Limited Lines Insurance Cheat Sheet 2026

The night-before summary, built like the exam.

— Scored questions	**1h** Time limit	**70%** Passing score
$29 Exam fee	**State DOI** Governing body	

Important: This is a condensed conceptual study aid. Limited lines licensing rules — exam length, passing score, fees, license terms, CE hours, and which lines qualify as "limited lines" — are set by each state's insurance department and differ by jurisdiction. Always confirm the exact numbers with your state's official candidate handbook before test day.

What "Limited Lines" Means

- A limited lines license authorizes selling only a narrow, specified category of insurance — not the full property/casualty or life/health scope.
- Common limited lines categories include: travel insurance, credit insurance, rental car (car rental) coverage, portable electronics, crop/livestock, title, surety/bail bonds, and pre-need funeral — the exact list is state-defined.
- Because the scope is narrow, the exam and pre-licensing requirements are typically lighter than a full producer license.

Core Insurance Concepts to Master

- Insurable interest — the applicant must stand to suffer a genuine financial loss for a policy to be valid.
- Indemnity — insurance restores the insured to their pre-loss financial position, no more.
- Utmost good faith (uberrimae fidei) — both parties must disclose material facts honestly.
- Adhesion — the policy is drafted by the insurer; ambiguities are generally construed against the insurer.
- Aleatory — the dollar amounts exchanged by insurer and insured are unequal and depend on chance.
- Representations vs. warranties vs. concealment — know how each affects a policy's validity.

Policy & Contract Elements

- Offer, acceptance, consideration, competent parties, legal purpose — the elements of a valid contract.
- Declarations, insuring agreement, conditions, exclusions, endorsements — the standard parts of a policy.
- Named insured, additional insured, third-party beneficiary — know who is covered.

Producer Duties & Compliance (heavily tested)

- Fiduciary duty — premiums collected are held in trust for the insurer; commingling and misappropriation are prohibited.
- Fair dealing prohibitions — no misrepresentation, twisting, churning, rebating, defamation, or unfair discrimination. Understand each term precisely.
- Disclosure — the producer's role, coverage limits, and exclusions must be explained clearly, especially for point-of-sale limited lines (e.g., at a rental counter or checkout).
- Authority — distinguish express, implied, and apparent authority of an agent.

Licensing & Regulatory Framework

- Regulation is primarily at the state level via each state's Department of Insurance and its Commissioner/Director.
- Know the difference between an agent/producer and a limited lines producer, and between resident and non-resident licensing.
- Understand grounds for license denial, suspension, and revocation, and the duty to report changes (address, criminal

charges, administrative actions).

Exam-Taking Strategy

- Read each question fully — watch for "EXCEPT," "NOT," and "BEST" qualifiers.
- Eliminate obviously wrong choices first; the exam often tests fine distinctions between similar terms.
- Definitions-and-terms questions are high-yield — memorize the prohibited-practice vocabulary above.
- Do timed practice questions until you can consistently exceed your state's passing threshold.

Test-Day Checklist

- Confirm your state's required valid ID, arrival time, and permitted materials in the official candidate handbook.
- Verify the exam format (number of questions, time limit, passing score) for your specific limited line — these vary by state and by line.
- Complete any required pre-licensing education and application steps before scheduling.

Rule of thumb: master the vocabulary of contract law, producer duties, and prohibited practices — these transfer across every state's limited lines exam even when the numbers do not.

Official sources

- California Department of Insurance — CDI — Producer Licensing Fees: https://www.insurance.ca.gov/0200-industry/0045-lic-fees/
- Florida Department of Financial Services — Florida DFS — Insurance Agent Education: https://myfloridacfo.com/division/agents/education
- Texas Department of Insurance — TDI — Apply for a Limited Lines Agent License: https://agate.tdi.texas.gov/agent/limited-lines-apply.html

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Free practice questions for this exam: www.everyexamprep.com/practice/exams/insurance/limited-lines-insurance