

Exam Name - Insurance Compliance Specialist (ICS)[™]

Sample Exam

1. A producer license is required before engaging in which of the following activities?
- A. Providing an insurance quote
 - B. Conducting financial background checks
 - C. Setting interest rates
 - D. Preparing tax returns

Answer **A**

2. What is the principle of “utmost good faith” (uberrima fides) in insurance?
- A. The insurer must not cancel policies unjustly
 - B. The insured must disclose all material information
 - C. Agents can charge extra commissions
 - D. Claim payments must be made within 30 days

Answer **B**

3. Which practice is considered rebating and potentially illegal?
- A. Offering free gifts to all policyholders
 - B. Offering special premium discounts not available to everyone
 - C. Providing policy explanations in simple language
 - D. Assisting clients with claims

Answer **B**

4. Which of the following best describes risk retention in compliance?

- A. Transferring risk to a reinsurer
- B. Self-insuring or retaining a portion of a risk
- C. Purchasing third-party liability insurance
- D. Ignoring internal audit findings

Answer **B**

5. Under anti-rebating laws, it is generally unlawful for producers to:

- A. Provide a policy summary
- B. Offer personal advice
- C. Give part of their commission to the insured as an incentive
- D. Recommend a policy

Answer **C**

6. The Gramm-Leach-Bliley Act (GLBA) requires insurers to:

- A. Increase deductible limits for commercial policies
- B. File all rate changes with the IRS
- C. Protect the privacy of nonpublic personal information
- D. Disclose claims history to third-party vendors

Answer **C**