

**166**      **Personal Lines - Agent Liability Exam**      **10 Hours**      **Instructions**

Fill-in information below if you plan to fax or mail answers. Or, Submit Answers & get Certificates online at CEclass.com—click My Account

Name \_\_\_\_\_ E-Mail \_\_\_\_\_

Address: \_\_\_\_\_ Phone (\_\_\_\_\_) \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Calif. License # \_\_\_\_\_ Type: \_\_\_ Life \_\_\_ Health \_\_\_ P&C    Renewal Date \_\_\_\_\_

I certify I have reviewed the course book and completed this exam on my own. I agree to all [course conditions](#) at [www.CEclass.com](#).  
If I have not paid yet, I enclose a check or authorize you to charge the credit / debit card below or one you may already have on file.

X \_\_\_\_\_ Dated \_\_\_\_\_  
Signature (Required)

\_\_\_\_\_  
Visa MC AE Disc Credit Card #      Expires      \$      Amount

- More Exams & Books at CEclass.com**
1. Review book.
  2. Fill-in answers below.
  3. Choose How To Send below.
  4. Get results in 10 days by mail or quicker via CEclass.com at My Account.
  5. Credits sent to DOI weekly.

**How To Send**

**3 Ways To Send When Finished:** 1) ONLINE (quickest): [www.CEclass.com](#) (choose *Submit Answers*) **or** 2) FAX to (951) 296-3004 **or** 3) MAIL to Affordable Educators at 41890 Enterprise Circle So #100, Temecula, Ca 92590

**Quicker Results**

**INSTANT GRADING & CERTIFICATE:** Grade your test and get an instant Certificate of Completion ONLINE using *Submit Answers* at [www.CEclass.com](#)

**DOI CREDIT RUSH:** CE hours are posted by DOI in approximately 48 hours (NO holidays & weekends). Check below or choose this service online.  
\_\_\_ YES. Charge \$15 to rush ALL my DOI credits.

Mark Your Answers With a Dark Pencil

If You Mail This Sheet, Make a Copy Before Sending

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

## 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



[Back To Front Page](#)

## WHY PRINT THE EXAM & DOWNLOAD BOOKS?

Short Answer: Compared to other web systems, with our method you finish the course quicker, spend less time online, get a copy of the book for reference and have a paper back-up of your answers . . . just in case!

Long Answer: Printing out the exam and saving the book to your computer means you can relax and finish the course offline at your own pace, without spending hours and hours on the internet; you'll have a readily available copy of the book for your library in case you need to refer to it; and, you eliminate the constant switching between an exam screen and a book screen . . . a big hassle that can add hours to completing an online course. We know, we've timed it! Some internet courses suggest using an online split screen to view the exam and book at the same time. Well, it sounds complicated, and unless you have a super, giant screen, the print is going to be tiny and unreadable for most people. Finally, a good reason for printing the exam and marking your answers is you have a paper back-up if your computer or the internet freezes . . . and, we've all been there!

## HELP – HOW DOES IT WORK?



Print an exam and download (save) a textbook from our website. When done, shut off your internet connection and finish your course offline at your own pace. See instructions on the first page of your book. Complete your answer sheet by marking answers on the front page with a pen or pencil. Then, come back to [www.CEclass.com](http://www.CEclass.com) . . . choose **Submit Answers** . . . quickly click in your answers, pay and get an instant Certificate of Completion on your own printer. Or, you can choose to fax or mail your answer sheet by following the "Choose How To Send" instructions on the front page.

If you need further information, click the green help button to see detailed audio-visual instructions or go to [www.CEclass.com](http://www.CEclass.com) and press help or call **Customer Service (800) 498-5100 MF (9AM – 5PM)**

## DISCOUNTS — \$5 and \$10 Courses!

THAT'S RIGHT! You can buy online courses as low as \$5 and \$10. It's our multiple course discount program. Your first course is priced at our regular low price . . . Additional courses cost you only \$1.25 per credit hour! That means you can meet your Ethics, Annuity or Anti-Money Laundering required hours for only \$5 each online. Or, take Long Term Care or Annuity Training for only \$10 each.

How do you get the discount? Download as many courses as you like from our website and take as long as you want to finish them. To get the discount, however, you must submit your answers to us all at the same time. When you pay online, our system automatically issues these discounts. If you fax or mail your answer sheets, we will calculate the discount for you every time.

## COURSE CONDITIONS

THIS COURSE PROVIDES GENERAL INSURANCE EDUCATION. CONSULT A COMPETENT PROFESSIONAL REGARDING SPECIFIC MATTERS BEFORE ADVISING CLIENTS. We hope you are pleased with the quality and value our CE courses offer. If for any reason you are unsatisfied, return unused books and exams it to us within 30 days for a full refund (less postage). A passing score is 70%. We can only tell you if you passed. If you fail, you will have another chance to pass at no charge. Further re-testing will cost you \$15 per exam. You have one year to complete this course. However, you should finish as soon as possible since courses like these are subject to constant re-evaluation and change by the Department of Insurance. If this course fails to meet the standards and credit hours advertised, whether by state / agency changes or our mistake, we will refund your entire course fees. It is agreed that this amount is liquidated damages. It is agreed that any differences between you and us will be settled through binding arbitration in Riverside County, California. The State has approved credit hours for our courses, however, they ask us to mention that they do not endorse content or the author's opinions.