

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 an "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: **Ethical Practices**

Course Certification Number: **C39650**

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).*

Ethical Practices

(12 credit hours – Approved for Ethics in Kentucky)

PLEASE PRINT CLEARLY

First Name	M.I.	Last Name	DOI# and NPN#	
Home Mailing Address		City	State	Zip Code
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

Boxes must be filled in completely to insure accuracy in grading.

1	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	11	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	21	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	31	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
2	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	12	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	22	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	32	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
3	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	13	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	23	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	33	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
4	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	14	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	24	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	34	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
5	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	15	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	25	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	35	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
6	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	16	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	26	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	36	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
7	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	17	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	27	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		
8	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	18	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	28	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		
9	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	19	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	29	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		
10	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	20	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	30	A B C D <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		

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: _____

ETHICAL PRACTICES TEST

1. All of the following are provisions that might be found among codes of ethics covering insurance transactions EXCEPT
 - a. not knowingly submitting to an insurer information on an application for insurance that is inaccurate or misleading
 - b. revealing to the client the names of the business licenses and registrations held by the agent
 - c. replacing one life insurance policy with another solely because it would be more advantageous to the insured
 - d. disclosing to the client all relevant facts, considerations, costs, and risks necessary for an informed decision

2. The first state to require insurance companies to maintain reserves was
 - a. South Carolina
 - b. Massachusetts
 - c. Pennsylvania
 - d. New York

3. The legislation that declared the continued regulation and taxation of the business of insurance by states to be in the public's best interest is called the
 - a. Consumer Protection Act
 - b. Federal Trade Commission Act
 - c. McCarran-Ferguson Act
 - d. Gramm-Leach-Bliley Act

4. The primary goal of the Gramm-Leach-Bliley Act is to
 - a. ensure that financial institutions conform to state laws
 - b. allow financial services firms to offer more comprehensive services to consumers
 - c. add another layer of federal regulation of the insurance industry
 - d. address the obligations of financial institutions regarding the use of information gathered about consumers

5. Confirmation of customer status and payment history are types of customer information that an insurance company is must have customer consent to share with
 - a. subsidiaries
 - b. unaffiliated 3rd parties
 - c. parent companies
 - d. all of the aforementioned

6. Which of the following is a correct statement about Kentucky's Consumer Protection Act?
 - a. The Act was designed to protect all citizens of the Commonwealth from unfair trade and business practices inside the state.
 - b. The Act was passed to protect Kentucky businesses in their dealings with other states.
 - c. The Act serves mainly to protect insurance customers from abusive practices on the part of insurers.
 - d. The Act protects all consumers within the state except as relates to the business of insurance, as those matters fall under the protection of the Kentucky Insurance Code.

7. Which of the following is a function of the Kentucky Department of Insurance (KYDOI)?
 - a. licensing of insurance producers
 - b. conducting public forums and seminars
 - c. overseeing the Kentucky Access program
 - d. all of the above

8. The insurance commissioner (executive director of the KYDOI) is vested with all of the following general powers and duties EXCEPT
- impartial enforcement of the provisions of the Insurance Code
 - prosecuting violators of the Code in court
 - establishment of branch offices for efficient administration of the Code
 - examination and inquiry into violations of the Code
9. Regarding the distinctions between insurance agents and brokers, which of the following statements is true?
- Agents speak for the insurers in some matters.
 - Agents can only represent one insurer.
 - Brokers only represent themselves.
 - Brokers are not allowed to collect premiums.
10. All of the following are roles of the agent EXCEPT
- describing the insurer's policies to potential consumers
 - determining a fair settlement amount in the event of a claims dispute
 - solicitation of applications for insurance policies from prospective customers
 - providing services to prospective consumers as well as to existing customers
11. The type of authority that a customer might reasonably believe an agent to possess, based on the conduct of the agent's principal, is referred to as
- implied
 - actual
 - express
 - apparent
12. John is a property/casualty agent who sells an automobile policy to his friend Patrick at a party they are both attending. Distracted by the social event, John leaves Patrick's application at the party and forgets to collect a premium. Later Patrick calls John to say that he had an accident on his way home from the party and that he was at fault. John assures Patrick, "Don't worry, Pal. You're covered." What will John's insurer do regarding this claim?
- pay the claim, because John is a top producer, and it doesn't want to lose him
 - deny the claim, because no premium was collected
 - pay the claim, because John obligated the insurer by telling Patrick he was covered
 - deny the claim, because it had not yet approved Patrick's application
13. Some of the important fiduciary duties owed the principal by the agent included all of the following EXCEPT
- to exercise a reasonable degree of care while transacting the business entrusted to the agent by the principal
 - to obey all instructions whatsoever given by the principal and to apply best efforts and diligence to carry out the objectives which conform to the purpose of the agency relationship
 - to refrain from acquiring any interest adverse to that of a principal, unless providing full and complete disclosure of all material facts and obtaining the principal's informed consent
 - to disclose all material facts which could influence in any way the principal's decisions, actions, or willingness to enter into a transaction

14. Which one of the following is NOT one of an insurance agent's responsibilities and obligations to the client?
- providing accurate proposal information
 - determining suitability of product recommendations
 - acting in a fiduciary capacity
 - providing the client with full and accurate disclosure
15. If an insurer fails to pay claims as set forth in the terms of a policy, it may be guilty of
- acting in bad faith
 - breach of contract
 - unfair claims settlement practices
 - all of the above
16. When considering breach of contract, all of the following are principles that have tended to guide the courts in interpreting insurance contracts EXCEPT
- no limitations or exclusions are implied into any policy contract.
 - ambiguous or unclear policies are usually construed against the insurance company.
 - ambiguous policies are usually interpreted to deny rather than provide coverage.
 - when a policy has more than one reasonable construction, the construction favoring the insured is assumed
17. Bill sees an opportunity to earn big commissions by selling a new life insurance policy to Linda. He tells Linda that her existing policy should be replaced every so often in order to stay up to date with the innovations among insurance products. He doesn't mention that some recent health problems she has had will probably cause her to pay higher rates than she paid when acquiring her existing policy. Bill is engaging in
- extortion
 - twisting
 - misuse of official forms
 - puffery
18. When recommending the replacement of a life insurance policy, the ethical agent should provide all of the following EXCEPT
- testimonials from other policyowners whose policies have been replaced
 - a full and fair disclosure to the policyowner of all relevant facts about the new and existing policies
 - a notice to the current carrier that its policy is about to be replaced
 - a signed document in which the policyowner indicates a full understanding of all of the implications of the policy replacement
19. The regulatory body that is authorized to ban "unfair methods of competition in or affecting commerce and unfair or deceptive acts or practices in or affecting commerce" is the
- Federal Deposit Insurance Corporation
 - Kentucky Department of Insurance
 - Securities and Exchange Commission
 - Federal Trade Commission

20. Under Kentucky's Consumer Protection Act, which of the following would be permitted?
- selling AIDS self-testing kits to the general public
 - getting together with other companies selling similar products and agreeing on a maximum discount amount that will be offered for those products within the Commonwealth
 - offering partial refunds to certain prospective customers if it looks like they need some extra encouragement to buy
 - None of the above
21. Under the Kentucky Insurance Code, all of the following are insurance "producers" EXCEPT
- rental vehicle agent
 - consultant
 - solicitor general
 - specialty credit producer
22. In seeking an insurance agent's license in Kentucky, an applicant must complete how many hours of pre-licensing study for the major lines of authority applied for?
- 20
 - 24
 - 32
 - 40
23. In Kentucky, major lines of authority include all of the following EXCEPT
- personal lines
 - surety
 - variable life
 - health
24. Laura meets with Larry, an insurance agent who would like to see her transfer all of her insurance business to the insurer that he represents. When Laura tells Larry which insurance company currently provides her coverage, he puts his hands over his face and shakes his head, as he tells her that it is common knowledge on the street that her current carrier is utterly unscrupulous and that it will be just a matter of time before the company will try to wiggle out of one of Laura's claims on the basis of some technicality. Larry is engaging in which unfair insurance practice?
- intimidation
 - defamation
 - discrimination
 - altercation
25. All of the following practices may be permitted EXCEPT
- payment of bonuses to policyholders out of surplus accumulated from nonparticipating insurance
 - making allowance to policyholders who pay their premium through a debit plan year after year, based on a real savings in collection cost for that method of payment
 - at the end of the policy year retroactively lowering the year's premiums for members of a group plan based on a favorable loss experience
 - offering up to 10% of the agent's commission to the customer on the first product purchased
26. Which of the following is a true statement in the Commonwealth of Kentucky?
- With regard to real estate loans, if the borrower wants to use his or her own insurer to obtain insurance on the property being financed, rather than the one the lender customarily uses, the lender may charge a small extra fee for allowing the substitution.
 - Because of the risk of reducing competition in the insurance market, no one is permitted to be a director of two or more insurance companies simultaneously.
 - No lender on the purchase of real estate may, as a condition of doing business, require any borrower to utilize a particular insurer or agent to obtain property.
 - No insurer may have a common management with any other insurer or insurers.

27. Which of the following may be the basis for denying or refusing to renew life insurance coverage?
- a. blindness
 - b. national origin
 - c. the results of a genetic test
 - d. none of the aforementioned
28. Which of the following is not an unfair claims settlement practice in Kentucky?
- a. failing to pay a claim within 30 days because an ongoing investigation
 - b. failing to acknowledge and act reasonably promptly upon communications with respect to claims arising under insurance policies
 - c. attempting to settle claims on the basis of an application which was altered without notice to, or knowledge or consent of, the insured
 - d. making claims payments to insureds or beneficiaries not accompanied by statement setting forth the coverage under which the payments are being made
29. Which of the following is prohibited as an unfair claims settlement practice in Kentucky?
- a. acting reasonably promptly upon communications with respect to claims arising under insurance policies
 - b. compelling insureds to institute litigation to recover amounts due under an insurance policy by offering substantially less than the amounts ultimately recovered in actions brought by insureds
 - c. attempting to settle a claim for an amount to which a reasonable person would have believed he or she was entitled by reference to written or printed advertising material accompanying or made part of an application
 - d. attempting in good faith to effectuate prompt, fair, and equitable settlements of claims in which liability has become reasonably clear
30. Under the Kentucky Administrative Regulations, if after 30 days the insurer, without reasonable foundation, has not paid the claim and has not made a good faith effort to pay the claim, the insurer is required to
- a. reimburse the insured for reasonable attorney's fees
 - b. pay 12.5% interest on the unpaid portion of the claim from the expiration of 30 days
 - c. start an investigation into the validity of the claim
 - d. post bond equal to the amount of the claim
31. If only a portion of a claim is disputed, the insurer
- a. must place into escrow an amount equal to the entire claim
 - b. may withhold all payments until the disputed portions are settled
 - c. is required to pay the undisputed portion of the claim within 45 days from receipt of due proof of loss
 - d. none of the above
32. Except in cases where there is a legitimate dispute as to coverage or amounts due, all insurers that offer cash settlements for long-term disability income claims must
- a. negotiate a fair settlement amount with the insured, to be paid in the event that he or she should become disabled
 - b. develop a present value calculation of future benefits, based on facts appropriate to the risk
 - c. set aside reserves equal to three years of payments under the plan
 - d. wait until there is a claim under the policy and base the monthly payment amount on the insured's salary at the onset of the disability

33. In order for an insurer to withhold any portion of any claim benefit as correction for an overpayment made on a prior claim arising under the same policy, if the insurer does not have written authorization by the insured, it must have in its files all of the following EXCEPT
- a. documented evidence of an overpayment
 - b. documented evidence in that the overpayment was clearly erroneous under the provisions of the policy
 - c. documented evidence the error which resulted in the overpayment is a mistake of the law
 - d. documented evidence stating clearly the nature and the amount of the error
34. An insurer is required to maintain claims records in its files for the current year and how many preceding years?
- a. 3 b. 5 c. 7 d. 10
35. According to the Kentucky Administrative Regulations, an insurer may not deny a claim on the basis of failure to exhibit property unless
- a. there is documentation in the claim file of breach of the policy provisions
 - b. the failure to exhibit the property is found to be a willful act on the part of the insured
 - c. the value of the property is less than \$5,000
 - d. the insured is given sufficient notification of the impending denial
36. If an insurer needs more time to investigate whether a claim should be accepted or denied, it must
- a. notify the claimant within 30 days from the receipt of due proof of loss
 - b. give the reasons that more time is needed
 - c. notify the claimant as to the availability of insurer-paid interest and attorney's fees
 - d. all of the above