

Check-in Self Quizzes Answer Key

Chapter 1 - Strategic Planning

Learning Objective

The participant will write examples of value, vision, and mission statements that contribute to an agency's culture.

- action
- culture
- financial
- purpose
- talent

1. Choose words from the box to fill in the blanks.

An agency's value, vision, and mission statements are catalysts for **action**. They help create an agency's **purpose**, describe an agency's **culture**, plan **talent** development, and define an agency's **financial** aspirations.

2. Read each statement and decide its purpose. Write the letter of each statement in the appropriate column.

Value Statement	Vision Statement	Mission Statement
C	A	B, D

- By 2025, Agency XYZ will be the premier agency for commercial clients in transportation services.
- The team at Agency XYZ will be the go-to source for personal insurance for rural residents across the tri-state area.
- Employees of Agency XYX are committed to providing every client with a customized plan of long-term financial protection.
- Agency XYZ is committed to expanding its expertise in green energy initiatives to be the premier insurance consultants to energy manufacturers across the country.

3. Circle the word that completes each statement.

A. The term *agency culture* describes an agency's _____.

purpose

personality

B. The direction in which an agency culture forms depends upon the agency's _____.

employees

leadership

C. Because they are involved in essential decision-making, agency leadership models _____ agency behaviors.

negative

positive

D. An agency culture, or personality, that grows from the ground-up is led by _____.

agency leaders

agency employees

4. Circle True or False.

Once an agency culture is established, it remains open to change.

True

False

5. Put a check (✓) mark next to each consequence of creating a healthy agency culture.

- Employees are more likely to enjoy their work.
- Employees will become more competitive, increasing an agency's profitability.
- Employees will become supportive of each other's successes.
- Employees will become more solitary in their commitment to established procedures and workflows.
- Employees will become more productive, increasing an agency's profitability.
- Employees will contribute to increased client retention, increasing an agency's profitability.

Learning Objective

The participant will describe specific structures, profit centers, and insurance company markets required to reach an agency's goals.

6. Use words from the box to fill in the blanks.

Together, an agency's **value**, **vision**, and **mission** statements describe an agency's purpose. They also allow the development of **measurable** goals that help an agency evaluate how well its **strategic** plans are executed.

- measurable
- mission
- strategic
- value
- vision

7. Put a check (✓) mark next to each question an agency can answer to describe its overall purpose.

- How are resources used to support the agency's organizational framework?
- Is the agency more focused on sales or on service?
- What is the agency's current and predicted staff size?
- How experienced is the agency's management team?
- Is the agency publicly or privately traded?
- How do the agency's goals determine what products it sells?

8. An agency considers several market factors when determining how many company relationships it needs to have. Write a letter to match each market factor to its definition.

Market Factors	Definition
<u> C </u> fewer versus many	A. the cost and the ease of doing business
<u> D </u> agency volume	B. a company's financial stability, its personnel, its products, and the support it provides
<u> E </u> mix of business	C. the cost of maintaining multiple company relationships
<u> F </u> utilization of existing company markets	D. how much premium the agency can promise to a company
<u> A </u> company volume requirements	E. whether the agency currently has all of the companies it needs to meet business demands
<u> B </u> company characteristics	F. whether the agency is using its current company relationships fully

9. Agency XYZ is considering building a relationship with a company. The quality of the company's personnel will influence the agency's decision-making. Circle the personnel factors that an agency considers.

the company's internal professional training program

the company's staff retention history

the company's client retention history

the staff's combined years of workforce experience

the staff's knowledgeability

the staff's efficiency

access to face-to-face communication

10. Agency XYZ also evaluates the company's products. Put a check (✓) next to each factor the agency will evaluate.

the product's coverage

the product's price

the marketing campaign built for the product

the company's technology

the company's stability in the marketplace

the company's commission and compensation policies

the forms the company uses

11. Underline the examples of support an agency must consider before beginning a relationship with a company.

the company's stability in the marketplace

marketing and advertising support

customized policies to accommodate individual agencies

efficient technology

12. Just as an agency considers the companies it wants to work with, companies decide what kinds of agencies they want to work with. List seven questions an agency can ask itself to know how companies will see its value.

- 1) **How effectively and efficiently does the agency manage its own operations?**
- 2) **What is the agency's track record of business success?**
- 3) **Does the agency have good accounting practices?**
- 4) **What is the agency's plan for growth?**
- 5) **What is the quality of the agency's professional service staff?**
- 6) **Does the agency's marketing plan dovetail with the carrier's marketing plan?**
- 7) **What technology does the agency use, and how does it use it?**

Learning Objectives:

The participant will describe five stages of agency growth.

The participant will identify the financial health assessment tools an agency should use to determine its stage of growth.

13. Agencies go through five stages of growth. Write letters to match each characteristic to an agency's stage of growth.

Start-up	Development & Growth	Success	Expansion	Maturity
E, G, I	F, J, H	D, K, L	C, M	A, B

- A. The agency is fully developed.
- B. The agency owner focuses on strategic goals.
- C. An agency targets new marketing territories.
- D. Staff within the agency are following well-executed procedures.
- E. The agency's owner handles every matter of business.
- F. An agency's client base is increasing.
- G. The agency's client base is unstable.
- H. The agency's owner assesses staff requirements as the agency pursues growth opportunities.
- I. Client service is unreliable and unstable.
- J. Revenue and expenses are beginning to balance.
- K. The agency is finally profitable.
- L. The agency's owner modifies strategies and builds a leadership team.
- M. The agency's owner coordinates department employees as staff expands to meet demand.

14. Everyone benefits from an agency's positive financial health. Write letters to match each benefit to the following groups:

Agency Owners	Producers	Staff	Insurance Companies
C	D	B	A

- A. Agencies are an extension of their business brand and part of their marketing efforts.
- B. A successful agency can lead to higher salaries and job security.
- C. Agencies are the greatest asset in these individuals' personal financial statements.
- D. One day, they may decide to purchase successful agencies.

15. An agency's value is based on several factors Fill in the blanks to name the missing factors.

- 1) Profitability
- 2) Accounts receivable
- 3) Retention ratio
- 4) Average commissions
- 5) Producer compensation structure
- 6) Competencies of personnel
- 7) Company markets
- 8) Brand
- 9) Errors & Omissions experience

16. Explain the difference between a budget and an income statement.

A budget compares monthly revenue results to projected results.

An income statement shows revenues and expenses over a month, quarter, or year.

17. Name four sources of income for an agency.

- 1) **commission**
- 2) **interest/investment income**
- 3) **contingency income**
- 4) **fee income**

18. Write letters to match each expense to the appropriate category.

Compensation	Selling	Administrative
A, B, C, G, O, Q	H, I, K, N	D, E, F, J, L, M, P, R

- | | |
|---|--|
| <ul style="list-style-type: none"> A. Sales salaries B. Pensions C. Profit sharing D. Utilities E. Accounting and other professional services F. Insurance G. Employee benefits H. Travel I. Entertainment | <ul style="list-style-type: none"> J. Postage K. Promotional materials L. Education, licenses, and professional fees M. Leases N. Automobile O. Sales commissions P. Marketing/advertising Q. Payroll taxes R. Rent |
|---|--|

19. Complete the chart to show three things agency leadership can do to manage expenses and why they should do them.

What should an agency do?	Why should it do it?
conduct a situational analysis	to review the past, analyze expense trends, and classify expenses
set targets for future short- and long-term expenses	to make sure expense growth is less than revenue growth, to manage expenses without interfering with growth, and to recognize on/off opportunities for future investments
establish a budget	To set reasonable limits based on an agency's past and present needs, to reflect the agency's cash flow and immediate profit needs, and to communicate with all staff

20. Use words from the box to fill in the blanks.

A **balance** sheet shows a listing of what an agency **owns** and what it **owes**.

Another name for what an agency owns and owes is **assets**.

Cash, accounts receivables, and prepaid expenses are examples of **current assets**.

Cars, desks, office equipment, and other tangible items are examples of **fixed assets**.

A **liability** is something an agency owes to others. Accounts payables, accounts current, and payroll taxes are examples of **current liabilities**.

Payments due more than 12 months into the future are examples of **long-term liabilities**.

Owners' equity includes **start-up capital** and **retained earnings**.

- assets
- balance
- current assets
- current liabilities
- fixed assets
- liability
- long-term liabilities
- owes
- owns
- retained earnings
- start-up capital

21. Explain the purpose of the following ratio.

$$\frac{\text{Current Assets}}{\text{Current Liabilities}} = ?$$

It is an example of a liquidity ratio. It helps an agency measure its ability to pay its obligations.

22. Circle True or False.

To strengthen or improve a liquidity ratio, an agency can:

- track incoming revenue

True

False

- keep investments as liquid as possible

True

False

- focus more on fixed assets than on current assets

True

False

- manage debts carefully

True

False

23. Underline each example of cash flow management in an operating account.

commission checks from a trust account

premiums

direct bill commission

compensation expenses

company premiums payable

commissions

business development expenses

operating expenses

Learning Objective:

The participant will outline a plan to assist an agency manage change.

24. List seven common disruptors that trigger a need for change within an agency.

- 1) **loss of key personnel**
- 2) **agency restructuring**
- 3) **a change in agency technology**
- 4) **agency expansion**
- 5) **loss of an important account**
- 6) **loss of an insurance company contract**
- 7) **creation of a new profit center**

25. Number the steps required to manage change from 1 to 4.

- 3** Set Goals
- 2** Establish a Clear Direction
- 1** Validate the Need
- 4** Create an Action Plan

26. Write letters to match each characteristic to its category in a SWOT Analysis.

Strengths	Weaknesses	Opportunities	Threats
B, D, G	A, H, J, M	C, F, K	E, I, L

- | | |
|---|--|
| <p>A. opportunities the agency missed because it didn't have the right resources</p> <p>B. the agency's unique resources</p> <p>C. new technology or upgrades that could benefit the agency</p> <p>D. the agency's assets</p> <p>E. a change in an insurance company's goals that affect the agency</p> <p>F. new training that would benefit employees</p> <p>G. the areas in which the agency out-competes other agencies</p> | <p>H. the areas in which the agency falls behind its competitors</p> <p>I. state and federal regulations that could affect the agency</p> <p>J. reasons the agency has failed to meet its goals in the past</p> <p>K. products or services that are in demand that the agency could provide</p> <p>L. competition that could take away clients and/or employees</p> <p>M. reasons the agency has lost business</p> |
|---|--|

27. Use the words from the box to fill in the blanks.

After completing a SWOT analysis, an agency must consider the **external** and **internal** factors that will help determine its **goals** and subsequent **action plan**.

External factors include **competition**, **consumer purchasing trends**, **economic trends** and **regulatory environment**.

Internal factors include **accounts, or clients**, **agency operations, systems, and workflows**, **financials**, and **sales and support**.

- **action plan**
- **accounts, or clients**
- **agency operations, systems, and workflows**
- **competition**
- **consumer purchasing trends**
- **economic trends**
- **external**
- **financials**
- **goals**
- **internal**
- **regulatory environment**
- **sales and support**

28. Circle True or False.

- A SMART goal provides a general description of an action.

True

False

- A SMART goal is observable and always measurable.

True

False

- A SMART goal always requires employee support.

True

False

- A SMART goal must consider the need for resources and demands on employee time.

True

False

- A SMART goal is most effective in short or incremental amounts of time.

True

False

29. Put a check (✓) mark next to each statement that describes short-range goal planning.

- occurs over a three-to-five-year period
- provides a broad picture of where an agency is headed
- provides detailed plans that organize and prioritize specific action steps
- communicates roles and responsibilities to staff
- provides an agency's daily, weekly, and monthly action agendas

30. Order the steps in an Action Plan from 1 to 4.

Step Number	Action
<u>3</u>	Identify who will be responsible for each action.
<u>1</u>	Develop action steps for successful completion of a goal.
<u>4</u>	Establish clear timeframes and guidelines for each action.
<u>2</u>	Determine how resources will be allocated to each action.

Chapter 2 - Talent Acquisition and Development

Learning Objective:

The participant will use knowledge of needs assessments, budget considerations, space utilization, culture, and workforce diversity to develop a planning strategy for an agency's workforce.

1. List five ways that agency growth affects employees.
 - 1) the number of employees
 - 2) the roles employees play
 - 3) how employees are compensated
 - 4) the benefits employees receive
 - 5) the kinds of professional training employees receive
2. A successful agency makes assessments of their employees' needs. Underline the consequences of such assessments.

Needs Assessments lead to . . .

an awareness of where the agency would benefit from additional employees

increased recruiting costs

an understanding of when the right time is for bringing new employees to an agency

lost time to address specific needs

an understanding of the specific talents and skills an agency needs its employees to have

an awareness of the kinds of training employees require

3. Write letters to match each consequence to the appropriate column.

The Outcomes of Having Workforce Planning	The Outcomes of Having NO Workforce Planning
A, C, G, H	B, D, E, F, I

- | | |
|--|---|
| <p>A. clear descriptions for each role within an agency</p> <p>B. duplication of inefficient workflows</p> <p>C. identification of opportunities for mentoring</p> <p>D. loss of agency profitability related to poor hiring decisions</p> <p>E. lower team morale</p> | <p>F. customer complaints and loss</p> <p>G. lower recruiting and training costs</p> <p>H. an evaluation of employee strengths and weaknesses</p> <p>I. inadequate training and mentoring</p> |
|--|---|

4. Use words from the box to fill in the blanks.

Today's customers are people of all ages and cultures.

A workforce that reflects the world creates market opportunities for an agency. Consequently, employee searches must be deliberate.

Agencies must seek talented individuals who reflect the customer base, meet customer needs, and inspire customer trust.

- ages
 - cultures
 - customer base
 - customer needs
 - customer trust
 - deliberate
 - market

5. Explain the relationship between values and hiring.

Values drive strategic hiring, meaning an agency uses its values to think about the kinds of candidates that would make a good cultural fit within the agency.

In other words, values drive an agency to seek employees who will reflect and help sustain the agency's culture, or personality.

6. List four examples of soft skills strategic hiring managers look for in possible employees.

- 1) the ability to communicate effectively
- 2) the ability to engage in creative problem solving
- 3) the ability to remain adaptable and flexible
- 4) the ability to demonstrate social and emotional awareness

7. Circle True or False.

A position description:

- describes the necessary qualifications for the position.

True

False

- identifies all of the tasks and variations of those tasks that are required in the position.

True

False

- defines acceptable performance levels.

True

False

- identifies the soft skills required for a good fit within the agency.

True

False

- serves as a tool for hiring managers, supervisors, and human resource representatives.

True

False

8. Put a check (✓) mark next to each component of a position description.

- a position title
- a supervisor's name and/or position
- a performance evaluation schedule
- a performance evaluation rubric
- compensation range
- a description of duties and essential functions
- required knowledge, skills, and abilities
- a description of working conditions
- an explanation of causes for separation
- a signature line

Learning Objective:

The participant will use knowledge of workforce realities, targeted searches, effective application processes, onboarding, and career paths to summarize a plan for ensuring a good hire.

9. Use words from the box to fill in the blanks.

Employees join or stay at an agency for a number of reasons. One is the opportunity to work with great people. Others included good benefits, fair pay, and meaningful work. Some employees join or stay because they feel proud of the work they do, the products that their agencies sell, and their agencies' missions.

Having supportive management is important. Employees appreciate good supervisors. They also appreciate being respected, recognized, and valued.

- **benefits**
- **fair pay**
- **meaningful**
- **missions**
- **products**
- **proud**
- **recognized**
- **respected**
- **supportive**
- **valued**

10. To recruit good employees, an agency must have a vision for its workforce. Asking who, what, and why can help an agency find a “right fit.” Write the letter of the question that corresponds to each statement.

A. WHO?

B. WHAT?

C. WHY?

A, C The candidate initiated a new-employee mentorship program at her previous agency.

A, C The candidate’s references describe the candidate’s exceptional problem-solving abilities.

A, B, C The candidate is currently pursuing a professional designation.

B, C The candidate has specialized training in one of the agency’s most successful products.

B, The candidate has several years of prior experience in a profitable agency.

11. Circle True or False.

- Candidates are aware of how other agencies treat their employees.

True

False

- Larger agencies are always able to out-compete smaller agencies for good employees.

True

False

- Larger agencies build and sustain healthier environments than smaller agencies do.

True

False

- Smaller agencies can out-compete large agencies by offering unique perks and professional development options.

True

False

12. Circle each word or phrase that describes the WFH, or work-from-home experience.

part-time traditional hours virtual office connections to colleagues previous insurance experience

previous WFH experience full-time activity measurement non-traditional hours schedule guidelines

13. List five talent sources an agency can use to identify employee candidates.

- 1) online platforms, such as Indeed, Monster, Facebook, and LinkedIn
- 2) job or career fairs
- 3) colleges and universities
- 4) recommendations from carriers
- 5) seeking candidates from within the customer base

14. Use words from the box to fill in the blanks.

To ensure a successful employee selection process, an agency should provide equal opportunity to all qualified candidates and avoid unfair discrimination. An agency must demonstrate three things—that the results of the interview accurately

predict work performance, that the interview is conducted consistently with every candidate, and that the results do not adversely affect protected groups.

- accurately predict
- adversely
- consistently
- equal opportunity
- unfair discrimination

15. A candidate's résumé is a valuable pre-interview screening tool. Put a check (✓) mark next to each item on a résumé that an agency should examine.

- the candidate's photo attachment
- career direction over time
- time in each position
- employment gaps
- the frequency of job changes
- specific duties in previous jobs
- social group memberships
- religious affiliation
- education and training
- the résumé's formatting or professional appearance

16. Use words from the box to fill in the blanks.

Interviewers can follow a few simple guidelines to conduct a successful interview. They should interview **in a quiet location**, plan ahead to know the **length of time** the interview will last, follow a **consistent** interview format, **listen** and remain **objective**, avoid **participating** in the interview, and ask questions that focus on the candidate's **previous experiences**.

- consistent
- in a quiet location
- length of time
- listen
- objective
- participating
- previous experiences

17. Describe the purpose of using a STAR interview strategy.

The STAR strategy elicits responses to competency - focused questions, such as asking interviewees to discuss how they handled specific situations in the workplace.

18. Write letters to match each interviewing mistake to its name.

Expectation Gap	Halo Effect	Conversation Control
A	C	B

- A. providing an incorrect description of a position
- B. speaking more than the candidate
- C. assigning positive characteristics to someone who is physically attractive

19. Write DO or DON'T next to each recommendation for conducting an interview.

Do Ask only work-related questions.

Don't Ask questions seeking personal information.

Do Ask questions that assess a candidate's previous duties.

Don't Ask questions unrelated to the position to "test" the candidate's personality.

Do Ask the same questions all previous candidates have been asked.

20. List four things an agency can include in checking a candidate's suitability and qualifications.

- 1) a motor vehicle report
- 2) a credit check
- 3) a criminal background check
- 4) character references

21. Explain the difference between a skills test and a personality profile.

A skills test evaluates a candidate's insurance knowledge or process skills.

A personality profile evaluates a candidate's personal traits.

22. Circle True or False.

- Labor markets are competitive.

True

False

- Compensation is linked to attracting and keeping good employees.

True

False

- An agency should research compensation packages provided by competitors.

True

False

- An agency should pay more attention to perks and benefits than to compensation to attract employees.

True

False

- An agency should exceed their competitors' compensation rates.

True

False

- Compensation rates can affect an agency's profitability.

True

False

23. Explain the relationship between bonuses and performance.

Bonuses should always be tied to employee performance.

24. Employees may be unaware of all of the benefits they receive or the value of those benefits, making it necessary for agencies to conduct benefit reviews. Circle examples of benefits that agencies frequently provide.

medical benefits

Social Security

dental benefits

exercise facilities

flex time

paid volunteer time

cafeteria plans

FICA

25. Write letters to match each employment agreement to its purpose.

Employment Agreement	Non-Disclosure and Confidentiality Agreement	Non-Compete Agreement	Non-Piracy Agreement
B	D	A	C

- | | |
|--|--|
| <p>A. to prevent a former employee from selling insurance within a specific geographic area for a specific amount of time</p> <p>B. to explain expectations, compensation, and how “for cause” separation is handled</p> | <p>C. to prevent former employees from soliciting or writing existing clients for a specific length of time after leaving an agency</p> <p>D. to prevent former employees from disclosing confidential information they acquired while working for an agency</p> |
|--|--|

Learning Objective

The participant will describe specific tools used to manage employee development.

26. Define the term onboarding and explain its relationship to orientation and employee manuals.

Onboarding is the first step in a new employee’s life within an agency. It sometimes includes an orientation program, which introduce a new employee to the company, to the company’s physical facilities, to company culture, and to mentors. Providing a new employee with an employee manual is also part of onboarding. Employee manuals vary across companies, but they are intended to inform and assist employees during their careers.

27. Circle True or False.

An effective employee manual:

- clarifies employee expectations.

True

False

- protects employees from liability.

True

False

- protects employers from liability.

True

False

- explains company policies, such as sick leave.

True

False

- helps assist with legal compliance.

True

False

- identifies an agency's value, vision, and mission.

True

False

- describes how performance issues are addressed.

True

False

- explains IT policies.

True

False

28. List five benefits of employee professional development plans.

- 1) increased productivity
- 2) better products and coverage placement for clients
- 3) improved retention
- 4) fewer Errors and Omissions claims
- 5) increased profitability

29. Circle each ADVANTAGE of providing employees with internal professional development opportunities.

personalized training

no peers who may interfere with learning

access to a variety of online training options

no required interactions with instructors or peers

access to short-term fixes for long-term problems

Learning Objective

The participant will apply an understanding of the performance evaluation process to identify performance standards appropriate to a performance evaluation document and to use those standards to describe a management- driven separation process.

30. Order the steps of the Performance Evaluation Process from 1 to 4.

4 Communicate evaluation results and use them to establish next year's standards.

1 Agree upon performance standards.

2 Measure employee performance frequently throughout the year.

3 Evaluate how well the employee meets the performance standards.

31. Use words from the box to fill in the blanks.

Common components of evaluation forms include:

- **clearly communicated** performance standards or behaviors
- **performance achievements** accomplished throughout the review period
- the employee's **strengths** and accomplishments
- **professional development** opportunities
- the employee's **comments** in response to the evaluation
- a **signature line** acknowledges the completion of the performance evaluation

- clearly communicated
- comments
- performance achievements
- professional development
- signature line
- strengths

32. List ten preparations an employer can take to prepare for a successful evaluation.

- 1) **Know the result you want.**
- 2) **Be sure the employee is fully informed, meaning s/he knows what is expected.**
- 3) **Review the employee's performance in relation to her/his position description.**
- 4) **Be thoroughly familiar with the employee's current performance.**
- 5) **Identify strengths the employee can develop further.**
- 6) **Decide what additional training the employee needs.**
- 7) **Think about what to say. Keep comments focused on the employee's work, not the person.**
- 8) **Focus on the facts.**
- 9) **Listen carefully.**
- 10) **Maintain privacy.**

33. Write letters to sort the following reasons for separation into the appropriate categories.

Management-driven Reasons for Separation	Employee-driven Reasons for Separation
B, D, E	A, C, F, G
<ul style="list-style-type: none"> A. corporate politics, including sabotage by others B. dishonesty or fraud C. broken promises by management/owners D. a reduction in force (RIF) 	<ul style="list-style-type: none"> E. unmet performance expectations F. disrespect unrelated to actual business results G. the lack of a career path or development opportunities

34. Explain what actions an agency should take to prepare for employee separation. Use words from the box to fill in the blanks.

First, determine the **cause** for separation. Follow the **corrective-action** plan outlined in the employee manual. Then document the **reasons** for separation, what the agency did to **prevent** it, whether disciplinary measures followed agency **policy**, and whether information in the employee's personnel file supports the **separation** decision. Also check to be sure other employees have been treated **similarly**.

- **cause**
- **contracts**
- **corrective-action**
- **investigated**
- **policy**
- **prevent**
- **procedures**
- **reasons**
- **retaliatory**
- **separation**
- **similarly**

Ensure the agency fully **investigated** the employee's complaints. Be certain that separation is not **retaliatory**. Also ensure there are no implied or oral **contracts** in place with the employee. Have **procedures** in place for the return of property, final pay, and benefit continuation.

35. Order the actions that are part of the termination process in the case of INVOLUNTARY termination from 1 to 8.

- 3 Write a separation letter that states the specific reasons for separation.
- 1 Review the situation with other owners, HR, and legal counsel.
- 6 Assign someone to stay with the employee as s/he cleans out her/his desk.
- 5 Make the meeting to the point. It is not a discussion.
- 7 Escort the individual from the property.
- 2 Be certain that there is documentation that clearly outlines the cause for termination.
- 8 Follow up after separation to be sure all materials have been returned and system and website access has been terminated.
- 4 Have a private separation meeting with an HR representative or supervisor.

Finally, inform other staff members about the decision.

36. Give two reasons an agency should conduct an exit interview with each employee who separates from an agency VOLUNTARILY.

- 1) Separation is a natural part of an employee's "life cycle." Listening to the employee at this time respects this life cycle.
- 2) An agency should seek and then analyze feedback from the employee to understand what it can do to improve.

Chapter 3 - Client Retention and Acquisition

Learning Objective:

The participant will identify factors that influence or create an agency brand.

1. Circle each statement that describes today's clients.

want round-the-clock access	trusting	careless with money	knowledgeable
slow to offer loyalty	educated	demand technological support	careful with money
expect personal attention	prefer to work with technology not people	quick to make decisions	seek support from real people when there's a problem

2. Complete the sentence.

The factors that bring clients to an agency and keep them there communicate the agency's **brand**.

Learning Objective

The participant will define the steps involved in developing a marketing program and identify key factors that influence the program's success.

3. List the five steps in a successful marketing program.

- 1) **Identify a target market.**
- 2) **Evaluate resources.**
- 3) **Develop the market plan.**
- 4) **Apply metrics.**
- 5) **Analyze the plan's success**

4. Name four things an agency can do to identify a target market.

- 1) **Know what it does well and what products it has to sell**
- 2) **Know whether there are sufficient prospects for those products**
- 3) **Recognize the competition**
- 4) **Consider how the agency can differentiate itself from the competition**

5. Put a check (✓) mark next to each statement that poses a question an agency should ask itself to evaluate its resources.

- What other agencies pose the greatest competition?
- How well do account managers and producers work together?
- Does the agency have enough staff to handle a lot of new businesses?
- Do the target markets exist for new products?
- Do existing processes and workflows support success?
- Where is the “lowest hanging fruit”?
- How effective is the agency’s contact management system?
- What marketing materials reach the most people for the least cost?

6. Use words from the box to fill in the blanks.

While knowing its **limitations** before planning a marketing program is both **practical** and **essential**, it also helps an agency recognize its opportunities for **growth** and where those opportunities exist.

- **essential**
- **growth**
- **limitations**
- **practical**

7. Circle the word or words that complete each statement.

1) An agency's marketing plan begins with clear _____.

actions

goals

2) An agency considers the advantages and disadvantages of a variety of _____.

marketing tools

bells and whistles

3) An agency decides what _____ to include in their marketing tools.

information

timelines

4) An agency considers whether any bells and whistles might convey _____.

extra costs

extra value

5) Producers and agency management work together to create _____.

a list of competitors

a list of prospects

6) The first target for a prospect list is _____.

references from
existing customers

low-hanging fruit

An agency decides which marketing materials or formats will work best after it has established its goals, defined its _____, and decided how it will set itself apart from its competitors.

delivery method

markets

8. List four things an agency website should do to be effective.

1) **accommodate all kinds of devices, including phones and tablets**

2) **be able to receive complete contact information**

3) **be refreshed frequently to keep customers interested**

4) **incorporate key words that drive search engines**

9. Circle the “convenience factors” that a website can offer clients.

<input checked="" type="checkbox"/> reporting claims	making payments	connecting to social media platforms
customer surveys	<input checked="" type="checkbox"/> accessing certificates of insurance	<input checked="" type="checkbox"/> requesting quotes
<input checked="" type="checkbox"/> viewing policy documents	advertising	<input checked="" type="checkbox"/> contacting the agency

10. Use words from the box to fill in the blanks.

Printed marketing tools include direct mail, brochures, newsletters, and advertisements.

Digital marketing tools include websites, social media, and the agency’s landing page.

Other kinds of marketing tools include telemarketing, TV and radio spots, email blasts, and presence at trade shows.

- advertisements
- brochures
- direct mail
- email
- landing page
- newsletters
- radio
- social media
- telemarketing
- trade
- TV
- websites

11. Circle True or False.

An agency can use metrics to create the goals that will lead to a marketing plan.

True False

An agency can use metrics to evaluate the effectiveness of its marketing plan.

True False

The most desirable frequency for collecting metrics is daily.

True False

12. Order the sequence of metrics an agency should collect to evaluate the success of its marketing plan from 1 to 4.

3 the number of appointments resulting in sales

1 the number of calls that result in appointments

4 the number of closes per month

2 the number of appointments each week

13. Explain why an agency must constantly use metrics to monitor the success of its marketing plan.

Using metrics to compare actual results with projected goals helps an agency

evaluate the success of its efforts and make changes, if necessary.

Learning Objective

The participant will describe three components of a client-retention process designed to capture, improve, and sustain client relationships.

14. Write two words that summarize the importance or value of client retention.

income revenue

15. List three guiding principles that form the basis of a client-retention process.

1) **Build rapport and trust**

2) **Provide quality customer service**

3) **Educate clients**

16. Circle the word or words that complete each statement.

1) Applying a few communication techniques can help assure clients of their _____.

importance to the agency

access to the right products

2) When communicating with clients, agents should consider every client's _____ and needs.

history with the agency

experiences

3) Agents should listen to _____.

learn

avoid missing important details

4) Agency staff should ask questions to _____.

clarify clients' comments

repeat clients' comments

5) Agency staff should reword clients' comments in order to _____.

help clients feel confident that they were understood

help clients recognize the staff's expertise

6) Staff should use _____ during discussions.

insurance language

friendly language

7) While speaking with clients, staff should maintain _____.

a sense of humor

a sense of urgency

17. Explain how clients define the term *quality* when it comes to customer service.

Clients define the quality of customer service as the kind of personal attention they receive.

18. Use words from the box to fill in the blanks.

Clients expect agents to be fully **informed** and always aware of their **needs**. They also expected to be protected from **exposures**. Protection helps clients avoid or minimize **claims**. It also reduces the likelihood that clients will go to a different agency.

- exposures
- claims
- informed
- needs

19. Define the term **cross-selling** and explain why it contributes to client retention.

Cross-selling is the process of extending a client's coverage by enhancing an existing policy or adding new policies. It deepens the relationship between clients and an agency, making it an effective client-retention tool that increases an agency's profitability.

20. Name one way each of the following individuals or groups contributes to client retention.

- A. Agency owner: **determines the scope of a client-retention plan and measures the results**
- B. Agency producer or account manager: **identifies cross-selling opportunities**
- C. Company personnel: **apply their broad knowledge of companies to offer insights into cross-selling opportunities**

21. Circle True or False.

1) There are economic reasons for promoting client retention.

True

False

2) An agency should focus more on why clients stay than why they leave.

True

False

3) Knowing why clients leave can lead to profitable opportunities.

True

False

22. Identify two kinds of reports an agency can use to measure the success of its client-retention efforts.

1) **Revenue reports**

2) **Cancellation reports**

Learning Objective

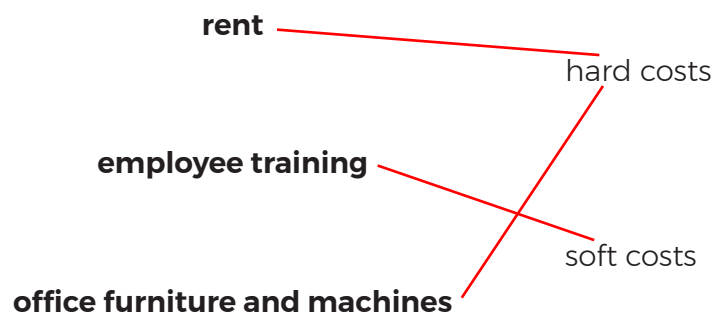
The participant will explain how to determine whether an account is sufficiently profitable to write.

23. Complete the statement.

To determine if an account is profitable enough to write, an agency must have a complete understanding of

expenses associated with providing products and services.

24. Draw lines to match each example to the kind of expense it represents.



25. Put a check (✓) mark next to each question an agency must ask when it is considering expenses related to soft costs.

- Does the producer have the expertise to secure an account?
- What technology is required to secure new clients?
- If a producer needs a mentor, how will the mentor's time away from her/his own work affect expenses?
- How will marketing efforts affect producer performance?
- Is staff support necessary to secure a new client?
- How do bonuses affect expense calculations?

26. Use words from the box to fill in the blanks.

To determine the profitability of an account, it is necessary to know how much variable overhead **(non-compensation expense)** the agency has that is **directly attributable** to an account.

- **directly attributable**
- **(non-compensation expense)**
- **premium**
- **set agency standards**

To determine a new or renewed account's profitability, it is necessary to calculate costs associated with the **premium**. This information can also be used to **set agency standards**.

27. Explain what decision an agency must make if a client demands more attention than the agency can profitably provide.

The agency must decide whether to retain or release the client.

Chapter 4 - Technology Utilization

Learning Objective

The participant will identify five benefits of technology and five levels of utilization in an agency.

1. Define the term *InsurTech*.

InsurTech is the application of

technology innovations aimed at reducing costs and increasing efficiency

across current industry models.

2. Write letters to sort the examples into appropriate categories.

How InsurTech Affects the Insurance Industry

Claims Handling	Risk Management	New Business Onboarding
B, D, H	C, G	A, E, F

A. electronic delivery

B. understanding workplace behaviors

C. calculating the estimated cost of repairs

D. virtual walk-throughs

E. paperless transactions

F. reducing the number of questions asked

G. evaluating cause and effect from a loss

H. telematics, such as tracking driving behaviors

3. Technology affects agency performance. Write letters to match each example to its effect.

Effect	Example
<p><u>G, K</u> Technology increases revenue.</p>	<p>A. Clients have instant access to information.</p> <p>B. Agents can communicate with clients in a variety of ways.</p>
<p><u>E, I</u> Technology allows measurement.</p>	<p>C. Both employees and clients benefit from controlled and consistent experiences, leading to greater satisfaction.</p>
<p><u>A, B, H</u> Technology improves the customer experience.</p>	<p>D. Employees can work from any location.</p> <p>E. Consistency reduces possible E & O exposures.</p>
<p><u>C, I</u> Technology helps build a consistent experience.</p>	<p>F. Standardized workforce practices reduce employee stress, making the work environment more enjoyable.</p> <p>G. The ability for any number of people to process more transactions increases per-person revenue.</p>
<p><u>D, J</u> Technology offers flexibility.</p>	<p>H. Agents can focus more on customer service than on transactions.</p> <p>I. Unchanging, or invariable, practices reduce exposure to E & O claims.</p>
<p><u>F</u> Technology can increase employee satisfaction.</p>	<p>J. Employees can access personal training opportunities.</p> <p>K. Any given number of people can process more transactions.</p>

4. Choose words from the box to fill in the blanks.

The term utilization refers to making **practical** or efficient use of something. It is not an agency's specific **technology** or **management** system that determines utilization. It is the **level** at which these items are implemented. Implementation includes employee **support**, back-office support, **sales** support, and **customer service**.

- customer service
- level
- management
- practical
- sales
- support
- technology

5. Read each characteristic. Then write the number of the corresponding utilization level. The first one has been done for you.

Level Number	Characteristic
<u>5</u>	A. Technology is used to conduct more of the various tasks of running an agency, thus reducing the overall burden on employees.
<u>4</u>	B. There is a focus on how staff manage the agency's short- and long-term goals.
<u>2</u>	C. Agency data integration with carrier systems exists but is not fully used.
<u>3</u>	D. Technology systems are integrated so that phones and other forms of communication work with an agency's management system.
<u>1</u>	E. Although some technology is in use such as phones and workstations, overall technology use is minimal.
<u>4</u>	F. An agency prioritizes measuring the results of its technology and analyzing those results to determine how they affect the agency in the most positive ways.
<u>2</u>	G. Practical uses of technology for the purpose of creating efficient workflows and procedures are being defined.
<u>4</u>	H. Technology integration is seamless, moving the emphasis from the agency's needs to the customer's needs.
<u>4</u>	I. An agency is beginning to measure the value and efficiency its technology provides.
<u>1</u>	J. Only the basic features of any existing agency management system are used.
<u>3</u>	K. Workflows and technology provide strategic and reliable processes that focus on customer needs.
<u>2</u>	L. An agency is deciding the minimum amount of data it needs to collect.

6. Circle True or False.

1) Moving from one technology level to another is always done one level at a time.

True

False

2) An agency with highly effective strategic planning can skip levels to reach Technology Utilization Level 5 instantly.

True

False

3) Realistic goals and time frames are required for an agency to move forward from one technology utilization level to another.

True

False

7. Order the “big-picture” steps for moving from one technology level to the next from 1 to 4.

3 Measure for success.

1 Build the base.

4 Move to the next level.

2 Establish the “Agency Way.”

Learning Objective

The participant will describe the steps of the internal needs assessment process used to determine whether an agency should upgrade or convert its technology in order to meet agency goals.

8. Explain the difference between a technology upgrade and a technology conversion.

A technology upgrade is moving from one version of a management system to another and/or adding an additional product to an existing system.

A technology conversion is moving from one product to another.

9. Explain why an agency should conduct an internal needs assessment before deciding whether to upgrade or convert its technology.

Conducting an internal needs assessment helps an agency determine its

technological needs in terms of an agency's goals and objectives.

10. Draw lines to match each step to the appropriate order in the process of conducting an internal technology needs assessment.

- 1 Decide whether to upgrade or convert. Then consider what technology will get the job done.
- 2 Plan for a commitment to employee training.
- 3 Develop a set of questions and answers to guide the thinking, research, and decision-making processes related to whether to upgrade or convert to a new system.
- 4 Make a checklist of current and future needs.
- 5 Establish time-related goals.

11. Circle each example of a factor an agency might consider during an internal needs assessment.

- mobile access
- reporting needs
- hard costs
- security issues
- timeline for completion
- future needs
- per-user cost
- soft costs
- required staff training
- functionality across electronic platforms
- whether to rely on software of Cloud solutions
- client expectations

12. Circle whether each example represents a Hard Cost or a Soft Cost.

Employee training

Hard Cost

Soft Cost

Loss of productivity during learning time

Hard Cost

Soft Cost

Physical equipment required for technology implementation

Hard Cost

Soft Cost

13. Define the term **Cloud computing**.

Cloud computing describes the use of remote servers hosted on the internet to store, manage, and process data.

14. Name two advantages of relying on Cloud computing rather than in-house data storage.

- 1) **The Cloud provides an alternative to storing information on a local server or on office computers, making it a soft-cost solution to technology use.**
- 2) **In addition to offering off-site data storage, the Cloud's pay-as-you-go format is constantly updated for users.**

15. Circle the word or words that complete each sentence.

1) _____ may have had little experience with the technology used prior to a technology upgrade.

Customer service representatives Producers

2) Insertions of data at the earliest stages of client interactions are more complete when everyone knows how to use an agency's _____.

VoIP information management system

3) No matter who the employee is, familiarity with an agency's technology upgrade or conversion improves workflows and increases individual _____.

responsibility productivity

16. Circle True or False.

VoIP is the delivery of voice and multimedia data over networks, such as the internet.

True False

Printers, scanners, and telephones must be integrated and compatible for effective communication.

True False

For greater productivity, an agency should grant individual access to systems rather than to groups.

True False

Insurance companies can use third-party resources to access an agency's management system.

True False

Most agencies wait until technology has been upgraded or converted to clean their data.

True False

17. Choose words from the box to fill in the blanks.

Most agencies attempt to organize their documentation before upgrading or converting their data management systems. An agency begins by **validating** its information, or “cleaning up” its data before making any system change. Stray, or **misplaced**, information is put in its proper place.

- **accurate**
- **difficult**
- **efficient**
- **integrity**
- **misplaced**
- **useful**
- **validating**

Cleaning data before an upgrade or conversion has two valuable consequences. First, it makes the change process far more **efficient** and less **difficult**. Second, it provides data **integrity**. When agency staff generate reports, those reports will be based on **accurate** data. Only then are reports **useful**.

Learning Objective

The participant will describe the relationship between standards, procedures, and workflows and how they affect efficiency and support an agency's brand.

18. Explain why built-in workflows are more effective than multitasking.

Multitasking leads individuals to believe they are accomplishing more than

they are.

It dilutes an individual's focus and reduces the person's effectiveness.

Built-in workflows, on the other hand, provide a strong and singular focus.

19. Draw lines to match each word to its definition.



20. List five benefits that come from having established standards, procedures, and workflows. Together, they:

- 1) **optimize time use**
- 2) **work as benchmarks for measuring compliance, productivity, and effectiveness**
- 3) **promote consistency, thereby reducing mistakes and E & O exposures**
- 4) **provide data to help an agency plan, market, grow, and make decisions**
- 5) **identify opportunities, the need for change, and the need for training**

21. Put a check (✓) next to each outcome of an operational assessment.

An operational assessment helps an agency:

- ensure that employees are following the agency's standards, procedures, and workflows
- decide whether to upgrade or convert technology
- find problems that need to be corrected
- evaluate individual employee performance
- rewrite its value, vision, and mission statements
- compare agency productivity levels to competitors' levels
- support customer service
- find ways to use current technology more fully
- identify employee training needs
- support an agency's core value and mission

22. Circle the word or words that complete each sentence.

1) _____ are needed to lead an operational assessment.

Agency managers or owners

Trained and reliable individuals

2) Assessments should be applied consistently across _____.

departments

the lowest paid employees

3) Assessment results should be communicated to _____ in general terms.

all staff

managers

4) Assessment results should include solutions, _____, and training opportunities uncovered by the assessment process.

staff recommendations

workflow glitches

23. Explain the purpose of staff stratification.

The lowest paid employees are often the foundation of an agency's success.

They provide the scaffolding on which an agency grows. An agency should

transfer work to employees working in the lowest cost level capable of

handling the work in a satisfactory manner. This saves money and time without

sacrificing efficiency.

Learning Objective

The participant will define the kinds of information an agency puts into a database and describe how it protects the integrity and security of that database.

24. Choose words from the box to fill in the blanks. Some words may be used more than once.

Effective information management relies entirely on **electronic** documents and **databases**. However, the **integrity** of the information in an output such as a report depends entirely on the **quality** of the information put into the agency's database. Without data **integrity**, other functions are entirely **unreliable**.

- databases
- electronic
- integrity
- quality
- unreliable

25. Put a check (✓) mark next to each recommendation for managing information effectively.

- Fill in every field within a database.
- Set up folders for storing essential emails.
- Use appropriate naming conventions.
- Complete the Full Client Detail in a database.
- Print and store hard copies of all documents.
- Keep databases up-to-date.
- Provide employees with customized training in using the database.

26. List four kinds of data that should be entered into an agency's management system. The first one has been done for you.

- 1) Basic client detail
- 2) **Contact details**
- 3) **Policy details**
- 4) **Coverage details**

27. Put a check (✓) mark next to each example of data put into an agency's management system.

- | | |
|--|---|
| <input checked="" type="checkbox"/> claims information | <input checked="" type="checkbox"/> driving records |
| <input type="checkbox"/> system access information | <input checked="" type="checkbox"/> property update information |
| <input checked="" type="checkbox"/> appraisals | <input checked="" type="checkbox"/> coverage recommendations |
| <input checked="" type="checkbox"/> classification codes | <input type="checkbox"/> technology productivity metrics |
| <input checked="" type="checkbox"/> value statements | <input checked="" type="checkbox"/> evaluation worksheets |
| <input checked="" type="checkbox"/> submission information | <input checked="" type="checkbox"/> business income worksheets |

28. Circle True or False.

1) A workflow should always start at the beginning.

True

False

2) Client data go in first.

True

False

3) Entering data in the middle of a workflow can lead to data backflow.

True

False

4) Data backflow requires employees to go back to the beginning of a workflow to fill in missing information.

True

False

5) Working backward can save time and money.

True

False

6) Data backflow has little or no effect on data integrity.

True

False

29. Fill in letters to complete each word in the following sentence.

Document managers use database systems to collect, store, and manage documents.

30. List seven examples of electronic documents that an agency can collect, store, and manage.

- 1) e-mail
- 2) carrier-generated documents, such as policies and endorsements
- 3) electronic and paper faxes
- 4) scanned and digitized paper mail
- 5) photos
- 6) other means of communication, such as voice-mail
- 7) formal reports

31. Choose words from the box to fill in the blanks. Some words may be used more than once.

Agencies may combine early- and late-capture methods to manage in-house documents. In the early capture method, incoming documents are scanned immediately after they arrive at an agency. They are then transferred electronically, attached to client files, and/or communicated

electronically to a staff member. In the late capture method, documents are processed before they are scanned. Next, they are distributed to individuals within the agency or to an outside vendor for electronic storage. Each document is accompanied by a cover page. Afterward, original paper documents may be shredded.

- cover page
- electronically
- files
- processed
- scanned
- shredded
- storage

32. Document managers are aware of their states' requirements for gathering information classified as private information. List ten possible examples of personally identifiable information (PII).

- | | |
|--|---|
| 1) <u>first and last name</u> | 6) <u>home address</u> |
| 2) <u>first name initial and last name</u> | 7) <u>health records</u> |
| 3) <u>social security number</u> | 8) <u>passwords</u> |
| 4) <u>birthdate</u> | 9) <u>veteran and disability status</u> |
| 5) <u>credit card information</u> | 10) <u>student information</u> |

33. Describe two steps an agency must take to protect client data.

To protect client data, an agency should minimize and purge.

It must then purge unnecessary information as soon as possible.

34. Explain how encryption is related to protecting client data.

Encryption, the process of encoding data to protect information from
unauthorized access, occurs during document transmission and
communication via e-mails and mobile devices. It can also be applied to
information stored on computers, phones, and portable devices, such
as tablets.

Learning Objective

The participant will identify the benefits and challenges associated with agency technology tools, including an agency's information management system, downloading processes, and rating systems.

35. Technology presents both benefits and challenges to an agency. Write the letter of each example in the appropriate column.

Benefits of Technology	Challenges Related to Technology
A, D, E, F	B, C
<p>A. Employees save keystrokes by allowing information to be entered only once.</p> <p>B. Not all insurance companies support an agency's workflows.</p> <p>C. An agency needs different workflows to work with companies that do not support bridging.</p>	<p>D. Processing is expedited for routine requests.</p> <p>E. Employees reduce E & O exposure by decreasing the likelihood that data will be entered incorrectly.</p> <p>F. Data quality improves and opportunities for human error diminish.</p>

36. Downloading is the process of transferring information electronically from an insurance company database to an agency management system. It brings both benefits and challenges to an agency. Write the letter of each example in the appropriate column.

Benefits of Downloading	Challenges Related to Downloading
B, D, E, H	A, C, F, G
<p>A. Download failures can lead to problems, such as data overwrites.</p> <p>B. The possibility of data-entry mistakes decreases, reducing E & O exposure.</p> <p>C. A failure to conduct daily download audits may result in undiscovered errors or glitches, compromising an agency's database.</p> <p>D. Processing work may decrease by as much as 30%.</p>	<p>E. Workflow begins in an agency management or comparative rating system.</p> <p>F. An agency may need different workflows to work with carriers that do not support bridging.</p> <p>G. Not all insurance companies support commercial line downloads.</p> <p>H. More insurance carriers provide support for personal lines downloads.</p>

37. Circle True or False.

- 1) A comparative rating system is a vendor rating program that enables an agency to obtain accurate risk quotes from multiple carriers.

True

False

- 2) A vendor and an insurance carrier must initiate, implement, and check rating updates.

True

False

- 3) A comparative rating system increases the number of keystrokes required to obtain a premium quote.

True

False

- 4) A comparative rating system is available at no cost to an agency.

True

False

- 5) Not all comparative rating systems may provide an underwriting review or necessary reports.

True

False

38. Insurance companies and agencies may provide portal access to proprietary rating systems through log-ins and passwords. Circle the word or words that complete each statement about proprietary rating systems.

- 1) A proprietary rating system often includes _____ approval.

underwriting

risk

- 2) Agency employees enter risk data into a carrier's system to obtain quotes, but _____ may be unacceptable.

risks

declination capabilities

- 3) When producers and CSRs go around an agency's management system by going directly to a carrier's site, they _____.

compromise an agency's documentation

increase workflow efficiencies

39.

40. List five examples of real-time transactions that can occur when carrier and agency management systems interpret and transfer data.

- 1) **Billing inquiry**
- 2) **Policy inquiry**
- 3) **Claim inquiry/loss run**
- 4) **Endorsement processing**
- 5) **Rating**

Chapter 5 - Ethical Responsibility

Learning Objective

The participant will identify the foundations of ethical behavior, steps in making ethical decisions, and the process of establishing a Code of Ethics.

1. Choose words from the box to fill in the blanks.

The rules or standards associated with one's moral duties and obligations are called **ethics**. They are **guiding principles**, or collective **beliefs** and values that members of a society use to guide personal decisions and to differentiate between "**right** and **wrong**."

The principles that guide the decisions of individuals and groups within a given **profession** are called **business ethics**. They focus on principles and problems that occur within a business environment, such as an agency. Business ethics apply to each **individual** within an agency and to the **agency** as a whole.

- agency
- beliefs
- business ethics
- ethics
- guiding principles
- individual
- profession
- right
- wrong

2. Name two factors that influence the application of business ethics within the insurance industry.

- 1) **laws and regulations**
- 2) **public perception**

3. Write the letter of the phrase that defines each principle.

- | | |
|--|--|
| <u> B </u> Honesty | A. making every effort to fulfill commitments |
| <u> H </u> Loyalty | B. avoiding deception |
| <u> C </u> Respect for Others | C. respecting human dignity |
| <u> I </u> Leadership | D. protecting a company's reputation and safeguarding employee morale |
| <u> J </u> Integrity | E. following the Golden Rule |
| <u> F </u> Fairness | F. exercising power without taking advantage of others |
| <u> L </u> Law Abiding | G. accepting responsibility for one's decisions |
| <u> D </u> Reputation and Morale | H. demonstrating fidelity to clients, colleagues, and institutions |
| <u> A </u> Trustworthiness | I. recognizing the responsibilities attached to positions of leadership |
| <u> E </u> Concern for Others | J. doing what is right, even when under pressure to do otherwise |
| <u> K </u> Commitment to Excellence | K. being well-informed and dedicated to improving professional proficiency |
| <u> G </u> Accountability | L. following rules, regulations, and laws |

4. Circle the word or words that complete each statement.

1) An ethical individual _____ before acting.

speaks

thinks

2) An ethical individual demonstrates _____

self-discipline

caution

3) An ethical individual behaves _____.

consistently

with quiet dignity

4) An ethical individual accepts responsibility for the _____ of her/his _____.

consequences/behaviors

integrity/leadership

5. Circle True or False.

An agency is neither ethical nor unethical.

- 1) Every agency should have a Code of Ethics.

True

False

- 2) A Code of Ethics is the foundation of an agency's value system.

True

False

- 3) An agency's Code of Ethics is reflected in its public image.

True

False

- 4) Employees should take primary responsibility for establishing an agency's Code of Ethics.

True

False

- 5) Agency leaders should be aware of what drives employee behaviors.

True

False

- 6) Ethical practices should move from top to bottom within an agency.

True

False

- 7) Implementing a Code of Ethics is a one-time effort.

True

False

- 8) Agency leaders can use client surveys to evaluate how well an agency's Code of Ethics is working.

True

False

6. Put a check (✓) mark next to each reason individuals or groups choose to act unethically.

- Managers do not model a Code of Ethics.
- Employees feel it is unsafe to speak honestly to management.
- Managers promote competition.
- Managers establish unrealistic performance targets.
- Managers treat employees differently, giving some individuals advantages that others don't have.

7. Choose words from the box to fill in the blanks.

The consequences of unethical behaviors in an agency can include harm to the agency's reputation, exposure to legal action, a decrease in profitability, and regulatory actions.

- legal action
- profitability
- regulatory
- reputation

Learning Objective

The participant will identify the basis of legal duties that impact an agent, agency, and insurance company and explain the four types of agent authority.

8. Underline the factors that contribute to the identification and establishment of ethical responsibilities in the workplace on the basis of law.

employee morale

peer standards

client feedback

reliable research

social media

expert testimonies

case laws and

web surveys

statutes

9. Choose words from the box to fill in the blanks. Words may be used more than once.

Some situations may lead a court to determine the existence of a “**special relationship**” between a client and an agent. Although these determinations can vary dramatically by state, they can be triggered by an agent’s **intimate knowledge** of a client, the

length of time of their relationship, the degree of **client dependence** on the agent, or an agent simply agreeing to **make** insurance or risk management **decisions** on behalf of a client.

In insurance transactions, a **fiduciary** relationship – a relationship in which an agent, agency, or insurance company is expected to act in the best interests of a client – is held to a higher degree of **responsibility** than **fiduciary** relationships in many other businesses.

- client dependence
- decisions
- fiduciary
- intimate knowledge
- length of time
- make
- responsibility
- special relationship

10. Circle the word or words that complete each statement.

- 1) In a special relationship, an insured asks for _____ and an agent provides _____.

recommendations/advice

regulations/legal statutes

- 2) A(n) _____ is a party authorized to act ethically on behalf of another. Parties include principals, agents, and third parties.

special relationship

legal agent

- 3) An insurance agent is appointed by a(n) _____ to solicit applications, collect premiums, and bind policies.

broker

insurer

- 4) A(n) _____ acts or aids in negotiating insurance contracts.

insurance counselor

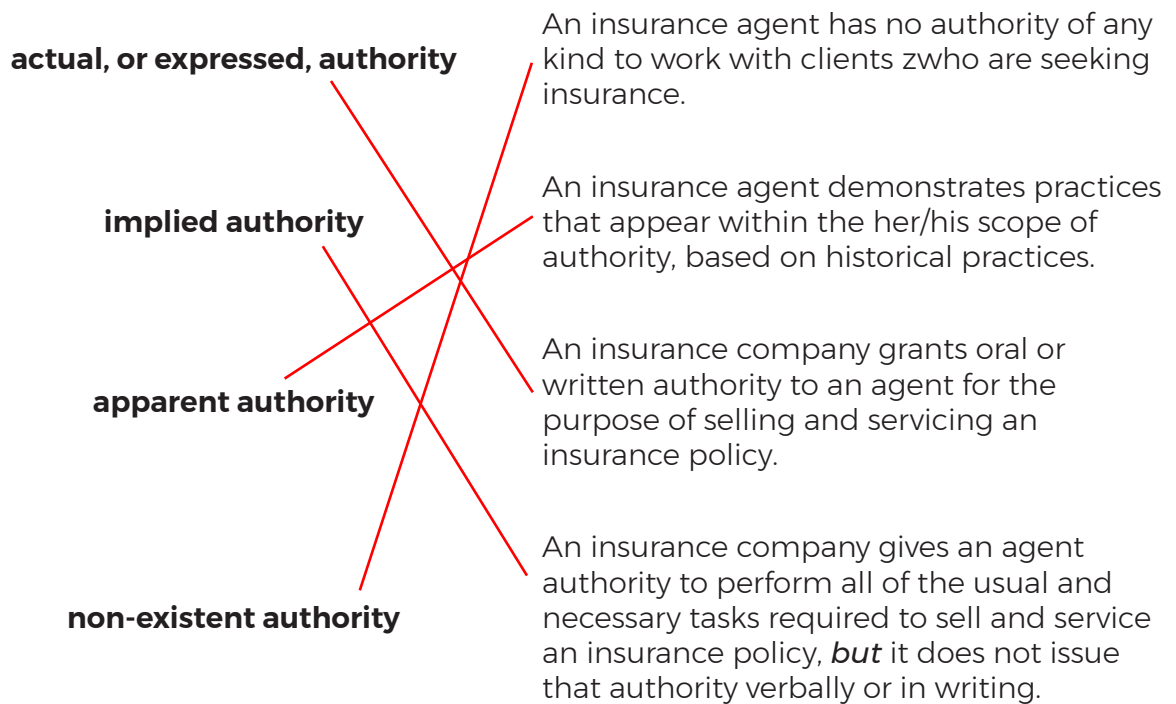
broker

- 5) A managing general agent has _____, claims, and reinsurance placement authority from an insurer.

solicitation

underwriting

11. Draw lines to match each kind of agency authority to its meaning.



12. Define the term *unfair trade practice*.

An unfair trade practice is a fraudulent, deceptive, or unethical behavior enacted for the purpose of obtaining business.

13. Choose the word or words from the box that match each description.

- 1) making unnecessary demands of a client for the purpose of processing or settling a claim **claims practices**
- 2) making false statements that affect a consumer's decision to accept the terms of a contract **misrepresentation**
- 3) using confusing, misleading, or untrue statements to promote the purchase of a product or service **false advertising**
- 4) offering an inducement to do business with an agency **rebating/gift offers/false free prizes**
- 5) suggesting a client purchase additional life insurance or a replacement policy purely for the purpose of generating additional commission **twisting and replacement codes**
- 6) making the purchase of one product or service contingent upon the purchase of another **tied selling**

- claims practices
- false advertising
- misrepresentation
- rebating/gift offers/false free prizes
- tied selling
- twisting and replacement codes

14. List five consequences of the practice of ethical behaviors within an agency.

- 1) **greater profitability**
- 2) **increased client retention**
- 3) **increased employee retention**
- 4) **improved relationships within the agency and with clients**
- 5) **a more positive working environment**

Learning Objective

The participant will explain methods to minimize agency Errors and Omissions (E & O) exposure and describe the proper steps to take following an E & O loss.

15. Circle True or False to indicate whether each factor can contribute to E & O claims.

- 1) the belief that a defendant has an extensive legal team

True

False

- 2) changing legal standards

True

False

- 3) the abundance of insurance agencies nationwide

True

False

- 4) the influence of public and social media

True

False

- 5) increased specialization of services and markets

True

False

- 6) the availability of expert witnesses

True

False

- 7) complex policies and forms

True

False

16. Choose words from the box to fill in the blanks.

Several legal and ethical duties fall to an insurance agent. Agents are expected to:

- use reasonable diligence to procure insurance requested by a client and to inform the client if unable to do so
- notify the client when the agent receives information pertaining to the expiration date of a client's policy
- renew a policy or notify a client of non-renewal

- **expiration date**
- **inform**
- **non-renewal**
- **reasonable**
- **renew**

17. Underline the circumstances that can lead to E & O claims.

the loss of a key employee

following a disaster

selling a new product

new forms

non-payment of premiums

direct versus agency bill

changes in business methods and technologies

18. Write letters in the correct columns to sort the reasons different parties make E & O claims.

Why Clients Make Claims	Why Insurance Carriers Make Claims	Why States Make Claims
B, C, G, I	A, H, J	D, E, F

- | | |
|---|--|
| <ul style="list-style-type: none"> A. failure to follow legal instructions B. failure to procure coverage C. changing established services D. failure to meet licensing requirements E. deceptive trade practices F. use of a trust account | <ul style="list-style-type: none"> G. failure to place on best available terms H. failure to supply underwriting information I. lack of or modified coverage J. misrepresentation of risk to the company |
|---|--|

19. Fill in the blanks to name four basic steps an agency can take to protect itself from E & O claims.

- 1) education from the first day of work within an agency until the last
- 2) documentation of consistent standards, procedures, and workflows
- 3) standards that result in clear and complete documentation
- 4) internal assessment of agency standards, processes, and documentation

20. List four steps an agency can take to protect itself following an E & O claim.

- 1) Have claims reported directly to the carrier by the insured.
- 2) Discuss the situation generally with all involved agency personnel to understand their involvement.
- 3) Have a coordinator gather all pertinent information and put it in a master file.
- 4) Prepare to be a good witness.

21. Circle True or False.

An employee can prepare to be a good witness by:

- 1) reviewing all materials after a deposition

True

False

- 2) always submitting to a deposition, with or without counsel

True

False

- 3) avoiding rehearsing answers

True

False

- 4) hesitating before answering questions

True

False

- 5) being willing to say, "I don't know."

True

False

- 6) always telling the truth

True

False