

<b>172</b>	<b>Suitability Issues</b> \$45 Web / \$59 Book <i>Discounts Available</i>	<b>20 Hours</b> <i>Satisfies Ethics</i>	<b>Instructions</b>
------------	---	--	---------------------

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](http://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](http://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"/>	11	<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"/>	31	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	41	<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"/>	12	<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"/>	32	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	42	<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"/>	13	<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"/>	33	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	43	<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"/>	14	<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"/>	34	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	44	<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"/>	15	<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"/>	35	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	45	<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"/>	16	<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"/>	36	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	46	<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"/>	17	<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"/>	37	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	47	<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"/>	18	<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"/>	38	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	48	<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"/>	19	<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"/>	39	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	49	<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"/>	20	<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"/>	40	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	50	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## FINAL EXAM – Suitability Issues You Can't Ignore

1. Controlling client risks involves avoiding or \_\_\_\_\_ them.
  - A. Increasing
  - B. Leveling
  - C. Reducing
  - D. Eliminating
2. First-year reinsurance is used by insurers to shore up their surplus position from losses of \_\_\_\_\_.
  - A. The previous year
  - B. First year policies
  - C. Cancelled policies
  - D. Lapsed policies
3. Legally, a *personal relationship* between agent and a prospective insured is created when \_\_\_\_\_.
  - A. A prospective insured consults and agent
  - B. A prospective insured provides an agent with specific information about his unique circumstances
  - C. A prospective insured relies on the agent to obtain appropriate coverage tailored to his circumstances
  - D. All of the above
4. A pure risk is one which \_\_\_\_\_ result in the possibility of gain.
  - A. Cannot
  - B. Might not
  - C. Probably will not
  - D. Could
5. A moral hazard is a condition that \_\_\_\_\_ the likelihood that an insured or a person in a position to be paid by an insurer will intentionally cause a loss.
  - A. Increases
  - B. Decreases
  - C. Predicts
  - D. Assumes
6. The meaning of suitability conduct is that agents should size-up a client and \_\_\_\_\_.
  - A. Collect the highest commissions possible
  - B. Guess about his requirements
  - C. Anticipate his needs when he can't
  - D. Ask about his excess funds
7. State Guaranty Fund coverage may not be disclosed as a selling advantage in some states. If this is the case, agents should privately exercise diligence by \_\_\_\_\_.
  - A. Purchasing higher limits
  - B. Having his own errors & omissions cover client losses
  - C. Diversifying among several insurers and/or contracts
  - D. Hoping for the best
8. Seniors like consistency and \_\_\_\_\_ in their business dealings.
  - A. High rates
  - B. Nice appearance
  - C. Uniformity
  - D. Quiet surroundings
9. A charging order is intended to protect \_\_\_\_\_ form the claims of another individual partner.
  - A. Policy holders
  - B. Partners of a partnership
  - C. Innocent bystanders
  - D. Insurance companies
10. Obtaining insurance for a client, with a view to earning a commission, establishes you as the client's agent. This means you owe a duty to act with reasonable \_\_\_\_\_.
  - A. Care
  - B. Skill
  - C. Diligence
  - D. All of the above
11. An *insurer's quick liquidity position* is defined as the amount of cash and quickly convertible investments as a percentage of \_\_\_\_\_.
  - A. Total assets
  - B. Liabilities
  - C. Debt
  - D. Premium income
12. A critical consideration in rating an insurer, according to Fitch Ratings, is the analytical judgement as to whether \_\_\_\_\_ will persist or reverse.
  - A. Historical trends
  - B. Reinsurance
  - C. Disintermediation
  - D. Bond markets

## FINAL EXAM – Suitability Issues You Can't Ignore

13. Reinsurance, say industry analysts, should not exceed 0.5 to 1.3 times a company's \_\_\_\_\_.
- A. Liabilities
  - B. Assets
  - C. Surplus
  - D. Liquidity ratio
14. The agent's role in monitoring underwriting is to meet with each client on an annual basis to \_\_\_\_\_.
- A. Review new product
  - B. Review coverages
  - C. Ensure that information on file is accurate
  - D. B & C only
15. An investigative consumer report provides information on a consumer's \_\_\_\_\_.
- A. Character & reputation
  - B. Personal Characteristics
  - C. Mode of living
  - D. All of the above
16. Reinsurance is purchased by an insurer so that it can \_\_\_\_\_ large or catastrophic losses.
- A. Completely isolate itself from
  - B. Spread it's risks & limit it's own liability from
  - C. Make insureds pay for
  - D. Involve the insurance commissioner in it's
17. In the *Steadman v. McConnell* case, the court determined the agent to be an expert and the insured a mere laymen. Their relationship was a \_\_\_\_\_ one in which the insured was entitled to believe the agent's material statements.
- A. Fiduciary
  - B. Stressful
  - C. Complicated
  - D. Sustainable
18. Needs analysis helps the agent sell the right amount of insurance to the client for \_\_\_\_\_.
- A. Optimum commissions
  - B. Less commissions
  - C. The right reasons
  - D. Less time spent
19. Loss control procedures involve the steps necessary in eliminating exposures to risk and \_\_\_\_\_.
- A. Increasing agent commissions
  - B. Reporting them to the insurance commissioner
  - C. Reducing their frequency or severity
  - D. Safeguarding premiums
20. Different generations tend to define themselves in \_\_\_\_\_.
- A. In the shadow of a momentous event
  - B. Through members of their own generation
  - C. Monetary terms
  - D. A & B only
21. The Limited Liability Company (LLC) is a hybrid entity which has similar characteristics to both a Corporation and a \_\_\_\_\_.
- A. General partnership
  - B. Limited partnership
  - C. Joint venture
  - D. Sole proprietorship
22. Agent records are admissible in court as long as they are generated \_\_\_\_\_.
- A. In the ordinary course of business
  - B. On a computer
  - C. By you and witnessed by someone else
  - D. In duplicate
23. *Geographic and product boundaries* for financial markets, traditionally not a factor for insurance companies, have faded. New products and services have \_\_\_\_\_ between banks, security brokers and insurance agents.
- A. Underscored the importance
  - B. Blurred the distinctions
  - C. Organized the relationship
  - D. Defined the role
24. Standard & Poor's claims paying ability is an assessment of an insurer's capacity to \_\_\_\_\_.
- A. Pay it's creditors
  - B. Respond quickly to claims
  - C. Meet it's policyholder obligations
  - D. Follow state claim procedures

## FINAL EXAM – Suitability Issues You Can't Ignore

25. The Risked Based Capital Model Act defines acceptable levels of \_\_\_\_\_ that insurers may incur.
- A. Opportunity
  - B. Risk
  - C. Reinsurance
  - D. Premium income
26. State Guaranty Funds coverage is triggered when the insurer has \_\_\_\_\_.
- A. Been declared financially impaired or insolvent by a court of law.
  - B. Gotten behind in payments
  - C. Less than \$10 million in capital
  - D. Refused to cooperate with the insurance commissioner
27. For insurable interest to exist in life insurance, the death of the insured must \_\_\_\_\_.
- A. Be sudden, without warning
  - B. Be investigated by the insurer
  - C. Have clear and definite financial impact on the policy owner
  - D. Always be an accident
28. The Medical Information Bureau is considered to be an important tool because of its role in \_\_\_\_\_.
- A. Estimating illness
  - B. Reducing fraud
  - C. Defining preexisting conditions
  - D. Establishing health qualifications
29. The purpose of a need-driven sale system is to analyze a client's needs and determine \_\_\_\_\_.
- A. How insurance can best meet those needs
  - B. How quickly you can get them covered
  - C. The highest premium possible
  - D. The maximum allowable commission
30. Repositioning to meet client needs means an agent must \_\_\_\_\_.
- A. Ask questions of clients
  - B. Learn client objectives
  - C. Understand client groups
  - D. All of the above
31. In *Parsaie v. United Olympic* a \_\_\_\_\_ was the basis of a dispute between the insured and agent. The court determined that the insured was entitled to rely on the advice of the agent.
- A. Language misunderstanding
  - B. Cancelled check
  - C. Lost premium
  - D. Commission overcharge
32. The shift away from *manufacturing to service orientation* means that suitable workplace policies will address more \_\_\_\_\_ coverages.
- A. Slip and fall
  - B. Estate oriented
  - C. Intellectual
  - D. Group
33. An insurer's asset-default test establishes varying reserve accounts to be established for various classes of investments based on their \_\_\_\_\_.
- A. Liquidity
  - B. Default risk
  - C. Profitability
  - D. Level of reinsurance
34. By size of company, fewer insurer failures have hit companies with assets greater than \_\_\_\_\_.
- A. \$10 million
  - B. \$25 million
  - C. \$50 million
  - D. \$100 million
35. In *Reese v. Medical Professional Liability*, a State Guaranty Fund paid the \_\_\_\_\_ of a policy for an insolvent insurer, but punitive damages were denied.
- A. Strict limits
  - B. Unpaid premiums
  - C. Commissions
  - D. Premium taxes
36. Retaining risk is a standard practice for all insureds. A \_\_\_\_\_, is an example of a risk retained.
- A. Conditional receipt
  - B. Deductible
  - C. Return of premium rider
  - D. Liability umbrella

## FINAL EXAM – Suitability Issues You Can't Ignore

37. Needs-based selling "involves" the client, allowing him to use his own ideas and \_\_\_\_\_.
- A. Special knowledge
  - B. Expertise
  - C. Assumptions
  - D. Limitations
38. In serving boomer markets it is important to be \_\_\_\_\_ oriented.
- A. More detail
  - B. Less detail
  - C. More technically
  - D. Graphic
39. Fraudulent conveyance is defined as a transfer of property \_\_\_\_\_, with the intent to defraud creditors.
- A. At night
  - B. Without adequate consideration
  - C. At inflated prices
  - D. Through the quasi-court
40. Suitability means resisting the urge to jump at the very first need your client reveals. Ask your client for \_\_\_\_\_, never assume without their input.
- A. Up-front deposits
  - B. Their entire history
  - C. Clarification
  - D. More business
41. The Gramm-Leah-Bliley act encourages industry convergence (mergers) because it enables financial service companies to establish \_\_\_\_\_ that provide banking, brokerage and insurance services.
- A. Holding companies
  - B. Reverse mortgage entities
  - C. Marketing groups
  - D. Non-profit organizations
42. Moody's *financial strength ratings* measure the risk that an insurer will fail to \_\_\_\_\_.
- A. Provide prompt claims service
  - B. Honor its senior policy holder claims in full on a timely basis
  - C. File required new product offerings
  - D. Pay commissions
43. A cut through clause requires \_\_\_\_\_ to pay a loss, or portion of loss, directly to the policy owner or insureds when an insurer goes insolvent.
- A. The state guaranty fund
  - B. The insurance commissioner
  - C. A reinsurer
  - D. The insurer's board of directors
44. The limitations of reinsurance are many, including . . .
- A. Reinsurance does not make a bad risk insurable
  - B. Reinsurance does not allow for the under-pricing of risks
  - C. Reinsurance does not make a risk exposure more predictable
  - D. All of the above are limitations
45. Use of *consumer reports or credit reports*, under the Fair Credit Reporting Act, is limited to \_\_\_\_\_ insurance transactions only.
- A. Life
  - B. Casualty
  - C. Health
  - D. The firm offer of
46. When you conduct *client needs research* you will be able to assess your client markets and \_\_\_\_\_ how to approach and serve them before you ever meet.
- A. Identify
  - B. Classify
  - C. Guess
  - D. Exactly determine
47. Under community property laws a spouse who pays a single payment on behalf of the other spouse is said to have granted \_\_\_\_\_ to the other spouse to contract joint debts.
- A. Marital duty
  - B. Combined responsibility
  - C. Apparent authority
  - D. Divorce commencement
48. An attorney's *drafting history* contains insurance industry records and deliberations.

## FINAL EXAM – Suitability Issues You Can't Ignore

It's purpose is to seek the original meaning of \_\_\_\_\_ and the manner in which they were intended to apply.

- A. Endorsements
- B. Policy terms
- C. Conditional receipts
- D. Insurance applications

49. It is prohibited to use agent trust accounts as \_\_\_\_\_.

- A. A personal possession
- B. Collateral for either business or personal loans
- C. An asset on a personal financial statement
- D. All of the above are prohibited

50. A *cohort* is a group of people who share similar \_\_\_\_\_ that create bonds or tie them together. Knowing what makes a cohort group tick is a powerful determinant of insurance needs.

- A. Incomes
- B. Experiences
- C. Demographics
- D. Residence locations

--END EXAM--



[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.