

01	A	B	C	D	E
02	A	B	C	D	E
03	A	B	C	D	E
04	A	B	C	D	E
05	A	B	C	D	E
06	A	B	C	D	E
07	A	B	C	D	E
08	A	B	C	D	E
09	A	B	C	D	E
10	A	B	C	D	E
11	A	B	C	D	E
12	A	B	C	D	E
13	A	B	C	D	E

14	A	B	C	D	E
15	A	B	C	D	E
16	A	B	C	D	E
17	A	B	C	D	E
18	A	B	C	D	E
19	A	B	C	D	E
20	A	B	C	D	E
21	A	B	C	D	E
22	A	B	C	D	E
23	A	B	C	D	E
24	A	B	C	D	E
25	A	B	C	D	E
26	A	B	C	D	E

27	A	B	C	D	E
28	A	B	C	D	E
29	A	B	C	D	E
30	A	B	C	D	E
31	A	B	C	D	E
32	A	B	C	D	E
33	A	B	C	D	E
34	A	B	C	D	E
35	A	B	C	D	E
36	A	B	C	D	E
37	A	B	C	D	E
38	A	B	C	D	E
39	A	B	C	D	E

PRACTICE QUESTIONS

CALIFORNIA DEPARTMENT OF INSURANCE

VFWGB83S

CDI Site - Personal Lines Examination

EDITION

Demo

QUESTIONS

9

FORMAT

Limited Edition PDF

Before you begin

What this is

9 practice questions for CALIFORNIA DEPARTMENT OF INSURANCE VFWGB83S , 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, VFWGB83S
- the question number
- the email address on your order

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

QUESTION 1

SINGLE CHOICE

Under the California Automobile Assigned Risk Plan (CAARP), what is the minimum liability limit an insured must purchase to qualify for placement through the plan?

- ☒ **A** 15/30/5
- ☐ **B** 30/60/15
- ☐ **C** 25/50/10
- ☐ **D** 10/20/3

ANSWER A

WHY Applicants who cannot obtain insurance through the voluntary market may seek coverage through CAARP. The minimum liability limit required for placement under CAARP is 15/30/5 (i.e., \$15,000 per person bodily injury, \$30,000 per accident bodily injury, and \$5,000 property damage). Limits such as 30/60/15 are above the plan minimum and are not required to qualify. The 10/20/3 limits shown are below the current CAARP minimum and would not be accepted.

QUESTION 2

SINGLE CHOICE

When an insurer issues a homeowners policy that includes coverage for loss of use (Coverage D), what is the maximum additional percentage of the Coverage A limit the insurer must offer for Loss of Use in California if the insured requests increased limits at policy issuance?

- ☐ **A** An additional 10% of Coverage A
- ☐ **B** An additional 20% of Coverage A
- ☒ **C** An additional 30% of Coverage A
- ☐ **D** An additional 50% of Coverage A

ANSWER C

WHY Under the California Insurance Code, an insurer issuing a homeowners policy that includes Coverage D (Loss of Use) must offer the insured the opportunity to increase the limit up to an additional 30% of the Coverage A (dwelling) limit. The insurer is required to make this offer at policy issuance; the insured may decline. The basic Coverage D limit provided is typically 20% of Coverage A, and the additional 30% represents the maximum increase the insurer must offer — not 10%, 20%, or 50%.

QUESTION 3

SINGLE CHOICE

Under the California Fair Claims Settlement Practices Regulations (CCR Title 10, Section 2695.5 et seq.), within how many working days must an insurer acknowledge receipt of a first-party claim, unless an acknowledgment is made within 15 calendar days?

- ☐ A 5 working days
- ☐ B 10 working days
- ☒ C 15 working days
- ☐ D 20 working days

ANSWER C

WHY California's Fair Claims Settlement Practices Regulations require insurers to acknowledge receipt of a first-party claim within 15 working days, unless the acknowledgment is actually provided within 15 calendar days. Acknowledgment may be written or electronic. The regulation does not impose a 5-day, 10-day, or 20-day working-day requirement. Failure to comply can result in action by the California Department of Insurance under Section 2695.5 and related subsections.

QUESTION 4

SINGLE CHOICE

Under the California Good Driver Discount statute (Insurance Code Section 1861.02), an insured is eligible for the Good Driver Discount if, for the previous three years, the driver has had no more than how many points on the driving record and no at-fault accidents?

- ☐ A 0 points
- ☒ B 1 point
- ☐ C 2 points
- ☐ D 3 points

ANSWER B

WHY California Insurance Code Section 1861.02 establishes eligibility for the Good Driver Discount. To qualify, a driver must, for the three-year period preceding the issuance or renewal of the policy, (1) hold a valid California driver license, (2) have no more than one point on the driving record, and (3) have no at-fault accidents that resulted in bodily injury or death. The 2-point or 3-point thresholds and a strict 0-point requirement are not part of the statutory standard.

QUESTION 5

SINGLE CHOICE

Under California Insurance Code Section 10110.5 (the 'Safer from Wildfires' framework), which of the following home-hardening actions is recognized for property insurance credits when mitigation has been verified and documented?

- ☐ A Installing a swimming pool for fire suppression water supply
- ☒ B Installing dual-pane, tempered glass windows rated for wildfire exposure
- ☐ C Replacing composition shingle roofing with wood shake roofing
- ☐ D Removing all vegetation within 100 feet of the home, regardless of local jurisdiction rules

ANSWER B

WHY California Insurance Code Section 10110.5, enacted through the Safer from Wildfires framework, lists home-hardening measures that an insurer must consider for a mitigation discount when verified. These include dual-pane, tempered-glass or ignition-resistant windows (such as those meeting higher wildfire-exposure ratings). A swimming pool is not an eligible fire-mitigation element, wood shake roofing is a recognized hazard and would not earn a credit, and a blanket 100-foot vegetation-removal rule is not part of the statute (calFire defensible-space standards depend on local jurisdiction and property zone).

QUESTION 6

SINGLE CHOICE

Under California Insurance Code Section 703, when an insurance agent accepts a premium payment from an insured, the agent is generally required to do which of the following?

- ☐ A Deposit the premium into a personal account and disburse later
- ☒ B Remit the premium to the insurer within a reasonable time and personally account for the funds
- ☐ C Hold the premium indefinitely until the policyholder requests a refund
- ☐ D Use the premium to pay the insured's claims without insurer involvement

ANSWER B

WHY Section 703 of the California Insurance Code imposes fiduciary duties on insurance agents/brokers who receive premium from insureds. The agent is required to account for the funds and remit them to the insurer. Commingling premiums with personal funds, holding premiums indefinitely, or using premiums to pay claims without insurer direction violate the agent's fiduciary obligations and are prohibited. This is a foundational consumer-protection provision tested on the California Personal Lines examination.

QUESTION 7

SINGLE CHOICE

When an insured in California purchases Uninsured Motorist Bodily Injury (UMBI) coverage, the limits purchased must be offered in parity with the insured's Bodily Injury Liability limits unless the insured affirmatively selects lower limits in writing. What is the maximum combined single-limit equivalent that may be offered on the insured's election form?

- ☐ A \$50,000 per person / \$100,000 per accident
- ☐ B \$100,000 per person / \$300,000 per accident
- ☒ C \$250,000 per person / \$500,000 per accident
- ☐ D \$500,000 per person / \$1,000,000 per accident

ANSWER C

WHY California Insurance Code Section 11580.2 governs Uninsured Motorist coverage. Insurers are required to offer UMBI limits that match or exceed the insured's Bodily Injury Liability limits. The statute specifies that on the standard UM/UIM selection form, an insured may elect limits up to a combined single-limit (CSL) equivalent of \$250,000/\$500,000 (per person/per accident). Offerings above that statutory maximum — such as a \$500,000/\$1,000,000 CSL — are not part of the mandatory form, and offerings such as \$50,000/\$100,000 are not the maximum the form allows.

QUESTION 8

TRUE FALSE

Under California's homeowners 'Moratorium' (Cal. Ins. Code Section 676), no insurer may nonrenew a residential property insurance policy that has been in effect for less than the moratorium period in areas declared wildfire emergencies following a proclamation by the Governor.

☒ **A True**☐ **B False****ANSWER A**

WHY True. California Insurance Code Section 676 establishes a moratorium that restricts nonrenewal of residential property insurance policies in areas affected by wildfires, earthquakes, or other disasters following a Governor's declared state of emergency. During the designated moratorium period (originally 90 days for many declared disasters and extended in certain wildfire declarations), an insurer generally may not cancel or nonrenew a covered residential policy. The Moratorium's purpose is to protect homeowners from losing essential insurance coverage immediately following a disaster. Returning a False answer would misread the purpose and scope of Section 676.

QUESTION 9

MULTIPLE CHOICE

Under California Insurance Code Section 1861.025, an insured must meet specific criteria to qualify for the Good Driver Discount. Which of the following are requirements for eligibility? (Choose two.)

☐ **A The insured has been licensed to drive for at least 3 years**☒ **B The insured has no more than one at-fault accident that resulted in bodily injury or death**☐ **C The insured has been continuously insured for liability coverage for the past 5 years**☒ **D The insured has no conviction for a violation of Vehicle Code Section 23152 (DUI) within the preceding 10 years****ANSWER B • D**

WHY California Insurance Code Section 186.025 (and related sections in the 1861.02 series) sets forth eligibility criteria for the mandatory Good Driver Discount. Among the criteria, the insured must not have been at fault in more than one accident resulting in bodily injury or death within the preceding three years, and must not have a conviction for driving under the influence (Vehicle Code Section 23152) within the preceding 10 years. The 3-year driving license requirement and the 5-year continuous insurance requirement are not statutory eligibility requirements of the Good Driver Discount.