

Section 1

1. The overall authority of an agent includes all of the following EXCEPT:
 - a) Implied authority
 - b) Apparent authority
 - c) Express or specific authority
 - d) Residual authority

2. The agent's powers, stated in the agency contract are:
 - a) Apparent
 - b) Express
 - c) Implied
 - d) Covert

3. An insurer will minimize exposure to loss by:
 - a) Retaining risks
 - b) Assuming risks
 - c) Reinsuring risks
 - d) Concealing risks

4. All of the following are reasons that the government provides insurance EXCEPT:
 - a) To make insurance available for catastrophic risks
 - b) To meet social needs
 - c) To reduce fraudulent claims
 - d) To encourage economic development

5. Minimizing the severity of a potential loss is an example of:
 - a) Risk reduction
 - b) Risk avoidance
 - c) Risk transfer
 - d) Risk retention

6. The administrator of a reciprocal who manages the premiums collected from the group's members is called:
 - a) An attorney in fact
 - b) A Reciprocal director
 - c) An underwriter
 - d) A reciprocal reinsurer

7. The promise to pay a covered loss, the promise to defend the insured in a lawsuit, the payment of the first premium, and agreement to abide by policy conditions, are examples of:
- a) representations
 - b) considerations
 - c) warranties
 - d) authorizations
8. Incorporation of a business is an example of risk:
- a) retention
 - b) elimination
 - c) avoidance
 - d) transfer
9. One factor in premium determination is:
- a) Policy beneficiaries
 - b) The expenses of the agent
 - c) The expenses of the insurer
 - d) Policyowner
10. An agent is authorized to do all of the following EXCEPT:
- a) Countersign insurance contracts
 - b) Solicit applications for insurance on the insurer's behalf
 - c) Receive fees from the insured for representing the insured's interests
 - d) Deliver contracts of insurance
11. Self insurance is an example of:
- a) Avoiding risk
 - b) Eliminating risk
 - c) Pooling risk
 - d) Retaining risk
12. The characteristic of an insurance policy which requires premium to be paid without the certainty that any money will ever be paid out by the insurer makes it:
- a) A personal contract
 - b) An aleatory contract
 - c) A contract of utmost good faith
 - d) A legal contract
13. Which concept states that the insured is entitled to the coverage under the policy that a sensible and prudent buyer would expect it to provide?
- a) Reasonable expectations
 - b) Indemnity
 - c) Comity
 - d) Subrogation

Section 2

1. An insurance agent's license may be suspended or revoked by:
 - a) The State Corporation Commission
 - b) The appointing insurer
 - c) The continuing education course provider
 - d) The Attorney General

2. If an agent misleads or fails to adequately disclose the title and true nature of a policy offered to potential insureds, this may be considered:
 - a) Misrepresentation
 - b) Defamation
 - c) Unfair discrimination
 - d) Coercion

3. All of the following are unfair trade practices EXCEPT:
 - a) Illegal inducement
 - b) Misrepresentation
 - c) Fraud
 - d) Reinsurance

4. All of the following could be considered unfair trade practices EXCEPT:
 - a) Publishing false information on the financial condition of a competitor
 - b) Selling insurance at cheaper rates than competitors
 - c) Defaming the character of a principal at a competing firm
 - d) Creating advertising which excludes significant terms of the policy

5. A temporary insurance license may be issued without examination to:
 - a) An agent requesting authority to represent an additional carrier
 - b) The executor of the estate of a deceased licensed agent
 - c) Any individual upon discharge from the United States armed forces
 - d) An individual applying to sit for an insurance license exam

6. For agents holding more than one type of license, what is the minimum number of continuing education credit hours required for each type of license?
 - a) 2
 - b) 4
 - c) 8
 - d) 16

7. To qualify for a Virginia resident insurance license, an applicant must:
- a) declare Virginia residency for tax purposes
 - b) maintain an office in Virginia
 - c) transact insurance business in Virginia ONLY
 - d) surrender all nonresident licenses in other states
8. An insurer may pay a commission, directly or indirectly, to:
- a) An agent whose license is terminated after earning the commission
 - b) Anyone soliciting business for an insurer
 - c) An unlicensed employee of an insurer
 - d) A surplus lines broker operating without a license for less than one year
9. A misleading life insurance policy illustration may result from any of the following EXCEPT:
- a) Reflecting the time value of money
 - b) Assuming unreasonable interest rates
 - c) Excluding a guaranteed values column
 - d) Showing dividends that fail to reflect past performance
10. When the State Corporation Commission believes that an agent has violated an insurance law, The State Corporation has the authority to:
- a) Cancel the agent's fiduciary responsibility
 - b) Increase the agent's continuing education requirement
 - c) Terminate their appointment
 - d) Issue a cease and desist order
11. False advertising of an insurance policy is an example of:
- a) Coercion
 - b) Defamation
 - c) Misrepresentation
 - d) Boycott
12. A person who, for a FEE, offers advice to the public regarding life and health insurance, best describes:
- a) A consultant
 - b) An agent
 - c) A broker
 - d) An public adjuster
13. An agent's license may be issued to which of the following entities?
- a) Corporation
 - b) Individual
 - c) Partnership
 - d) All of the above

14. After passing the state license exam, you must do all of the following to get licensed, EXCEPT:
- a) satisfy the commission that you are honest and trustworthy
 - b) pay a non-refundable fee
 - c) use only state-approved application form
 - d) post a \$10,000 bond
15. The qualifications for a resident agent's license include all of the following EXCEPT:
- a) Must be at least 21 years of age
 - b) Must be a legal resident of Virginia; Bristol, TN; or Bluefield, WV
 - c) Must be of good character with a reputation for honesty
 - d) Must pass the appropriate examination
16. A licensed agent in Virginia may have his life insurance license revoked or suspended for all of the following, EXCEPT:
- a) Misappropriation of collected funds
 - b) Conviction of a felony
 - c) Rebating
 - d) Higher than average commissions
17. Statements made by an agent which are false or derogatory with regard to the financial condition of another agent, would be considered which of the following?
- a) Unfair discrimination
 - b) Coercion
 - c) Intimidation
 - d) Defamation
18. What clearly defines the authority of an agent to solicit for an insurer?
- a) State law
 - b) The company charter
 - c) Agent's appointment letter of authority
 - d) A contract of agency
19. The NAIC has all of the following objectives, EXCEPT:
- a) To promote federal insurance regulation
 - b) To help protect policyowner's interests
 - c) To encourage uniformity in state insurance laws and regulations
 - d) To promote efficiency on the part of state insurance officials
20. An agent is a representative of:
- a) The general agency system
 - b) The insured
 - c) The policyowner
 - d) The insurance company