

Commonwealth Schools of Insurance

P.O. Box 22414, Louisville, KY 40252-0414 • 502.425.5987 • FAX 502.429.0755

E-mail: info@commonwealthschools.com

INSTRUCTIONS TO COMPLETE THE CONTINUING EDUCATION COURSE

Thank you for choosing the Commonwealth Schools of Insurance to fulfill your continuing education requirements.

Please follow the instructions below to complete the course:

STEP 1

Once you have read the material, please print the ANSWER SHEET, AFFIDAVIT and QUESTIONS that follow this page. IDOI requires that all continuing education test be proctored by and currently licensed Indiana insurance agent. After printing the ANSWER SHEET, please fill out the requested information clearly and completely.

STEP 2

TEST QUESTIONS must be answered on the page that follows. You must score 70% or better to receive credit for this course.

STEP 3

After completing the TEST and STUDENT INFORMATION marked with an "X" on the Affidavit, have the test proctor complete the bottom of the Affidavit. Completed Answer Sheet and Affidavit may be emailed, faxed or mailed to:

Emailed to:	info@commonwealthschools.com
Faxed to:	502.429.0755
Mailed to:	Commonwealth Schools of Insurance, Inc. P O Box 22414 Louisville, KY 40252-0414

Please note that your ANSWER SHEET and AFFIDAVIT will not be processed without payment. Payment arrangements are listed on the ANSWER SHEET.

YELLOW CARD SPECIAL

Simply complete and return all 24 hours of CE at the same time.

Regardless of the prices listed, your total charge will be

\$99.00

NOTICE

The material contained herein may not be duplicated without the express written permission of Commonwealth Schools of Insurance.

The material contained in this course cannot be used as an original source of authority on legal matters. Any references made to laws and regulations in this material have been edited and summarized for clarity; and changes in these laws and regulations may have occurred since this course was published. The reader should always consult legal counsel as appropriate.

**INDIANA DEPARTMENT OF INSURANCE
AFFIDAVIT OF PERSONAL RESPONSIBILITY**

Instructions to Course Provider: This document does not replace Certificate of Completion. The original affidavit is to be returned to you with finished examination and must be retained in your files for seven (7) years.

I affirm, under penalties of perjury, that I personally completed the entire text of the self-study course(s) listed below. I also affirm, under penalties of perjury, that I completed the exam without assistance from any source. I understand that it is my responsibility to file or maintain my Certificate of Completion as required by the Indiana Department of Insurance.

X _____
AGENT'S SIGNATURE

X _____
DATE

X _____
AGENT'S LICENSE NUMBER

AFFIDAVIT OF EXAM COMPLETION

I hereby certify, under penalty of perjury, that I am a duly licensed insurance agent in the State of Indiana and that I administered the **closed book final examination** for the course listed below and that it was completed without assistance or outside help of any kind, including the study material.

Name of Student X _____ License Expiration Date X _____

Address X _____ City/State/Zip X _____

Social Security No. X _____ Date of Birth X _____

Name of Course: Ethical Issues in Insurance - 4 hrs - 27648

Name of Course Provider: *Commonwealth Schools of Insurance*

Location Exam was taken _____

Date Exam was taken _____

***Printed Name of Exam Witness

Signature of Exam Witness

***License Number of Witness

Business Phone Number of Witness

Witness' Business Mailing Address _____

*****Your test must be proctored by an actively licensed Indiana Insurance Agent.**

Please Note: This form must be completed before your course will be graded and submitted to INDOI.

Ethical Issues in Insurance
(4 credit hours – Approved for Ethics Credit in Indiana)

PLEASE PRINT CLEARLY

<hr/> First Name	<hr/> M.I.	<hr/> Last Name	<hr/> DOI No. and NPN No.	
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<hr/> Business Name				
<hr/> Business Address		<hr/> City	<hr/> State	<hr/> Zip Code
<hr/> Home Telephone	<hr/> Business Telephone		<hr/> Email Address	
<hr/> Date of Birth	<hr/> Month	<hr/> Year	<hr/> Fax Number	

Please send COMPLETED ANSWER SHEET, CERTIFICATE and PAYMENT VIA:

Emailed to: info@commonwealthschools.com
Faxed to: 502.429.0755
Mailed to: Commonwealth Schools of Insurance, Inc.
P O Box 22414
Louisville, KY 40252-0414

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**CHECKS AND ALL MAJOR CREDIT CARDS ARE ACCEPTED:
COURSE FEE \$30.00 or Check Here for Yellow Card Special**

CARD NO. _____ **EXP DATE** _____

CREDIT CARD BILLING ADDRESS _____

SIGNATURE: _____

ETHICAL ISSUES IN INSURANCE

EXAMINATION QUESTIONS

1. In our society, both individuals and businesses depend on the insurance product to provide essential services and protect them from _____.
A. Financial Disaster B. Termination C. Emotional Disaster D. Tax Liability
2. In his analysis of the insurance industry, Lawrence G. Brandon, CPCU, identified the following as a weakness of the insurance industry:
A. Lack of leadership allows insurance organizations to be driven by Stockholder expectations rather than long-term goals.
B. Slow sales growth during a recession.
C. Both A & B
D. None of the above
3. Dr. Huebner believed the success of the industry depended on individuals who were both _____ and _____.
A. Experienced, Moral C. Popular, Influential
B. Knowledgeable, Ethical D. Compassionate, Emotional
4. Common areas where your integrity may be tested include: advertising, product sales, processing errors, and _____.
A. Experience B. Disclosure C. Morality D. Personality
5. In exercising reasonable and prudent judgment, you may rely on your experience, knowledge, and education to determine an appropriate course of action. Again, prudent judgment does not imply _____.
A. Perfect judgment B. Experience C. Failure D. None of the aforementioned
6. Aside from the various security regulations, you may have a conflict of interest when you make recommendations concerning companies in which you have a _____.
A. Recommendation B. Knowledge C. Opinion D. Financial stake
7. To effectively provide competent advice and financial planning, you must have attained and maintained an adequate level of _____ and _____.
A. Commissions, Fees C. Knowledge, Skill
B. Sales, Production D. None of the aforementioned
8. In dealing with your clients, you should not only be well versed in the subject matter (e.g. retirement planning), but also you should have _____ with the subject.
A. Experience B. Financial Stake C. Opinions D. Recommendations
9. The duty to remain informed covers several areas: client information, relevant market information, tax information, and _____.
A. Professional development C. Commission schedules
B. Sales goals D. Lapse ratios

10. Fairness requires impartiality, intellectual honesty, and _____.
- A. Compassion
 - B. Disclosure of conflicts of interests
 - C. Personality
 - D. Low compensation
11. In addition to maintaining an open relationship with clients where disclosure is customary, fairness dictates that you act with _____.
- A. Honesty and impartiality
 - B. Humility and compassion
 - C. Respect
 - D. All of the aforementioned
12. You may not disclose any nonpublic personal information about a client to a _____.
- A. Nonaffiliated third party
 - B. Insurance underwriter
 - C. Treating physician
 - D. None of the aforementioned
13. There are several areas where you should strive to work with other professionals. You should cooperate with professionals regarding _____ or _____.
- A. Current clients, Previous clients
 - B. Switching policies, Replacing contracts
 - C. Selling away, Churning
 - D. All of the aforementioned
14. The resources of most local, state, and federal agencies are limited. As a professional, you have a duty to report instances of _____.
- A. Disintermediation
 - B. Suitable sales
 - C. Due diligence
 - D. Unethical or illegal conduct
15. In addition to providing timely, accurate and thorough service to your clients, diligence also entails your ongoing planning and supervision of _____.
- A. Agency contracts
 - B. Commission statements
 - C. Client accounts
 - D. Bonuses and awards
16. For purposes of this Code of Ethics, a person recognized and certified by CFP Board to use the marks is called a _____.
- A. CFP Board designee
 - B. CFP approved planner
 - C. CFP PFP
 - D. Actuary
17. A CFP Board designee is obligated to determine what responsibilities he or she has in each _____ including, for example, duties that arise in particular circumstances from a position of trust or confidence that a CFP Board designee may have.
- A. Professional relationship
 - B. Line of business
 - C. Account
 - D. None of the aforementioned
18. Integrity demands honesty and candor which must not be subordinated to _____ and _____.
- A. Continuing education, Licensing
 - B. Personal gain, Advantage
 - C. Personal opinion, Disadvantage
 - D. Objectivity, Morality
19. One is competent only when he or she has attained and maintained an _____ level of knowledge and skill, and applies that knowledge effectively in providing services to clients

- A. Expert B. Substantial C. Adequate D. Overwhelming
20. A CFP Board designee shall not make a _____ about the size, scope or areas of competence of the CFP Board designee's practice or of any organization with which the CFP Board designee is associated.
- A. False or misleading communication C. Substantially correct statement
B. True and accurate statement D. All of the aforementioned
21. A CFP Board designee shall offer advice only in those areas in which the CFP Board designee has competence. In areas where the CFP Board designee is not professionally competent, the CFP Board designee shall _____.
- A. Suggest a course of action based on the designee's opinion
B. Not represent the client any further
C. Refuse to assist the client further
D. Seek the counsel of qualified individuals and/or refer clients to such parties
22. In rendering professional services, a CFP Board designee shall disclose to the _____ client.
- A. Nothing
B. Material information relevant to the professional relationship
C. Nothing unless specifically asked
D. All information whether relevant or not
23. _____ the CFP Board designee in a financial planning engagement shall communicate in reasonable detail the requested compensation information related to the financial planning engagement, including compensation derived from implementation.
- A. Upon request by a client or prospective client
B. At least quarterly
C. Where required by statute
D. As a matter of discretion
24. A CFP Board designee shall inform his/her employer, partners or co-owners of _____ _____ in connection with his or her services to clients, which are in addition to compensation from the employer, partners or co-owners for such services.
- A. Compensation or other benefit arrangements C. Social activities
B. Outside hobbies D. None of the aforementioned
25. In the more rare case where a financial planning practitioner lends funds to a client, the CFP Board (BOPR) will presume that the practitioner is _____.
- A. Not acting in the best interest of the client
B. Acting in the best interest of the client
C. Likely to be sued
D. Incompetent
26. Insurance agents automatically have a fiduciary responsibility to the insurer they represent by the nature of their _____.
- A. License C. Experience
B. Contractual relationship D. None of the aforementioned

27. Legally a personal relationship is created when a _____ consults an insurance agent, provides that agent with specific information about his unique circumstances and relies on the agent to obtain appropriate coverage tailored to these circumstances.
- A. Insurer B. Prospective insured C. Associate D. Employee
28. _____ examples include insurance deductibles, co-insurance, self-insurance or simply ignoring the risk and absorbing the full cost if it occurs.
- A. Transferring risk C. Insuring risk
B. Retaining risk D. None of the aforementioned
29. Agent education should focus on at least three areas: New products from the company or companies represented, Legislation and regulations affecting insurance, and _____.
- A. Tax considerations C. Agent renewals
B. Commission structure D. Target marketing
30. A _____ is a written acknowledgment that the coverage offered under the policy is in effect during the time it takes for the company to issue the policy.
- A. Letter B. Application C. Policy D. Binder
31. A conditional receipt, used in life and health insurance, is similar to a binder in that it provides coverage once the initial premium is paid, and before the policy is issued. It is different from a binder in that coverage is provided during this period only if the applicant meets the _____ for the particular coverage.
- A. Marketing requirements C. Underwriting requirements
B. Sales requirements D. Commission requirements
32. Because of the nature of estate or business planning, agents must be particularly careful not to cross the line from proper and appropriate advice to clients and engaging in the _____.
- A. Offering of uncompensated insurance advice
B. Providing of professional referrals
C. Unauthorized practice of law
D. All of the above
33. An agency relationship begins when agents are granted authority to operate by _____, _____ or _____ agreement.
- A. Intentional, Rational, Sensible C. Expressed , Implied, Apparent
B. Oral, Written, Electronic D. Agent, Insurer, Client
34. Theoretically, brokers are agents of _____.
- A. Insurers B. Insurance buyers C. No one D. Agencies
35. An _____ is legally defined as "a person authorized by and on behalf of an insurer, to transact insurance."
- A. Broker B. Agent C. Insurer D. Attorney

36. The purpose of determining whether the insurance producer was acting as a broker or as the insurer's agent when an insurance contract was placed helps establish the theories of _____ that the client may plead and what defenses the agent or his insurer may raise.
- A. Liability B. Investment C. Insurability D. Indemnity
37. There are 3 ways to form an agency: _____, _____ and _____.
- A. Appointment, Estoppel, Ratification C. Appointment, Sale, Issue
B. Application, Underwriting, Approval D. Application, Appointment, Approval
38. _____ means adhering strictly to the lines of authority the principal has given the agent, and acting with absolute integrity in carrying out the principal's business.
- A. Credibility B. Loyalty C. Viability D. Velcrocity
39. An insurer's _____ rests upon its ability to accurately calculate the monetary amount of the risks it assumes through the policies it issues and to charge rates which balance that sum, all within the rating regulatory framework governing the industry.
- A. Underwriting ability C. Fiscal stability
B. Marketing ability D. Competitive ability
40. The NAIC uses _____ which are presented to each state legislature; such models help insure the uniformity among state laws that work to the benefit of an industry which crosses state lines.
- A. Model applications C. Model actuarial standards
B. Model marketing programs D. Model laws
41. States require that any insurance _____ to be sold in that state be submitted for review and approval before it is offered to consumers.
- A. Coverage B. Policy C. Claim D. Agent
42. The _____, passed by Congress in 1945, left insurance regulation to the states, with Congress regulating the industry only if the states failed to do an adequate job.
- A. Gramm Rudman Act C. Social Security Insurance Act
B. Patriot Act D. McCarran-Ferguson Act
43. The rule: "No agent shall make any written or oral statement which is false, maliciously critical of, or derogatory to, any person engaged in the business of insurance and which is calculated to injure any such person." refers to:
- A. Slander B. Defamation C. Libel D. None of the aforementioned
44. The rule: "No person shall issue or deliver, or permit agents, officers or employees to issue or deliver, capital stock, benefit certificates or shares in any corporation, securities, and special or advisory board contracts, or any contract promising returns and profits, as an inducement to insurance." refers to:
- A. Prohibited inducements B. Defamation C. Twisting D. Replacement

45. Insurers by law must keep a record of all the _____ they have received since the last examination by the commissioner, or during the previous three years, whichever date covers the most recent period of time.
- A. Employment applications
 - B. Complaints
 - C. Agent questions
 - D. Sales proposals
46. When an annuity, an accident and sickness policy, or a life insurance policy, will have an _____, the person soliciting or affecting the sales of such policy shall furnish disclosure information as required by the Commission's rules and regulations.
- A. Surrender charge
 - B. Nursing home rider
 - C. Accumulated cash value
 - D. Redemption fee
47. It is estimated that _____ agents face an errors and omissions claim each year.
- A. 1 in 10
 - B. 1 in 7
 - C. 1 in 3
 - D. 1 in 5
48. A person or employee shall not act in the capacity of an agent without holding a _____.
- A. Valid appointment
 - B. Valid agent license
 - C. Valid college degree
 - D. Valid professional designation (i.e. CLU)
49. Concealment is neglecting to communicate what the agent knows or ought to know to be true. Concealment can be intentional or unintentional. In either case the injured party is entitled to _____ the contract or policy.
- A. Replace
 - B. Rewrite
 - C. Rescind
 - D. Redeem
50. If you feel you have a potential errors and omissions claim, you should first review your policy for the _____ that you need to meet.
- A. Deductible
 - B. Reporting requirements
 - C. Standard of care
 - D. Sales quota