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## PERSONAL LINES – AGENT LIABILITY

1. Agency agreements should be read often by agents. Doing so may give you a better chance of remaining within the \_\_\_\_\_.
  - A. Zone
  - B. Scope of agency
  - C. Parameters of life
  - D. Limits of coverage
2. An ostensible agent is one who induces others to believe they are acting in \_\_\_\_\_.
  - A. The capacity of an agent
  - B. Good faith
  - C. The proper manner
  - D. A legal fashion
3. In the case *Alaniz vs Simpson* an agent \_\_\_\_\_ an applicant that he was uninsured several hours before an accident thereby keeping the agent free of negligence.
  - A. Notified
  - B. Called
  - C. Faxed a letter to
  - D. Advised
4. Misrepresentation by an insured is considered to be a representation by the insured that is untrue, material to the risk and \_\_\_\_\_.
  - A. Relied upon
  - B. Important
  - C. Critical
  - D. Somewhat true
5. The fiduciary duty of an agent prevents him from competing with the principal (insurer) or from making \_\_\_\_\_.
  - A. Trouble
  - B. Underwriters mad
  - C. A secret profit
  - D. Too much money
6. “Consumers” under new privacy law definition, are individuals who are \_\_\_\_\_.
  - A. Over 21
  - B. Buying more than \$10,000 of coverage
  - C. Seeking to obtain a product or service from an insurance company
  - D. Existing policyholders
7. Parol evidence is \_\_\_\_\_ and difficult to prove in court.
  - A. Oral
  - B. Written
  - C. Tainted
  - D. Illegal
8. The *McConnell vs Ehrlich* case involved an agent who made a concerted effort to attract \_\_\_\_\_.
  - A. The best clients
  - B. Bad risk business
  - C. Underage applicants
  - D. Criminals
9. Fraudulent conveyance is defined as a transfer of property \_\_\_\_\_.
  - A. For illegal purposes
  - B. In lieu of any payment
  - C. In a foreign country
  - D. Without adequate consideration to defraud creditors
10. The Law of Agency is a universal area of law that determines producer status and binds the agent for \_\_\_\_\_.
  - A. More business
  - B. His acts
  - C. His omissions or errors
  - D. Both B & C
11. Dual agency, and the additional liability it creates, occurs when an agent assumes non-agency business or by professing to have \_\_\_\_\_.
  - A. A better insurer
  - B. Special expertise
  - C. Unlicensed employees
  - D. Additional licenses
12. The rule of policy ambiguity states that if a policy could imply to an average policy holder that coverage is in force then coverage \_\_\_\_\_.
  - A. Does extend
  - B. Does not.
  - C. May extend
  - D. May not
13. In *Eddy vs Sharp*, a fiduciary exposure for an agent surfaced because he proposed a “full coverage” policy but failed to describe \_\_\_\_\_.
  - A. Exclusions in the written policy
  - B. His insurer
  - C. The limits
  - D. How to file a claim
14. In the view of courts, an insurer has a “duty to defend” where the \_\_\_\_\_ gives the insured a reasonable expectation that the insurer will provide a defense.
  - A. Written word
  - B. Agent
  - C. Agent’s employee
  - D. Policy language
15. A liquidation is a sever condition in which an insurance commissioner must take title to an insurer’s assets and use them to pay \_\_\_\_\_.
  - A. Creditors
  - B. Policyholders
  - C. Agent commissions
  - D. A&B only

## PERSONAL LINES – AGENT LIABILITY

16. Reinsurance \_\_\_\_\_ the inherent nature of risk being insured.
- Can change
  - Limits
  - Does not change
  - Enhances
17. To “opt-out”, under new privacy rules, is notification to an agent that a customer prohibits his \_\_\_\_\_ from being shared with non-affiliated third parties.
- Policy information
  - Signature
  - Personal financial information
  - Property condition
18. Hearsay evidence includes notes and other written information that is not generally admissible in court unless it is collected by \_\_\_\_\_.
- A judge
  - An officer of the court
  - Ordinary business rules
  - The next business day
19. Standard operating procedures are steps that you \_\_\_\_\_ in selling and serving clients.
- Follow consistently
  - Can't ignore
  - Choose to follow
  - Have forgotten
20. Loss control procedures involve the steps necessary in \_\_\_\_\_.
- Eliminating exposures to risk
  - Reducing risk frequency or severity
  - Hiring professional risk managers
  - A & B only
21. In *BSF Inc vs Cason*, an agent was found liable for acting outside his scope of authority by \_\_\_\_\_.
- Failing to record a client's claim and cancellation experience on the application.
  - Binding the client early
  - Witnessing a blank application
  - Not forwarding premiums
22. In *Lazzara vs Howard Esser*, an agent was sued for a \_\_\_\_\_.
- Negligence violation
  - Gap in coverage
  - Fraudulent conveyance
  - Lack of attention
23. The *State Farm vs Gros* case is a classic example of why agents need to \_\_\_\_\_.
- Get more help
  - Consult an attorney
  - Make notes to their client files
  - By a computer
24. Which of the following are reasons why agents need to look “beyond insurance” when advising clients.
- Clients can be underinsured
  - Clients cannot be fully insured
  - Insurance can fail to insure
  - All of the above
25. The agency agreement is one of the most important documents controlling \_\_\_\_\_.
- Responsibility
  - Agent duties
  - Claims
  - Policy ambiguity
26. Unlicensed employees who are found doing the work of a licensee can cause substantial problems. The licensed agent in charge could be responsible for \_\_\_\_\_.
- Any claim or shortfall
  - Cancellation of the E&O policy
  - Department of Insurance sanctions, fines and possible license revocation
  - All of the above
27. Contributory liability can occur when an agent holds himself out to be \_\_\_\_\_.
- An expert
  - A specialist
  - A “professional”
  - Any or all of the above
28. A drafting history is a detailed records regarding policies to seek or find the \_\_\_\_\_ of policy terms and the manner in which they were intended to apply.
- Origins
  - Translation
  - Original meaning
  - Author
29. A clause in a policy may be classed a “warranty” is the subject of the clause is \_\_\_\_\_ by the insurer at the time of inception of the policy.
- Discoverable
  - Ambiguous
  - Clear
  - Legal
30. Twisting or churning is defined as \_\_\_\_\_ for purposes of inducing a client to change, surrender or lapse an existing policy.
- Harassing
  - Misrepresentation
  - Unfair Comparison of insurers or policies
  - B & C only



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