PRACTICE EXAM 11: 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. An exam scenario describes a provision encouraging insurance to value by sharing an underinsurance penalty. Which property term should the candidate identify?

A. Salvage
B. Coinsurance Clause
C. Endorsement
D. Mortgage Clause

2. An exam scenario describes the dominant cause that sets an unbroken chain of events in motion. Which property term should the candidate identify?

A. Commercial Crime Coverage
B. Binder
C. Cancellation
D. Proximate Cause

3. An exam scenario describes an insurer not licensed in Texas, subject to special rules when used for eligible surplus lines coverage. Which texas regulation term should the candidate identify?

A. Negotiation
B. Prompt Payment Of Claims
C. Nonadmitted Insurer

D. Admitted Insurer

4. An exam scenario describes making a false or misleading statement about a policy, insurer, or insurance benefit. Which texas regulation term should the candidate identify?

A. Twisting
B. Misrepresentation
C. Admitted Insurer
D. General Lines Property And Casualty License

5. An exam scenario describes a law setting the deadline for filing a lawsuit. Which casualty term should the candidate identify?

A. Statute Of Limitations
B. Products-Completed Operations Hazard
C. Bodily Injury
D. General Liability Policy

6. An exam scenario describes a claim containing intentional deception about a material fact to obtain insurance proceeds. Which texas regulation term should the candidate identify?

A. Fraudulent Claim
B. Proof Of Claim
C. Administrative Action
D. Controlled Business

7. An exam scenario describes coverage protecting an employer from dishonest acts by employees. Which casualty term should the candidate identify?

A. Other-Than-Collision Coverage
B. Fidelity Bond

C. Breach Of Duty
D. Cyber Liability

8. An exam scenario describes the insurer decision not to continue a policy at the end of its term. Which property term should the candidate identify?

A. Open-Peril Coverage
B. Appraisal
C. Nonrenewal
D. Named-Peril Coverage

9. An exam scenario describes making misleading comparisons to induce a policyholder to replace insurance. Which texas regulation term should the candidate identify?

A. Negotiation
B. Defamation
C. Cancellation Notice
D. Twisting

10. An exam scenario describes liability that can apply without proof of negligence for certain activities or defective products. Which casualty term should the candidate identify?

A. Professional Liability
B. Strict Liability
C. Excess Policy
D. Umbrella Policy

11. An exam scenario describes the maximum amount the insurer will pay under a stated coverage. Which casualty term should the candidate identify?

A. Obligee

B. Retroactive Date
C. Respondeat Superior
D. Limit Of Liability

12. An exam scenario describes a person using a covered auto with reasonable belief of permission. Which casualty term should the candidate identify?

A. Property Damage
B. Directors And Officers Liability
C. Permissive User
D. Errors And Omissions Coverage

13. An exam scenario describes restoring an insured after a covered loss without allowing a profit. Which property term should the candidate identify?

A. Indemnity
B. Declaration Page
C. Binder
D. Commercial Output Policy

14. An exam scenario describes a rule reducing recovery by the claimant share of fault. Which casualty term should the candidate identify?

A. Products-Completed Operations Hazard
B. Comparative Negligence
C. Obligee
D. Claims-Made Form

15. An exam scenario describes a three-party promise guaranteeing performance or payment of an obligation. Which casualty term should the candidate identify?

A. Duty Of Care
B. Breach Of Duty
C. Surety Bond
D. Occurrence

16. An exam scenario describes a common property policy limitation for earthquake, landslide, or similar ground movement. Which property term should the candidate identify?

A. Earth Movement Exclusion
B. Commercial Output Policy
C. Other Structures
D. Endorsement

17. An exam scenario describes professional liability coverage for negligent acts, errors, or omissions in professional services. Which casualty term should the candidate identify?

A. Claims-Made Form
B. Bodily Injury
C. Combined Single Limit
D. Errors And Omissions Coverage

18. An exam scenario describes offering an inducement not stated in the insurance contract to encourage a purchase. Which texas regulation term should the candidate identify?

A. Rebating
B. Defamation
C. Insurer Insolvency
D. Texas Windstorm Insurance Association

19. An exam scenario describes a condition requiring designated protective devices or services to be maintained. Which property term should the candidate identify?

A. Actual Cash Value
B. Proximate Cause
C. Protective Safeguards
D. Personal Articles Floater

20. An exam scenario describes a package policy combining property coverage with personal liability coverage. Which property term should the candidate identify?

A. Warranty
B. Subrogation
C. Loss Of Use
D. Homeowners Policy

21. An exam scenario describes coverage for certain employee injury suits not covered by workers compensation benefits. Which casualty term should the candidate identify?

A. Combined Single Limit
B. Employers Liability
C. Cyber Liability
D. Collision Coverage

22. An exam scenario describes liability form triggered by bodily injury or property damage occurring during the policy period. Which casualty term should the candidate identify?

A. Products-Completed Operations Hazard
B. Principal
C. Occurrence Form
D. Errors And Omissions Coverage

23. An exam scenario describes coverage designed for specified privacy, network-security, and cyber-event liabilities. Which casualty term should the candidate identify?

A. Part A Liability Coverage
B. Cyber Liability
C. Professional Liability
D. Damages

24. An exam scenario describes coverage for risks of direct physical loss unless the policy excludes them. Which property term should the candidate identify?

A. Mortgage Clause
B. Valuation
C. Commercial Output Policy
D. Open-Peril Coverage

25. An exam scenario describes the date limiting a claims-made form coverage to acts occurring after that date. Which casualty term should the candidate identify?

A. Retroactive Date
B. Underinsured Motorists Coverage
C. Combined Single Limit
D. Uninsured Motorists Coverage

26. An exam scenario describes a package policy combining commercial property and liability coverages for eligible small businesses. Which property term should the candidate identify?

A. Homeowners Policy
B. Businessowners Policy
C. Misrepresentation
D. Mortgage Clause

27. An exam scenario describes insurance that protects an insured against liability claims made by others. Which casualty term should the candidate identify?

A. Combined Single Limit
B. Cyber Liability
C. Third-Party Coverage
D. Errors And Omissions Coverage

28. An exam scenario describes liability exposure from products or completed work after possession is relinquished or work is completed. Which casualty term should the candidate identify?

A. Products-Completed Operations Hazard
B. Limit Of Liability
C. Permissive User
D. Surety

29. An exam scenario describes coverage for specified wrongful-employment-practices claims. Which casualty term should the candidate identify?

A. Retroactive Date
B. Obligee
C. Statute Of Limitations
D. Employment Practices Liability

30. An exam scenario describes a valuation method using less costly functionally equivalent materials. Which property term should the candidate identify?

A. Subrogation
B. Mortgage Clause
C. Insurable Interest
D. Functional Replacement Cost

31. An exam scenario describes a limited Texas license issued under statutory conditions for a limited period. Which texas regulation term should the candidate identify?

A. Market Conduct
B. Temporary License
C. Fair Access To Insurance Requirements Plan
D. Unfair Discrimination

32. An exam scenario describes insurance written primarily on the license holder or related interests rather than the public. Which texas regulation term should the candidate identify?

A. Controlled Business
B. Fair Access To Insurance Requirements Plan
C. Defamation
D. Rebating

33. An exam scenario describes the amount of a covered loss the insured retains before policy payment. Which property term should the candidate identify?

A. Open-Peril Coverage
B. Valuation
C. Deductible
D. Binder

34. An exam scenario describes the residual market mechanism providing eligible windstorm and hail coverage in designated coastal areas. Which texas regulation term should the candidate identify?

A. Texas Windstorm Insurance Association
B. Controlled Business
C. Boycott Coercion Or Intimidation
D. Continuing Education

35. An exam scenario describes conferring directly with a prospective purchaser about policy terms to obtain insurance. Which texas regulation term should the candidate identify?

A. Admitted Insurer
B. Negotiation
C. Texas Department Of Insurance
D. Proof Of Claim

36. An exam scenario describes a commercial property program combining property and inland marine features. Which property term should the candidate identify?

A. Appraisal
B. Actual Cash Value
C. Commercial Output Policy
D. Builders Risk

37. An exam scenario describes coverage for wrongful-act claims against corporate directors and officers. Which casualty term should the candidate identify?

A. Vicarious Liability
B. Supplementary Payments
C. Retroactive Date
D. Directors And Officers Liability

38. An exam scenario describes the personal auto policy section covering legal liability for bodily injury or property damage. Which casualty term should the candidate identify?

A. Part A Liability Coverage
B. Principal
C. Permissive User
D. Umbrella Policy

39. An exam scenario describes the process of continuing a license authority for a new license period. Which texas regulation term should the candidate identify?

A. Fair Access To Insurance Requirements Plan
B. Controlled Business
C. Fiduciary Duty
D. License Renewal

40. An exam scenario describes replacement cost reduced by depreciation. Which property term should the candidate identify?

A. Builders Risk
B. Dwelling Policy
C. Actual Cash Value
D. Proximate Cause

41. An exam scenario describes coverage that applies only to perils specifically listed in the policy. Which property term should the candidate identify?

A. Personal Liability
B. Named-Peril Coverage
C. Commercial Crime Coverage
D. Personal Property

42. An exam scenario describes ongoing education required to maintain a Texas insurance license. Which texas regulation term should the candidate identify?

A. Surplus Lines Insurance
B. Administrative Action
C. License Renewal
D. Continuing Education

43. An exam scenario describes a demand for policy benefits or for payment because of an alleged loss. Which casualty term should the candidate identify?

A. Claim
B. Comparative Negligence
C. Errors And Omissions Coverage
D. Strict Liability

44. An exam scenario describes coverage responding when a responsible driver liability limits are insufficient for covered damages. Which casualty term should the candidate identify?

A. Premises And Operations
B. Workers Compensation
C. Underinsured Motorists Coverage
D. Assumption Of Risk

45. An exam scenario describes an endorsement extending limited coverage for property that would otherwise be vacant. Which property term should the candidate identify?

A. Appraisal
B. Vacancy Permit
C. Dwelling Policy
D. Earth Movement Exclusion

46. An exam scenario describes remaining property value recovered after a covered loss. Which property term should the candidate identify?

A. Salvage
B. Inland Marine
C. Abandonment
D. Business Income Coverage

47. An exam scenario describes liability coverage providing excess limits and sometimes broader coverage than underlying policies. Which casualty term should the candidate identify?

A. Uninsured Motorists Coverage
B. Other-Than-Collision Coverage
C. Umbrella Policy
D. Owned Auto

48. An exam scenario describes an unfair method of competition intended to restrain insurance transactions. Which texas regulation term should the candidate identify?

A. Market Conduct
B. Boycott Coercion Or Intimidation
C. Misrepresentation
D. License Renewal

49. An exam scenario describes the party to whom a surety bond obligation is owed. Which casualty term should the candidate identify?

A. Assumption Of Risk
B. Underinsured Motorists Coverage
C. Personal Auto Policy
D. Obligee

50. An exam scenario describes an intentional deceptive act used to obtain an improper insurance benefit. Which texas regulation term should the candidate identify?

A. Nonadmitted Insurer
B. Fraud
C. Boycott Coercion Or Intimidation
D. Solicitation

51. An exam scenario describes a written form that adds, removes, or changes policy terms. Which property term should the candidate identify?

A. Ho-3 Form
B. Concealment
C. Equipment Breakdown Coverage
D. Endorsement

52. An exam scenario describes auto physical damage coverage for losses such as theft, fire, hail, or contact with an animal. Which casualty term should the candidate identify?

A. Other-Than-Collision Coverage
B. Permissive User
C. Employers Liability
D. Statute Of Limitations

53. An exam scenario describes no-fault coverage for reasonable medical expenses of eligible guests or visitors. Which property term should the candidate identify?

A. Other Structures
B. Declaration Page
C. Medical Payments To Others
D. Valuation

54. An exam scenario describes a legal obligation to act with reasonable care toward others. Which casualty term should the candidate identify?

A. Workers Compensation
B. Proximate Cause
C. Negligence
D. Duty Of Care

55. An exam scenario describes a provision extending broader coverage adopted by the insurer without extra premium. Which property term should the candidate identify?

A. Liberalization Clause
B. Named-Peril Coverage
C. Inland Marine
D. Declaration Page

56. An exam scenario describes coverage for property that is mobile, in transit, or has specialized coverage needs. Which property term should the candidate identify?

A. Mortgage Clause
B. Insurable Interest
C. Inland Marine
D. Subrogation

57. An exam scenario describes a defense that can bar recovery when the claimant contributed to the injury. Which casualty term should the candidate identify?

A. Products-Completed Operations Hazard
B. Contributory Negligence
C. Third-Party Coverage
D. Negligence

58. An exam scenario describes a financial consequence that follows a direct covered loss. Which property term should the candidate identify?

A. Indirect Loss
B. Earth Movement Exclusion
C. Abandonment
D. Nonrenewal

59. An exam scenario describes coverage for increased costs caused by enforcement of building laws after a covered loss. Which property term should the candidate identify?

A. Salvage
B. Replacement Cost
C. Ordinance Or Law Coverage
D. Fire Legal Liability

60. An exam scenario describes coverage addressing specified employee dishonesty and theft-related losses. Which property term should the candidate identify?

A. Homeowners Policy
B. Open-Peril Coverage
C. Business Income Coverage
D. Commercial Crime Coverage

61. An exam scenario describes a policy condition that restricts certain coverage when a building is vacant. Which property term should the candidate identify?

A. Endorsement
B. Vacancy Condition
C. Proximate Cause
D. Subrogation

62. An exam scenario describes an order directing a person to stop an unlawful insurance practice. Which texas regulation term should the candidate identify?

A. Unfair Discrimination
B. Cease And Desist Order
C. Twisting
D. Proof Of Claim

63. An exam scenario describes liability exposure arising from ownership, maintenance, or use of premises and ongoing operations. Which casualty term should the candidate identify?

A. Employment Practices Liability
B. Claims-Made Form
C. Permissive User
D. Premises And Operations

64. An exam scenario describes an improper claim-handling act or pattern prohibited by insurance regulation. Which texas regulation term should the candidate identify?

A. Unfair Claims Settlement Practice
B. Administrative Action
C. Texas Automobile Insurance Plan Association
D. Negotiation

65. An exam scenario describes an insurer authorized by Texas to transact insurance in the state. Which texas regulation term should the candidate identify?

A. Unfair Claims Settlement Practice
B. General Lines Property And Casualty License
C. Admitted Insurer
D. Unfair Discrimination

66. An exam scenario describes coverage for additional costs needed to continue operations after a covered loss. Which property term should the candidate identify?

A. Extra Expense Coverage
B. Open-Peril Coverage
C. Equipment Breakdown Coverage
D. Flood Exclusion

67. An exam scenario describes one total liability limit applicable to bodily injury and property damage. Which casualty term should the candidate identify?

A. Uninsured Motorists Coverage
B. Combined Single Limit
C. Claims-Made Form
D. Nonowned Auto

68. An exam scenario describes coverage for additional living expense or lost fair rental value after a covered property loss. Which property term should the candidate identify?

A. Insurable Interest
B. Declaration Page
C. Other Structures
D. Loss Of Use

69. An exam scenario describes making a false statement that injures the financial reputation of an insurer. Which texas regulation term should the candidate identify?

A. Market Conduct
B. Boycott Coercion Or Intimidation
C. Defamation
D. Fair Access To Insurance Requirements Plan

70. An exam scenario describes auto coverage paying reasonable medical expenses regardless of fault, subject to policy terms. Which casualty term should the candidate identify?

A. Damages
B. Underinsured Motorists Coverage
C. Excess Policy
D. Medical Payments Coverage

71. An exam scenario describes a signed statement supporting the insured claim and amount of loss. Which property term should the candidate identify?

A. Equipment Breakdown Coverage
B. Deductible
C. Proof Of Loss
D. Agreed Value

72. An exam scenario describes a policy method for resolving a disagreement over the amount of loss. Which property term should the candidate identify?

A. Ho-3 Form
B. Appraisal
C. Misrepresentation
D. Endorsement

73. An exam scenario describes scheduled inland marine coverage for valuable personal property. Which property term should the candidate identify?

A. Personal Articles Floater
B. Commercial Crime Coverage
C. Proof Of Loss
D. Extra Expense Coverage

74. An exam scenario describes coverage for claims alleging negligent professional services or errors and omissions. Which casualty term should the candidate identify?

A. Occurrence Form
B. Split Limits
C. Defense Obligation
D. Professional Liability

75. An exam scenario describes a regulatory response such as denial, suspension, revocation, or penalty. Which texas regulation term should the candidate identify?

A. Texas Automobile Insurance Plan Association
B. Fraud
C. Administrative Action
D. Commissioner Of Insurance

76. An exam scenario describes a stated value basis that can suspend a coinsurance requirement when endorsed. Which property term should the candidate identify?

A. Agreed Value
B. Salvage
C. Endorsement
D. Abandonment

77. An exam scenario describes treating similarly situated insurance risks differently without a lawful actuarial basis. Which texas regulation term should the candidate identify?

A. Fair Access To Insurance Requirements Plan
B. Unfair Discrimination
C. Temporary License
D. Rebating

78. An exam scenario describes money awarded to compensate an injured party for a covered injury or loss. Which casualty term should the candidate identify?

A. Statute Of Limitations
B. Excess Policy
C. Split Limits
D. Damages

79. An exam scenario describes an accident, including continuous or repeated exposure to substantially the same harmful conditions. Which casualty term should the candidate identify?

A. Excess Policy
B. Claim
C. Occurrence
D. Breach Of Duty

80. An exam scenario describes the failure to disclose a material fact requested by the insurer. Which property term should the candidate identify?

A. Concealment
B. Flood Exclusion
C. Medical Payments To Others
D. Insurable Interest

81. An exam scenario describes the obligation to handle premium funds received for an insurer with trust and care. Which texas regulation term should the candidate identify?

A. Surplus Lines Insurance
B. General Lines Property And Casualty License
C. Fiduciary Duty
D. Unfair Discrimination

82. An exam scenario describes written notice that a policy will not continue at the end of its term. Which texas regulation term should the candidate identify?

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

83. An exam scenario describes liability imposed on one party because of a legal relationship with the actual wrongdoer. Which casualty term should the candidate identify?

A. Collision Coverage
B. Property Damage
C. Personal And Advertising Injury
D. Vicarious Liability

84. An exam scenario describes separate structures on the residence premises not attached to the dwelling. Which property term should the candidate identify?

A. Ordinance Or Law Coverage
B. Other Structures
C. Vacancy Permit
D. Flood Exclusion

85. An exam scenario describes a policy providing personal auto liability and physical damage coverage. Which casualty term should the candidate identify?

A. Personal Auto Policy
B. Statute Of Limitations
C. Contributory Negligence
D. Cyber Liability

86. An exam scenario describes insurance that pays the insured own covered loss directly. Which casualty term should the candidate identify?

A. First-Party Coverage
B. Part A Liability Coverage
C. Proximate Cause
D. Limit Of Liability

87. An exam scenario describes the party whose performance is guaranteed by a surety bond. Which casualty term should the candidate identify?

A. Employment Practices Liability
B. Limit Of Liability
C. Other-Than-Collision Coverage
D. Principal

88. An exam scenario describes a vehicle shown in the policy declarations as owned by the named insured. Which casualty term should the candidate identify?

A. Underinsured Motorists Coverage
B. Duty Of Care
C. Owned Auto
D. Bodily Injury

89. An exam scenario describes a vehicle not owned by or furnished for the regular use of the insured or family member. Which casualty term should the candidate identify?

A. Surety Bond
B. Nonowned Auto
C. Underinsured Motorists Coverage
D. Workers Compensation

90. An exam scenario describes information and documentation supporting a request for insurance benefits. Which texas regulation term should the candidate identify?

A. Boycott Coercion Or Intimidation
B. Producer
C. Controlled Business
D. Proof Of Claim

91. An exam scenario describes an incorrect statement of a material fact made in an insurance application. Which property term should the candidate identify?

A. Business Income Coverage
B. Misrepresentation
C. Liberalization Clause
D. Insurable Interest

92. An exam scenario describes liability coverage for damage by fire to premises rented to the insured. Which property term should the candidate identify?

A. Personal Property
B. Loss Of Use
C. Fire Legal Liability
D. Nonrenewal

93. An exam scenario describes an insured attempt to leave damaged property to the insurer without insurer consent. Which property term should the candidate identify?

A. Abandonment
B. Commercial Crime Coverage
C. Actual Cash Value
D. Proof Of Loss

94. An exam scenario describes personal property insurance designed for dwelling premises and related interests. Which property term should the candidate identify?

A. Dwelling Policy
B. Subrogation
C. Loss Of Use
D. Named-Peril Coverage

95. An exam scenario describes commercial insurance covering many common third-party bodily injury and property damage claims. Which casualty term should the candidate identify?

A. Obligee
B. Comparative Negligence
C. General Liability Policy
D. Principal

96. An exam scenario describes the state agency that regulates the business of insurance in Texas. Which texas regulation term should the candidate identify?

A. Unfair Claims Settlement Practice
B. Administrative Action
C. General Lines Property And Casualty License
D. Texas Department Of Insurance

97. An exam scenario describes Texas requirements governing timely acknowledgment, investigation, and payment or denial of covered claims. Which texas regulation term should the candidate identify?

A. Twisting
B. Prompt Payment Of Claims
C. Producer
D. Administrative Action

98. An exam scenario describes the cost to replace damaged property with like kind and quality without deducting depreciation. Which property term should the candidate identify?

A. Medical Payments To Others
B. Ordinance Or Law Coverage
C. Replacement Cost
D. Vacancy Permit

99. An exam scenario describes written notice required when an insurer ends a policy before expiration. Which texas regulation term should the candidate identify?

A. Cancellation Notice
B. Guaranty Association
C. General Lines Property And Casualty License
D. Commissioner Of Insurance

100. An exam scenario describes physical damage caused immediately by a covered peril. Which property term should the candidate identify?

A. Indirect Loss
B. Replacement Cost
C. Proximate Cause
D. Direct Loss

101. An exam scenario describes the insurer duty to defend an insured against covered lawsuits. Which casualty term should the candidate identify?

A. Assumption Of Risk
B. Defense Obligation
C. Nonowned Auto
D. Extended Reporting Period

102. An exam scenario describes coverage for damages an insured becomes legally obligated to pay because of bodily injury or property damage. Which property term should the candidate identify?

A. Nonrenewal
B. Personal Liability
C. Liberalization Clause
D. Mortgage Clause

103. An exam scenario describes liability form generally triggered by claims first made during the policy period. Which casualty term should the candidate identify?

A. Claims-Made Form
B. General Liability Policy
C. Workers Compensation
D. Breach Of Duty

104. An exam scenario describes additional time to report claims under a claims-made policy after coverage ends. Which casualty term should the candidate identify?

A. Negligence
B. General Liability Policy
C. Employment Practices Liability
D. Extended Reporting Period

105. An exam scenario describes the party guaranteeing the principal performance to the obligee. Which casualty term should the candidate identify?

A. Respondeat Superior
B. Cyber Liability
C. Surety
D. General Liability Policy

106. An exam scenario describes movable belongings not permanently attached to land or a building. Which property term should the candidate identify?

A. Builders Risk
B. Valuation
C. Personal Property
D. Endorsement

107. An exam scenario describes the Texas residual market mechanism for eligible auto applicants unable to obtain coverage in the voluntary market. Which texas regulation term should the candidate identify?

A. Fraudulent Claim
B. Texas Automobile Insurance Plan Association
C. Commissioner Of Insurance
D. License Renewal

108. An exam scenario describes conduct that fails to meet the applicable standard of reasonable care. Which casualty term should the candidate identify?

A. Breach Of Duty
B. Surety Bond
C. Personal Auto Policy
D. Comparative Negligence

109. An exam scenario describes a financial stake in property that could be damaged or destroyed. Which property term should the candidate identify?

A. Subrogation
B. Proximate Cause
C. Fire Legal Liability
D. Insurable Interest

110. An exam scenario describes the policy section identifying insureds, limits, premiums, and covered property. Which property term should the candidate identify?

A. Commercial Output Policy
B. Salvage
C. Nonrenewal
D. Declaration Page

111. An exam scenario describes auto physical damage coverage for upset or impact with another vehicle or object. Which casualty term should the candidate identify?

A. Other-Than-Collision Coverage
B. Fidelity Bond
C. Collision Coverage
D. Duty Of Care

112. An exam scenario describes physical injury, sickness, disease, or resulting death suffered by a person. Which casualty term should the candidate identify?

A. Personal Auto Policy
B. Bodily Injury
C. Personal And Advertising Injury
D. Products-Completed Operations Hazard

113. An exam scenario describes a provision protecting a mortgagee interest in covered real property. Which property term should the candidate identify?

A. Mortgage Clause
B. Cancellation
C. Vacant Building
D. Insurable Interest

114. An exam scenario describes regulatory review of insurer and producer practices affecting consumers and insurance transactions. Which texas regulation term should the candidate identify?

A. Twisting
B. Continuing Education
C. Market Conduct
D. Negotiation

115. An exam scenario describes a person licensed to sell, solicit, or negotiate insurance. Which texas regulation term should the candidate identify?

A. Producer
B. Admitted Insurer
C. Controlled Business
D. Commissioner Of Insurance

116. An exam scenario describes an insurer financial inability to meet obligations as they become due. Which texas regulation term should the candidate identify?

A. Cancellation Notice
B. Insurer Insolvency
C. Nonrenewal Notice
D. Unfair Claims Settlement Practice

117. An exam scenario describes the legal cause that closely connects negligent conduct to an injury. Which casualty term should the candidate identify?

A. Statute Of Limitations
B. Collision Coverage
C. Respondeat Superior
D. Proximate Cause

118. An exam scenario describes coverage responding when a legally responsible driver lacks applicable liability insurance. Which casualty term should the candidate identify?

A. Fidelity Bond
B. Uninsured Motorists Coverage
C. Breach Of Duty
D. Extended Reporting Period

119. An exam scenario describes policy payments such as defense costs that are commonly paid in addition to liability limits. Which casualty term should the candidate identify?

A. Supplementary Payments
B. Underinsured Motorists Coverage
C. Occurrence
D. Occurrence Form

120. An exam scenario describes an employer liability principle for employee acts within the scope of employment. Which casualty term should the candidate identify?

A. Occurrence Form
B. Professional Liability
C. Respondeat Superior
D. Breach Of Duty

121. An exam scenario describes temporary evidence of insurance pending policy issuance. Which property term should the candidate identify?

A. Businessowners Policy
B. Warranty
C. Valuation
D. Binder

122. An exam scenario describes a residual market property insurance mechanism for eligible applicants unable to obtain basic property coverage. Which texas regulation term should the candidate identify?

A. Fair Access To Insurance Requirements Plan
B. Negotiation
C. Producer
D. Fiduciary Duty

123. An exam scenario describes property coverage for a building or structure while it is under construction. Which property term should the candidate identify?

A. Coinsurance Clause
B. Builders Risk
C. Concealment
D. Vacant Building

124. An exam scenario describes the official who administers and enforces the Texas Insurance Code through the department. Which texas regulation term should the candidate identify?

A. License Renewal
B. Defamation
C. Controlled Business
D. Commissioner Of Insurance

125. An exam scenario describes coverage for covered mechanical or electrical breakdown of equipment. Which property term should the candidate identify?

A. Indemnity
B. Loss Of Use
C. Equipment Breakdown Coverage
D. Agreed Value

126. An exam scenario describes coverage placed with an eligible nonadmitted insurer when the required conditions are met. Which texas regulation term should the candidate identify?

A. Misrepresentation
B. General Lines Property And Casualty License
C. Surplus Lines Insurance
D. Producer

127. An exam scenario describes physical injury to tangible property, including resulting loss of use. Which casualty term should the candidate identify?

A. Vicarious Liability
B. Employment Practices Liability
C. Damages
D. Property Damage

128. An exam scenario describes coverage that applies above the limits of specified underlying insurance. Which casualty term should the candidate identify?

A. Excess Policy
B. Professional Liability
C. Combined Single Limit
D. Personal Auto Policy

129. An exam scenario describes the insurer right to pursue a responsible third party after paying a loss. Which property term should the candidate identify?

A. Ordinance Or Law Coverage
B. Subrogation
C. Flood Exclusion
D. Ho-3 Form

130. An exam scenario describes separate limits stated for bodily injury and property damage. Which casualty term should the candidate identify?

A. Excess Policy
B. Third-Party Coverage
C. Split Limits
D. Underinsured Motorists Coverage

131. An exam scenario describes a common property policy limitation for rising or overflowing surface water. Which property term should the candidate identify?

A. Flood Exclusion
B. Indirect Loss
C. Coinsurance Clause
D. Vacancy Permit

132. An exam scenario describes coverage for lost income and continuing normal operating expenses after a covered suspension. Which property term should the candidate identify?

A. Concealment
B. Proof Of Loss
C. Personal Liability
D. Business Income Coverage

133. An exam scenario describes the Texas license authority for transacting authorized property and casualty insurance lines. Which texas regulation term should the candidate identify?

A. Insurer Insolvency
B. General Lines Property And Casualty License
C. Market Conduct
D. Commissioner Of Insurance

134. An exam scenario describes a homeowners form generally using open perils for the dwelling and named perils for personal property. Which property term should the candidate identify?

A. Ho-3 Form
B. Loss Of Use
C. Business Income Coverage
D. Protective Safeguards

135. An exam scenario describes a defense based on knowingly and voluntarily accepting a known danger. Which casualty term should the candidate identify?

A. Vicarious Liability
B. Supplementary Payments
C. Assumption Of Risk
D. Obligee

136. An exam scenario describes termination of a policy before its expiration date. Which property term should the candidate identify?

A. Endorsement
B. Subrogation
C. Extra Expense Coverage
D. Cancellation

137. An exam scenario describes a building with insufficient business personal property to conduct customary operations. Which property term should the candidate identify?

A. Warranty
B. Vacant Building
C. Misrepresentation
D. Concealment

138. An exam scenario describes a statutory mechanism that may respond to covered claims when a member insurer becomes insolvent. Which texas regulation term should the candidate identify?

A. Defamation
B. Guaranty Association
C. Administrative Action
D. Temporary License

139. An exam scenario describes a statement or promise that must be true or performed as required by the policy. Which property term should the candidate identify?

A. Warranty
B. Valuation
C. Cancellation
D. Open-Peril Coverage

140. An exam scenario describes an attempt to persuade a prospective customer to apply for insurance. Which texas regulation term should the candidate identify?

A. General Lines Property And Casualty License
B. Unfair Discrimination
C. Solicitation
D. Controlled Business

141. An exam scenario describes specified offenses such as libel, slander, or wrongful eviction covered by liability policy terms. Which casualty term should the candidate identify?

A. Property Damage
B. Errors And Omissions Coverage
C. Claim
D. Personal And Advertising Injury

142. An exam scenario describes commercial property coverage for buildings and business personal property. Which property term should the candidate identify?

A. Commercial Output Policy
B. Liberalization Clause
C. Building And Personal Property Coverage Form
D. Replacement Cost

143. An exam scenario describes coverage for job-related injury benefits required or permitted under workers compensation law. Which casualty term should the candidate identify?

A. Claim
B. Workers Compensation
C. Surety Bond
D. Occurrence

144. An exam scenario describes the policy method used to determine the amount payable for covered property damage. Which property term should the candidate identify?

A. Valuation
B. Binder
C. Mortgage Clause
D. Building And Personal Property Coverage Form

145. An exam scenario describes failure to use the degree of care a reasonably prudent person would use. Which casualty term should the candidate identify?

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

Practice Exam 11: Answer Key and Explanations

1. B — 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.

2. D — 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.

3. C — 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.

4. 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.

5. A — 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.

6. A — 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.

7. 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.

8. C — 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.

9. D — 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.

10. B — 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.

11. 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.

12. C — 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.

13. A — 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.

14. 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.

15. C — 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.

16. A — 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.

17. D — 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.

18. A — 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.

19. C — 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.

20. D — 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.

21. 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.

22. 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.

23. 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.

24. D — 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.

25. 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.

26. B — 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.

27. 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.

28. A — 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.

29. D — 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.

30. D — 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.

31. 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.

32. A — 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.

33. C — 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.

34. A — 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.

35. B — 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.

36. 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.

37. D — 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.

38. A — 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.

39. D — 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.

40. 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.

41. B — 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.

42. D — 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.

43. 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.

44. C — 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.

45. B — 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.

46. A — 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.

47. 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.

48. B — 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.

49. 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.

50. B — 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.

51. D — 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.

52. 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.

53. C — 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.

54. D — 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.

55. A — 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.

56. C — 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.

57. B — 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.

58. A — 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.

59. C — 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.

60. 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.

61. B — 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.

62. B — 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.

63. D — 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.

64. A — 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.

65. C — 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.

66. A — 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.

67. B — 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.

68. 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.

69. C — 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.

70. 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.

71. C — 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.

72. B — 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.

73. A — 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.

74. D — 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.

75. C — 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.

76. A — 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.

77. B — 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.

78. D — 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.

79. 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.

80. A — 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.

81. 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.

82. B — 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.

83. D — 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.

84. B — 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.

85. A — 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.

86. A — 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.

87. 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.

88. C — 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.

89. B — 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.

90. D — 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.

91. 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.

92. C — 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.

93. A — 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.

94. 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.

95. C — 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.

96. D — 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.

97. B — 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.

98. C — 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.

99. 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.

100. D — 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.

101. 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.

102. B — 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.

103. A — 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.

104. 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.

105. C — 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.

106. C — 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.

107. B — 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.

108. A — 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.

109. D — 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.

110. 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.

111. 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.

112. B — 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.

113. A — 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.

114. C — 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.

115. 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.

116. B — 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.

117. 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.

118. B — 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.

119. A — 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.

120. 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.

121. 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.

122. A — 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.

123. B — 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.

124. 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.

125. C — 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.

126. C — 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.

127. D — 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.

128. A — 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.

129. B — 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.

130. C — 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.

131. 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.

132. D — 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.

133. B — 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.

134. A — 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.

135. C — 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.

136. D — 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.

137. B — 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.

138. B — 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.

139. A — 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.

140. C — 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.

141. D — 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.

142. C — 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.

143. B — 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.

144. A — 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.

145. D — 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.