

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 "X" on the Certificate of Completion, the completed Answer Sheet and Certificate may be emailed, faxed or mailed to:

Emailed to:	info@commonwealthschools.com
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: Agent Liability & Kentucky Law

Course Certification Number: C98456

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**

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).*

Agent Liability & Kentucky Law
(12 credit hours – LOA is Life, Health, Property & Casualty)

PLEASE PRINT CLEARLY

First Name	M.I.	Last Name	DOI No. & NPN No.	
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 Number	

Please send COMPLETED ANSWER SHEET, CERTIFICATE and PAYMENT VIA:

Emailed to: 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 NO.** _____

CREDIT CARD BILLING ADDRESS _____

SIGNATURE: _____

AGENT LIABILITY & KY LAW EXAMINATION QUESTIONS

1. Joint and several liability is the practice of assigning liability for _____ based on an ability to pay.
A. Damages B. Claims C. Insurance D. Premiums
2. Liability insurance provisions spring from statutes relating to _____ and from _____ law.
A. Brokerage, Tort C. Legal liability, Insurance contract
B. Agency, Criminal D. Agency, Tort
3. Common law relies strongly on _____ court decisions, or precedents.
A. Present B. Past C. Future D. None of the above
4. The difference between an act, which is a tort and one which is a crime, is that a tort is a _____ wrong against a party or property, and a crime violates a _____ right.
A. Baseless, Hard C. Contract, Personal
B. Faultless, Personal D. Private, Public
5. Negligence is the failure to use due and _____ care.
A. Reasonable B. Cooperative C. Helpful D. Perfect
6. Nominal damages may be charged in a situation where loss or injury was negligible. They are _____ awards made in order to show that the liable party was responsible.
A. Small B. Significant C. Appealable D. Extreme
7. Fiduciaries are in positions of trust. They must act in the best interests of the _____ at all times.
A. Client B. Insurer C. Agency D. None of the above
8. Liability insurance is different from other forms of insurance because the ability to forecast frequency and severity of claims is _____.
A. Easy B. Difficult C. Impossible D. Unnecessary
9. Under a claims made policy, both the damage or injury and the claim must be made _____.
A. Within 5 years of the policy effective date C. Within the insured's lifetime
B. During the policy period D. After the policy terminates
10. In order to purchase an umbrella liability policy, the insured must already have _____.
A. General liability insurance C. Life Insurance
B. A claim D. An insurance license.

11. Generally, _____ a is defined to mean a notice that is received by an insured from a person or entity that advises that the person's or entity's intention is to hold the insured liable for damages or injury covered by the insurance.
- A. Lawsuit B. Policy C. Application D. Claim
12. Common duties included under professional liability policies _____ include the insurer as soon as possible in writing of any claim or if the insured has reason to believe there will be a claim.
- A. Applying with B. Paying C. Notifying D. None of the above
13. _____ is the legal term for the process through which an insurer is able to recover damages from the party liable for damages once the insurer has paid an insured or other claimant.
- A. Indemnity B. Underwriting C. Reimbursement D. Subrogation
14. The _____ limit of liability is the most the policy will pay for all claims or occurrences made in one policy period, plus any extended reporting period if applicable.
- A. Deductible B. Minimum C. Aggregate D. Speed
15. Coverages, which may be important to an agent to add to an _____, are prior-acts coverage, licensing board coverage, carrier solvency coverage and first dollar defense coverage (which pays for the attorney's fees from the first dollar, after any applicable deductible).
- A. Umbrella policy B. Fiduciary policy C. E&O policy D. None of the above.
16. Lawsuits against agents generally involve _____ coverage and accusations of agent ____ .
- A. Inadequate, Misrepresentation C. Insurance, Honesty
 B. Too much, Reliability D. All of the above
17. One of the methods used to reduce liability exposure is the use of client _____.
- A. Information forms B. Opinion polls C. Seminars D. Referrals
18. _____ and _____ regarding liability risks of the agent as well as on products and programs offered is critical in reducing exposure to lawsuits.
- A. Underwriting, Insuring C. Marketing, Sales
 B. Education, Training D. Licensing and policies
19. The agent should investigate all insurers he or she will represent in terms of _____ and reliability and keep documentation related to that investigation.
- A. Marketing support C. Underwriting
 B. Financial stability D. Commission levels

20. Statutes of repose and statutes of limitations limit the ability to bring _____ regarding alleged wrongs after specified periods of time.
- A. Applications B. Claims C. Suit D. None of the above
21. A party conducting an indisputably hazardous activity is considered to have _____ liability for any damage or injury that arises from the activity.
- A. Joint B. Minimal C. No D. Absolute
22. If some of the investments within the portfolio are risky, perhaps even too risky for the portfolio, as long as the overall portfolio has an appropriate level of risk and return, under the _____, a trustee will generally be considered to be acting properly.
- A. Diversification rule C. Prudent investor rule
B. Investor Doctrine D. Internal Revenue Code
23. The mere existence of an _____, or the simple selling of insurance, imposes no duty on the agent/broker to advise the insured on specific insurance matters.
- A. Agency relationship C. Insured
B. Insurance policy D. Office
24. The _____ is a universal area of the law that determines producer status and specifically binds the agent/broker for his acts and his omissions or errors.
- A. Law of Agency C. Law of Insurance
B. Law of Selection D. Law of Selectivity
25. The _____ seeks insurance prospects and then handles the business through a local agent, broker, branch office or service office.
- A. Marketer B. Mediator C. Solicitor D. Terminator
26. In actions against an insurance agent, the plaintiff's attorney will first try to determine whether the agent's status is that of an _____ or a _____ (primarily casualty agents).
- A. Solicitor, Broker C. Agent, Broker
B. Agent, Solicitor D. Marketer, Solicitor
27. Despite rules which seem to offer reasonable protection of the agent producer, it should be made clear that agent wrongdoing outside the agency contract and other torts, will subject the agent to _____ liability exposure.
- A. Joint B. Limited C. Additional D. Minimal
28. In general, when an agent negligently fails to obtain coverage for a client, he steps in the shoes of the _____ and becomes liable for loss or damage the limits of the policy until insurance is found.
- A. Insured B. Client C. Insurance company D. Claimant

29. Agents should always review client policies and retain _____ on file to answer prospect/client questions and compare with policies received.
- A. Specimen policies
B. Brochures
C. Competitor Advertising
D. Advertisements
30. Agents must remember that the number one reason that people purchase insurance policies through agents is for _____.
- A. Rates B. Service C. Premiums D. Riders
31. In many insurance transactions, the agent can generally be shown to have acted as a "dual agent" – representing both the _____ and _____.
- A. Insurer, Client
B. Agency, Client
C. Insurer, Agency
D. Agency, Commissioner
32. Under ERISA, a plan must designate a _____ to administer its operation.
- A. Fiduciary B. Carrier C. Bank D. Agent
33. Between agent and principal, (the insurer), fiduciary duty of the agent prevents him from competing with the principal concerning the subject matter of the agency or from making a _____ other than what is stipulated or agreed as commissions.
- A. Hidden premium B. Sale C. Deal D. Secret profit
34. When an agency agreement exists between agent and insurer, the agent/broker has a duty to exercise _____.
- A. Perfect judgment B. Good faith C. Regularly D. Reasonable care
35. An agent has a duty of _____ and _____ to his insurer and may be liable for negligently inducing the insurer to issue coverage on which it suffers a loss.
- A. Good faith, Loyalty
B. Honesty, Integrity
C. Ethics, Loyalty
D. None of the above
36. To date, few courts have held that insurance brokers or agents are liable for the losses that policy owners might suffer from an _____.
- A. Denial of claims
B. Insurer insolvency
C. Policy rescission
D. None of the above
37. Virtually every state has enacted what are commonly know as _____ laws for the added protection of the policy owners of insolvent insurers.
- A. Unfair Claims Practices
B. Guaranty fund
C. Consumer Protections
D. Premium limits

38. Agent legal conduct in choosing a company centers on the ability to direct a client to an insurer that is _____ at the time of purchase and able to meet its contractual obligations.
- A. Competitive B. Solvent C. Friendly D. None of the aforementioned
39. An agent choosing a company for his or her client would be advised to consult the _____.
- A. Major rating services C. Insurance Commissioner
B. Competitioner D. Insurer
40. One process for determining an estimate of the amount of life insurance needed is called _____.
- A. Capital needs analysis C. Appropriate underwriting
B. Guesstimation D. Suitable
41. Statistics have surfaced which indicate that the average person is ____ times more likely to suffer a lengthy disability than die.
- A. Ten B. Two C. Three D. Five
42. The most efficient form of health protection is by _____ coverage.
- A. Group B. Individual C. Guaranteed Issue D. None of the aforementioned
43. Agents who handle multiple lines of insurance must consider the impact of health insurance on the client's _____.
- A. Mental Status B. Health status C. Financial planning D. Insurability
44. It is logical that the stronger the guarantee the _____ the yield.
- A. Higher B. Lower C. Less effect on D. None of the above
45. Most agents will deal with _____ the where the stock is closely held by a few individuals and not offered for public sale.
- A. Close corporation B. Partnership C. LLC D. PLLC
46. Auto policies are typically divided into different segments covering _____, _____, _____, and _____.
- A. Liability, Medical, Uninsured motorists and Damages
B. Liability, Medical, Damages, and Punitives
C. Liability, Uninsured motorists, Damages and Punitives
D. None of the above

47. Agents should direct clients to specific areas of the policy pertaining to _____.
- A. Duties of the insured after an accident
 - B. Exclusions
 - C. Maximum Limits
 - D. Premium payment
48. The problems that surface with most illustration sales relate to the disclosure of _____.
- A. Sales quotas
 - B. Underwriting
 - C. Commissions
 - D. Assumptions
49. _____ is neglecting to communicate what the agent knows or ought to know to be true.
- A. Concealment
 - B. Champerty
 - C. Misrepresentation
 - D. Diligence
50. The act _____ of is defined as misrepresentation or comparison of insurers or policies for the purpose of inducing a client to change, surrender, lapse or forfeit an existing policy.
- A. Churning
 - B. Replacement
 - C. Rebating
 - D. Champerty