 1980s.
  - B. 1970s.
  - C. 1990s
  - D. 2000s.
5. The coverage that covers medical expenses for bodily injury under certain conditions is referred to as
  - A. Coverage D.
  - B. Coverage B.
  - C. Coverage A.
  - D. Coverage C.
6. Liability policies are available to cover claims and suits which arise out of
  - A. employment practices.
  - B. insuring practices
  - C. living practices.
  - D. salary practices.
7. The Pollution Liability Coverage Form generally covers.
  - A. modest clean-up costs.
  - B. mandated clean-up costs.
  - C. voluntary clean-up costs.
  - D. extended clean-up costs.
8. A solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste is referred to as
  - A. elements
  - B. pollutants
  - C. solutions necessary or work
  - D. products to be labeled "Do Not Touch"
9. An injury, other than "bodily injury" arising out of one or more offenses is referred to as
  - A. major injury
  - B. work related injury
  - C. personal injury
  - D. minor injury

10. Inspection reports are made by an on-site examination of a risk to analyze a
- A. building addition
  - B. structure defect
  - C. business plan
  - D. risk
11. To insure a portion of the risk in order to spread the risk, an underwriter may look to
- A. endorsements
  - B. reinsurance
  - C. additional benefits
  - D. additional clauses
12. In order to be insurable, the risk of loss
- A. must not be excessively catastrophic
  - B. must not be insurable
  - C. must be worth less than \$10,000
  - D. must be worth more than \$10,000
13. The policies that are designed to protect the practitioner from liability for acts or omissions performed as a result of his or her practice are referred to as
- A. practitioner liability policies
  - B. professional liability policies
  - C. omissions liability policies
  - D. professional acts liability policies
14. The doctrine that requires that a hospital has given the impression that a doctor employed by the hospital gave the medical treatment is referred to as
- A. Liable Agency.
  - B. Pernicious Agency.
  - C. Ostensible Agency.
  - D. Retaining Agency.
15. Claims made insurance covers claims that are first made
- A. during the second 6 months of the policy period
  - B. during the first 6 months of the policy period
  - C. during the policy period
  - D. during the 2<sup>nd</sup> year of the policy period
16. Policies generally include payment for costs related to defending the claim incurred by the insured with a typical coverage limit of
- A. \$100 per day
  - B. \$300 per day
  - C. \$1,000 per day
  - D. \$500 per day
17. Coverage is extended to the company owner by means of providing protection in the case of
- A. a breach of duty
  - B. hurricane
  - C. water damage
  - D. employee illness
18. The Civil Rights Act established the Equal Employment Opportunities Commission, which later issued important regulations and guidelines on sexual harassment and was adopted in
- A. 1974.
  - B. 1964.
  - C. 1954.
  - D. 1984.

19. Plaintiffs had to be very careful about their time element under legal rules that were firmly in place until the early.
- A. 1960s                      B. 1980s                      C. 1950s                      D. 1970s
20. Most professional liability policies are written on a claims-made basis, though sometimes coverage is available on
- A. a monthly basis    C. an occurrence basis  
B. a seasonal basis    D. an experience basis
21. Inland marine coverage on property entrusted to the insured for storage, repair, or servicing is referred to as
- A. property insurance    B. legal insurance    C. claims insurance    D. bailee insurance
22. The assumption of all expenses incident to the defense of any claim and to fully compensate an indemnitee for all loss or expense is referred to as
- A. Hold Harmless Agreement.    C. Claim Harmless Agreement.  
B. Retention Agreement.    D. Expense Claim Agreement.
23. Independent insurance adjuster are considered to be within the meaning of persons engaged in the business of insurance and subject to liability for violations of the
- A. Incident Claim Settlement Practices Act.    C. Assumption of Expenses Practices Act.  
B. Unfair Claim Settlement Practices Act.    D. Representative Practices Act.
24. The general rule applied by the courts to determine if an incident of malpractice has been committed is to ask if the doctor has performed in a manner consistent with his or her
- A. daily office routine    C. education level and training  
B. ordinary practices    D. professional ability
25. The liability of a hospital may rest on its' corporate or administrative acts and responsibility, or on the doctrine of agency or master and servant which is the
- A. respondeat superior    C. respondeat primary  
B. respondeat minority    D. respondeat legal
26. Claims expenses are sometimes included within the limits of liability; though a number of carriers will offer claims expense apart from limits, or cap the offset at
- A. 60% of the liability limit.    C. 50% of the liability limit.  
B. 75% of the liability limit.    D. 25% of the liability limit.

27. The two general forms in common use in this country are the so-called Mini policy for financial institutions of modest size, and for large corporations and conglomerates the
- A. standard policy
  - B. intermediate policy
  - C. medium policy
  - D. blanket or Maxi policy
28. The type of insurance that provides protection against financial loss arising out of the legal liability incurred by a manufacturer, merchant, or distributor because of injury or damage resulting from the use of a covered product is referred to as
- A. product liability insurance
  - B. professional liability insurance
  - C. employer liability insurance
  - D. Workers' Compensation Insurance.
29. Comprehensive personal liability coverage can be acquired by purchasing a separate comprehensive liability policy or by purchasing
- A. a benefit package on an individual homeowner policy.
  - B. a rider on an individual homeowner policy
  - C. an endorsement package on an individual homeowner policy.
  - D. an add-on package on an individual homeowner policy.
30. A defect in production caused by an assembly line error is called
- A. an assembly defect.
  - B. a manufacturing defect.
  - C. a production defect.
  - D. a product defect.
31. Most of the dozens of product liability reform bills have included provisions to standardize product liability laws nationwide from the U.S. Congress since the
- A. mid-1980s
  - B. mid-1960s
  - C. mid-1950s
  - D. mid-1970s
32. Nutrition labeling is required for most foods under the
- A. Nutrition Labeling and Education Act of 1990.
  - B. Nutrition Labeling and Education Act of 1995.
  - C. Nutrition Labeling and Education Act of 1980.
  - D. Nutrition Labeling and Education Act of 1979.
33. The Product Liability Fairness Act was to preempt State product liability laws only in the cases to establish a uniform
- A. Company rule.
  - B. Federal rule.
  - C. State rule.
  - D. International rule.
34. The Product Liability Reform Act of 1997 prohibits most product liability actions from litigation after
- A. 10 years from delivery.
  - B. 20 years from delivery.
  - C. 18 years from delivery.
  - D. 5 years from delivery.

35. The most important fact in a product liability case is
- A. the duty to adjust defects.
  - B. the duty to perform.
  - C. the duty to warn.
  - D. the duty to produce.
36. Manufacturers of medical devices owe a duty-of-care to carry out a particular activity and breach of this duty may be grounds for negligence. The manufacturer usually must show these elements by a significant amount of evidence by usually
- A. 29% to 35%.
  - B. 49% to 51%.
  - C. 39% to 49%.
  - D. 19% to 27%.
37. The type of liability policy that provides coverage over and above general liability insurance is referred to as
- A. product liability policies.
  - B. professional liability policies.
  - C. employer liability policies.
  - D. umbrella liability policies.
38. Unless the underlying personal umbrella insurance is cancelled or expires, either the insurer or the insured may not cancel the policy more than
- A. 60 days after commencement of the policy.
  - B. 30 days after commencement of the policy.
  - C. 50 days after commencement of the policy.
  - D. 90 days after commencement of the policy.
39. Workers' compensation insurance is required by law in
- A. 15 states.
  - B. 48 states.
  - C. all 50 states.
  - D. 39 states.
40. Workers' compensation laws cover those in
- A. equipment operating employees.
  - B. manufacturing employees.
  - C. only office employees.
  - D. industrial employment.
41. Today, workers' compensation laws are in place throughout the United States and Canada expanding beyond that originally contemplated, to include
- A. non-employment caused illness only.
  - B. work-caused illness as well as injury.
  - C. major surgery rather than work-caused illness.
  - D. hospitalizations rather than non-employment caused illness.

42. In some cases, one may have to resort to litigation if he or she has been wrongly denied workers' compensation benefits or some states have
- A. a HR manager who explains workers' rights.
  - B. an agent who explains workers' rights.
  - C. an ombudsman who explains workers' rights.
  - D. a workers' compensation agent who explains workers' rights.
43. Under the various statutes, diseases contracted by reason of employment are generally considered as
- A. minor illness.
  - B. non-consequential.
  - C. hospitalization eligible.
  - D. injuries.
44. A liberal approach toward the scope of the risk issue with the questions being whether the risk realized was a risk of one's employment, regardless of whether the risk is commonly shared by the public is referred to as
- A. the actual risk doctrine.
  - B. the increased risk doctrine.
  - C. the particular risk doctrine.
  - D. the positional risk doctrine.
45. The principal prerequisite for recovery under Workers' Compensation Acts is that the injured be
- A. an employee.
  - B. an executive.
  - C. a temporary employee.
  - D. a hospitalized.
46. Not only must an employer have a duty to investigate the employee, the breach of that duty must be the
- A. estimated cause of the victim's injury.
  - B. pre-determined cause of the victim's injury.
  - C. proximate cause of the victim's injury.
  - D. largest components of the victim's injury.
47. Employment law cases have fast become one of the largest components of the civil dockets of federal courts, rising
- A. 75% over the past 20 years.
  - B. 125% over the past 20 years.
  - C. 80% over the past 20 years.
  - D. 150% over the past 20 years.
48. The policies that usually exclude wrongful discharge and discrimination claims brought by past, present, or prospective employees is referred to as
- A. DL policies.
  - B. PL policies.
  - C. EL policies.
  - D. GL policies.

49. The part in the Employers Liability section of the policy that states that the insurer will pay damages which the employer is legally obligated to pay because of 'bodily injury by accident or disease by any employee of the insured arising out of and in the course of his employment by the insured either in operations in a state designated in the declarations or in operations necessary or incidental is referred to as
- A. the Insuring Agreement.
  - B. the Policy Agreement.
  - C. the Operations Agreement.
  - D. the Compensation Agreement.
50. A number of schemes used by employers to reduce the workers' compensation insurance premiums by underreporting payroll, misclassifying employees' occupations and misrepresenting their claims experience is referred to as
- A. payroll fraud.
  - B. premium fraud
  - C. compensation fraud.
  - D. employee fraud.