1. New approaches in litigation tie together the __________________ between the agent, insurer and its insured.
   A. Relationship  B. Correspondence  C. Compatibility factor  D. Tolerance

2. In Malone v Basey, the agent was sued when a page from the application failed to __________________.
   A. State a preexisting condition  B. Reflect the insured’s name  C. Go through the fax machine  D. Be read by the agent

3. Courts generally support a "punitive damage award" where a misdeed has been __________________ by a managing agent.
   A. Detected  B. Ratified  C. Reformed  D. Investigated

4. If an insurance company wants to insert conditions or restrictions which deny coverage until the full premium is received, it must ____________________.
   A. Phone ahead  B. Give the insured 24-hour notice  C. Mail an rider to the insured  D. Word them in clear unambiguous language

5. The main issue in the American Management Group v Samuel Dunlap case is the fact that the agent ____________________.
   A. Lost the insured’s application  B. Promised to remit premiums and didn’t  C. Closed his office 2 hours early  D. Abused his office staff

6. The right of an insurance agent to commissions on renewal premiums depends upon the ____________________.
   A. Contract existing between agent and insurer  B. Circumstances of the renewal  C. Company attorney  D. Agent’s recent sales

7. Arbitration clauses have met with __________________ on the part of courts.
   A. Great acceptance  B. Relative success  C. Substantial hostility  D. Minor resistance

8. In Mate v Wolverine Mutual, it was determined that an agent had __________________ a client demonstrated by years of experience and notes in the agent file. This created an additional duty of care.
   A. Neglected  B. A special relationship with  C. Cheated  D. Never contacted

9. When agents are sued by their insurer, it is most likely for a violation of ____________________.
   A. Trust  B. The Law of Agency  C. City codes  D. Policy misrepresentation

10. A Potentially Responsible Party Letter is usually written by an attorney and tend to imply that you ________________.
    A. Have been cleared in a claim  B. Are guilty in a claim  C. May have some exposure in a dispute  D. Must pay a fine

11. In the Barhonovich v American case, the insured did NOT have the right to rely on fraudulent statements made by an insurance agent since they were ______________ with the terms of the policy.
    A. Materially the same  B. In direct conflict  C. Somewhat in compliance  D. Strikingly similar

12. In Peerless v Young, it was argued that coverage is only effective from the date of ________________.
    A. Receipt of the request  B. First contact  C. The initial office meeting  D. The first phone conversation
13. Ratification generally occurs where the employer or its managing agent is charged with failing to ______________ a known pattern of workplace abuse, or failing to investigate or discipline the errant employee once misconduct became known.

A. Recognize  
B. Perceive  
C. Intercede in  
D. Talk about

14. Insurance abuse is any practice that uses the system in a way that is ______________ to either the intended purpose of the system or the law.

A. Slightly opposed  
B. Contrary  
C. Compatible  
D. Legally opposite

15. To be bound by the “acts of an agent”, evidence must show that the principal (insurer) held the agent out to the public as possessing ______________ authority and the person dealing with agent know of these facts and acted in good faith.

A. Actual  
B. Express  
C. Minimal  
D. Sufficient

16. Under the theory of respondeat superior, a principal (insurer) can be liable for agent acts done within the scope of employment even though the principal did not ______________ such acts or even forbade them.

A. Remember  
B. Recognize  
C. Authorize  
D. Participate in

17. The reasonable expectation theory states that if a policy could imply to an average policy holder that coverage is in force, yet that exact language does not exist in the policy, then coverage ______________ extend.

A. Does  
B. Does not  
C. May  
D. Probably doesn’t

18. In the Macey v Allstate case conclusion, the court found that agents who ______________ the insured that he is covered by their policy, have a special duty to inform him if he has been cancelled.

A. Imply to  
B. Never imply to  
C. Reassure  
D. Fail to inform

19. The Szelenyi v Morse case proves that not all terms of agency agreement need to be reduced to writing to be ______________.

A. Readable  
B. Legal  
C. Enforceable  
D. Understood

20. In order for a civil conspiracy to take place, the courts say ______________ must commit an unlawful act.

A. All parties involved  
B. A minimum of three parties  
C. A single person  
D. Two people

21. The purpose of a contract integration clause is to preclude either party from later claiming there were ______________ in addition to those stated in the written agreement.

A. Oral representations  
B. Representations  
C. Contract terms  
D. All of the above

22. The Law of Agency is an area of law that determines producer status and binds the agent for his ______________.

A. Time  
B. Expertise  
C. Acts of omissions or errors  
D. Past experience

23. Policy ambiguity rules state: If the policy could imply to a reasonable policy holder that coverage is in force, yet that exact language does not exist, then coverage ______________.

A. Does not exist  
B. Does extend to the policy holder  
C. May not exist  
D. Probably does not exist
24. Agent ethics involves honest standards and judgments that _____________.
   A. No one expects
   B. Everyone provides
   C. Place the client first
   D. Courts demand

25. Insurers have a "duty to defend" the insured where the policy language gives the insured _____________ that the insurer will provide a defense.
   A. A reasonable expectation
   B. Clear indication
   C. Absolute confirmation
   D. A hint

26. In the McCann v Gulf National case, the court determined that where the agent takes charge of the application or suggest answers to questions, the insurance company shall not void the policy as long as _____________.
   A. The agent was licensed
   B. The insured was over the age of 25
   C. Everyone agrees on the answers
   D. Full disclosures were made by the applicant

27. In the Cooper v Berkshire Life case, the agents were sued because they told Cooper they were highly skilled insurance experts and they _____________ him to rely on their expertise and prior relationship.
   A. Forced
   B. Encouraged
   C. Suggested
   D. Asked

28. Knowledge of the agent is NOT imputed to the insurer when an agent _____________.
   A. Is engaged in fraud
   B. Has a motive for concealing information
   C. Doesn’t understand the insurer’s product
   D. A & B only

29. Application statements made by an insured are considered to be representations, not warranties. The difference is significant because a representation can be ____________, but a warranty is presumed as conclusive.
   A. Made in error
   B. Defended
   C. Misunderstood
   D. Legally binding

30. Knowledge of a general or managing agent constitutes ____________ even if the agent fails to pass it along.
   A. Knowledge of the insurer
   B. Materiality
   C. Implied knowledge
   D. Fair warning to the insurer

31. A contract integration clause proclaims to the courts that an agreement or policy ___________ any and all previous oral or written communications between the parties.
   A. Is subject to
   B. Supersedes
   C. Confirms
   D. Substantiates

32. "Complete insurance protection” is not required of agents, but you may have a duty to _____________.
   A. Make clients comfortable
   B. Speak only in English
   C. Explain policy options that are widely available at a reasonable cost
   D. Understand client needs

33. If an "agent’s renewal history” with a client is to automatically and voluntarily renew or remind them to renew a policy, he _____________.
   A. Can assume exposure
   B. Cannot be liable
   C. Is probably not liable
   D. Will never be responsible

34. E-mail communications are binding. You and others in your company should communicate with e-mail as you would in _____________.
   A. Normal conversation
   B. Other written documents
   C. A public meeting
   D. A private phone conversation

35. The legal precedent theory bases legal decisions on precedents leading to a constant ____________ of the law.
   A. Expansion
   B. Contraction
   C. Maintenance
   D. Accountability
36. Application statements you make that are in direct conflict with policy coverage may ______________ or set up a situation for a potential claim.
   A. Extend coverage
   B. Be allowable
   C. Be illegal
   D. Be taken the wrong way

37. In National Inspection v Valley Forge Life, the court concluded that the agent violated the terms of his producer contract but his insurer was not entitled indemnification because the agent’s error was not the ______________ the principal’s loss.
   A. Focus of
   B. Proximate cause of
   C. Issue in
   D. Important element of

38. The examination of an insurance policy is an obligation of an insured unless ______________.
   A. The agent has held himself out to be an expert relied upon by the insured
   B. A special relationship of trust exists which would excuse the insured
   C. The insured plans to return it within 30 days
   D. A & B above

39. Failing to disclose a known risk to your insurer, such as a client’s pre-existing condition, which induces the insurer to issue coverage on which it suffers a loss may subject you to ______________.
   A. Embarrassment
   B. Loss of status
   C. A 20% reduction in commissions
   D. Punitive damages

40. An agent’s standard of care is that which a reasonably prudent person, engaged in the insurance business would use under ______________.
   A. Pressure
   B. Cover
   C. Similar circumstance
   D. The cloak of knowledge

41. The statute of limitations begins to run when the insured (plaintiff) knows, or reasonably should have known, facts that would make a reasonable person aware that ______________ exists.
   A. Harm
   B. Causation (casuality)
   C. Tortuous (deceptive) conduct
   D. All of the above

42. Terms of agreement between a principal (insurer) and an agent do not have to be in writing. Rather, terms may be ______________ from the facts and circumstances of the relationship.
   A. Generated
   B. Implied
   C. Conducted
   D. Drawn

43. Written agency agreements, according to the courts, are legal, controlling documents that must be ______________.
   A. Read by all parties
   B. Recorded
   C. Enforced
   D. Reviewed by an attorney

44. To claim recovery of commissions, one must have ______________.
   A. A New York attorney
   B. A good relationship with an insurer
   C. Reasonable expectation of payment
   D. Sales in excess of $100,000 in premium

45. Agents advising clients they are covered with knowledge that the intended insurer has not yet agreed to accept such coverage, act as ______________ until coverage is accepted.
   A. The Insurance company
   B. An Intermediary
   C. A Bridge agent
   D. De facto brokers

46. The general rule of agency law states that if an insurance agent acts as the agent of a disclosed principal (insurer), the ______________ is liable to the client.
   A. Agent
   B. Principal (insurer)
   C. Office manager
   D. Broker of record
47. Failing to procure coverage for a client may subject an agent to liability for loss, damage or the limits of the policy until ________________.

A. 30 days have passed  
B. 60 days have passed  
C. 90 days have passed  
D. Insurance is found  

48. Concealment is neglecting to _______________ what the agent knows or ought to know to be true.

A. Put in writing  
B. Phone in  
C. E-mail  
D. Communicate  

49. A completed application, under generally accepted law, may be forwarded to the insurer for assessment of the risks, after which, the insure may decide to form a contract by _________________.

A. Sending it back  
B. Giving the agent a nod  
C. Accepting the applicant's offer  
D. Handing to the company attorney  

50. Twisting or churning is defined as misrepresentation or comparison or insurers or policies for the purpose of inducing a client to ________________ an existing policy.

A. Change  
B. Surrender  
C. Lapse / forfeit  
D. All of the above  

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| 1 | O | O | O | O | 11 | O | O | O | 21 | O | O | O | 31 | O | O | O | 41 | O | O | O | O |
| 2 | O | O | O | O | 12 | O | O | O | 22 | O | O | O | 32 | O | O | O | 42 | O | O | O | O |
| 3 | O | O | O | O | 13 | O | O | O | 23 | O | O | O | 33 | O | O | O | 43 | O | O | O | O |
| 4 | O | O | O | O | 14 | O | O | O | 24 | O | O | O | 34 | O | O | O | 44 | O | O | O | O |
| 5 | O | O | O | O | 15 | O | O | O | 25 | O | O | O | 35 | O | O | O | 45 | O | O | O | O |
| 6 | O | O | O | O | 16 | O | O | O | 26 | O | O | O | 36 | O | O | O | 46 | O | O | O | O |
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| 8 | O | O | O | O | 18 | O | O | O | 28 | O | O | O | 38 | O | O | O | 48 | O | O | O | O |
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| 1 | O | O | O | O | 11 | O | O | O | 21 | O | O | O | 31 | O | O | O | 41 | O | O | O | O |
| 2 | O | O | O | O | 12 | O | O | O | 22 | O | O | O | 32 | O | O | O | 42 | O | O | O | O |
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