PRACTICE EXAM 10: TEXAS PROPERTY AND CASUALTY INSURANCE LICENSE (145 QUESTIONS)

This 145-question practice exam reviews property, casualty, and Texas insurance regulation concepts. Select the single best answer for each question. Use it as a study aid; policy language and current Texas law control where they differ.

1. During a Texas insurance licensing review, a description refers to an insurer not licensed in Texas, subject to special rules when used for eligible surplus lines coverage. Which texas regulation term most precisely matches that description?

A. Cease And Desist Order
B. Nonadmitted Insurer
C. Rebating
D. Texas Windstorm Insurance Association

2. During a Texas insurance licensing review, a description refers to termination of a policy before its expiration date. Which property term most precisely matches that description?

A. Businessowners Policy
B. Cancellation
C. Medical Payments To Others
D. Equipment Breakdown Coverage

3. During a Texas insurance licensing review, a description refers to coverage addressing specified employee dishonesty and theft-related losses. Which property term most precisely matches that description?

A. Personal Articles Floater

B. Indirect Loss
C. Cancellation
D. Commercial Crime Coverage

4. During a Texas insurance licensing review, a description refers to money awarded to compensate an injured party for a covered injury or loss. Which casualty term most precisely matches that description?

A. Claims-Made Form
B. Negligence
C. Damages
D. Third-Party Coverage

5. During a Texas insurance licensing review, a description refers to a vehicle not owned by or furnished for the regular use of the insured or family member. Which casualty term most precisely matches that description?

A. Nonowned Auto
B. Professional Liability
C. Excess Policy
D. Products-Completed Operations Hazard

6. During a Texas insurance licensing review, a description refers to Texas requirements governing timely acknowledgment, investigation, and payment or denial of covered claims. Which texas regulation term most precisely matches that description?

A. Prompt Payment Of Claims
B. Cancellation Notice
C. Misrepresentation
D. Twisting

7. During a Texas insurance licensing review, a description refers to written notice that a policy will not continue at the end of its term. Which texas regulation term most precisely matches that description?

A. Texas Automobile Insurance Plan Association
B. Negotiation
C. Nonrenewal Notice
D. Fair Access To Insurance Requirements Plan

8. During a Texas insurance licensing review, a description refers to a policy providing personal auto liability and physical damage coverage. Which casualty term most precisely matches that description?

A. Claims-Made Form
B. Contributory Negligence
C. Assumption Of Risk
D. Personal Auto Policy

9. During a Texas insurance licensing review, a description refers to a common property policy limitation for earthquake, landslide, or similar ground movement. Which property term most precisely matches that description?

A. Functional Replacement Cost
B. Earth Movement Exclusion
C. Inland Marine
D. Indemnity

10. During a Texas insurance licensing review, a description refers to the policy method used to determine the amount payable for covered property damage. Which property term most precisely matches that description?

A. Other Structures
B. Replacement Cost
C. Valuation
D. Personal Liability

11. During a Texas insurance licensing review, a description refers to a rule reducing recovery by the claimant share of fault. Which casualty term most precisely matches that description?

A. Contributory Negligence
B. Comparative Negligence
C. Permissive User
D. Part A Liability Coverage

12. During a Texas insurance licensing review, a description refers to a policy method for resolving a disagreement over the amount of loss. Which property term most precisely matches that description?

A. Business Income Coverage
B. Commercial Output Policy
C. Businessowners Policy
D. Appraisal

13. During a Texas insurance licensing review, a description refers to liability imposed on one party because of a legal relationship with the actual wrongdoer. Which casualty term most precisely matches that description?

A. Vicarious Liability
B. Uninsured Motorists Coverage
C. Respondeat Superior
D. Retroactive Date

14. During a Texas insurance licensing review, a description refers to temporary evidence of insurance pending policy issuance. Which property term most precisely matches that description?

A. Indirect Loss
B. Indemnity
C. Other Structures
D. Binder

15. During a Texas insurance licensing review, a description refers to ongoing education required to maintain a Texas insurance license. Which texas regulation term most precisely matches that description?

A. Continuing Education
B. Producer
C. Controlled Business
D. Proof Of Claim

16. During a Texas insurance licensing review, a description refers to physical damage caused immediately by a covered peril. Which property term most precisely matches that description?

A. Open-Peril Coverage
B. Commercial Output Policy
C. Direct Loss
D. Valuation

17. During a Texas insurance licensing review, a description refers to coverage responding when a responsible driver liability limits are insufficient for covered damages. Which casualty term most precisely matches that description?

A. Occurrence Form
B. Underinsured Motorists Coverage
C. Duty Of Care
D. Surety Bond

18. During a Texas insurance licensing review, a description refers to insurance that pays the insured own covered loss directly. Which casualty term most precisely matches that description?

A. Split Limits

B. Umbrella Policy
C. Contributory Negligence
D. First-Party Coverage

19. During a Texas insurance licensing review, a description refers to an employer liability principle for employee acts within the scope of employment. Which casualty term most precisely matches that description?

A. Uninsured Motorists Coverage
B. Workers Compensation
C. Respondeat Superior
D. Underinsured Motorists Coverage

20. During a Texas insurance licensing review, a description refers to a vehicle shown in the policy declarations as owned by the named insured. Which casualty term most precisely matches that description?

A. Principal
B. Owned Auto
C. First-Party Coverage
D. Underinsured Motorists Coverage

21. During a Texas insurance licensing review, a description refers to written notice required when an insurer ends a policy before expiration. Which texas regulation term most precisely matches that description?

A. Cancellation Notice
B. Producer
C. Nonadmitted Insurer
D. Surplus Lines Insurance

22. During a Texas insurance licensing review, a description refers to the residual market mechanism providing eligible windstorm and hail coverage in designated coastal areas. Which texas regulation term most precisely matches that description?

A. Insurer Insolvency
B. Texas Windstorm Insurance Association
C. Fraud
D. General Lines Property And Casualty License

23. During a Texas insurance licensing review, a description refers to auto physical damage coverage for upset or impact with another vehicle or object. Which casualty term most precisely matches that description?

A. Third-Party Coverage
B. Claim
C. Collision Coverage
D. Premises And Operations

24. During a Texas insurance licensing review, a description refers to coverage for covered mechanical or electrical breakdown of equipment. Which property term most precisely matches that description?

A. Commercial Crime Coverage
B. Misrepresentation
C. Vacant Building
D. Equipment Breakdown Coverage

25. During a Texas insurance licensing review, a description refers to the insurer right to pursue a responsible third party after paying a loss. Which property term most precisely matches that description?

A. Subrogation
B. Appraisal
C. Flood Exclusion

D. Commercial Output Policy

26. During a Texas insurance licensing review, a description refers to a provision encouraging insurance to value by sharing an underinsurance penalty. Which property term most precisely matches that description?

A. Dwelling Policy
B. Personal Articles Floater
C. Coinsurance Clause
D. Builders Risk

27. During a Texas insurance licensing review, a description refers to an incorrect statement of a material fact made in an insurance application. Which property term most precisely matches that description?

A. Indemnity
B. Misrepresentation
C. Liberalization Clause
D. Deductible

28. During a Texas insurance licensing review, a description refers to a defense that can bar recovery when the claimant contributed to the injury. Which casualty term most precisely matches that description?

A. Umbrella Policy
B. Employment Practices Liability
C. Owned Auto
D. Contributory Negligence

29. During a Texas insurance licensing review, a description refers to liability exposure arising from ownership, maintenance, or use of premises and ongoing operations. Which casualty term most precisely matches that description?

A. Premises And Operations
B. Property Damage
C. First-Party Coverage
D. Statute Of Limitations

30. During a Texas insurance licensing review, a description refers to a law setting the deadline for filing a lawsuit. Which casualty term most precisely matches that description?

A. Negligence
B. Products-Completed Operations Hazard
C. Directors And Officers Liability
D. Statute Of Limitations

31. During a Texas insurance licensing review, a description refers to conduct that fails to meet the applicable standard of reasonable care. Which casualty term most precisely matches that description?

A. Retroactive Date
B. Underinsured Motorists Coverage
C. Breach Of Duty
D. Part A Liability Coverage

32. During a Texas insurance licensing review, a description refers to a common property policy limitation for rising or overflowing surface water. Which property term most precisely matches that description?

A. Flood Exclusion
B. Cancellation
C. Deductible
D. Insurable Interest

33. During a Texas insurance licensing review, a description refers to the state agency that regulates the business of insurance in Texas. Which texas regulation term most precisely matches that description?

A. Controlled Business
B. Texas Department Of Insurance
C. General Lines Property And Casualty License
D. Boycott Coercion Or Intimidation

34. During a Texas insurance licensing review, a description refers to an endorsement extending limited coverage for property that would otherwise be vacant. Which property term most precisely matches that description?

A. Homeowners Policy
B. Ordinance Or Law Coverage
C. Vacant Building
D. Vacancy Permit

35. During a Texas insurance licensing review, a description refers to liability coverage providing excess limits and sometimes broader coverage than underlying policies. Which casualty term most precisely matches that description?

A. Surety
B. Split Limits
C. Umbrella Policy
D. Negligence

36. During a Texas insurance licensing review, a description refers to making a false statement that injures the financial reputation of an insurer. Which texas regulation term most precisely matches that description?

A. Defamation
B. Fraud

C. License Renewal
D. Proof Of Claim

37. During a Texas insurance licensing review, a description refers to liability that can apply without proof of negligence for certain activities or defective products. Which casualty term most precisely matches that description?

A. Owned Auto
B. Bodily Injury
C. Strict Liability
D. Directors And Officers Liability

38. During a Texas insurance licensing review, a description refers to scheduled inland marine coverage for valuable personal property. Which property term most precisely matches that description?

A. Binder
B. Personal Articles Floater
C. Personal Liability
D. Nonrenewal

39. During a Texas insurance licensing review, a description refers to the legal cause that closely connects negligent conduct to an injury. Which casualty term most precisely matches that description?

A. Strict Liability
B. Workers Compensation
C. Owned Auto
D. Proximate Cause

40. During a Texas insurance licensing review, a description refers to offering an inducement not stated in the insurance contract to encourage a purchase. Which texas regulation term most precisely matches that description?

A. Texas Windstorm Insurance Association
B. Rebating
C. Temporary License
D. Unfair Claims Settlement Practice

41. During a Texas insurance licensing review, a description refers to a person licensed to sell, solicit, or negotiate insurance. Which texas regulation term most precisely matches that description?

A. Producer
B. Fraud
C. Fraudulent Claim
D. Unfair Claims Settlement Practice

42. During a Texas insurance licensing review, a description refers to restoring an insured after a covered loss without allowing a profit. Which property term most precisely matches that description?

A. Builders Risk
B. Deductible
C. Indemnity
D. Businessowners Policy

43. During a Texas insurance licensing review, a description refers to no-fault coverage for reasonable medical expenses of eligible guests or visitors. Which property term most precisely matches that description?

A. Medical Payments To Others
B. Binder
C. Functional Replacement Cost
D. Vacancy Permit

44. During a Texas insurance licensing review, a description refers to an insured attempt to leave damaged property to the insurer without insurer consent. Which property term most precisely matches that description?

A. Vacancy Permit
B. Abandonment
C. Inland Marine
D. Declaration Page

45. During a Texas insurance licensing review, a description refers to the failure to disclose a material fact requested by the insurer. Which property term most precisely matches that description?

A. Personal Liability
B. Proximate Cause
C. Nonrenewal
D. Concealment

46. During a Texas insurance licensing review, a description refers to auto coverage paying reasonable medical expenses regardless of fault, subject to policy terms. Which casualty term most precisely matches that description?

A. Employment Practices Liability
B. Assumption Of Risk
C. Duty Of Care
D. Medical Payments Coverage

47. During a Texas insurance licensing review, a description refers to a residual market property insurance mechanism for eligible applicants unable to obtain basic property coverage. Which texas regulation term most precisely matches that description?

A. Fraudulent Claim
B. Guaranty Association

C. Fair Access To Insurance Requirements Plan
D. Texas Automobile Insurance Plan Association

48. During a Texas insurance licensing review, a description refers to making misleading comparisons to induce a policyholder to replace insurance. Which texas regulation term most precisely matches that description?

A. Nonadmitted Insurer
B. Twisting
C. Fraudulent Claim
D. Solicitation

49. During a Texas insurance licensing review, a description refers to coverage for damages an insured becomes legally obligated to pay because of bodily injury or property damage. Which property term most precisely matches that description?

A. Personal Liability
B. Salvage
C. Endorsement
D. Cancellation

50. During a Texas insurance licensing review, a description refers to an accident, including continuous or repeated exposure to substantially the same harmful conditions. Which casualty term most precisely matches that description?

A. Premises And Operations
B. Employment Practices Liability
C. Occurrence
D. Permissive User

51. During a Texas insurance licensing review, a description refers to regulatory review of insurer and producer practices affecting consumers and insurance transactions. Which texas regulation term most precisely matches that description?

A. Market Conduct
B. General Lines Property And Casualty License
C. Guaranty Association
D. License Renewal

52. During a Texas insurance licensing review, a description refers to a provision protecting a mortgagee interest in covered real property. Which property term most precisely matches that description?

A. Declaration Page
B. Commercial Output Policy
C. Vacancy Permit
D. Mortgage Clause

53. During a Texas insurance licensing review, a description refers to professional liability coverage for negligent acts, errors, or omissions in professional services. Which casualty term most precisely matches that description?

A. Uninsured Motorists Coverage
B. Errors And Omissions Coverage
C. Excess Policy
D. Defense Obligation

54. During a Texas insurance licensing review, a description refers to a condition requiring designated protective devices or services to be maintained. Which property term most precisely matches that description?

A. Insurable Interest
B. Equipment Breakdown Coverage

C. Other Structures
D. Protective Safeguards

55. During a Texas insurance licensing review, a description refers to a valuation method using less costly functionally equivalent materials. Which property term most precisely matches that description?

A. Functional Replacement Cost
B. Proximate Cause
C. Named-Peril Coverage
D. Ho-3 Form

56. During a Texas insurance licensing review, a description refers to an insurer authorized by Texas to transact insurance in the state. Which texas regulation term most precisely matches that description?

A. Nonrenewal Notice
B. Admitted Insurer
C. Nonadmitted Insurer
D. Commissioner Of Insurance

57. During a Texas insurance licensing review, a description refers to coverage for wrongful-act claims against corporate directors and officers. Which casualty term most precisely matches that description?

A. Vicarious Liability
B. Third-Party Coverage
C. Directors And Officers Liability
D. Obligee

58. During a Texas insurance licensing review, a description refers to coverage for risks of direct physical loss unless the policy excludes them. Which property term most precisely matches that description?

A. Open-Peril Coverage
B. Personal Liability
C. Indemnity
D. Inland Marine

59. During a Texas insurance licensing review, a description refers to coverage for property that is mobile, in transit, or has specialized coverage needs. Which property term most precisely matches that description?

A. Mortgage Clause
B. Inland Marine
C. Businessowners Policy
D. Concealment

60. During a Texas insurance licensing review, a description refers to property coverage for a building or structure while it is under construction. Which property term most precisely matches that description?

A. Extra Expense Coverage
B. Declaration Page
C. Cancellation
D. Builders Risk

61. During a Texas insurance licensing review, a description refers to coverage for specified wrongful-employment-practices claims. Which casualty term most precisely matches that description?

A. Third-Party Coverage
B. Claim
C. Employment Practices Liability
D. Property Damage

62. During a Texas insurance licensing review, a description refers to the party to whom a surety bond obligation is owed. Which casualty term most precisely matches that description?

A. Property Damage
B. Strict Liability
C. General Liability Policy
D. Obligee

63. During a Texas insurance licensing review, a description refers to the date limiting a claims-made form coverage to acts occurring after that date. Which casualty term most precisely matches that description?

A. Retroactive Date
B. Statute Of Limitations
C. Assumption Of Risk
D. Surety Bond

64. During a Texas insurance licensing review, a description refers to coverage protecting an employer from dishonest acts by employees. Which casualty term most precisely matches that description?

A. Surety
B. Fidelity Bond
C. Employers Liability
D. Errors And Omissions Coverage

65. During a Texas insurance licensing review, a description refers to a package policy combining commercial property and liability coverages for eligible small businesses. Which property term most precisely matches that description?

A. Proximate Cause
B. Indemnity
C. Businessowners Policy
D. Commercial Crime Coverage

66. During a Texas insurance licensing review, a description refers to a legal obligation to act with reasonable care toward others. Which casualty term most precisely matches that description?

A. Duty Of Care
B. First-Party Coverage
C. Obligee
D. Nonowned Auto

67. During a Texas insurance licensing review, a description refers to movable belongings not permanently attached to land or a building. Which property term most precisely matches that description?

A. Open-Peril Coverage
B. Personal Property
C. Replacement Cost
D. Inland Marine

68. During a Texas insurance licensing review, a description refers to an unfair method of competition intended to restrain insurance transactions. Which texas regulation term most precisely matches that description?

A. Nonrenewal Notice
B. Nonadmitted Insurer
C. Boycott Coercion Or Intimidation
D. Defamation

69. During a Texas insurance licensing review, a description refers to additional time to report claims under a claims-made policy after coverage ends. Which casualty term most precisely matches that description?

A. Directors And Officers Liability
B. Umbrella Policy

C. Negligence
D. Extended Reporting Period

70. During a Texas insurance licensing review, a description refers to insurance written primarily on the license holder or related interests rather than the public. Which texas regulation term most precisely matches that description?

A. Texas Automobile Insurance Plan Association
B. Misrepresentation
C. Controlled Business
D. Cancellation Notice

71. During a Texas insurance licensing review, a description refers to a financial consequence that follows a direct covered loss. Which property term most precisely matches that description?

A. Personal Articles Floater
B. Indirect Loss
C. Proximate Cause
D. Commercial Output Policy

72. During a Texas insurance licensing review, a description refers to a signed statement supporting the insured claim and amount of loss. Which property term most precisely matches that description?

A. Proof Of Loss
B. Commercial Crime Coverage
C. Indirect Loss
D. Insurable Interest

73. During a Texas insurance licensing review, a description refers to physical injury, sickness, disease, or resulting death suffered by a person. Which casualty term most precisely matches that description?

A. Combined Single Limit
B. Vicarious Liability
C. Claim
D. Bodily Injury

74. During a Texas insurance licensing review, a description refers to physical injury to tangible property, including resulting loss of use. Which casualty term most precisely matches that description?

A. Property Damage
B. Respondeat Superior
C. Nonowned Auto
D. Breach Of Duty

75. During a Texas insurance licensing review, a description refers to remaining property value recovered after a covered loss. Which property term most precisely matches that description?

A. Actual Cash Value
B. Salvage
C. Warranty
D. Ordinance Or Law Coverage

76. During a Texas insurance licensing review, a description refers to a commercial property program combining property and inland marine features. Which property term most precisely matches that description?

A. Building And Personal Property Coverage Form
B. Agreed Value
C. Commercial Output Policy
D. Named-Peril Coverage

77. During a Texas insurance licensing review, a description refers to the policy section identifying insureds, limits, premiums, and covered property. Which property term most precisely matches that description?

A. Direct Loss
B. Open-Peril Coverage
C. Binder
D. Declaration Page

78. During a Texas insurance licensing review, a description refers to coverage for increased costs caused by enforcement of building laws after a covered loss. Which property term most precisely matches that description?

A. Ordinance Or Law Coverage
B. Endorsement
C. Builders Risk
D. Vacancy Permit

79. During a Texas insurance licensing review, a description refers to a package policy combining property coverage with personal liability coverage. Which property term most precisely matches that description?

A. Protective Safeguards
B. Proximate Cause
C. Homeowners Policy
D. Functional Replacement Cost

80. During a Texas insurance licensing review, a description refers to making a false or misleading statement about a policy, insurer, or insurance benefit. Which texas regulation term most precisely matches that description?

A. Nonadmitted Insurer

B. Misrepresentation
C. Insurer Insolvency
D. Fair Access To Insurance Requirements Plan

81. During a Texas insurance licensing review, a description refers to coverage for additional living expense or lost fair rental value after a covered property loss. Which property term most precisely matches that description?

A. Personal Articles Floater
B. Liberalization Clause
C. Indemnity
D. Loss Of Use

82. During a Texas insurance licensing review, a description refers to coverage for additional costs needed to continue operations after a covered loss. Which property term most precisely matches that description?

A. Binder
B. Medical Payments To Others
C. Builders Risk
D. Extra Expense Coverage

83. During a Texas insurance licensing review, a description refers to the Texas residual market mechanism for eligible auto applicants unable to obtain coverage in the voluntary market. Which texas regulation term most precisely matches that description?

A. Texas Automobile Insurance Plan Association
B. Fiduciary Duty
C. Producer
D. Solicitation

84. During a Texas insurance licensing review, a description refers to coverage for job-related injury benefits required or permitted under workers compensation law. Which casualty term most precisely matches that description?

A. First-Party Coverage
B. Negligence
C. Workers Compensation
D. Retroactive Date

85. During a Texas insurance licensing review, a description refers to a defense based on knowingly and voluntarily accepting a known danger. Which casualty term most precisely matches that description?

A. Professional Liability
B. Assumption Of Risk
C. Split Limits
D. Third-Party Coverage

86. During a Texas insurance licensing review, a description refers to an attempt to persuade a prospective customer to apply for insurance. Which texas regulation term most precisely matches that description?

A. Nonrenewal Notice
B. Solicitation
C. General Lines Property And Casualty License
D. Prompt Payment Of Claims

87. During a Texas insurance licensing review, a description refers to separate structures on the residence premises not attached to the dwelling. Which property term most precisely matches that description?

A. Endorsement
B. Subrogation

C. Proximate Cause
D. Other Structures

88. During a Texas insurance licensing review, a description refers to personal property insurance designed for dwelling premises and related interests. Which property term most precisely matches that description?

A. Dwelling Policy
B. Appraisal
C. Misrepresentation
D. Medical Payments To Others

89. During a Texas insurance licensing review, a description refers to conferring directly with a prospective purchaser about policy terms to obtain insurance. Which texas regulation term most precisely matches that description?

A. Texas Windstorm Insurance Association
B. Texas Automobile Insurance Plan Association
C. Negotiation
D. Rebating

90. During a Texas insurance licensing review, a description refers to liability form generally triggered by claims first made during the policy period. Which casualty term most precisely matches that description?

A. Supplementary Payments
B. Claims-Made Form
C. General Liability Policy
D. Principal

91. During a Texas insurance licensing review, a description refers to coverage responding when a legally responsible driver lacks applicable liability insurance. Which casualty term most precisely matches that description?

A. Proximate Cause
B. Property Damage
C. Uninsured Motorists Coverage
D. Professional Liability

92. During a Texas insurance licensing review, a description refers to the personal auto policy section covering legal liability for bodily injury or property damage. Which casualty term most precisely matches that description?

A. Damages
B. Duty Of Care
C. Employers Liability
D. Part A Liability Coverage

93. During a Texas insurance licensing review, a description refers to the process of continuing a license authority for a new license period. Which texas regulation term most precisely matches that description?

A. License Renewal
B. Surplus Lines Insurance
C. Fraudulent Claim
D. Nonrenewal Notice

94. During a Texas insurance licensing review, a description refers to coverage that applies only to perils specifically listed in the policy. Which property term most precisely matches that description?

A. Named-Peril Coverage
B. Open-Peril Coverage
C. Liberalization Clause

D. Concealment

95. During a Texas insurance licensing review, a description refers to separate limits stated for bodily injury and property damage. Which casualty term most precisely matches that description?

A. Vicarious Liability
B. Assumption Of Risk
C. Uninsured Motorists Coverage
D. Split Limits

96. During a Texas insurance licensing review, a description refers to the dominant cause that sets an unbroken chain of events in motion. Which property term most precisely matches that description?

A. Functional Replacement Cost
B. Proximate Cause
C. Valuation
D. Endorsement

97. During a Texas insurance licensing review, a description refers to an intentional deceptive act used to obtain an improper insurance benefit. Which texas regulation term most precisely matches that description?

A. Nonadmitted Insurer
B. Guaranty Association
C. Fraud
D. Surplus Lines Insurance

98. During a Texas insurance licensing review, a description refers to coverage for claims alleging negligent professional services or errors and omissions. Which casualty term most precisely matches that description?

A. Personal And Advertising Injury
B. Professional Liability
C. Duty Of Care
D. Nonowned Auto

99. During a Texas insurance licensing review, a description refers to a person using a covered auto with reasonable belief of permission. Which casualty term most precisely matches that description?

A. Errors And Omissions Coverage
B. Duty Of Care
C. Respondeat Superior
D. Permissive User

100. During a Texas insurance licensing review, a description refers to replacement cost reduced by depreciation. Which property term most precisely matches that description?

A. Concealment
B. Replacement Cost
C. Actual Cash Value
D. Coinsurance Clause

101. During a Texas insurance licensing review, a description refers to a three-party promise guaranteeing performance or payment of an obligation. Which casualty term most precisely matches that description?

A. Surety Bond
B. Strict Liability
C. Permissive User
D. Principal

102. During a Texas insurance licensing review, a description refers to coverage for certain employee injury suits not covered by workers compensation benefits. Which casualty term most precisely matches that description?

A. Combined Single Limit
B. Employers Liability
C. Other-Than-Collision Coverage
D. Umbrella Policy

103. During a Texas insurance licensing review, a description refers to the amount of a covered loss the insured retains before policy payment. Which property term most precisely matches that description?

A. Deductible
B. Protective Safeguards
C. Extra Expense Coverage
D. Binder

104. During a Texas insurance licensing review, a description refers to failure to use the degree of care a reasonably prudent person would use. Which casualty term most precisely matches that description?

A. Property Damage
B. Third-Party Coverage
C. Negligence
D. Employment Practices Liability

105. During a Texas insurance licensing review, a description refers to the insurer decision not to continue a policy at the end of its term. Which property term most precisely matches that description?

A. Appraisal
B. Medical Payments To Others
C. Homeowners Policy
D. Nonrenewal

106. During a Texas insurance licensing review, a description refers to the cost to replace damaged property with like kind and quality without deducting depreciation. Which property term most precisely matches that description?

A. Coinsurance Clause
B. Protective Safeguards
C. Commercial Crime Coverage
D. Replacement Cost

107. During a Texas insurance licensing review, a description refers to a limited Texas license issued under statutory conditions for a limited period. Which texas regulation term most precisely matches that description?

A. Prompt Payment Of Claims
B. Temporary License
C. Unfair Claims Settlement Practice
D. Proof Of Claim

108. During a Texas insurance licensing review, a description refers to liability form triggered by bodily injury or property damage occurring during the policy period. Which casualty term most precisely matches that description?

A. Duty Of Care
B. Negligence
C. Occurrence Form
D. Personal And Advertising Injury

109. During a Texas insurance licensing review, a description refers to an order directing a person to stop an unlawful insurance practice. Which texas regulation term most precisely matches that description?

A. Cease And Desist Order
B. Fraudulent Claim
C. Twisting
D. Insurer Insolvency

110. During a Texas insurance licensing review, a description refers to a provision extending broader coverage adopted by the insurer without extra premium. Which property term most precisely matches that description?

A. Businessowners Policy
B. Liberalization Clause
C. Proof Of Loss
D. Endorsement

111. During a Texas insurance licensing review, a description refers to insurance that protects an insured against liability claims made by others. Which casualty term most precisely matches that description?

A. Umbrella Policy
B. Occurrence
C. Third-Party Coverage
D. Professional Liability

112. During a Texas insurance licensing review, a description refers to the Texas license authority for transacting authorized property and casualty insurance lines. Which texas regulation term most precisely matches that description?

A. Cease And Desist Order
B. Texas Department Of Insurance
C. Temporary License
D. General Lines Property And Casualty License

113. During a Texas insurance licensing review, a description refers to a written form that adds, removes, or changes policy terms. Which property term most precisely matches that description?

A. Endorsement
B. Vacancy Condition
C. Mortgage Clause
D. Nonrenewal

114. During a Texas insurance licensing review, a description refers to commercial insurance covering many common third-party bodily injury and property damage claims. Which casualty term most precisely matches that description?

A. General Liability Policy
B. Uninsured Motorists Coverage
C. Personal Auto Policy
D. Medical Payments Coverage

115. During a Texas insurance licensing review, a description refers to treating similarly situated insurance risks differently without a lawful actuarial basis. Which texas regulation term most precisely matches that description?

A. Rebating
B. Twisting
C. Unfair Discrimination
D. Producer

116. During a Texas insurance licensing review, a description refers to an improper claim-handling act or pattern prohibited by insurance regulation. Which texas regulation term most precisely matches that description?

A. Administrative Action
B. Prompt Payment Of Claims

C. Misrepresentation
D. Unfair Claims Settlement Practice

117. During a Texas insurance licensing review, a description refers to coverage that applies above the limits of specified underlying insurance. Which casualty term most precisely matches that description?

A. Bodily Injury
B. Excess Policy
C. Obligee
D. Strict Liability

118. During a Texas insurance licensing review, a description refers to one total liability limit applicable to bodily injury and property damage. Which casualty term most precisely matches that description?

A. Employment Practices Liability
B. Collision Coverage
C. Split Limits
D. Combined Single Limit

119. During a Texas insurance licensing review, a description refers to a regulatory response such as denial, suspension, revocation, or penalty. Which texas regulation term most precisely matches that description?

A. Administrative Action
B. Insurer Insolvency
C. Fiduciary Duty
D. General Lines Property And Casualty License

120. During a Texas insurance licensing review, a description refers to the insurer duty to defend an insured against covered lawsuits. Which casualty term most precisely matches that description?

A. Workers Compensation
B. Defense Obligation
C. Extended Reporting Period
D. Uninsured Motorists Coverage

121. During a Texas insurance licensing review, a description refers to a financial stake in property that could be damaged or destroyed. Which property term most precisely matches that description?

A. Proximate Cause
B. Warranty
C. Insurable Interest
D. Medical Payments To Others

122. During a Texas insurance licensing review, a description refers to a policy condition that restricts certain coverage when a building is vacant. Which property term most precisely matches that description?

A. Building And Personal Property Coverage Form
B. Coinsurance Clause
C. Commercial Output Policy
D. Vacancy Condition

123. During a Texas insurance licensing review, a description refers to policy payments such as defense costs that are commonly paid in addition to liability limits. Which casualty term most precisely matches that description?

A. Retroactive Date
B. Permissive User
C. Supplementary Payments
D. Vicarious Liability

124. During a Texas insurance licensing review, a description refers to a building with insufficient business personal property to conduct customary operations. Which property term most precisely matches that description?

A. Vacant Building
B. Direct Loss
C. Indemnity
D. Concealment

125. During a Texas insurance licensing review, a description refers to specified offenses such as libel, slander, or wrongful eviction covered by liability policy terms. Which casualty term most precisely matches that description?

A. Directors And Officers Liability
B. Personal And Advertising Injury
C. Permissive User
D. Premises And Operations

126. During a Texas insurance licensing review, a description refers to the party whose performance is guaranteed by a surety bond. Which casualty term most precisely matches that description?

A. Errors And Omissions Coverage
B. Directors And Officers Liability
C. Comparative Negligence
D. Principal

127. During a Texas insurance licensing review, a description refers to auto physical damage coverage for losses such as theft, fire, hail, or contact with an animal. Which casualty term most precisely matches that description?

A. Other-Than-Collision Coverage
B. Umbrella Policy

C. Workers Compensation
D. Breach Of Duty

128. During a Texas insurance licensing review, a description refers to the obligation to handle premium funds received for an insurer with trust and care. Which texas regulation term most precisely matches that description?

A. Unfair Discrimination
B. Twisting
C. Fiduciary Duty
D. Cease And Desist Order

129. During a Texas insurance licensing review, a description refers to the party guaranteeing the principal performance to the obligee. Which casualty term most precisely matches that description?

A. General Liability Policy
B. Surety
C. Bodily Injury
D. Surety Bond

130. During a Texas insurance licensing review, a description refers to coverage for lost income and continuing normal operating expenses after a covered suspension. Which property term most precisely matches that description?

A. Earth Movement Exclusion
B. Ho-3 Form
C. Business Income Coverage
D. Actual Cash Value

131. During a Texas insurance licensing review, a description refers to the maximum amount the insurer will pay under a stated coverage. Which casualty term most precisely matches that description?

A. Products-Completed Operations Hazard
B. Other-Than-Collision Coverage
C. Uninsured Motorists Coverage
D. Limit Of Liability

132. During a Texas insurance licensing review, a description refers to liability exposure from products or completed work after possession is relinquished or work is completed. Which casualty term most precisely matches that description?

A. Principal
B. Products-Completed Operations Hazard
C. General Liability Policy
D. Personal And Advertising Injury

133. During a Texas insurance licensing review, a description refers to a statutory mechanism that may respond to covered claims when a member insurer becomes insolvent. Which texas regulation term most precisely matches that description?

A. Guaranty Association
B. Temporary License
C. Producer
D. Fraudulent Claim

134. During a Texas insurance licensing review, a description refers to an insurer financial inability to meet obligations as they become due. Which texas regulation term most precisely matches that description?

A. Fair Access To Insurance Requirements Plan
B. Administrative Action
C. Insurer Insolvency
D. Nonadmitted Insurer

135. During a Texas insurance licensing review, a description refers to a homeowners form generally using open perils for the dwelling and named perils for personal property. Which property term most precisely matches that description?

A. Open-Peril Coverage
B. Businessowners Policy
C. Abandonment
D. Ho-3 Form

136. During a Texas insurance licensing review, a description refers to a stated value basis that can suspend a coinsurance requirement when endorsed. Which property term most precisely matches that description?

A. Deductible
B. Agreed Value
C. Businessowners Policy
D. Vacancy Permit

137. During a Texas insurance licensing review, a description refers to a claim containing intentional deception about a material fact to obtain insurance proceeds. Which texas regulation term most precisely matches that description?

A. Fraud
B. Temporary License
C. Fraudulent Claim
D. Surplus Lines Insurance

138. During a Texas insurance licensing review, a description refers to commercial property coverage for buildings and business personal property. Which property term most precisely matches that description?

A. Building And Personal Property Coverage Form

B. Business Income Coverage
C. Personal Property
D. Indirect Loss

139. During a Texas insurance licensing review, a description refers to liability coverage for damage by fire to premises rented to the insured. Which property term most precisely matches that description?

A. Fire Legal Liability
B. Coinsurance Clause
C. Liberalization Clause
D. Loss Of Use

140. During a Texas insurance licensing review, a description refers to coverage placed with an eligible nonadmitted insurer when the required conditions are met. Which texas regulation term most precisely matches that description?

A. Guaranty Association
B. Surplus Lines Insurance
C. Texas Department Of Insurance
D. Admitted Insurer

141. During a Texas insurance licensing review, a description refers to the official who administers and enforces the Texas Insurance Code through the department. Which texas regulation term most precisely matches that description?

A. Fraud
B. Unfair Discrimination
C. Proof Of Claim
D. Commissioner Of Insurance

142. During a Texas insurance licensing review, a description refers to coverage designed for specified privacy, network-security, and cyber-event liabilities. Which casualty term most precisely matches that description?

A. Other-Than-Collision Coverage
B. Cyber Liability
C. Split Limits
D. Employment Practices Liability

143. During a Texas insurance licensing review, a description refers to a statement or promise that must be true or performed as required by the policy. Which property term most precisely matches that description?

A. Commercial Crime Coverage
B. Agreed Value
C. Nonrenewal
D. Warranty

144. During a Texas insurance licensing review, a description refers to information and documentation supporting a request for insurance benefits. Which texas regulation term most precisely matches that description?

A. Fiduciary Duty
B. Guaranty Association
C. Proof Of Claim
D. Negotiation

145. During a Texas insurance licensing review, a description refers to a demand for policy benefits or for payment because of an alleged loss. Which casualty term most precisely matches that description?

A. Claim
B. Employment Practices Liability

C. Defense Obligation

D. Cyber Liability

Practice Exam 10: Answer Key and Explanations

1. B — Nonadmitted Insurer means an insurer not licensed in Texas, subject to special rules when used for eligible surplus lines coverage. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

2. B — Cancellation means termination of a policy before its expiration date. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

3. D — Commercial Crime Coverage means coverage addressing specified employee dishonesty and theft-related losses. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

4. C — Damages means money awarded to compensate an injured party for a covered injury or loss. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

5. A — Nonowned Auto means a vehicle not owned by or furnished for the regular use of the insured or family member. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

6. A — Prompt Payment Of Claims means Texas requirements governing timely acknowledgment, investigation, and payment or denial of covered claims. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

7. C — Nonrenewal Notice means written notice that a policy will not continue at the end of its term. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

8. D — Personal Auto Policy means a policy providing personal auto liability and physical damage coverage. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

9. B — Earth Movement Exclusion means a common property policy limitation for earthquake, landslide, or similar ground movement. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

10. C — Valuation means the policy method used to determine the amount payable for covered property damage. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

11. B — Comparative Negligence means a rule reducing recovery by the claimant share of fault. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

12. D — Appraisal means a policy method for resolving a disagreement over the amount of loss. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

13. A — Vicarious Liability means liability imposed on one party because of a legal relationship with the actual wrongdoer. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

14. D — Binder means temporary evidence of insurance pending policy issuance. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

15. A — Continuing Education means ongoing education required to maintain a Texas insurance license. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

16. C — Direct Loss means physical damage caused immediately by a covered peril. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

17. B — Underinsured Motorists Coverage means coverage responding when a responsible driver liability limits are insufficient for covered damages. It is the term that directly matches the stated facts.

The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

18. D — First-Party Coverage means insurance that pays the insured own covered loss directly. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

19. C — Respondeat Superior means an employer liability principle for employee acts within the scope of employment. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

20. B — Owned Auto means a vehicle shown in the policy declarations as owned by the named insured. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

21. A — Cancellation Notice means written notice required when an insurer ends a policy before expiration. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

22. B — Texas Windstorm Insurance Association means the residual market mechanism providing eligible windstorm and hail coverage in designated coastal areas. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

23. C — Collision Coverage means auto physical damage coverage for upset or impact with another vehicle or object. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

24. D — Equipment Breakdown Coverage means coverage for covered mechanical or electrical breakdown of equipment. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

25. A — Subrogation means the insurer right to pursue a responsible third party after paying a loss. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

26. C — Coinsurance Clause means a provision encouraging insurance to value by sharing an underinsurance penalty. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

27. B — Misrepresentation means an incorrect statement of a material fact made in an insurance application. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

28. D — Contributory Negligence means a defense that can bar recovery when the claimant contributed to the injury. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

29. A — Premises And Operations means liability exposure arising from ownership, maintenance, or use of premises and ongoing operations. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

30. D — Statute Of Limitations means a law setting the deadline for filing a lawsuit. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

31. C — Breach Of Duty means conduct that fails to meet the applicable standard of reasonable care. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

32. A — Flood Exclusion means a common property policy limitation for rising or overflowing surface water. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

33. B — Texas Department Of Insurance means the state agency that regulates the business of insurance in Texas. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

34. D — Vacancy Permit means an endorsement extending limited coverage for property that would otherwise be vacant. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

35. C — Umbrella Policy means liability coverage providing excess limits and sometimes broader coverage than underlying policies. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

36. A — Defamation means making a false statement that injures the financial reputation of an insurer. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

37. C — Strict Liability means liability that can apply without proof of negligence for certain activities or defective products. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

38. B — Personal Articles Floater means scheduled inland marine coverage for valuable personal property. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

39. D — Proximate Cause means the legal cause that closely connects negligent conduct to an injury. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

40. B — Rebating means offering an inducement not stated in the insurance contract to encourage a purchase. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

41. A — Producer means a person licensed to sell, solicit, or negotiate insurance. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

42. C — Indemnity means restoring an insured after a covered loss without allowing a profit. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

43. A — Medical Payments To Others means no-fault coverage for reasonable medical expenses of eligible guests or visitors. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

44. B — Abandonment means an insured attempt to leave damaged property to the insurer without insurer consent. It is the term that directly matches the stated facts. The other choices identify different

insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

45. D — Concealment means the failure to disclose a material fact requested by the insurer. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

46. D — Medical Payments Coverage means auto coverage paying reasonable medical expenses regardless of fault, subject to policy terms. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

47. C — Fair Access To Insurance Requirements Plan means a residual market property insurance mechanism for eligible applicants unable to obtain basic property coverage. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

48. B — Twisting means making misleading comparisons to induce a policyholder to replace insurance. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

49. A — Personal Liability means coverage for damages an insured becomes legally obligated to pay because of bodily injury or property damage. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

50. C — Occurrence means an accident, including continuous or repeated exposure to substantially the same harmful conditions. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

51. A — Market Conduct means regulatory review of insurer and producer practices affecting consumers and insurance transactions. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

52. D — Mortgage Clause means a provision protecting a mortgagee interest in covered real property. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

53. B — Errors And Omissions Coverage means professional liability coverage for negligent acts, errors, or omissions in professional services. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

54. D — Protective Safeguards means a condition requiring designated protective devices or services to be maintained. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

55. A — Functional Replacement Cost means a valuation method using less costly functionally equivalent materials. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

56. B — Admitted Insurer means an insurer authorized by Texas to transact insurance in the state. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

57. C — Directors And Officers Liability means coverage for wrongful-act claims against corporate directors and officers. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

58. A — Open-Peril Coverage means coverage for risks of direct physical loss unless the policy excludes them. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

59. B — Inland Marine means coverage for property that is mobile, in transit, or has specialized coverage needs. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

60. D — Builders Risk means property coverage for a building or structure while it is under construction. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

61. C — Employment Practices Liability means coverage for specified wrongful-employment-practices claims. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

62. D — Obligee means the party to whom a surety bond obligation is owed. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

63. A — Retroactive Date means the date limiting a claims-made form coverage to acts occurring after that date. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

64. B — Fidelity Bond means coverage protecting an employer from dishonest acts by employees. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

65. C — Businessowners Policy means a package policy combining commercial property and liability coverages for eligible small businesses. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

66. A — Duty Of Care means a legal obligation to act with reasonable care toward others. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

67. B — Personal Property means movable belongings not permanently attached to land or a building. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

68. C — Boycott Coercion Or Intimidation means an unfair method of competition intended to restrain insurance transactions. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

69. D — Extended Reporting Period means additional time to report claims under a claims-made policy after coverage ends. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

70. C — Controlled Business means insurance written primarily on the license holder or related interests rather than the public. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

71. B — Indirect Loss means a financial consequence that follows a direct covered loss. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

72. A — Proof Of Loss means a signed statement supporting the insured claim and amount of loss. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

73. D — Bodily Injury means physical injury, sickness, disease, or resulting death suffered by a person. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

74. A — Property Damage means physical injury to tangible property, including resulting loss of use. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

75. B — Salvage means remaining property value recovered after a covered loss. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

76. C — Commercial Output Policy means a commercial property program combining property and inland marine features. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

77. D — Declaration Page means the policy section identifying insureds, limits, premiums, and covered property. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

78. A — Ordinance Or Law Coverage means coverage for increased costs caused by enforcement of building laws after a covered loss. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

79. C — Homeowners Policy means a package policy combining property coverage with personal liability coverage. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

80. B — Misrepresentation means making a false or misleading statement about a policy, insurer, or insurance benefit. It is the term that directly matches the stated facts. The other choices identify different

insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

81. D — Loss Of Use means coverage for additional living expense or lost fair rental value after a covered property loss. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

82. D — Extra Expense Coverage means coverage for additional costs needed to continue operations after a covered loss. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

83. A — Texas Automobile Insurance Plan Association means the Texas residual market mechanism for eligible auto applicants unable to obtain coverage in the voluntary market. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

84. C — Workers Compensation means coverage for job-related injury benefits required or permitted under workers compensation law. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

85. B — Assumption Of Risk means a defense based on knowingly and voluntarily accepting a known danger. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

86. B — Solicitation means an attempt to persuade a prospective customer to apply for insurance. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

87. D — Other Structures means separate structures on the residence premises not attached to the dwelling. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

88. A — Dwelling Policy means personal property insurance designed for dwelling premises and related interests. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

89. C — Negotiation means conferring directly with a prospective purchaser about policy terms to obtain insurance. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

90. B — Claims-Made Form means liability form generally triggered by claims first made during the policy period. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

91. C — Uninsured Motorists Coverage means coverage responding when a legally responsible driver lacks applicable liability insurance. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

92. D — Part A Liability Coverage means the personal auto policy section covering legal liability for bodily injury or property damage. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

93. A — License Renewal means the process of continuing a license authority for a new license period. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

94. A — Named-Peril Coverage means coverage that applies only to perils specifically listed in the policy. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

95. D — Split Limits means separate limits stated for bodily injury and property damage. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

96. B — Proximate Cause means the dominant cause that sets an unbroken chain of events in motion. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

97. C — Fraud means an intentional deceptive act used to obtain an improper insurance benefit. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

98. B — Professional Liability means coverage for claims alleging negligent professional services or errors and omissions. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

99. D — Permissive User means a person using a covered auto with reasonable belief of permission. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

100. C — Actual Cash Value means replacement cost reduced by depreciation. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

101. A — Surety Bond means a three-party promise guaranteeing performance or payment of an obligation. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

102. B — Employers Liability means coverage for certain employee injury suits not covered by workers compensation benefits. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

103. A — Deductible means the amount of a covered loss the insured retains before policy payment. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

104. C — Negligence means failure to use the degree of care a reasonably prudent person would use. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

105. D — Nonrenewal means the insurer decision not to continue a policy at the end of its term. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

106. D — Replacement Cost means the cost to replace damaged property with like kind and quality without deducting depreciation. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

107. B — Temporary License means a limited Texas license issued under statutory conditions for a limited period. It is the term that directly matches the stated facts. The other choices identify different

insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

108. C — Occurrence Form means liability form triggered by bodily injury or property damage occurring during the policy period. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

109. A — Cease And Desist Order means an order directing a person to stop an unlawful insurance practice. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

110. B — Liberalization Clause means a provision extending broader coverage adopted by the insurer without extra premium. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

111. C — Third-Party Coverage means insurance that protects an insured against liability claims made by others. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

112. D — General Lines Property And Casualty License means the Texas license authority for transacting authorized property and casualty insurance lines. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

113. A — Endorsement means a written form that adds, removes, or changes policy terms. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

114. A — General Liability Policy means commercial insurance covering many common third-party bodily injury and property damage claims. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

115. C — Unfair Discrimination means treating similarly situated insurance risks differently without a lawful actuarial basis. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

116. D — Unfair Claims Settlement Practice means an improper claim-handling act or pattern prohibited by insurance regulation. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

117. B — Excess Policy means coverage that applies above the limits of specified underlying insurance. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

118. D — Combined Single Limit means one total liability limit applicable to bodily injury and property damage. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

119. A — Administrative Action means a regulatory response such as denial, suspension, revocation, or penalty. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

120. B — Defense Obligation means the insurer duty to defend an insured against covered lawsuits. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

121. C — Insurable Interest means a financial stake in property that could be damaged or destroyed. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

122. D — Vacancy Condition means a policy condition that restricts certain coverage when a building is vacant. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

123. C — Supplementary Payments means policy payments such as defense costs that are commonly paid in addition to liability limits. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

124. A — Vacant Building means a building with insufficient business personal property to conduct customary operations. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

125. B — Personal And Advertising Injury means specified offenses such as libel, slander, or wrongful eviction covered by liability policy terms. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

126. D — Principal means the party whose performance is guaranteed by a surety bond. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

127. A — Other-Than-Collision Coverage means auto physical damage coverage for losses such as theft, fire, hail, or contact with an animal. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

128. C — Fiduciary Duty means the obligation to handle premium funds received for an insurer with trust and care. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

129. B — Surety means the party guaranteeing the principal performance to the obligee. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

130. C — Business Income Coverage means coverage for lost income and continuing normal operating expenses after a covered suspension. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

131. D — Limit Of Liability means the maximum amount the insurer will pay under a stated coverage. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

132. B — Products-Completed Operations Hazard means liability exposure from products or completed work after possession is relinquished or work is completed. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

133. A — Guaranty Association means a statutory mechanism that may respond to covered claims when a member insurer becomes insolvent. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

134. C — Insurer Insolvency means an insurer financial inability to meet obligations as they become due. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

135. D — Ho-3 Form means a homeowners form generally using open perils for the dwelling and named perils for personal property. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

136. B — Agreed Value means a stated value basis that can suspend a coinsurance requirement when endorsed. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

137. C — Fraudulent Claim means a claim containing intentional deception about a material fact to obtain insurance proceeds. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

138. A — Building And Personal Property Coverage Form means commercial property coverage for buildings and business personal property. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

139. A — Fire Legal Liability means liability coverage for damage by fire to premises rented to the insured. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

140. B — Surplus Lines Insurance means coverage placed with an eligible nonadmitted insurer when the required conditions are met. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

141. D — Commissioner Of Insurance means the official who administers and enforces the Texas Insurance Code through the department. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

142. B — Cyber Liability means coverage designed for specified privacy, network-security, and cyber-event liabilities. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

143. D — Warranty means a statement or promise that must be true or performed as required by the policy. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

144. C — Proof Of Claim means information and documentation supporting a request for insurance benefits. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer. Apply the definition exactly as written.

145. A — Claim means a demand for policy benefits or for payment because of an alleged loss. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.