

Auto Insurance Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

Copyright © 2025 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain from reliable sources accurate, complete, and timely information about this product.

SAMPLE

Questions

SAMPLE

- 1. What is the primary purpose of uninsured motorist coverage in auto insurance?**
 - A. To protect drivers from claims for own bodily injury**
 - B. To provide compensation from underinsured drivers**
 - C. To protect insureds from drivers with no auto liability insurance**
 - D. To cover damages caused by hit-and-run accidents**
- 2. What type of vehicle does Leanne's personal auto policy cover as a temporary substitute?**
 - A. A church van because the usual driver is sick**
 - B. Her sister's car out of the garage to make room for her car**
 - C. A delivery van for her employer**
 - D. A truck she borrows from a friend while her car undergoes repairs**
- 3. Which endorsement adds coverage for a motorcycle to a personal auto policy?**
 - A. Miscellaneous Type Vehicle endorsement**
 - B. Extended Non-owned Coverage endorsement**
 - C. Named Driver endorsement**
 - D. Motorcycles can't be insured on a PAP.**
- 4. Who is insured under Maurice's personal auto policy when the charity organization is involved in a lawsuit?**
 - A. Maurice**
 - B. Maurice and Charity Organization**
 - C. Maurice and Sondra**
 - D. Maurice, Sondra, and Charity Organization**
- 5. Which part of a personal auto policy specifies the liability limit for uninsured motorist coverage?**
 - A. insuring agreement**
 - B. declarations**
 - C. exclusion page**
 - D. general conditions page**

- 6. In which scenario will Evelyn's PAP medical payments coverage NOT provide protection?**
- A. Evelyn is injured in an accident she caused**
 - B. Evelyn's car collides with a pedestrian**
 - C. Evelyn's passengers are injured not at her fault**
 - D. Evelyn is injured in an accident caused by another driver**
- 7. What type of coverage is medical payments in most states?**
- A. Mandatory**
 - B. Optional**
 - C. Not available**
 - D. Offered only to a limited extent**
- 8. How much do transportation expenses cover per day and what is the maximum amount?**
- A. \$20 per day with a maximum of \$600**
 - B. \$25 per day with a maximum of \$750**
 - C. \$30 per day with a maximum of \$900**
 - D. \$40 per day with a maximum of \$1,200**
- 9. What is the primary purpose of trailer interchange insurance?**
- A. Exempt an insured carrier from liability for a loss to a trailer owned by another carrier**
 - B. Spread the liability for a loss to a trailer to a group of carriers**
 - C. Make the owner of a trailer liable for any loss to that trailer**
 - D. Provide liability coverage for an insured carrier who has possession of a trailer owned by a different carrier**
- 10. What symbol is needed on the declarations page of a BAP for rental car coverage?**
- A. 1 — Any Auto.**
 - B. 7 — Specifically Described Autos.**
 - C. 8 — Hired Autos Only.**
 - D. 9 — Non-owned Autos Only.**

Answers

SAMPLE

1. C
2. D
3. A
4. D
5. B
6. B
7. B
8. A
9. D
10. C

SAMPLE

Explanations

SAMPLE

1. What is the primary purpose of uninsured motorist coverage in auto insurance?
- A. To protect drivers from claims for own bodily injury
 - B. To provide compensation from underinsured drivers
 - C. To protect insureds from drivers with no auto liability insurance**
 - D. To cover damages caused by hit-and-run accidents

The primary purpose of uninsured motorist coverage is to protect insured drivers from situations where they are involved in an accident with another driver who does not have any auto liability insurance. This type of coverage is designed to ensure that an insured party can still receive compensation for bodily injuries and damages that result from an accident caused by an uninsured motorist. It essentially fills the gap created when another driver lacks the necessary insurance to cover the costs associated with an accident, allowing the insured to have a source of recovery for their medical expenses and other losses. This coverage is particularly important because it helps mitigate the financial impact on the insured when they are not at fault yet face uncovered expenses due to the other party's lack of insurance. It also encourages responsible driving by ensuring that there is a form of financial protection for those who comply with insurance regulations.

2. What type of vehicle does Leanne's personal auto policy cover as a temporary substitute?
- A. A church van because the usual driver is sick
 - B. Her sister's car out of the garage to make room for her car
 - C. A delivery van for her employer
 - D. A truck she borrows from a friend while her car undergoes repairs**

Leanne's personal auto policy typically provides coverage for a temporary substitute vehicle while her car is being repaired. This is particularly relevant in the scenario where she borrows a truck from a friend. The policy is designed to cover vehicles that are not owned by the policyholder but are being used temporarily. This ensures that Leanne remains protected even when she's operating a different vehicle, such as a friend's truck, while her own vehicle is out of commission. This temporary coverage generally applies as long as Leanne has permission to use the vehicle and it is being used for personal purposes, reflecting the flexibility built into personal auto insurance policies. In this case, the truck borrowed from a friend fits that criteria, highlighting the supportive nature of personal auto policies in situations requiring alternative transportation.

3. Which endorsement adds coverage for a motorcycle to a personal auto policy?

- A. Miscellaneous Type Vehicle endorsement**
- B. Extended Non-owned Coverage endorsement**
- C. Named Driver endorsement**
- D. Motorcycles can't be insured on a PAP.**

The Miscellaneous Type Vehicle endorsement is specifically designed to extend coverage to various types of vehicles that are not typically covered under a standard personal auto policy (PAP), including motorcycles. By including this endorsement, the policyholder can ensure that their motorcycle is covered for liability, physical damage, and other related protections when it is used on public roads. This endorsement addresses the unique risks associated with motorcycles, which differ from those of standard passenger vehicles, thus providing tailored coverage that aligns with the specific needs of motorcyclists. The endorsement effectively integrates the motorcycle into the broader personal auto insurance policy, allowing for a more comprehensive insurance solution. Other options do not relate to the inclusion of motorcycles in a personal auto policy: the Extended Non-owned Coverage endorsement pertains to vehicles that are not owned by the insured but are used occasionally, while the Named Driver endorsement focuses on listing specific drivers who are covered under the policy. The assertion that motorcycles cannot be insured on a PAP is inaccurate, as they can indeed be covered when the appropriate endorsements are applied.

4. Who is insured under Maurice's personal auto policy when the charity organization is involved in a lawsuit?

- A. Maurice**
- B. Maurice and Charity Organization**
- C. Maurice and Sondra**
- D. Maurice, Sondra, and Charity Organization**

When it comes to personal auto policies, coverage typically extends beyond just the policyholder to include others in certain scenarios. In this case, Maurice's personal auto policy would generally provide coverage for him and any family members listed on the policy as well as individuals who have permission to use the vehicle. If Maurice is involved in a lawsuit where a charity organization is a party, the charity may also be insured if they are using Maurice's vehicle with his permission. In many auto insurance policies, coverage applies to any permissive user of the vehicle in addition to family members living with the policyholder. This would mean that not only is Maurice covered, but also anyone like Sondra, who may be a listed driver or a family member, and the charity organization, since they would be considered a permissive user in this context. This broad coverage is designed to protect the policyholder and others from liabilities that could arise from using the vehicle, particularly in situations where multiple parties are involved in an incident. Thus, under Maurice's personal auto policy, all parties—Maurice, Sondra, and the charity organization—would be insured.

5. Which part of a personal auto policy specifies the liability limit for uninsured motorist coverage?

- A. insuring agreement**
- B. declarations**
- C. exclusion page**
- D. general conditions page**

The declarations page is a crucial part of a personal auto policy because it provides a summary of the policy details, including the coverage types and the corresponding limits. When it comes to uninsured motorist coverage, the declarations page specifically outlines the limits of liability that the insurer will cover in the event that an insured individual is involved in an accident with a driver who does not have insurance. This page acts as a clear reference point for the policyholder, offering a concise overview of essential coverage information such as the limits of damages, which is vital for understanding what financial protection is afforded under the policy. The other sections of the policy, while important for various reasons, do not specifically highlight the coverage limits in the same clear manner as the declarations page. For example, the insuring agreement outlines the general scope of coverage without detailing specific limits, the exclusion page specifies what is not covered, and the general conditions page describes rules and regulations applicable to the policy but does not present the specifics of coverage limits.

6. In which scenario will Evelyn's PAP medical payments coverage NOT provide protection?

- A. Evelyn is injured in an accident she caused**
- B. Evelyn's car collides with a pedestrian**
- C. Evelyn's passengers are injured not at her fault**
- D. Evelyn is injured in an accident caused by another driver**

The medical payments coverage in a Personal Auto Policy (PAP) is designed to cover medical expenses for bodily injuries sustained by the policyholder and their passengers, regardless of who is at fault in an accident. However, there are certain scenarios where this coverage may not apply. In the case where Evelyn's car collides with a pedestrian, this coverage does not typically extend to injuries sustained by the pedestrian. Medical payments coverage is meant for occupants of the insured vehicle rather than those injured who are not riding within it. Therefore, while Evelyn's medical expenses could be covered if she were injured in the accident, the coverage would not apply to the pedestrian who was struck by her car. This distinction is crucial in understanding how medical payments coverage operates within the confines of a Personal Auto Policy. It serves to protect the insured and their passengers but does not provide liability protection or medical coverage for third parties outside the vehicle, such as pedestrians.

7. What type of coverage is medical payments in most states?

- A. Mandatory**
- B. Optional**
- C. Not available**
- D. Offered only to a limited extent**

Medical payments coverage is generally considered optional in most states. This means that while it is available for car insurance policyholders, it is not a requirement for them to purchase it. Medical payments coverage helps pay for medical expenses incurred by the policyholder and passengers as a result of an automobile accident, regardless of fault. This coverage can be particularly beneficial because it addresses immediate medical costs that can arise from an accident, ensuring quicker support for medical needs without the delays that might occur with fault determination. In many jurisdictions, the insurance laws do not mandate that drivers carry this type of coverage, unlike liability insurance, which is often required. Therefore, while this coverage can provide valuable protection, the choice of whether to include it in a policy rests entirely with the vehicle owner.

8. How much do transportation expenses cover per day and what is the maximum amount?

- A. \$20 per day with a maximum of \$600**
- B. \$25 per day with a maximum of \$750**
- C. \$30 per day with a maximum of \$900**
- D. \$40 per day with a maximum of \$1,200**

The correct answer indicates that transportation expenses cover \$20 per day, with a maximum total of \$600. This option aligns with typical auto insurance policies, which often provide coverage for additional expenses incurred when a vehicle is out of service due to a covered loss, such as a collision or other damage. When a policyholder's vehicle is being repaired after an accident, transportation expenses help cover the cost of alternative transportation. The specified daily rate and maximum amount are designed to limit the insurer's exposure while still offering practical assistance to the policyholder during their time of need. The \$20 per day is a reasonable figure for interim transportation costs, and the overall maximum limit of \$600 provides a cap on the insurer's liability. Other choices offer varying amounts for daily coverage and maximum limits. However, the correct choice of \$20 a day and \$600 as the maximum reflects one of the more common structures found in auto insurance policies, making it the most appropriate answer for this context.

9. What is the primary purpose of trailer interchange insurance?

- A. Exempt an insured carrier from liability for a loss to a trailer owned by another carrier**
- B. Spread the liability for a loss to a trailer to a group of carriers**
- C. Make the owner of a trailer liable for any loss to that trailer**
- D. Provide liability coverage for an insured carrier who has possession of a trailer owned by a different carrier**

The primary purpose of trailer interchange insurance is to provide liability coverage for an insured carrier who has possession of a trailer owned by a different carrier. This type of insurance is essential in the trucking industry, particularly in situations where trailers are frequently swapped between different trucking companies. It protects the carrier using the trailer against potential liabilities that could arise from damage or loss while the trailer is under their custody, regardless of whether the loss was due to their negligence. This coverage is critical for maintaining business operations smoothly. It helps in safeguarding against significant financial losses and allows carriers to transport goods without the fear of incurring hefty charges for damage to a trailer that they do not own. By having this insurance, carriers can ensure they are compliant with contractual obligations when they are using another company's trailer.

10. What symbol is needed on the declarations page of a BAP for rental car coverage?

- A. 1 – Any Auto.**
- B. 7 – Specifically Described Autos.**
- C. 8 – Hired Autos Only.**
- D. 9 – Non-owned Autos Only.**

The correct answer is associated with "Hired Autos Only," which specifically indicates coverage for rental vehicles under a Business Auto Policy (BAP). This symbol is crucial for businesses that require coverage for vehicles they temporarily lease or rent for business purposes. By including this symbol on the declarations page, it ensures that any rented or hired vehicles are properly covered under the business auto insurance policy, protecting the business against potential liabilities that may arise from vehicle use during the rental period. In a scenario where a business entity rents a vehicle, having the correct symbol ensures that they are adequately insured, particularly against claims arising from accidents while using the rented vehicle for business tasks. The use of symbols within a BAP helps insurers and policyholders quickly identify the types of coverage and their applicability, which is essential for businesses relying on various vehicle types.