PRACTICE EXAM 3: TEXAS PROPERTY AND CASUALTY INSURANCE LICENSE

This full-length practice exam contains 145 multiple-choice questions. Simulate the Texas General Lines - Property and Casualty examination by allowing 150 minutes. Select the single best answer for each question, then use the answer key and explanations to review your results.

1. During a Texas P&C licensing review, an applicant encounters a situation involving a named-peril homeowners form covering listed causes of loss. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Privacy notice
B. Speculative risk
C. HO-2
D. Vicarious liability

2. During a Texas P&C licensing review, an applicant encounters a situation involving a homeowners form using open-peril coverage for the dwelling subject to exclusions. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Financial responsibility law
B. Collision coverage
C. HO-3
D. Concealment

3. During a Texas P&C licensing review, an applicant encounters a situation involving a tenants form designed primarily for a renter's personal property and liability needs. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Deductible

B. National Flood Insurance Program
C. Salvage value
D. HO-4

4. During a Texas P&C licensing review, an applicant encounters a situation involving a homeowners form with broad open-peril protection for dwelling and personal property subject to exclusions. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. HO-5
B. Retroactive date
C. Homeowners cancellation rules
D. Insurance adjuster

5. During a Texas P&C licensing review, an applicant encounters a situation involving a unit-owners form for condominium owners and their covered personal property. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Consent to settle
B. HO-6
C. Umbrella liability
D. Law of large numbers

6. During a Texas P&C licensing review, an applicant encounters a situation involving a modified-coverage homeowners form often used for older homes with limited perils. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Texas FAIR Plan Association
B. Bodily injury liability
C. HO-8
D. Subrogation

7. During a Texas P&C licensing review, an applicant encounters a situation involving a basic dwelling form providing named-peril protection on a basic basis. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Peril
B. DP-1
C. Punitive damages
D. Builders risk policy

8. During a Texas P&C licensing review, an applicant encounters a situation involving a broad dwelling form with named-peril coverage and broader loss settlement features. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Texas workers compensation
B. Products-completed operations
C. Nonresident license
D. DP-2

9. During a Texas P&C licensing review, an applicant encounters a situation involving a special dwelling form that generally uses open-peril coverage on the dwelling. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. DP-3
B. Farmowners policy
C. Employment practices liability
D. Unoccupancy

10. During a Texas P&C licensing review, an applicant encounters a situation involving a package policy that combines eligible commercial coverages under one policy. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Commercial Package Policy

B. First named insured
C. Misrepresentation
D. Notice of claim

11. During a Texas P&C licensing review, an applicant encounters a situation involving coverage for a business building and eligible business personal property. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Moral hazard
B. Business income coverage
C. Compensatory damages
D. Commercial property policy

12. During a Texas P&C licensing review, an applicant encounters a situation involving coverage for lost income caused by a covered suspension of operations. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Uninsured motorist coverage
B. Fair Credit Reporting Act
C. Business income coverage
D. Nonadmitted insurer

13. During a Texas P&C licensing review, an applicant encounters a situation involving coverage for necessary additional costs that help avoid or reduce a business interruption. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Cancellation
B. Extra expense coverage
C. Fidelity bond
D. Earthquake endorsement

14. During a Texas P&C licensing review, an applicant encounters a situation involving coverage responding to certain direct damage and loss caused by covered equipment breakdown. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Personal and advertising injury
B. Equipment breakdown coverage
C. Risk manager
D. Named insured

15. During a Texas P&C licensing review, an applicant encounters a situation involving property coverage for a building or structure while it is under construction. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Insurable interest
B. Businessowners policy
C. Builders risk policy
D. DP-3

16. During a Texas P&C licensing review, an applicant encounters a situation involving scheduled inland marine coverage for specified valuable personal property. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Texas Windstorm Insurance Association
B. Consideration
C. Alien insurer
D. Personal articles floater

17. During a Texas P&C licensing review, an applicant encounters a situation involving coverage for eligible property that is mobile, movable, or uniquely exposed. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Commercial inland marine

B. Personal articles floater
C. Exclusive remedy
D. Deposit premium

18. During a Texas P&C licensing review, an applicant encounters a situation involving the federal program that provides flood insurance through participating communities. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Managing general agent
B. Occurrence form
C. National Flood Insurance Program
D. Insuring agreement

19. During a Texas P&C licensing review, an applicant encounters a situation involving an endorsement that adds or modifies coverage for earthquake loss. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Windstorm coverage
B. Earthquake endorsement
C. Cyber liability
D. HO-8

20. During a Texas P&C licensing review, an applicant encounters a situation involving a policy tailored to a manufactured or mobile home and its related exposures. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Mobile home policy
B. Appraisal
C. Defamation
D. Certificate of authority

21. During a Texas P&C licensing review, an applicant encounters a situation involving coverage designed for boats and their associated liability exposures. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. General damages
B. Extra expense coverage
C. Garagekeepers coverage
D. Watercraft policy

22. During a Texas P&C licensing review, an applicant encounters a situation involving a package policy combining farm property and personal liability exposures. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Farmowners policy
B. Commercial general liability
C. Agent appointment
D. Endorsement

23. During a Texas P&C licensing review, an applicant encounters a situation involving coverage addressing damage caused by windstorm or hail when included by policy terms. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Mobile home policy
B. HO-4
C. Errors and omissions liability
D. Windstorm coverage

24. During a Texas P&C licensing review, an applicant encounters a situation involving coverage for an insured's own cyber-related loss, expenses, or data restoration. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Controlled business

B. Duties after loss
C. Cyber first-party coverage
D. Terrorism Risk Insurance Act

25. During a Texas P&C licensing review, an applicant encounters a situation involving the principle that larger groups of similar exposure units make loss experience more predictable. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Strict liability
B. Law of large numbers
C. Uninsured motorists coverage
D. Commercial Package Policy

26. During a Texas P&C licensing review, an applicant encounters a situation involving a lawful financial interest in preserving property or avoiding a loss. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Insurable interest
B. Representation
C. Texas Lloyds
D. Replacement cost

27. During a Texas P&C licensing review, an applicant encounters a situation involving a chance of loss or no loss, without the possibility of gain. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Commercial inland marine
B. Pure risk
C. Employee dishonesty coverage
D. Rate and form regulation

28. During a Texas P&C licensing review, an applicant encounters a situation involving a chance of loss, no loss, or gain that is generally not insurable. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Surplus lines agent

B. Condition

C. Speculative risk

D. Application

29. During a Texas P&C licensing review, an applicant encounters a situation involving a hazard arising from dishonesty or character defects that increase loss frequency or severity. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Liquor liability

B. DP-1

C. Combined single limit

D. Moral hazard

30. During a Texas P&C licensing review, an applicant encounters a situation involving a hazard arising from carelessness or indifference to loss because insurance exists. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Indemnity

B. Other insurance clause

C. Domestic insurer

D. Morale hazard

31. During a Texas P&C licensing review, an applicant encounters a situation involving a tangible condition that increases the chance or severity of loss. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Equipment breakdown coverage

B. Physical hazard
C. Workers compensation
D. Surplus lines insurance

32. During a Texas P&C licensing review, an applicant encounters a situation involving the direct cause of a loss, such as fire or theft. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Temporary license
B. Blanket insurance
C. Peril
D. Loss settlement

33. During a Texas P&C licensing review, an applicant encounters a situation involving the dominant cause that sets an unbroken chain of events leading to loss. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Proximate cause
B. HO-5
C. Personal auto policy
D. Directors and officers liability

34. During a Texas P&C licensing review, an applicant encounters a situation involving the principle of restoring an insured financially without allowing profit from a loss. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Indemnity
B. Proof of loss
C. Supplementary payment
D. Physical hazard

35. During a Texas P&C licensing review, an applicant encounters a situation involving the amount of a covered loss that the insured retains before policy payment applies. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Commercial property policy
B. Deductible
C. Underinsured motorists coverage
D. Transportation network company coverage

36. During a Texas P&C licensing review, an applicant encounters a situation involving replacement cost reduced by applicable depreciation. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Admitted insurer
B. Coinsurance
C. Actual cash value
D. Vacancy

37. During a Texas P&C licensing review, an applicant encounters a situation involving the cost to replace damaged property with like kind and quality without depreciation when policy conditions are met. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Surety bond
B. HO-2
C. Supplementary payments
D. Replacement cost

38. During a Texas P&C licensing review, an applicant encounters a situation involving a provision requiring insurance to value and reducing payment when the requirement is not met. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Privacy notice

B. Exclusion
C. Coinsurance
D. Speculative risk

39. During a Texas P&C licensing review, an applicant encounters a situation involving temporary evidence of insurance pending issuance of the policy. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Binder
B. DP-2
C. Collision coverage
D. Financial responsibility law

40. During a Texas P&C licensing review, an applicant encounters a situation involving a written change that adds, deletes, or modifies policy terms. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Foreign insurer
B. Deductible
C. Salvage value
D. Endorsement

41. During a Texas P&C licensing review, an applicant encounters a situation involving coverage written for more than one item or location under a single limit. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Employers liability
B. Blanket insurance
C. Retroactive date
D. Homeowners cancellation rules

42. During a Texas P&C licensing review, an applicant encounters a situation involving the policy section identifying the insured, coverage limits, premium, and other basic facts. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Supplementary payments
B. Declarations
C. Rebating
D. Proof of loss

43. During a Texas P&C licensing review, an applicant encounters a situation involving the policy language stating the insurer's broad promise to pay or provide coverage. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. HO-6
B. Bodily injury liability
C. Insuring agreement
D. Texas FAIR Plan Association

44. During a Texas P&C licensing review, an applicant encounters a situation involving a policy requirement that must be met for coverage obligations to apply. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Commissioner of Insurance
B. Peril
C. Punitive damages
D. Condition

45. During a Texas P&C licensing review, an applicant encounters a situation involving policy language removing a specified loss, property, person, or circumstance from coverage. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Exclusion

B. Texas workers compensation
C. Products-completed operations
D. Temporary substitute auto

46. During a Texas P&C licensing review, an applicant encounters a situation involving the person or organization specifically listed in the declarations. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Named insured
B. Binder
C. Unoccupancy
D. Farmowners policy

47. During a Texas P&C licensing review, an applicant encounters a situation involving the insured's required actions following a loss, such as prompt notice and protecting property. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. HO-3
B. First named insured
C. Duties after loss
D. Misrepresentation

48. During a Texas P&C licensing review, an applicant encounters a situation involving a formal statement supporting a claim and describing the amount and circumstances of loss. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Underwriting information
B. Proof of loss
C. Moral hazard
D. Compensatory damages

49. During a Texas P&C licensing review, an applicant encounters a situation involving prompt communication to the insurer that a loss or potential claim has occurred. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Other-than-collision coverage
B. Uninsured motorist coverage
C. Fair Credit Reporting Act
D. Notice of claim

50. During a Texas P&C licensing review, an applicant encounters a situation involving a procedure used to resolve a disagreement over the amount of property loss. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Appraisal
B. Actual cash value
C. Cancellation
D. Earthquake endorsement

51. During a Texas P&C licensing review, an applicant encounters a situation involving policy language addressing how coverage applies when more than one policy may respond. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Auto cancellation rules
B. Personal and advertising injury
C. Other insurance clause
D. Risk manager

52. During a Texas P&C licensing review, an applicant encounters a situation involving the insurer's right to pursue a responsible third party after paying a covered loss. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Policy territory

B. Insurable interest
C. Businessowners policy
D. Subrogation

53. During a Texas P&C licensing review, an applicant encounters a situation involving the exchange of value required for a valid insurance contract, including premium and the insurer's promise. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Property damage liability
B. Consideration
C. Temporary substitute auto
D. Texas Windstorm Insurance Association

54. During a Texas P&C licensing review, an applicant encounters a situation involving a statement made by an applicant that is believed true to the best of the applicant's knowledge. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Representation
B. Proximate cause
C. Deposit premium
D. Personal articles floater

55. During a Texas P&C licensing review, an applicant encounters a situation involving failure to disclose a material fact that should have been revealed to the insurer. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Texas P&C Guaranty Association
B. Managing general agent
C. Occurrence form
D. Concealment

56. During a Texas P&C licensing review, an applicant encounters a situation involving federal law regulating consumer reports and certain notices related to adverse actions. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Mortgagee clause
B. Windstorm coverage
C. Fair Credit Reporting Act
D. Cyber liability

57. During a Texas P&C licensing review, an applicant encounters a situation involving liability coverage for bodily injury, property damage, and other covered liability exposures. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Aggregate limit
B. Commercial general liability
C. Appraisal
D. Defamation

58. During a Texas P&C licensing review, an applicant encounters a situation involving a CGL exposure arising from ongoing operations or conditions at insured premises. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Premises and operations
B. Morale hazard
C. General damages
D. Extra expense coverage

59. During a Texas P&C licensing review, an applicant encounters a situation involving a CGL exposure arising from products or completed work after operations are finished. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Personal injury protection

B. Products-completed operations
C. Commercial general liability
D. Agent appointment

60. During a Texas P&C licensing review, an applicant encounters a situation involving a liability form triggered by bodily injury or property damage occurring during the policy period. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Nonrenewal
B. Mobile home policy
C. Errors and omissions liability
D. Occurrence form

61. During a Texas P&C licensing review, an applicant encounters a situation involving a liability form generally triggered by a claim first made during the policy period subject to its terms. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Medical payments coverage
B. Controlled business
C. Claims-made form
D. Duties after loss

62. During a Texas P&C licensing review, an applicant encounters a situation involving the date after which an act or occurrence must happen to be eligible under a claims-made policy. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Pure risk
B. Retroactive date
C. Strict liability
D. Commercial Package Policy

63. During a Texas P&C licensing review, an applicant encounters a situation involving CGL Coverage B protection for specified nonphysical injuries such as certain offenses. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Texas Automobile Insurance Plan Association
B. Texas Lloyds
C. Representation
D. Personal and advertising injury

64. During a Texas P&C licensing review, an applicant encounters a situation involving coverage for certain medical expenses regardless of fault, subject to policy terms. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Medical payments coverage
B. Commercial inland marine
C. Certificate of insurance
D. Employee dishonesty coverage

65. During a Texas P&C licensing review, an applicant encounters a situation involving payments made in addition to liability limits for specified claim or defense expenses. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Claims-made form
B. Surplus lines agent
C. Supplementary payments
D. Condition

66. During a Texas P&C licensing review, an applicant encounters a situation involving the primary named insured with specified policy rights and responsibilities. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Liquor liability

B. Cyber first-party coverage
C. First named insured
D. DP-1

67. During a Texas P&C licensing review, an applicant encounters a situation involving the most an insurer will pay for covered losses during the policy period in a stated category. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Aggregate limit
B. Boycott coercion or intimidation
C. Other insurance clause
D. Domestic insurer

68. During a Texas P&C licensing review, an applicant encounters a situation involving a policy combining personal auto liability, medical payments, uninsured motorists, and physical damage coverages. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Special damages
B. Personal auto policy
C. Equipment breakdown coverage
D. Workers compensation

69. During a Texas P&C licensing review, an applicant encounters a situation involving auto liability coverage for damages because of injury or death to others. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Premises and operations
B. Temporary license
C. Blanket insurance
D. Bodily injury liability

70. During a Texas P&C licensing review, an applicant encounters a situation involving auto liability coverage for damage to another person's property caused by an insured auto. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Watercraft policy
B. Property damage liability
C. Directors and officers liability
D. HO-5

71. During a Texas P&C licensing review, an applicant encounters a situation involving one liability limit available for bodily injury and property damage combined. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Combined single limit
B. Rebating
C. Proof of loss
D. Supplementary payment

72. During a Texas P&C licensing review, an applicant encounters a situation involving physical damage coverage for upset of or impact with another vehicle or object. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Vicarious liability
B. Commercial property policy
C. Collision coverage
D. Underinsured motorists coverage

73. During a Texas P&C licensing review, an applicant encounters a situation involving physical damage coverage for specified noncollision causes such as theft or fire. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Concealment

B. Admitted insurer
C. Coinsurance
D. Other-than-collision coverage

74. During a Texas P&C licensing review, an applicant encounters a situation involving coverage for damages caused by an uninsured or hit-and-run driver, subject to policy terms. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Surety bond
B. National Flood Insurance Program
C. Uninsured motorists coverage
D. HO-2

75. During a Texas P&C licensing review, an applicant encounters a situation involving coverage for damages when an at-fault driver's liability limits are insufficient. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Insurance adjuster
B. Privacy notice
C. Exclusion
D. Underinsured motorists coverage

76. During a Texas P&C licensing review, an applicant encounters a situation involving a nonowned auto used temporarily while a covered auto is out of normal use. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Temporary substitute auto
B. DP-2
C. Umbrella liability
D. Collision coverage

77. During a Texas P&C licensing review, an applicant encounters a situation involving coverage for customers' autos in the care, custody, or control of an auto business. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Subrogation
B. Garagekeepers coverage
C. Deductible
D. Foreign insurer

78. During a Texas P&C licensing review, an applicant encounters a situation involving coverage for statutory benefits arising from compensable work-related injury or illness. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Builders risk policy
B. Workers compensation
C. Employers liability
D. Homeowners cancellation rules

79. During a Texas P&C licensing review, an applicant encounters a situation involving coverage for certain employer liability claims outside workers compensation benefits. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Nonresident license
B. Consent to settle
C. Declarations
D. Employers liability

80. During a Texas P&C licensing review, an applicant encounters a situation involving the principle that workers compensation benefits generally replace employee lawsuits against the employer. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Employment practices liability

B. HO-6
C. Exclusive remedy
D. Bodily injury liability

81. During a Texas P&C licensing review, an applicant encounters a situation involving crime coverage for direct loss caused by dishonest acts of employees. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Employee dishonesty coverage
B. Commissioner of Insurance
C. Peril
D. Notice of claim

82. During a Texas P&C licensing review, an applicant encounters a situation involving a three-party agreement guaranteeing that a principal will meet an obligation to an obligee. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Business income coverage
B. Surety bond
C. Temporary substitute auto
D. Texas workers compensation

83. During a Texas P&C licensing review, an applicant encounters a situation involving a bond protecting an employer against dishonest acts of covered employees. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Nonadmitted insurer
B. Binder
C. Fidelity bond
D. Unoccupancy

84. During a Texas P&C licensing review, an applicant encounters a situation involving professional liability coverage for negligent acts, errors, or omissions in professional services. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Fidelity bond

B. HO-3

C. First named insured

D. Errors and omissions liability

85. During a Texas P&C licensing review, an applicant encounters a situation involving liability coverage for certain wrongful acts of corporate directors and officers. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Directors and officers liability

B. Underwriting information

C. Moral hazard

D. Named insured

86. During a Texas P&C licensing review, an applicant encounters a situation involving liability coverage for specified employment-related wrongful acts. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Employment practices liability

B. DP-3

C. Other-than-collision coverage

D. Uninsured motorist coverage

87. During a Texas P&C licensing review, an applicant encounters a situation involving liability coverage for certain third-party claims arising from cyber incidents or privacy failures. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Alien insurer

B. Cyber liability
C. Actual cash value
D. Cancellation

88. During a Texas P&C licensing review, an applicant encounters a situation involving liability coverage for certain injuries or damage arising from furnishing alcoholic beverages. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Exclusive remedy
B. Auto cancellation rules
C. Personal and advertising injury
D. Liquor liability

89. During a Texas P&C licensing review, an applicant encounters a situation involving liability coverage that provides higher limits over scheduled underlying policies and may broaden coverage. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Insuring agreement
B. Policy territory
C. Umbrella liability
D. Insurable interest

90. During a Texas P&C licensing review, an applicant encounters a situation involving a package policy for eligible small to medium commercial risks combining property and liability coverage. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Businessowners policy
B. HO-8
C. Property damage liability
D. Texas Windstorm Insurance Association

91. During a Texas P&C licensing review, an applicant encounters a situation involving liability imposed without proof of negligence when law makes the activity or condition responsible. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Certificate of authority
B. Strict liability
C. Proximate cause
D. Deposit premium

92. During a Texas P&C licensing review, an applicant encounters a situation involving liability imposed on one party for the acts of another because of their relationship. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Garagekeepers coverage
B. Texas P&C Guaranty Association
C. Occurrence form
D. Vicarious liability

93. During a Texas P&C licensing review, an applicant encounters a situation involving damages intended to compensate an injured party for an actual loss. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Endorsement
B. Compensatory damages
C. Windstorm coverage
D. Mortgagee clause

94. During a Texas P&C licensing review, an applicant encounters a situation involving compensatory damages for nonmonetary harm such as pain and suffering. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Aggregate limit

B. HO-4
C. General damages
D. Defamation

95. During a Texas P&C licensing review, an applicant encounters a situation involving compensatory damages for measurable financial loss such as medical bills or lost wages. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Terrorism Risk Insurance Act
B. General damages
C. Morale hazard
D. Special damages

96. During a Texas P&C licensing review, an applicant encounters a situation involving damages intended to punish especially wrongful conduct rather than compensate loss. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Punitive damages
B. Personal injury protection
C. Uninsured motorists coverage
D. Commercial general liability

97. During a Texas P&C licensing review, an applicant encounters a situation involving an estimated premium paid initially and adjusted after an audit when exposure is determined. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Replacement cost
B. Nonrenewal
C. Deposit premium
D. Mobile home policy

98. During a Texas P&C licensing review, an applicant encounters a situation involving evidence that insurance exists, not a document that changes the policy itself. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Controlled business
B. Rate and form regulation
C. Medical payments coverage
D. Certificate of insurance

99. During a Texas P&C licensing review, an applicant encounters a situation involving the value remaining in damaged property after a loss. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Application
B. Salvage value
C. Pure risk
D. Strict liability

100. During a Texas P&C licensing review, an applicant encounters a situation involving termination of a policy before its stated expiration date under the policy and applicable law. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Cancellation
B. Texas Automobile Insurance Plan Association
C. Combined single limit
D. Representation

101. During a Texas P&C licensing review, an applicant encounters a situation involving a decision not to continue a policy at the end of its policy period. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Indemnity

B. Certificate of insurance
C. Nonrenewal
D. Commercial inland marine

102. During a Texas P&C licensing review, an applicant encounters a situation involving a condition in which a building is substantially empty of contents and occupants for the required period. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Claims-made form
B. Surplus lines insurance
C. Vacancy
D. Surplus lines agent

103. During a Texas P&C licensing review, an applicant encounters a situation involving a condition in which a building contains contents but no one is living or working there. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Loss settlement
B. Liquor liability
C. Cyber first-party coverage
D. Unoccupancy

104. During a Texas P&C licensing review, an applicant encounters a situation involving policy language protecting a mortgagee's interest in covered property subject to its terms. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Mortgagee clause
B. Boycott coercion or intimidation
C. Personal auto policy
D. Other insurance clause

105. During a Texas P&C licensing review, an applicant encounters a situation involving the policy method for determining the amount paid after a covered property loss. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Physical hazard
B. Loss settlement
C. Equipment breakdown coverage
D. Special damages

106. During a Texas P&C licensing review, an applicant encounters a situation involving a provision requiring the insured's agreement before an insurer settles certain liability claims. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Transportation network company coverage
B. Consent to settle
C. Premises and operations
D. Temporary license

107. During a Texas P&C licensing review, an applicant encounters a situation involving the geographic area where a policy's coverage applies. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Policy territory
B. Vacancy
C. Watercraft policy
D. Directors and officers liability

108. During a Texas P&C licensing review, an applicant encounters a situation involving the form used to collect underwriting information and request insurance coverage. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Supplementary payments

B. Rebating
C. Application
D. Proof of loss

109. During a Texas P&C licensing review, an applicant encounters a situation involving a notice explaining the insurer's information practices as required by applicable privacy law. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Speculative risk
B. Vicarious liability
C. Commercial property policy
D. Privacy notice

110. During a Texas P&C licensing review, an applicant encounters a situation involving data used by an insurer to evaluate eligibility, pricing, and policy terms. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Admitted insurer
B. Financial responsibility law
C. Concealment
D. Underwriting information

111. During a Texas P&C licensing review, an applicant encounters a situation involving federal law creating a program for certain certified acts of terrorism and related disclosures. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Terrorism Risk Insurance Act
B. Salvage value
C. National Flood Insurance Program
D. Surety bond

112. During a Texas P&C licensing review, an applicant encounters a situation involving a specified defense or claim expense payment that may be paid in addition to liability limits. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Retroactive date
B. Supplementary payment
C. Insurance adjuster
D. Exclusion

113. During a Texas P&C licensing review, an applicant encounters a situation involving the Texas official with regulatory powers and duties under the Insurance Code. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Law of large numbers
B. Umbrella liability
C. Commissioner of Insurance
D. DP-2

114. During a Texas P&C licensing review, an applicant encounters a situation involving state authorization permitting an insurer to transact insurance in Texas. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Subrogation
B. Texas FAIR Plan Association
C. Certificate of authority
D. Foreign insurer

115. During a Texas P&C licensing review, an applicant encounters a situation involving an insurer organized under the laws of Texas. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Punitive damages

B. Domestic insurer
C. Builders risk policy
D. Employers liability

116. During a Texas P&C licensing review, an applicant encounters a situation involving an insurer organized under the laws of another United States jurisdiction. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Products-completed operations
B. Nonresident license
C. Declarations
D. Foreign insurer

117. During a Texas P&C licensing review, an applicant encounters a situation involving an insurer organized under the laws of a country other than the United States. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Alien insurer
B. Employment practices liability
C. HO-6
D. Farmowners policy

118. During a Texas P&C licensing review, an applicant encounters a situation involving a Texas insurance arrangement in which underwriters act through an attorney in fact. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Notice of claim
B. Misrepresentation
C. Texas Lloyds
D. Commissioner of Insurance

119. During a Texas P&C licensing review, an applicant encounters a situation involving an insurer authorized by the state to transact the relevant line of insurance. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Admitted insurer
B. Compensatory damages
C. Business income coverage
D. Temporary substitute auto

120. During a Texas P&C licensing review, an applicant encounters a situation involving an insurer not authorized to transact the relevant line as an admitted insurer in the state. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Fair Credit Reporting Act
B. Nonadmitted insurer
C. Homeowners cancellation rules
D. Retroactive date

121. During a Texas P&C licensing review, an applicant encounters a situation involving authorization by an insurer for an agent to act on its behalf as required by law. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Earthquake endorsement
B. Fidelity bond
C. HO-3
D. Agent appointment

122. During a Texas P&C licensing review, an applicant encounters a situation involving a time-limited Texas license issued when statutory requirements are met. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Risk manager

B. Temporary license
C. Named insured
D. Underwriting information

123. During a Texas P&C licensing review, an applicant encounters a situation involving a Texas license issued to a qualified applicant whose home state is elsewhere. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Businessowners policy
B. Other-than-collision coverage
C. DP-3
D. Nonresident license

124. During a Texas P&C licensing review, an applicant encounters a situation involving a person or entity with delegated underwriting or administrative authority meeting statutory criteria. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Consideration
B. Alien insurer
C. Managing general agent
D. Actual cash value

125. During a Texas P&C licensing review, an applicant encounters a situation involving a specially licensed agent who places eligible insurance with authorized surplus lines insurers. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Surplus lines agent
B. Exclusive remedy
C. Auto cancellation rules
D. Personal articles floater

126. During a Texas P&C licensing review, an applicant encounters a situation involving a person who investigates, negotiates, or settles property and casualty claims as defined by law. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Insuring agreement
B. Managing general agent
C. Insurance adjuster
D. Policy territory

127. During a Texas P&C licensing review, an applicant encounters a situation involving a person who manages an organization's insurance and risk exposures under the applicable licensing law. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Cyber liability
B. Risk manager
C. HO-8
D. Property damage liability

128. During a Texas P&C licensing review, an applicant encounters a situation involving insurance written primarily on the agent, family, or business interests and subject to legal restrictions. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Appraisal
B. Certificate of authority
C. Proximate cause
D. Controlled business

129. During a Texas P&C licensing review, an applicant encounters a situation involving offering an unauthorized inducement not stated in the policy to persuade a purchase. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Rebating

B. Garagekeepers coverage
C. Texas P&C Guaranty Association
D. Extra expense coverage

130. During a Texas P&C licensing review, an applicant encounters a situation involving making an untrue, misleading, or deceptive statement about insurance or policy terms. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Mortgagee clause
B. Agent appointment
C. Endorsement
D. Misrepresentation

131. During a Texas P&C licensing review, an applicant encounters a situation involving making a false, malicious statement that harms an insurer's financial reputation. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Errors and omissions liability
B. Defamation
C. HO-4
D. Aggregate limit

132. During a Texas P&C licensing review, an applicant encounters a situation involving an unfair practice involving improper pressure to restrict insurance transactions. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Duties after loss
B. Terrorism Risk Insurance Act
C. Boycott coercion or intimidation
D. Morale hazard

133. During a Texas P&C licensing review, an applicant encounters a situation involving the residual market mechanism intended to provide eligible property insurance when coverage is unavailable in the voluntary market. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Texas FAIR Plan Association
B. Uninsured motorists coverage
C. Personal injury protection
D. Commercial Package Policy

134. During a Texas P&C licensing review, an applicant encounters a situation involving the residual market insurer for eligible windstorm and hail coverage in designated coastal areas. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Texas Lloyds
B. Texas Windstorm Insurance Association
C. Replacement cost
D. Nonrenewal

135. During a Texas P&C licensing review, an applicant encounters a situation involving the residual market mechanism for eligible drivers unable to obtain auto insurance in the voluntary market. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Employee dishonesty coverage
B. Medical payments coverage
C. Rate and form regulation
D. Texas Automobile Insurance Plan Association

136. During a Texas P&C licensing review, an applicant encounters a situation involving Texas law requiring proof of financial responsibility for motor vehicle operation. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Financial responsibility law
B. Application
C. Condition
D. Pure risk

137. During a Texas P&C licensing review, an applicant encounters a situation involving Texas auto coverage that insurers must offer subject to applicable rejection requirements. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. DP-1
B. Combined single limit
C. Uninsured motorist coverage
D. Texas Automobile Insurance Plan Association

138. During a Texas P&C licensing review, an applicant encounters a situation involving Texas auto coverage that insurers must offer subject to applicable rejection requirements. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Certificate of insurance
B. Domestic insurer
C. Indemnity
D. Personal injury protection

139. During a Texas P&C licensing review, an applicant encounters a situation involving insurance requirements applicable when a driver is logged on to a transportation network company's digital network. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Workers compensation
B. Transportation network company coverage
C. Surplus lines insurance
D. Claims-made form

140. During a Texas P&C licensing review, an applicant encounters a situation involving the Texas system addressing benefits and obligations for covered work-related injuries. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Texas workers compensation
B. Loss settlement
C. Blanket insurance
D. Cyber first-party coverage

141. During a Texas P&C licensing review, an applicant encounters a situation involving the association providing specified protection when a member property and casualty insurer becomes impaired. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. HO-5
B. Personal auto policy
C. Texas P&C Guaranty Association
D. Boycott coercion or intimidation

142. During a Texas P&C licensing review, an applicant encounters a situation involving insurance placed with an eligible surplus lines insurer when statutory conditions are satisfied. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Physical hazard
B. Supplementary payment
C. Surplus lines insurance
D. Special damages

143. During a Texas P&C licensing review, an applicant encounters a situation involving Texas legal requirements governing cancellation or nonrenewal of certain homeowners policies. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Underinsured motorists coverage

B. Premises and operations

C. Transportation network company coverage

D. Homeowners cancellation rules

144. During a Texas P&C licensing review, an applicant encounters a situation involving Texas legal requirements governing cancellation or nonrenewal of certain auto policies. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. Auto cancellation rules

B. Vacancy

C. Coinsurance

D. Watercraft policy

145. During a Texas P&C licensing review, an applicant encounters a situation involving Texas regulation governing insurer rate and policy form requirements where applicable. Which answer most accurately identifies the applicable term, coverage, or policy form?

A. HO-2

B. Rate and form regulation

C. Rebating

D. Supplementary payments

Practice Exam 3: Answer Key and Explanations

1. C — HO-2 is the correct selection. The situation describes a named-peril homeowners form covering listed causes of loss, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one term that directly

2. C — HO-3 is the correct selection. The situation describes a homeowners form using open-peril coverage for the dwelling subject to exclusions, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one

3. D — HO-4 is the correct selection. The situation describes a tenants form designed primarily for a renter's personal property and liability needs, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

4. A — HO-5 is the correct selection. The situation describes a homeowners form with broad open-peril protection for dwelling and personal property subject to exclusions, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

5. B — HO-6 is the correct selection. The situation describes a unit-owners form for condominium owners and their covered personal property, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one term

6. C — HO-8 is the correct selection. The situation describes a modified-coverage homeowners form often used for older homes with limited perils, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one

7. B — DP-1 is the correct selection. The situation describes a basic dwelling form providing named-peril protection on a basic basis, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one term

8. D — DP-2 is the correct selection. The situation describes a broad dwelling form with named-peril coverage and broader loss settlement features, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one

9. A — DP-3 is the correct selection. The situation describes a special dwelling form that generally uses open-peril coverage on the dwelling, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one

10. A — Commercial Package Policy is the correct selection. The situation describes a package policy that combines eligible commercial coverages under one policy, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

11. D — Commercial property policy is the correct selection. The situation describes coverage for a business building and eligible business personal property, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one

12. C — Business income coverage is the correct selection. The situation describes coverage for lost income caused by a covered suspension of operations, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

13. B — Extra expense coverage is the correct selection. The situation describes coverage for necessary additional costs that help avoid or reduce a business interruption, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

14. B — Equipment breakdown coverage is the correct selection. The situation describes coverage responding to certain direct damage and loss caused by covered equipment breakdown, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

15. C — Builders risk policy is the correct selection. The situation describes property coverage for a building or structure while it is under construction, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

16. D — Personal articles floater is the correct selection. The situation describes scheduled inland marine coverage for specified valuable personal property, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one term

17. A — Commercial inland marine is the correct selection. The situation describes coverage for eligible property that is mobile, movable, or uniquely exposed, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

18. C — National Flood Insurance Program is the correct selection. The situation describes the federal program that provides flood insurance through participating communities, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

19. B — Earthquake endorsement is the correct selection. The situation describes an endorsement that adds or modifies coverage for earthquake loss, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one term

20. A — Mobile home policy is the correct selection. The situation describes a policy tailored to a manufactured or mobile home and its related exposures, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

21. D — Watercraft policy is the correct selection. The situation describes coverage designed for boats and their associated liability exposures, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one term that

22. A — Farmowners policy is the correct selection. The situation describes a package policy combining farm property and personal liability exposures, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one term

23. D — Windstorm coverage is the correct selection. The situation describes coverage addressing damage caused by windstorm or hail when included by policy terms, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

24. C — Cyber first-party coverage is the correct selection. The situation describes coverage for an insured's own cyber-related loss, expenses, or data restoration, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

25. B — Law of large numbers is the correct selection. The situation describes the principle that larger groups of similar exposure units make loss experience more predictable, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the

26. A — Insurable interest is the correct selection. The situation describes a lawful financial interest in preserving property or avoiding a loss, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one

27. B — Pure risk is the correct selection. The situation describes a chance of loss or no loss, without the possibility of gain, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

28. C — Speculative risk is the correct selection. The situation describes a chance of loss, no loss, or gain that is generally not insurable, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

29. D — Moral hazard is the correct selection. The situation describes a hazard arising from dishonesty or character defects that increase loss frequency or severity, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

30. D — Morale hazard is the correct selection. The situation describes a hazard arising from carelessness or indifference to loss because insurance exists, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

31. B — Physical hazard is the correct selection. The situation describes a tangible condition that increases the chance or severity of loss, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one

32. C — Peril is the correct selection. The situation describes the direct cause of a loss, such as fire or theft, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one term

33. A — Proximate cause is the correct selection. The situation describes the dominant cause that sets an unbroken chain of events leading to loss, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

34. A — Indemnity is the correct selection. The situation describes the principle of restoring an insured financially without allowing profit from a loss, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

35. B — Deductible is the correct selection. The situation describes the amount of a covered loss that the insured retains before policy payment applies, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

36. C — Actual cash value is the correct selection. The situation describes replacement cost reduced by applicable depreciation, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one term that directly applies.

37. D — Replacement cost is the correct selection. The situation describes the cost to replace damaged property with like kind and quality without depreciation when policy conditions are met, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts

38. C — Coinsurance is the correct selection. The situation describes a provision requiring insurance to value and reducing payment when the requirement is not met, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

39. A — Binder is the correct selection. The situation describes temporary evidence of insurance pending issuance of the policy, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one term that directly

40. D — Endorsement is the correct selection. The situation describes a written change that adds, deletes, or modifies policy terms, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one term that

41. B — Blanket insurance is the correct selection. The situation describes coverage written for more than one item or location under a single limit, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

42. B — Declarations is the correct selection. The situation describes the policy section identifying the insured, coverage limits, premium, and other basic facts, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

43. C — Insuring agreement is the correct selection. The situation describes the policy language stating the insurer's broad promise to pay or provide coverage, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

44. D — Condition is the correct selection. The situation describes a policy requirement that must be met for coverage obligations to apply, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one

45. A — Exclusion is the correct selection. The situation describes policy language removing a specified loss, property, person, or circumstance from coverage, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one

46. A — Named insured is the correct selection. The situation describes the person or organization specifically listed in the declarations, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one term that

47. C — Duties after loss is the correct selection. The situation describes the insured's required actions following a loss, such as prompt notice and protecting property, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question

48. B — Proof of loss is the correct selection. The situation describes a formal statement supporting a claim and describing the amount and circumstances of loss, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question

49. D — Notice of claim is the correct selection. The situation describes prompt communication to the insurer that a loss or potential claim has occurred, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

50. A — Appraisal is the correct selection. The situation describes a procedure used to resolve a disagreement over the amount of property loss, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

51. C — Other insurance clause is the correct selection. The situation describes policy language addressing how coverage applies when more than one policy may respond, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

52. D — Subrogation is the correct selection. The situation describes the insurer's right to pursue a responsible third party after paying a covered loss, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

53. B — Consideration is the correct selection. The situation describes the exchange of value required for a valid insurance contract, including premium and the insurer's promise, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question

54. A — Representation is the correct selection. The situation describes a statement made by an applicant that is believed true to the best of the applicant's knowledge, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the

55. D — Concealment is the correct selection. The situation describes failure to disclose a material fact that should have been revealed to the insurer, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

56. C — Fair Credit Reporting Act is the correct selection. The situation describes federal law regulating consumer reports and certain notices related to adverse actions, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

57. B — Commercial general liability is the correct selection. The situation describes liability coverage for bodily injury, property damage, and other covered liability exposures, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

58. A — Premises and operations is the correct selection. The situation describes a CGL exposure arising from ongoing operations or conditions at insured premises, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

59. B — Products-completed operations is the correct selection. The situation describes a CGL exposure arising from products or completed work after operations are finished, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

60. D — Occurrence form is the correct selection. The situation describes a liability form triggered by bodily injury or property damage occurring during the policy period, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question

61. C — Claims-made form is the correct selection. The situation describes a liability form generally triggered by a claim first made during the policy period subject to its terms, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts

62. B — Retroactive date is the correct selection. The situation describes the date after which an act or occurrence must happen to be eligible under a claims-made policy, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in

63. D — Personal and advertising injury is the correct selection. The situation describes CGL Coverage B protection for specified nonphysical injuries such as certain offenses, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

64. A — Medical payments coverage is the correct selection. The situation describes coverage for certain medical expenses regardless of fault, subject to policy terms, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

65. C — Supplementary payments is the correct selection. The situation describes payments made in addition to liability limits for specified claim or defense expenses, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

66. C — First named insured is the correct selection. The situation describes the primary named insured with specified policy rights and responsibilities, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one

67. A — Aggregate limit is the correct selection. The situation describes the most an insurer will pay for covered losses during the policy period in a stated category, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in

68. B — Personal auto policy is the correct selection. The situation describes a policy combining personal auto liability, medical payments, uninsured motorists, and physical damage coverages, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question

69. D — Bodily injury liability is the correct selection. The situation describes auto liability coverage for damages because of injury or death to others, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

70. B — Property damage liability is the correct selection. The situation describes auto liability coverage for damage to another person's property caused by an insured auto, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question

71. A — Combined single limit is the correct selection. The situation describes one liability limit available for bodily injury and property damage combined, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

72. C — Collision coverage is the correct selection. The situation describes physical damage coverage for upset of or impact with another vehicle or object, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

73. D — Other-than-collision coverage is the correct selection. The situation describes physical damage coverage for specified noncollision causes such as theft or fire, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

74. C — Uninsured motorists coverage is the correct selection. The situation describes coverage for damages caused by an uninsured or hit-and-run driver, subject to policy terms, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question

75. D — Underinsured motorists coverage is the correct selection. The situation describes coverage for damages when an at-fault driver's liability limits are insufficient, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

76. A — Temporary substitute auto is the correct selection. The situation describes a nonowned auto used temporarily while a covered auto is out of normal use, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question

77. B — Garagekeepers coverage is the correct selection. The situation describes coverage for customers' autos in the care, custody, or control of an auto business, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

78. B — Workers compensation is the correct selection. The situation describes coverage for statutory benefits arising from compensable work-related injury or illness, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one

79. D — Employers liability is the correct selection. The situation describes coverage for certain employer liability claims outside workers compensation benefits, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one term

80. C — Exclusive remedy is the correct selection. The situation describes the principle that workers compensation benefits generally replace employee lawsuits against the employer, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

81. A — Employee dishonesty coverage is the correct selection. The situation describes crime coverage for direct loss caused by dishonest acts of employees, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

82. B — Surety bond is the correct selection. The situation describes a three-party agreement guaranteeing that a principal will meet an obligation to an obligee, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

83. C — Fidelity bond is the correct selection. The situation describes a bond protecting an employer against dishonest acts of covered employees, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one

84. D — Errors and omissions liability is the correct selection. The situation describes professional liability coverage for negligent acts, errors, or omissions in professional services, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

85. A — Directors and officers liability is the correct selection. The situation describes liability coverage for certain wrongful acts of corporate directors and officers, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

86. A — Employment practices liability is the correct selection. The situation describes liability coverage for specified employment-related wrongful acts, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one term that directly

87. B — Cyber liability is the correct selection. The situation describes liability coverage for certain third-party claims arising from cyber incidents or privacy failures, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

88. D — Liquor liability is the correct selection. The situation describes liability coverage for certain injuries or damage arising from furnishing alcoholic beverages, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

89. C — Umbrella liability is the correct selection. The situation describes liability coverage that provides higher limits over scheduled underlying policies and may broaden coverage, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

90. A — Businessowners policy is the correct selection. The situation describes a package policy for eligible small to medium commercial risks combining property and liability coverage, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question

91. B — Strict liability is the correct selection. The situation describes liability imposed without proof of negligence when law makes the activity or condition responsible, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

92. D — Vicarious liability is the correct selection. The situation describes liability imposed on one party for the acts of another because of their relationship, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

93. B — Compensatory damages is the correct selection. The situation describes damages intended to compensate an injured party for an actual loss, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one

94. C — General damages is the correct selection. The situation describes compensatory damages for nonmonetary harm such as pain and suffering, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one term

95. D — Special damages is the correct selection. The situation describes compensatory damages for measurable financial loss such as medical bills or lost wages, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

96. A — Punitive damages is the correct selection. The situation describes damages intended to punish especially wrongful conduct rather than compensate loss, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one

97. C — Deposit premium is the correct selection. The situation describes an estimated premium paid initially and adjusted after an audit when exposure is determined, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

98. D — Certificate of insurance is the correct selection. The situation describes evidence that insurance exists, not a document that changes the policy itself, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

99. B — Salvage value is the correct selection. The situation describes the value remaining in damaged property after a loss, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one term that

100. A — Cancellation is the correct selection. The situation describes termination of a policy before its stated expiration date under the policy and applicable law, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

101. C — Nonrenewal is the correct selection. The situation describes a decision not to continue a policy at the end of its policy period, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

102. C — Vacancy is the correct selection. The situation describes a condition in which a building is substantially empty of contents and occupants for the required period, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the

103. D — Unoccupancy is the correct selection. The situation describes a condition in which a building contains contents but no one is living or working there, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question

104. A — Mortgagee clause is the correct selection. The situation describes policy language protecting a mortgagee's interest in covered property subject to its terms, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

105. B — Loss settlement is the correct selection. The situation describes the policy method for determining the amount paid after a covered property loss, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

106. B — Consent to settle is the correct selection. The situation describes a provision requiring the insured's agreement before an insurer settles certain liability claims, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

107. A — Policy territory is the correct selection. The situation describes the geographic area where a policy's coverage applies, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one term that directly

108. C — Application is the correct selection. The situation describes the form used to collect underwriting information and request insurance coverage, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one term

109. D — Privacy notice is the correct selection. The situation describes a notice explaining the insurer's information practices as required by applicable privacy law, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

110. D — Underwriting information is the correct selection. The situation describes data used by an insurer to evaluate eligibility, pricing, and policy terms, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

111. A — Terrorism Risk Insurance Act is the correct selection. The situation describes federal law creating a program for certain certified acts of terrorism and related disclosures, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the

112. B — Supplementary payment is the correct selection. The situation describes a specified defense or claim expense payment that may be paid in addition to liability limits, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the

113. C — Commissioner of Insurance is the correct selection. The situation describes the Texas official with regulatory powers and duties under the Insurance Code, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

114. C — Certificate of authority is the correct selection. The situation describes state authorization permitting an insurer to transact insurance in Texas, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one

115. B — Domestic insurer is the correct selection. The situation describes an insurer organized under the laws of Texas, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one term that directly

116. D — Foreign insurer is the correct selection. The situation describes an insurer organized under the laws of another United States jurisdiction, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one

117. A — Alien insurer is the correct selection. The situation describes an insurer organized under the laws of a country other than the United States, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

118. C — Texas Lloyds is the correct selection. The situation describes a Texas insurance arrangement in which underwriters act through an attorney in fact, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

119. A — Admitted insurer is the correct selection. The situation describes an insurer authorized by the state to transact the relevant line of insurance, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

120. B — Nonadmitted insurer is the correct selection. The situation describes an insurer not authorized to transact the relevant line as an admitted insurer in the state, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the

121. D — Agent appointment is the correct selection. The situation describes authorization by an insurer for an agent to act on its behalf as required by law, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the

122. B — Temporary license is the correct selection. The situation describes a time-limited Texas license issued when statutory requirements are met, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one term

123. D — Nonresident license is the correct selection. The situation describes a Texas license issued to a qualified applicant whose home state is elsewhere, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

124. C — Managing general agent is the correct selection. The situation describes a person or entity with delegated underwriting or administrative authority meeting statutory criteria, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

125. A — Surplus lines agent is the correct selection. The situation describes a specially licensed agent who places eligible insurance with authorized surplus lines insurers, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

126. C — Insurance adjuster is the correct selection. The situation describes a person who investigates, negotiates, or settles property and casualty claims as defined by law, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question

127. B — Risk manager is the correct selection. The situation describes a person who manages an organization's insurance and risk exposures under the applicable licensing law, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question

128. D — Controlled business is the correct selection. The situation describes insurance written primarily on the agent, family, or business interests and subject to legal restrictions, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question

129. A — Rebating is the correct selection. The situation describes offering an unauthorized inducement not stated in the policy to persuade a purchase, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

130. D — Misrepresentation is the correct selection. The situation describes making an untrue, misleading, or deceptive statement about insurance or policy terms, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one

131. B — Defamation is the correct selection. The situation describes making a false, malicious statement that harms an insurer's financial reputation, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the one term

132. C — Boycott coercion or intimidation is the correct selection. The situation describes an unfair practice involving improper pressure to restrict insurance transactions, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

133. A — Texas FAIR Plan Association is the correct selection. The situation describes the residual market mechanism intended to provide eligible property insurance when coverage is unavailable in the voluntary market, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the

134. B — Texas Windstorm Insurance Association is the correct selection. The situation describes the residual market insurer for eligible windstorm and hail coverage in designated coastal areas, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the

135. D — Texas Automobile Insurance Plan Association is the correct selection. The situation describes the residual market mechanism for eligible drivers unable to obtain auto insurance in the voluntary market, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific

136. A — Financial responsibility law is the correct selection. The situation describes Texas law requiring proof of financial responsibility for motor vehicle operation, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

137. C — Uninsured motorist coverage is the correct selection. The situation describes Texas auto coverage that insurers must offer subject to applicable rejection requirements, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

138. D — Personal injury protection is the correct selection. The situation describes Texas auto coverage that insurers must offer subject to applicable rejection requirements, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify

139. B — Transportation network company coverage is the correct selection. The situation describes insurance requirements applicable when a driver is logged on to a transportation network company's digital network, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts

140. A — Texas workers compensation is the correct selection. The situation describes the Texas system addressing benefits and obligations for covered work-related injuries, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

141. C — Texas P&C Guaranty Association is the correct selection. The situation describes the association providing specified protection when a member property and casualty insurer becomes impaired, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the

142. C — Surplus lines insurance is the correct selection. The situation describes insurance placed with an eligible surplus lines insurer when statutory conditions are satisfied, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to

143. D — Homeowners cancellation rules is the correct selection. The situation describes Texas legal requirements governing cancellation or nonrenewal of certain homeowners policies, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

144. A — Auto cancellation rules is the correct selection. The situation describes Texas legal requirements governing cancellation or nonrenewal of certain auto policies, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify the

145. B — Rate and form regulation is the correct selection. The situation describes Texas regulation governing insurer rate and policy form requirements where applicable, which is the defining feature of that answer. Other options may be connected to property, casualty, contract, or Texas regulation topics, but each has a different function or trigger. Use the specific facts in the question to identify