

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: Errors & Omissions (E&O)

Course Certification Number: C98458

Course Completion Date: _____ Number of Hours: 6

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).*

Errors & Omissions (E&O)

(6 credit hours – LOA is Property & Casualty)

PLEASE PRINT CLEARLY

First Name	M.I.	Last Name	DOI No. and 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.
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CHECKS AND ALL MAJOR CREDIT CARDS ARE ACCEPTED:

COURSE FEE \$39.00 or Check Here for Yellow Card Special

CARD NO. _____ **EXP DATE** _____ **CV2 NO.** _____

CREDIT CARD BILLING ADDRESS _____

SIGNATURE: _____

ERRORS & OMISSIONS

EXAMINATION QUESTIONS

1. Through errors and omissions insurance, the professional, in the rendering of professional services, is protected from the risk of financial loss due to:
 - A. Errors
 - B. Negligence
 - C. Illness
 - D. Both A and B
2. Liability lawsuits have increased in recent years because:
 - A. Increased competition creates carelessness
 - B. The complexities of services and products have ramifications
 - C. The attitude of society has changed toward bringing legal action
 - D. All of the above
3. Under joint and several liability rules, if the individual was at greatest fault, it is likely that:
 - A. The individual may pay the bulk of the damages
 - B. The corporation or municipality may pay the bulk of the damages
 - C. Neither the corporation nor the individual pay and is covered by an insurance policy
 - D. The parties reach an equal amount that both will agree to pay
4. A contract of adhesion is defined as:
 - A. A contract in which one party creates the terms and the other party adheres to them
 - B. A contract in which both parties negotiate the terms and both parties adhere to them
 - C. A contract in which an impartial party create the terms and the both parties adhere to them
 - D. A contract in which the terms are decided by a court of law and both parties must adhere to them
5. Torts may be against a person or against property. An example of a Personal tort is an action such as:
 - A. Stealing
 - B. Trespassing
 - C. Assault
 - D. Disturbing the peace
6. Negligence is the failure to use due and reasonable care. To establish negligence, certain elements must exist. All of the following are elements except:
 - A. A breach of duty
 - B. Refuse service to a client
 - C. Proximate cause between breach of duty and the damage
 - D. Actual loss or damage
7. If a defendant is found legally liable, the defendant must pay damages to the plaintiff. These damages could include:
 - I. Compensatory, Specific, Nominal, Punitive
 - II. Compensatory, General, Maximum, Punitive
 - III. Compensatory, General, Nominal, Punitive
 - A. I only
 - B. II only
 - C. III only
 - D. None of the aforementioned

8. Due to the expectations of the courts and public, professionals are expected to exercise the greatest care. Without liability insurance, the:
- A. Professionals could be financially ruined
 - B. Professionals will be hit with a small penalty, but can easily recover
 - C. Professionals could have the liability suits dropped due to insufficient coverage
 - D. Professionals will be imprisoned for malpractice
9. A hazard is a condition that increases risk. Insurers are concerned about three types of hazards:
- A. Moral, Mental, and Physical
 - B. Moral, Morale, and Physical
 - C. Immoral, Morale, and Physical
 - D. Immoral, Mental, and Physical
10. The purpose of the risk management process is to:
- A. Increase gains
 - B. Decrease gains
 - C. Increase loss
 - D. Decrease loss
11. Liability suits and claims are an ever-present risk for a professional. These risks can be reduced in certain ways:
- A. Raising the awareness of the professional
 - B. Providing education and training
 - C. Maintaining a high standard of care
 - D. All of the above.
12. A common subject of claims or suits is billing disputes. When it comes to billing, the liability risk belongs to:
- A. The professional
 - B. The secretary who mails the billing
 - C. Both the professional and the secretary
 - D. Neither, it is the client's sole responsibility
13. Contracts can be heavily disputed. To avoid a contract dispute, a professional should have a well-worded contract. Provisions that should be included in these contracts are:
- I. Clear payment terms
 - II. A dispute-resolution method
 - III. A detailed scope of services
- A. I only
 - B. II only
 - C. I and II only
 - D. I, II, and III
14. Businessowner policies can only be purchased by small businesses that usually include wholesale and service businesses. An example of a service business is:
- A. Hardware distributor
 - B. Toy distributor
 - C. Supermarket
 - D. Funeral Home

15. Workers Compensation is carried by many people and covers certain risks while on the job, but there are a few it does not cover, such as:
- A. Death
 - B. Injury
 - C. Discrimination
 - D. Disability
16. Loss exposures are the possibilities of loss due to all of the following except:
- A. Settling
 - B. Appealing
 - C. Defending
 - D. Negotiating
17. Liability insurance is purchased for the benefit of:
- A. The insurer
 - B. The client
 - C. The third party victim
 - D. The defendant
18. Other than automobile liability forms, businesses and professionals have three broad types of liability forms:
- A. General liability, Businessowner liability, and Errors and Omissions
 - B. Specific liability, Businessowner liability, and Professional liability
 - C. General liability, Individual liability, and Errors and Omissions
 - D. Specific liability, Individual liability, and Professional liability
19. Personal injury is any injury, other than bodily injury, that comes from:
- A. False arrest
 - B. Malicious Prosecution
 - C. Both A and B
 - D. Neither A or B
20. Claims made policies can have provisions for expanding the coverage period. They can be written with ERPs. ERP stands for:
- A. Expanded Reporting Provision
 - B. Extended Reporting Provision
 - C. Expanded Retroactive Period
 - D. Extended Reporting Period
21. Almost all professional liability and E&O forms include the following items:
- A. Limits of liability
 - B. Definitions
 - C. Exclusions
 - D. All of the aforementioned
22. A monetary judgment determined by a court is called damages. Common exclusions from damages included in the policy are:
- A. Fines
 - B. Penalties
 - C. Punitive
 - D. All of the aforementioned
23. Sending the insurer copies of demands, notices, summonses or other legal documents is a:
- A. Responsibility of the lawyer in event of a claim
 - B. Duty of the insured in the event of a claim
 - C. Duty of the insured in the event of an appeal
 - D. Duty of the third party victim in the event of a claim

24. For an insurer to cancel a policy, the insurer must mail the insured a notice:
- A. 10 - 15 days prior to cancellation
 - B. 48 hours prior to cancellation
 - C. As soon as the insurer cancels the policy
 - D. 30 – 60 days prior to cancellation
25. Employer liability is based on the idea that the employer is usually _____ if injury or damage arises out of the employee's scope of duties.
- A. Liable
 - B. Not liable
 - C. Taken to court
 - D. Terminated from employment
26. Bodily injury is typically excluded from professional liability coverage. Examples of exclusions for bodily injury would include:
- A. Bodily injury arising from war
 - B. Bodily injury covered by workers compensation insurance
 - C. Bodily injury arising from athletics
 - D. All of the above
27. If more than one insured is involved in the making of a claim, or if more than one claim or suit is brought, or there are multiple persons or entities involved in making the claim, the limits of liability of the policy:
- A. Will be increased
 - B. Will be decreased
 - C. Will not be increased
 - D. Will not be decreased
28. The Businessowners Liability Coverage Form includes 2 coverages:
- A. Business liability and medical expenses
 - B. Employer liability and employee liability
 - C. Business liability and employer liability
 - D. Employee liability and medical expenses
29. Under the businessowners policy, unloading and loading deals with:
- A. The sale of properties
 - B. The handling of property while being moved
 - C. The changing of addresses
 - D. The handling of assets when changing firms
30. A "suit" under the businessowners form means a civil proceeding in which damages are alleged arising from:
- I. Bodily injury
 - II. Malpractice
 - III. Property damage
- A. I only
 - B. II only
 - C. I and II only
 - D. I and III only

31. Any “bodily injury” or “property damage” that occurs out of ownership or use of _____, _____, or _____ will be excluded from businessowners liability coverage.
- A. Auto, Bicycle, Watercraft
B. Airplane, Bicycle, Watercraft
C. Airplane, Auto, Watercraft
D. Airplane, Motorcycle, Auto
32. Businessowners liability covers medical expenses incurred for “bodily injury” caused by an accident on the insured’s property on ways next to such a premises as long the following occur with exception to:
- A. The accident occurs in the “coverage territory”
B. During the policy period
C. The injured person submits to examination by physicians chosen by the injured person, for which the insurer pays
D. The expenses are incurred and reported to the insurer within one year of the date of accident
33. There are exclusions applicable to the Business liability and medical payment coverage. For nuclear energy liability exclusion, these definitions apply:
- I. Nuclear reactor
II. Waste
III. Property damage
- A. I only B. II only C. I and II only D. I, II, and III
34. The Veterinarians Professional Liability Endorsement is:
- A. An amendment to the Business Liability Coverage
B. An endorsement limiting exclusions in the Business Liability Coverage
C. An outline of responsibilities for insurers who deal Business Liability Coverage
D. A supportive application to the Business Liability Coverage, allowing specified exceptions to exclusions
35. Errors and Omissions forms for accountants protect against the following risks in the duties they perform:
- A. Business valuation C. Bookkeeping
B. Tax preparation D. All of the aforementioned
36. A fiduciary can be held personally liable by a participant, beneficiary, or another fiduciary according to:
- A. IRS B. ERISA C. ISO D. EEOC
37. An important feature of physicians liability or malpractice insurance is the issuance of a:
- A. Certificate of insurance C. Citation
B. Diploma D. Complaint

38. When doing business with a Professional, the agent should keep in mind the characteristics of a successful professional, except:
- A. Maintains a high position and succeeds (ex. CEO)
 - B. Takes pride in his or her products
 - C. Puts a lot of effort into his or her job
 - D. Places an emphasis on customer service
39. Applications for Errors & Omissions and Liability insurance are very thorough because:
- A. It allows the insurer to contact the insured
 - B. It is a government regulation
 - C. It informs the insurer for any necessary paperwork to be done on the insured
 - D. It is to assess the risk the insurer may underwrite
40. The application for E&O or Liability insurance includes a notice to the applicant which requires:
- A. The applicant to sign the application regardless of agreeing to the representations or not
 - B. The applicant to read and sign the application only if agreeing to the representations
 - C. The applicant to read and file the notice as a record of his or her own
 - D. The applicant to sign and send the application to the State Department of Insurance
41. If an insured contacts an agent regarding a _____ or potential claim, the agent must respond in a timely manner.
- A. Claim
 - B. Appeal
 - C. Policy
 - D. Potential appeal
42. Bad faith is the basis of finding a breach of contract or a tort on the part of the insurer. Bad faith exists if the insurer breaches its contract:
- A. Intentionally
 - B. Willfully
 - C. Both A and B
 - D. Neither A or B
43. When dealing with agents and brokers E&O insurance, there is a common each claim limit of liability for these policies of:
- A. \$500,000
 - B. \$1,000,000
 - C. \$2,000,000
 - D. \$100,000
44. If a claim is made or a suit is filed against an agent, the agent will make a defense for himself using documentation such as:
- A. Documentation of coverage discussion
 - B. Declination statements
 - C. Written correspondence
 - D. All of the aforementioned
45. If an agent is faced with a claim or lawsuit against the agent or agency, the agent should:
- A. Speak with the plaintiff's attorney
 - B. Deny the claim or lawsuit immediately
 - C. Destroy all documentation
 - D. Discuss the claim with the defense attorney only

46. Because liability risk is high and insurance premiums expensive for many professions, more and more professionals will focus on to reduce liability loss exposures.
- A. Risk management B. Payroll C. Seminars D. Luck
47. Due to new exclusions and limitations, some risks will be determined to be or to be so to insure that coverage for the risk will be limited to the few professionals who need it.:
- A. basic, advanced C. uninsurable, expensive
B. uninsurable, cheap D. boring, exciting
48. Another area of reform legislation has been the elimination of:
- A. Joint and several liability C. Continuing education
B. Overtime D. Insurance agents
49. Statutes of repose and statutes of _____ limit the ability to bring suit regarding alleged wrongs after specified periods of time.
- A. Restraint B. Limitations C. Liability D. Appeal
50. Many states have chosen to reform tort law by requiring ADR methods be used to settle certain cases. An ADR is:
- A. Alternative directed resolution C. Allotted directed response
B. Allotted dispute response D. Alternative dispute resolution