

The Ethical Advantage - Exam

1. **Ethics is defined as** a set of values that constantly guides our _____.

- A. Net worth
- B. Values
- C. Money machine
- D. Direction

2. **Insurance ethics** involves the maintaining of honest standards and judgments that place the client _____.

- A. First
- B. Second
- C. In the que
- D. Above strangers

3. Representing yourself as an **insurance expert**, when you are not, is an example of _____.

- A. Misuse of position
- B. A big ego
- C. A white lie
- D. A fabrication

4. A policy that appears to be significantly better than others or **too good to be true** should be _____.

- A. Purchased right away
- B. Recommended
- C. Rarely recommended
- D. Suspect

5. Our **court system** makes legal decisions based on _____.

- A. Drawing straws
- B. Lottery
- C. Precedents
- D. Conjecture

6. Saying things like, **"trust me" or "I guarantee it"** could be construed as a _____ by the agent

- A. Promise
- B. Bond
- C. Warranty
- D. Obligation

7. **Concealment** is neglecting to communicate what the agent knows or _____ to be true

- A. Believes
- B. Ought to know
- C. Thinks
- D. Suspects

8. The **highest level of agent ethics** occurs when **errors and omissions insurance** is purchased for the _____.

- A. The protection of clients
- B. Under \$1,000 per year
- C. The agent's asset protection
- D. The insurer

9. In the **Hohreiter vs. Garrison** case, the Commissioner revoked a license because the agent misrepresented benefits of policies he was selling and had entered _____ in applications

- A. Too much information
- B. False answers
- C. Slightly incorrect responses
- D. Illegible answers

10. In **Parsaie vs. United Olympic Life Insurance** a client prevailed in her action against a health insurer because she _____ and could not read the application.

- A. Could not comprehend
- B. Understood little English
- C. Was blind
- D. Was hearing impaired

11. In **Bell vs. Oleary**, the courts determined that the agent had _____ and failed to give the client a complete answer about the unavailability of coverage

- A. Nothing to lose
- B. Everything to lose
- C. Superior knowledge
- D. Feared losing a commission

The Ethical Advantage - Exam

12. Clients demanding **easy access to their money** should be prepared to settle for _____.

- A. Higher yields
- B. Unsatisfactory income
- C. Loss of principal
- D. Lower overall yields

13. If an **insurer is liquidated**, all policy owners and other potential claimants MUST be informed and permitted to file a _____ with the insolvent estate.

- A. Proof of claim
- B. Protest
- C. Lawsuit
- D. Letter of intent

14. **In Eddy vs. Sharpe** the agent was found liable for client losses because his proposal left out _____.

- A. His license number
- B. The peril that damaged property
- C. The State Guaranty info
- D. The amount of coverage

15. **Opt-out** is the process of having one's personal information _____ from databases and lists.

- A. Added
- B. Washed
- C. Removed
- D. Liquidated

16. **Applications used to purchase insurance** are _____.

- A. Null and void at approval
- B. Never part of the contract
- C. Made part of the contract
- D. Hidden in the policy

17. **Agents should look beyond insurance** because there are times when clients are _____, there are clients who **cannot be fully insured**, and there are times when insurance simply **fails to insure**

- A. Underinsured
- B. Wrong
- C. Clueless
- D. Not reasonable

18. **Spenddown**, is the process where Medi-cal and nursing home care _____ a person's assets

- A. Inflate
- B. Level
- C. Reduce
- D. Supplement

19. A **strong moral compass** is maintained by having a strong, unflinching sense of what is _____ and stay focused on it at all times

- A. Right
- B. Wrong
- C. Not right
- D. Reasonable

20. In **State Farm vs. Gros**, lack of notation regarding a client conversation three years before the loss was evidence the agent _____ the policy

- A. Was right about
- B. Misrepresented
- C. Should not have been paid for
- D. Knew nothing about

21. In **Seascope vs. Associated Insurance**, agents advised a client that _____ insurance was NOT available to them, but it was.

- A. Liability
- B. Umbrella
- C. Work Comp
- D. Seawall

The Ethical Advantage - Exam

22. *Higginbotham v. Greer*, suggests that agents need to keep clients informed about significant changes in

_____ their insurance company on an on going basis

- A. New policies issued by
- B. The financial condition of
- C. The interest rates offered by
- D. CEO changes in

23. Regarding *family capital needs*, most families will be able to maintain their standard of living with about _____% of the former breadwinner's income.

- A. 33%
- B. 50%
- C. 75%
- D. 85%

24. *Multiple lines insurance agents* (life, health, disability, property/casualty) should prioritize the impact of _____ on a client's financial planning

- A. Life insurance
- B. Child life policies
- C. Health insurance
- D. Umbrella

25. An *ethical advantage* will be gained if agents choose to manage client conflicts _____ they occur.

- A. Before
- B. After
- C. Once
- D. In case

26. A *warranty or condition statement* that is untrue and relied upon by the insurer at the inception of the policy can _____ the contract

- A. Delay
- B. Void
- C. Enhance
- D. Compromise

27. Having *high ethical standards*, or more simply being honest, can be more important than _____.

- A. Money
- B. Being right
- C. A good marriage
- D. A poke in the eye

28. In *Cunningham vs. PFL Life*, agents misrepresented the life insurance policies they were selling as _____.

- A. A retirement plan
- B. Investment vehicles
- C. Ineffective
- D. Unreliable

29. *Moral distress* occurs when a person experiences growing pressure to engage in _____ behavior.

- A. Fantasy
- B. Illogical
- C. Unethical
- D. Outrageous

30. When an *agency agreement* exists between agent and insurer, the agent/broker has a duty to exercise reasonable care. The agent is considered a _____ of the insurer.

- A. Representative
- B. Fiduciary
- C. Alter ego
- D. Principle

31. A *drop down* is where an excess insurer "drops down" to provide insurance when the primary insurer has become _____.

- A. Insolvent
- B. Unwilling
- C. Too profitable
- D. Uncooperative

The Ethical Advantage - Exam

32. In *Forgione vs. State Farm*, the insureds relied on agents to obtain the appropriate gap coverage. After a claim, none existed. The court determined the agents failed to use reasonable care, skill and diligence to procure _____.

- A. Suitable policies
- B. A decent interest rate
- C. A copy of the policy
- D. Minimum coverage

33. The thrust of the *Unfair Trade Practices Law* is that agents are prohibited in engaging in "unfair methods" of competition and _____.

- A. Prejudice
- B. Wild promises
- C. Deceptive acts
- D. Collusion

34. In the *McConnell vs. Ehrlich*, the agent lost his license for using _____ that closely resembled official correspondence from the Department of Motor Vehicles.

- A. Id cards
- B. Prospecting letters
- C. Invitations
- D. Postcards

35. *State guaranty funds* are an advance payment system to pay off individuals and groups who would be devastated by the liquidation of _____.

- A. The insured
- B. The state insurance department
- C. An insurer
- D. The federal government

36. *Being ethical pays* through greater customer loyalty, referrals, reduced legal costs, good publicity and _____.

- A. Access to capital
- B. Free lunches
- C. A bigger ego
- D. Complimentary passes

37. An *ERISA fiduciary* has been interpreted to be any person exercising _____ over the plan or its assets, regardless of their formal titles.

- A. Financial control
- B. Checkbook control
- C. Psychic control
- D. Managerial control

38. A *stakeholder* is anybody that can be affected by your actions. Your client is a stakeholder in that he depends on you and your insurance products to _____ his economic well-being.

- A. Enhance
- B. Protect
- C. Stabilize
- D. Negotiate

39. An *E&O claims-made exclusion* means you will be covered for only the claims that occur _____.

- A. After the policy has expired
- B. While the policy is in force
- C. After midnight
- D. After December 31

40. The act of *twisting or churning* is defined as misrepresentation or comparison of insurers or policies for the purpose of _____ change, surrender, lapse or forfeit an existing policy.

- A. Inducing a client to
- B. Discussing a
- C. Hoping to convince a client to
- D. Not convincing a client

41. *Ethics are not laws*, yet they can be _____.

- A. A nuisance
- B. Profitable
- C. Guided by laws
- D. Conflicting

The Ethical Advantage - Exam

42. In ***Grace vs. Interstate Life*** the agent _____ to collect premiums after the client reached 65 despite the fact that Medicare would have replaced most of the benefits of her policy.

- A. Failed
- B. Refused
- C. Continued
- D. Offered

43. A ***buy-sell agreement*** provides _____ to purchase a deceased's share with the business passing to the surviving partner

- A. Insurance
- B. Assurances
- C. A promise
- D. Best wishes

44. ***Proper sales conduct*** would encourage clients to _____ and help them review the fine print to fully understand exact limits of coverage, define perils, clarify what constitutes a hazard and recognize policy owner duties.

- A. Buy more insurance
- B. Pay higher premiums
- C. File needless claims
- D. Read their policies

45. An ***agent's fiduciary duty to his insurer*** prevents him from competing with the insurer concerning the subject matter of the agency or from making a _____.

- A. Reasonable commission
- B. Secret profit
- C. Fuss
- D. Bunch of money

46. In the event of a ***lost or stolen policy***, a policyholder must do two things: 1) prove he made a diligent _____ and, 2) identify the parties to the contract.

- A. Effort
- B. Payment
- C. Search
- D. Written request

47. An ***agent's statutory duties to his insurer*** include a *duty of using standard* _____.

- A. Communications
- B. Care and skill
- C. Ways and means
- D. Operating procedures

48. ***Standard operating procedures*** are steps that you follow consistently in selling and serving clients to be sure that all clients are _____.

- A. Happy
- B. Legally notified
- C. Treated the same
- D. Helped

-- END EXAM --

222	The Ethical Advantage Exam	16 Hours Satisfies Ethics	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 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 same day by email or quicker via CEclass.com My Account.
5. Credits sent to DOI every MWF

How To Send

3 Ways To Send When Finished: 1) ONLINE (quickest): www.CEclass.com (choose My Account or 2) FAX to (951) 296-3004 or 3) MAIL to Affordable Educators at PO Box 2048, Temecula, Ca 92593 or 4) Scan to orders@ceclass.com

Quicker Results

INSTANT GRADING & CERTIFICATE: Grade your test and get an instant Certificate of Completion ONLINE using My Account at www.CEclass.com

DOI CREDIT RUSH: CE hours are posted by DOI in approximately 24 hours (NO holidays & week-ends). 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					
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"/>					
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"/>					