

LOSS CONTROL PRACTICES

1. A direct loss occurs when there is _____, as when a fire damages a home.
 - A. A witness to the destruction
 - B. Damage to property
 - C. Evidence that a problem occurred
 - D. Something of value lost
2. Safety best practices suggests that safety not be thought of as an expense, but rather as _____.
 - A. Earnings
 - B. Return of investment
 - C. A business and home nuisance
 - D. A&B
3. General liability coverage protects a firm against lawsuit costs stemming from _____ and physical property damage.
 - A. Bodily injury
 - B. Frivolous suits
 - C. Copyright violations
 - D. Completed works
4. In negligent hiring claims, the courts look for a connection between the victim and the _____ of the perpetrator.
 - A. Age
 - B. Relationship
 - C. Employment
 - D. Background
5. Business interruption insurance replaces _____ derived from the operation of the business during a period when normal operations cannot be continued.
 - A. Capital
 - B. Expenses
 - C. Ordinary income
 - D. Employees
6. The Law of Agency is a universal area of the law that determines _____.
 - A. Agent duties
 - B. Producer status
 - C. Commissions of all agents
 - D. Agency domain names
7. The fiduciary duty of the agent prevents him or her from competing with a principal or from making _____.
 - A. A secret profit
 - B. A Bigger commission
 - C. Too much money
 - D. Trouble
8. A totally satisfied customer is said to contribute _____ times as much revenue to a company as a somewhat satisfied customer.
 - A. 1.3 times
 - B. 1.8 times
 - C. 2.3 times
 - D. 2.6 times
9. Sales conduct is a higher level of responsibility agents _____ in order to do a better job for your client.
 - A. Choose to uphold
 - B. Must do
 - C. Might do
 - D. Neglect
10. A charging order is intended to protect partners of a partnership who have nothing to do with the claims against _____.
 - A. An individual partner
 - B. The general partner
 - C. Their spouse
 - D. The majority partners
11. The purpose of insurance is to protect the insured against losses caused by _____.
 - A. Anyone
 - B. Pure risk
 - C. Soft risk
 - D. Transient risk
12. An Occurrence Policy is an insurance policy that covers incidents that occur during the policy coverage period regardless of when they _____.
 - A. Were reported
 - B. Happened
 - C. Might have occurred
 - D. Arose
13. Extra expense insurance is designed for those businesses that simply cannot allow a physical damage loss to cause a _____.
 - A. Negative cash flow
 - B. Shutdown of operations
 - C. Accident
 - D. Chaos among employees
14. Premium fraud includes a number of _____ used by employers to reduce workers' compensation insurance premiums.
 - A. Activities
 - B. Outlets
 - C. Schemes
 - D. Possibilities
15. Health effects of exposure to lead at high levels can cause _____.
 - A. Convulsions
 - B. Coma
 - C. Death
 - D. All of the above
16. The significance of the Bell vs O'Leary case is that an agent can be sued for failing to notify his applicant that _____.
 - A. He is to old
 - B. Insurance cannot be obtained
 - C. The property in question is in a flood plain
 - D. Premiums will be higher than expected

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17. A major limitation of reinsurance is that it does not change the _____ of risk being insured.
- A. Inherent nature
 - B. Value
 - C. Purpose
 - D. Legality
18. If a client sues you, hearsay evidence (notes you have taken) are generally not admissible unless _____.
- A. You have a witness
 - B. Collected under ordinary business rules
 - C. They are typed
 - D. The client has a copy
19. Concerning "knowledge about a potential claim", your clients have a duty to disclose information on an application only to facts and not mere _____.
- A. Fears or concerns
 - B. Fiction
 - C. Consequences
 - D. Actions
20. Indirect loss occurs when a direct loss causes expenses to _____ or revenues to _____.
- A. Decrease / Increase
 - B. Even out / Decline
 - C. Increase / Decline
 - D. Increase / Jump
21. Segregation of loss exposures involves arranging an organization's activities and resources so that no _____ can cause simultaneous losses to all of them.
- A. Person
 - B. Outside force
 - C. Unexpected activity
 - D. Single event
22. Actual risk in the workplace is determined by answering the question of whether the risk realized was a risk of _____, regardless of whether the risk is commonly shared by the public.
- A. One's employment
 - B. Accidental occurrence
 - C. Intention
 - D. Malfeasance
23. Contingent extra expense insurance is coverage for an extra expense loss on _____.
- A. The employer's own property
 - B. Premises not operated by the policyholder
 - C. The weekend
 - D. The way to work
24. The Southwest vs Binsfield case makes you responsible to know _____ that are widely available and reasonably priced.
- A. Specimen policy features
 - B. Policy options
 - C. Premium options
 - D. Settlement alternatives
25. An ERISA fiduciary has been interpreted to be any person exercising _____ over a pension plan or its assets.
- A. Discretion
 - B. Total control
 - C. Influence
 - D. Managerial control
26. The reasons primary insurers purchase reinsurance are to _____ liabilities and _____ capacity.
- A. Eliminate / Enhance
 - B. Reduce / Limit
 - C. Limit / Increase
 - D. Monitor / Grow
27. The agent call center is the system you establish to receive _____.
- A. Faxes
 - B. Calls
 - C. E-mails
 - D. Client communications
28. A totally dissatisfied customer decreases revenue at a rate equal to _____ times that contributed by a totally satisfied customer.
- A. 1.2 Times
 - B. 1.3 Times
 - C. 1.5 Times
 - D. 1.8 Times
29. Instilling ethics is a process that must start _____.
- A. At age 12
 - B. At age 21
 - C. Long before a person chooses insurance as a career.
 - D. When you become an insurance agent
30. In Sobotor vs Prudential, an agent was sued because he held himself to have _____ in a certain area of insurance.
- A. Knowledge
 - B. Special knowledge
 - C. A broad understanding
 - D. Limited knowledge
31. Hazards are situations or factors that _____.
- A. Happen to occur
 - B. Might occur
 - C. Increase the possibility of a loss occurring
 - D. Make it possible for a loss to happen

LOSS CONTROL PRACTICES

32. Alleged negligent acts may result when clients of a company have incorrect expectations of the services it provides and file a claim. This is also known as _____.
- A. Errors and omissions
 - B. Negligent tendencies
 - C. Ruthless disregard
 - D. Non-participatory actions
33. A block policy is a form of insurance coverage commonly used by _____.
- A. Dentists
 - B. Teachers
 - C. Jewelers
 - D. Insurance agents
34. The Occupational Safety and health Act (OSHA) is a comprehensive law designed to _____ workplace hazards and _____ health and safety programs for workers.
- A. Eliminate / Increase
 - B. Monitor / Equalize
 - C. Reduce / Improve
 - D. Limit / Create
35. Negligent hiring is a broad doctrine that extends liability to employers for _____ even when they are committed outside the scope of employment.
- A. The injurious conduct of its employees
 - B. Their negligence
 - C. Non-employee acts of injury
 - D. Civil and criminal acts
36. Employment practices liability protects the corporation and its officers from claims resulting from which of the following events . . .
- A. Wrongful termination
 - B. Discrimination & sexual harassment
 - C. Failure to employ or promote
 - D. All of the above
37. Facultative reinsurance is the reinsurance of all or part of the insurance provided by a _____.
- A. Block of policies
 - B. Single policy
 - C. Multiple policies
 - D. A large policy
38. Employer fraud today costs _____ employee fraud.
- A. Less than
 - B. As much as
 - C. More than
 - D. Close to the same as
39. Pollution of water by oil is extremely damaging. It is said that a single quart of oil can pollute _____ gallons of drinking water
- A. 50,000
 - B. 100,000
 - C. 250,000
 - D. 750,000
40. In Alaniz vs Simpson, an agent avoided liability by _____ before an accident.
- A. Canceling a client
 - B. Refusing to accept a premium payment
 - C. Faxing a letter to an applicant that he was uninsured hours
 - D. Hinting to the applicant that he was uninsured
41. An attorney may ask for a "drafting history" in order to determine the _____.
- A. Agent actions concerning a policy
 - B. The original meaning of policy terms and the manner in which they were intended to apply
 - C. Amount of damages available
 - D. Extent of an agent's involvement
42. Standard operating procedures which can give you the most protection against client claims include which of the following:
- A. Reducing oral agreements to writing ASAP
 - B. Using an operating manuals in your business
 - C. Transferring notes to a formal log
 - D. All of the above
43. "Call plus" is the status of handling _____ customer communications.
- A. A mixture of
 - B. A Specific type of
 - C. Long distance telephone
 - D. All
44. The "client for life" agent is doing the right thing when he _____.
- A. Calls clients promptly
 - B. Monitors all client transactions
 - C. Exceeds the needs and expectation of clients
 - D. Is on time for appointments
45. In Bayley vs Pete Satire an agent was held liable because he assured a client he was covered, when, in fact the policy purchased contained an _____ for the very business operated.
- A. Rider
 - B. Exclusion
 - C. Restriction
 - D. Limitation
46. Which of the following are examples of intangible property.
- A. Copyrights
 - B. Trademarks
 - C. Patents
 - D. All of the above

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47. A risk manager must _____ management decisions concerning property and loss exposures every day.
- Handle
 - Address
 - Identify, treat and review
 - Monitor
48. Exposure avoidance _____ any possibility of loss.
- Limits
 - Reduces
 - Substantially restricts
 - Eliminates entirely
49. A "rated policy" is coverage issued at _____.
- 1.2 times higher than normal premiums
 - 1.5 times higher than normal premiums
 - Higher-than-standard premiums
 - Lower-than-normal
50. OSHA safety standards state that employers must provide a place of employment that is free from _____ that are causing or likely to cause death or serious physical harm to employees.
- Chemicals
 - Recognized hazards
 - Risk factors
 - Dangerous elements
51. Treaty reinsurance involves a _____.
- Narrow band of an insurer's business
 - A block of the ceding company's book of business
 - Single policy
 - Policy on an Indian reservation
52. Creative billing is billing for _____.
- Talented services
 - Services not performed
 - Medical services
 - Insurance coverage not received
53. Ergonomic reviews examine _____.
- Material handling procedures
 - Product flow
 - Lifting tasks
 - All of the above
54. Phenols and alcohol are poisonous and flammable chemicals and active ingredients in most _____.
- Household cleansers
 - Industrial cleaners
 - Disinfectant products
 - Floor wax
55. Symptoms of carbon monoxide poisoning include _____.
- Severe headaches
 - Nausea
 - Faintness
 - All of the above
56. A potentially responsible letter (PRP) sent to a client is not a claim, but is serious enough to establish _____.
- The carrier's duty to defend
 - Liability
 - Intent to file a claim
 - A precedence
57. Twisting or churning is defined as _____ for the purpose of inducing a client to change, surrender or laps an existing policy.
- Monetary reimbursement
 - Defamation
 - Misrepresentation
 - Misleading
58. Due to changing technology, e-mails should be treated the same as _____. Check them often and return them promptly.
- Letters
 - Phone calls
 - Faxes
 - Walk-ins
59. In Saunders vs Cariss, a client sued his agent for _____.
- Misrepresentation
 - Signing his name without authorization
 - Stealing premiums
 - Insufficient coverage
60. Segregation of loss exposures involves arranging an organization's activities so that no _____ can cause simultaneous losses to all of them.
- Group of people
 - One person
 - Single event
 - Environmental exposure

--END EXAM--