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PRACTICE QUESTIONS

CALIFORNIA DEPARTMENT OF INSURANCE

YTLQVQEL

CDI Site - Property Examination - Korean

EDITION	QUESTIONS	FORMAT
Demo	9	Limited Edition PDF

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Before you begin

What this is

9 practice questions for CALIFORNIA DEPARTMENT OF INSURANCE `YTLQVQEL`, 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, `YTLQVQEL`
- 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 California's Standard Fire Policy with the Dwelling Fire (Coverage A) form, which of the following perils are covered? (Choose two.)

- A **Fire and lightning**
- B Flood
- C Theft
- D **Windstorm and hail**
- E Earthquake

ANSWER **A · D**

WHY The Standard Fire Policy traditionally covers fire and lightning. When broadened with the Dwelling Fire form (Coverage A), extended coverage perils such as windstorm, hail, explosion, riot, civil commotion, aircraft, vehicles, smoke, and volcanic action are added. Flood and earthquake are excluded and require separate policies.

QUESTION 2 MULTIPLE CHOICE

Which of the following are commonly excluded perils under a California homeowners or dwelling fire policy? (Choose two.)

- A Ordinary fire
- B **Flood**
- C Lightning
- D **Earthquake**
- E Theft from a locked vehicle on the premises

ANSWER **B · D**

WHY Flood and earthquake are standard exclusions under most California property policies and must be purchased separately (e.g., through the National Flood Insurance Program or the California Earthquake Authority). Fire, lightning, and on-premises theft are typically covered perils.

QUESTION 3 SINGLE CHOICE

A commercial property is insured for $400,000 under a policy containing an 80% coinsurance clause. The replacement cost value of the building at the time of loss is $625,000 and the loss amount is $100,000. How much will the insurer pay?

- **A** **$80,000**
- B $100,000
- C $125,000
- D $400,000

ANSWER **A**

WHY Required insurance = 80% × $625,000 = $500,000. The amount of insurance carried = $400,000. Penalty formula: (Amount carried ÷ Amount required) × Loss = ($400,000 / $500,000) × $100,000 = 0.80 × $100,000 = $80,000.

QUESTION 4 SINGLE CHOICE

Which statement correctly distinguishes Actual Cash Value (ACV) from Replacement Cost in property insurance?

- **A** **ACV equals replacement cost minus depreciation.**
- B Replacement cost equals market value minus depreciation.
- C ACV always provides greater reimbursement than replacement cost.
- D Replacement cost is calculated by adding depreciation to the market value.

ANSWER **A**

WHY Actual Cash Value is generally defined as replacement cost of the property at the time of loss less depreciation. Replacement cost pays the amount necessary to replace the damaged property with new materials of like kind and quality, without deduction for depreciation.

QUESTION 5 SINGLE CHOICE

The Dwelling Fire (Coverage A) policy in California is best described as which of the following?

A. A package policy providing open-peril coverage on the dwelling and personal property.

B. A named-peril policy commonly used for vacant or non-owner-occupied dwellings, covering the dwelling against specified perils.

C. An inland marine policy covering personal property in transit.

D. A builder's risk policy covering structures under construction.

ANSWER **B**

WHY Coverage A (Dwelling Fire) is a named-peril fire policy typically issued for non-owner-occupied or vacant dwellings, rental property, or as basic fire coverage. It covers the dwelling against fire and other listed perils, not on an open-peril basis.

QUESTION 6 SINGLE CHOICE

Under a homeowners policy (HO-3), which category of personal property is subject to a special sublimit of liability rather than the full Coverage C limit?

A. Clothing

B. Furniture

C. Jewelry, watches and furs

D. Appliances

ANSWER **C**

WHY The HO-3 policy applies a special limit of liability to categories such as jewelry, watches, furs, silverware, goldware, firearms, and certain other property. These sublimits cap recovery regardless of the overall Coverage C limit.

QUESTION 7 SINGLE CHOICE

Under the standard California homeowners (HO-3) policy, which of the following is included as an 'additional coverage' rather than requiring a separate endorsement?

A Scheduled personal property (floater)

B Earthquake coverage

C Flood insurance

D **Debris removal (up to the policy limit plus a percentage buffer)**

ANSWER D

WHY Debris removal is built into the homeowners policy as an additional coverage, with payment available up to a specified percentage of the loss amount in addition to the policy limits. Scheduled personal property, earthquake, and flood are purchased separately.

QUESTION 8 SINGLE CHOICE

Following a covered property loss, which of the following is a required duty of the insured under the standard policy conditions?

A Submit a proof of loss within 60 days regardless of any extension granted by the insurer.

B Notify the police only if the loss involves arson by a household member.

C **Protect the property from further damage and keep damaged property for inspection.**

D Accept any repair estimate the insurer provides without question.

ANSWER C

WHY Standard property policy conditions require the insured to give prompt notice, protect the property from further damage, cooperate with the insurer, prepare an inventory of damaged property, and submit a sworn proof of loss within the time required (often 60 days, with the insurer's right to extend). The insured is not bound to accept any estimate and the proof-of-loss deadline is not absolute.

QUESTION 9 SINGLE CHOICE

In California property insurance, a 'percentage deductible' typically applies to which type of loss?

A All property losses under the policy.

B Losses arising from theft of personal property.

C **Losses caused by a covered peril subject to a special deductible expressed as a percentage of the Coverage A limit, such as a hurricane or windstorm percentage deductible.**

D Liability claims.

ANSWER C

WHY Percentage deductibles are commonly associated with catastrophes such as hurricanes, named storms, or windstorms in coastal areas. They are calculated as a stated percentage of the Coverage A (dwelling) limit and apply in lieu of, or alongside, a flat-dollar deductible.