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39	A	B	C	D	E

PRACTICE QUESTIONS

CALIFORNIA DEPARTMENT OF INSURANCE

LA9QHQWH

CDI Site - Property and Casualty Examination - Korean

EDITION

Demo

QUESTIONS

9

FORMAT

Limited Edition PDF

Before you begin

What this is

9 practice questions for CALIFORNIA DEPARTMENT OF INSURANCE LA9QHQWH , 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, LA9QHQWH
- 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 Insurance Code, which of the following actions by a licensed property and casualty insurance producer would constitute grounds for disciplinary action by the California Department of Insurance? (Choose two.)

- ☐ **A** Providing a prospective insured with a copy of the California Residential Property Insurance Disclosure form prior to the applicant binding coverage on a residential property.
- ☒ **B** Misrepresenting the terms, benefits, or coverage of a property and casualty insurance policy to an applicant.
- ☐ **C** Continuously maintaining a business address on file with the Department as required by California Insurance Code Section 1724.
- ☒ **D** Rebating a portion of the producer's commission to the insured as an inducement to purchase a policy, in violation of California Insurance Code.

ANSWER B • D

WHY Options B and D are both grounds for disciplinary action. Misrepresenting policy terms violates the producer's duty of fair dealing, and rebating is prohibited under California Insurance Code Section 750 (rebate-to-induce-purchase). Option A describes a required disclosure (the California Residential Property Insurance Disclosure), not a violation. Option C describes ongoing compliance behavior, not misconduct.

QUESTION 2

MULTIPLE CHOICE

Which two of the following are required components of a California private passenger automobile liability policy at the minimum limits specified by law? (Choose two.)

- ☒ **A** Uninsured motorist bodily injury coverage at the minimum limits specified by California Insurance Code Section 11580.2.
- ☐ **B** Coverage for damage caused by a meteor strike on the insured vehicle.
- ☐ **C** Medical payments coverage on a mandatory, no-opt-out basis at \$5,000 per person.
- ☒ **D** Bodily injury liability coverage at minimum limits of \$15,000 per person / \$30,000 per accident as established under California Financial Responsibility Law.

ANSWER A • D

WHY California's Financial Responsibility Law requires minimum bodily injury liability limits of \$15,000/\$30,000, and uninsured motorist bodily injury coverage must be offered (and is part of the standard policy form) per Insurance Code Section 11580.2. Medical payments coverage in California is optional and may be rejected by the insured. Meteor damage is not a statutorily required coverage component.

QUESTION 3

TRUE FALSE

An applicant for a California property and casualty insurance producer license must successfully complete the required pre-licensing education and pass the California Department of Insurance licensing examination before the license will be issued.

- ☒ **A** True
- ☐ **B** False

ANSWER A

WHY California Insurance Code Section 1678 and the Department of Insurance's licensing regulations require applicants to complete the required pre-licensing education from an approved provider and to pass the qualifying examination administered for the specific line of authority, such as Property and Casualty, prior to license issuance.

QUESTION 4

SINGLE CHOICE

Under California Insurance Code Section 10102 et seq., a producer offering residential property insurance must provide the California Residential Property Insurance Disclosure to the applicant. When must this disclosure be provided?

- ☐ A Within 30 days after the policy is bound and the first premium is paid by the insured.
- ☒ B Prior to the applicant binding coverage on a residential property, so the applicant is aware of available coverages and any important policy information.
- ☐ C Only upon the applicant's written request for a copy of the disclosure.
- ☐ D Only at the time of policy renewal, not at new business issuance.

ANSWER B

WHY The California Residential Property Insurance Disclosure is intended to inform the applicant of important coverage information before a binding decision is made. It must be provided prior to binding coverage so the applicant can make an informed decision about the policy being purchased.

QUESTION 5

SINGLE CHOICE

The California Standard Fire Policy is the foundational policy form used in California for fire insurance coverage. Under the California Insurance Code, the Standard Fire Policy must be made part of every fire insurance policy issued in California:

- ☐ A Only when the insurer elects to attach it by endorsement.
- ☒ B As a supplement to the policy, by reference and incorporation, so that the policy's fire and extended coverage provisions conform to the standard provisions.
- ☐ C Only for commercial risks and never for residential property.
- ☐ D Only when the insured specifically requests it in writing.

ANSWER B

WHY California Insurance Code Section 2070 and related provisions require that the Standard Fire Policy provisions be incorporated by reference into every fire insurance policy delivered in California. The policy is deemed to include these standard provisions whether or not the full text is attached.

QUESTION 6

SINGLE CHOICE

An applicant in California is unable to obtain private-passenger automobile liability insurance through the voluntary market. To obtain coverage, the producer should direct the applicant to:

- ☒ **A** The California Automobile Assigned Risk Plan (CAARP), which assigns the risk to participating insurers in the state.
- ☐ **B** The California Department of Insurance rating bureau for direct coverage assignment.
- ☐ **C** The Federal Insurance Administration for personal automobile coverage.
- ☐ **D** The California Compensation Insurance Fund, which handles automobile residual market placements.

ANSWER A

WHY The California Automobile Assigned Risk Plan (CAARP) is the state's automobile insurance assigned risk plan. When an applicant cannot obtain coverage in the voluntary market, CAARP assigns the applicant to a participating insurer so that the statutorily required Financial Responsibility Law coverage can be provided.

QUESTION 7

SINGLE CHOICE

California Insurance Code Section 10081 requires an insurer to offer earthquake coverage at the time of issuance or renewal of a residential property insurance policy. The required offer must include coverage through the:

- ☒ **A** California Earthquake Authority (CEA), unless the insurer offers its own earthquake policy in lieu of CEA participation.
- ☐ **B** Federal Emergency Management Agency (FEMA) earthquake insurance pool.
- ☐ **C** California FAIR Plan Association.
- ☐ **D** California Insurance Guarantee Association (CIGA).

ANSWER A

WHY The California Earthquake Authority (CEA) was created under Insurance Code Section 10089 et seq. as the state's residential earthquake insurance provider. Insurers must offer earthquake coverage at policy issuance or renewal, typically through CEA participation, unless the insurer provides its own earthquake policy that meets the statutory standards.

QUESTION 8

SINGLE CHOICE

An applicant for property insurance is located in a California area where traditional insurers are unwilling to write coverage due to high risk of loss. The producer directs the applicant to the FAIR Plan. The California FAIR Plan Association exists primarily to:

- ☐ A Provide earthquake insurance in California.
- ☐ B Provide medical malpractice liability coverage to physicians in California.
- ☒ C **Provide basic property insurance in underserved or high-risk areas through a shared market mechanism where coverage is otherwise unavailable.**
- ☐ D Provide workers' compensation insurance to California employers.

ANSWER C

WHY The California FAIR Plan Association is the state's basic property insurance shared market, created to provide coverage in areas or for risks that the voluntary insurance market is unwilling to insure. Earthquake coverage is handled by the CEA; workers' compensation is handled through the WCIRB/state fund; CIGA handles insurer insolvency claims.

QUESTION 9

SINGLE CHOICE

Under the California Insurance Code, an insured who knowingly makes a false statement on an application for property insurance that is material to the risk may result in which of the following outcomes?

- ☒ **A** The policy becomes voidable by the insurer under the misrepresentation and concealment provisions of the California Insurance Code.
- ☐ **B** The policy is automatically deemed valid and the insurer must pay any claim in full regardless of the misrepresentation.
- ☐ **C** The producer's commission, but not the policy itself, is forfeited.
- ☐ **D** The California Department of Insurance is required to rewrite the policy at standard rates.

ANSWER A

WHY California Insurance Code Sections 330 and 332 (and equivalent provisions for property insurance) provide that material misrepresentation or concealment in an application for insurance subjects the policy to rescission or voidability by the insurer. The policy is not automatically valid, and the producer's commission is not the relevant remedy under the statutory provisions.