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37	A	B	C	D	E
38	A	B	C	D	E
39	A	B	C	D	E

PRACTICE QUESTIONS

CALIFORNIA DEPARTMENT OF INSURANCE

QXGUBW74

CA PSI Site - Limited Lines Automobile Examination

EDITION

Demo

QUESTIONS

9

FORMAT

Limited Edition PDF

Before you begin

What this is

9 practice questions for CALIFORNIA DEPARTMENT OF INSURANCE QXGUBW74 , each with its answer key and an explanation. Answer a question before you read its key — the explanation is worth more once you have committed.

If something looks wrong

Send us three things and we will check it:

- the exam code, QXGUBW74
- the question number
- the email address on your order

Write to **support@mometrix.net**. We reply within one business day.

QUESTION 1

MULTIPLE CHOICE

Under the California Limited Lines Automobile Insurance program, which of the following persons are eligible to be covered drivers? (Choose two.)

- ☐ A The applicant's spouse, if residing in the same household
- ☐ B Any licensed driver who borrows the vehicle with permission
- ☒ C The applicant named in the policy
- ☒ D The applicant's dependent child who is a licensed driver residing in the same household

ANSWER C • D

WHY Limited Lines Automobile Insurance in California is restricted to a narrow class of insured drivers. The applicant named in the policy and the applicant's dependent children (licensed and residing in the same household) are the eligible classes. Spouses and permissive users are not eligible under this limited program.

QUESTION 2

MULTIPLE CHOICE

When issuing a Limited Lines Automobile Insurance policy, which two of the following must the licensee obtain from the applicant? (Choose two.)

- ☒ A A signed acknowledgment that the policy does NOT cover all drivers
- ☒ B A signed acknowledgment that the applicant has been offered the California Automobile Assigned Risk Plan (CAARP)
- ☐ C A signed acknowledgment that the policy provides full coverage for all household members
- ☐ D A signed waiver of the right to file a complaint with the Department of Insurance

ANSWER A • B

WHY The licensee must secure signed acknowledgments confirming that the policy is limited (does not cover all drivers) and that the California Automobile Assigned Risk Plan was offered to the applicant. The other options misrepresent the coverage and are not required.

QUESTION 3

TRUE FALSE

A California Limited Lines Automobile Insurance policy provides liability coverage that meets or exceeds California's Financial Responsibility Law minimum limits.

- ☐ A True
- ☒ B False

ANSWER B

WHY False. Limited Lines Automobile Insurance provides only the minimum liability limits required under California's Financial Responsibility Law; it is not designed to provide coverage that meets or exceeds higher limits and excludes many drivers and coverages that a standard policy would provide.

QUESTION 4

SINGLE CHOICE

Which of the following best describes who may be insured under a California Limited Lines Automobile Insurance policy?

- ☐ A Any licensed driver residing in the applicant's household
- ☒ B Only the applicant and the applicant's dependent children who are licensed drivers residing in the same household
- ☐ C The applicant, the applicant's spouse, and any named permissive users
- ☐ D Any household member age 16 or older with a valid driver's license

ANSWER B

WHY Limited Lines Automobile Insurance coverage is restricted to the named applicant and the applicant's dependent children who hold a driver's license and reside in the same household. Spouses, other household members, and permissive users are not eligible for coverage under this limited program.

QUESTION 5

SINGLE CHOICE

Before a Limited Lines Automobile Insurance policy can be issued, the licensee must obtain which signed document from the applicant?

- ☐ A A standard auto insurance application with full driver history
- ☒ B A Limited Lines Automobile Insurance Disclosure Statement
- ☐ C A binder of coverage from the assigned risk pool
- ☐ D A statement rejecting all optional coverages

ANSWER B

WHY The applicant must sign a Limited Lines Automobile Insurance Disclosure Statement acknowledging the limited nature of the coverage and that the California Automobile Assigned Risk Plan was offered. This is a specific disclosure requirement under the Limited Lines program.

QUESTION 6

SINGLE CHOICE

What is the primary purpose of the California Limited Lines Automobile Insurance program?

- ☐ A To provide full coverage automobile insurance at a discounted premium
- ☒ B To provide a minimum-coverage policy for drivers who are unable or unwilling to obtain standard automobile insurance elsewhere
- ☐ C To replace the California Automobile Assigned Risk Plan (CAARP)
- ☐ D To provide commercial vehicle liability insurance for fleet operators

ANSWER B

WHY The Limited Lines Automobile Insurance program exists to make a minimum-coverage policy available to drivers who cannot or do not wish to obtain standard auto insurance. It is not a discount program, does not replace CAARP, and is not for commercial fleet vehicles.

QUESTION 7

SINGLE CHOICE

How does a Limited Lines Automobile Insurance policy relate to California's Financial Responsibility Law?

- ☐ A It provides coverage that exceeds Financial Responsibility Law minimums
- ☒ B It provides the minimum liability limits required by the Financial Responsibility Law and is intended to satisfy that requirement
- ☐ C It is sold only to drivers who have already satisfied the Financial Responsibility Law through other means
- ☐ D It waives the Financial Responsibility Law requirement for the insured

ANSWER B

WHY The Limited Lines policy is written at the minimum liability limits established under the Financial Responsibility Law so that an insured driver can meet the legal proof-of-financial-responsibility requirement. It does not exceed those minimums and does not waive the requirement.

QUESTION 8

SINGLE CHOICE

A person wishes to sell Limited Lines Automobile Insurance in California. Which license is required?

- ☒ A A property and casualty broker-agent license with a Limited Lines Automobile endorsement
- ☐ B A life-only insurance license
- ☐ C A surplus lines broker license
- ☐ D No license is required because Limited Lines is a non-insurance product

ANSWER A

WHY Limited Lines Automobile Insurance may be sold only by an individual who holds the proper California Department of Insurance property and casualty license with the Limited Lines Automobile authority. Other lines of authority (life-only, surplus lines) do not authorize this sales activity.

QUESTION 9

SINGLE CHOICE

Which of the following must be offered to every applicant for Limited Lines Automobile Insurance?

- ☐ A Coverage for permissive users at no additional cost
- ☒ B The California Automobile Assigned Risk Plan (CAARP) through a standard carrier
- ☐ C An optional comprehensive and collision package
- ☐ D A premium financing arrangement

ANSWER B

WHY Applicants for Limited Lines Automobile Insurance must be advised of and offered the California Automobile Assigned Risk Plan (CAARP) as an alternative source of coverage through a standard market mechanism. The applicant must sign an acknowledgment that this offer was made.