PRACTICE EXAM 9: TEXAS PROPERTY AND CASUALTY INSURANCE LICENSE (145 QUESTIONS)

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

1. Which property term is best defined as restoring an insured after a covered loss without allowing a profit?

A. Replacement Cost
B. Indemnity
C. Declaration Page
D. Misrepresentation

2. Which property term is best defined as a financial stake in property that could be damaged or destroyed?

A. Endorsement
B. Fire Legal Liability
C. Insurable Interest
D. Cancellation

3. Which property term is best defined as replacement cost reduced by depreciation?

A. Actual Cash Value
B. Business Income Coverage
C. Commercial Output Policy
D. Functional Replacement Cost

4. Which property term is best defined as the cost to replace damaged property with like kind and quality without deducting depreciation?

A. Loss Of Use
B. Replacement Cost
C. Personal Liability
D. Vacancy Permit

5. Which property term is best defined as physical damage caused immediately by a covered peril?

A. Cancellation
B. Other Structures
C. Replacement Cost
D. Direct Loss

6. Which property term is best defined as a financial consequence that follows a direct covered loss?

A. Direct Loss
B. Indirect Loss
C. Homeowners Policy
D. Valuation

7. Which property term is best defined as coverage that applies only to perils specifically listed in the policy?

A. Liberalization Clause
B. Proximate Cause
C. Vacancy Permit
D. Named-Peril Coverage

8. Which property term is best defined as coverage for risks of direct physical loss unless the policy excludes them?

A. Loss Of Use
B. Builders Risk
C. Open-Peril Coverage
D. Personal Property

9. Which property term is best defined as the dominant cause that sets an unbroken chain of events in motion?

A. Proximate Cause
B. Vacancy Permit
C. Binder
D. Concealment

10. Which property term is best defined as a policy condition that restricts certain coverage when a building is vacant?

A. Open-Peril Coverage
B. Binder
C. Flood Exclusion
D. Vacancy Condition

11. Which property term is best defined as the insurer right to pursue a responsible third party after paying a loss?

A. Businessowners Policy
B. Proof Of Loss
C. Subrogation
D. Earth Movement Exclusion

12. Which property term is best defined as remaining property value recovered after a covered loss?

A. Salvage
B. Nonrenewal
C. Vacant Building
D. Commercial Output Policy

13. Which property term is best defined as a provision encouraging insurance to value by sharing an underinsurance penalty?

A. Vacancy Permit
B. Coinsurance Clause
C. Vacant Building
D. Nonrenewal

14. Which property term is best defined as the amount of a covered loss the insured retains before policy payment?

A. Warranty
B. Vacant Building
C. Medical Payments To Others
D. Deductible

15. Which property term is best defined as a policy method for resolving a disagreement over the amount of loss?

A. Fire Legal Liability
B. Agreed Value
C. Appraisal
D. Replacement Cost

16. Which property term is best defined as a provision protecting a mortgagee interest in covered real property?

A. Personal Property
B. Mortgage Clause
C. Appraisal
D. Personal Articles Floater

17. Which property term is best defined as temporary evidence of insurance pending policy issuance?

A. Binder
B. Commercial Crime Coverage
C. Deductible
D. Personal Articles Floater

18. Which property term is best defined as the policy section identifying insureds, limits, premiums, and covered property?

A. Declaration Page
B. Other Structures
C. Binder
D. Inland Marine

19. Which property term is best defined as a written form that adds, removes, or changes policy terms?

A. Ho-3 Form
B. Vacancy Condition
C. Insurable Interest
D. Endorsement

20. Which property term is best defined as the failure to disclose a material fact requested by the insurer?

A. Building And Personal Property Coverage Form
B. Concealment
C. Nonrenewal
D. Indirect Loss

21. Which property term is best defined as an incorrect statement of a material fact made in an insurance application?

A. Indirect Loss
B. Coinsurance Clause
C. Misrepresentation
D. Personal Liability

22. Which property term is best defined as a statement or promise that must be true or performed as required by the policy?

A. Proximate Cause
B. Functional Replacement Cost
C. Misrepresentation
D. Warranty

23. Which property term is best defined as a provision extending broader coverage adopted by the insurer without extra premium?

A. Building And Personal Property Coverage Form
B. Liberalization Clause
C. Indirect Loss
D. Businessowners Policy

24. Which property term is best defined as termination of a policy before its expiration date?

A. Cancellation
B. Insurable Interest
C. Personal Articles Floater
D. Proximate Cause

25. Which property term is best defined as the insurer decision not to continue a policy at the end of its term?

A. Deductible
B. Insurable Interest
C. Nonrenewal
D. Appraisal

26. Which property term is best defined as personal property insurance designed for dwelling premises and related interests?

A. Binder
B. Protective Safeguards
C. Dwelling Policy
D. Warranty

27. Which property term is best defined as a package policy combining property coverage with personal liability coverage?

A. Homeowners Policy
B. Misrepresentation
C. Building And Personal Property Coverage Form
D. Valuation

28. Which property term is best defined as a homeowners form generally using open perils for the dwelling and named perils for personal property?

A. Cancellation
B. Dwelling Policy
C. Commercial Crime Coverage
D. Ho-3 Form

29. Which property term is best defined as movable belongings not permanently attached to land or a building?

A. Ho-3 Form
B. Personal Property
C. Vacant Building
D. Vacancy Permit

30. Which property term is best defined as separate structures on the residence premises not attached to the dwelling?

A. Concealment
B. Nonrenewal
C. Other Structures
D. Liberalization Clause

31. Which property term is best defined as coverage for additional living expense or lost fair rental value after a covered property loss?

A. Proof Of Loss
B. Misrepresentation
C. Earth Movement Exclusion
D. Loss Of Use

32. Which property term is best defined as coverage for damages an insured becomes legally obligated to pay because of bodily injury or property damage?

A. Proof Of Loss
B. Personal Liability
C. Functional Replacement Cost
D. Other Structures

33. Which property term is best defined as no-fault coverage for reasonable medical expenses of eligible guests or visitors?

A. Medical Payments To Others
B. Vacancy Condition
C. Dwelling Policy
D. Cancellation

34. Which property term is best defined as coverage for property that is mobile, in transit, or has specialized coverage needs?

A. Proximate Cause
B. Inland Marine
C. Named-Peril Coverage
D. Business Income Coverage

35. Which property term is best defined as scheduled inland marine coverage for valuable personal property?

A. Binder
B. Abandonment
C. Personal Articles Floater
D. Medical Payments To Others

36. Which property term is best defined as a package policy combining commercial property and liability coverages for eligible small businesses?

A. Building And Personal Property Coverage Form
B. Valuation
C. Commercial Output Policy
D. Businessowners Policy

37. Which property term is best defined as commercial property coverage for buildings and business personal property?

A. Building And Personal Property Coverage Form
B. Builders Risk
C. Declaration Page
D. Business Income Coverage

38. Which property term is best defined as coverage for lost income and continuing normal operating expenses after a covered suspension?

A. Business Income Coverage
B. Builders Risk
C. Insurable Interest
D. Subrogation

39. Which property term is best defined as coverage for additional costs needed to continue operations after a covered loss?

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

40. Which property term is best defined as property coverage for a building or structure while it is under construction?

A. Direct Loss
B. Cancellation
C. Builders Risk
D. Equipment Breakdown Coverage

41. Which property term is best defined as coverage addressing specified employee dishonesty and theft-related losses?

A. Abandonment
B. Commercial Crime Coverage
C. Loss Of Use
D. Appraisal

42. Which property term is best defined as a commercial property program combining property and inland marine features?

A. Binder
B. Endorsement
C. Misrepresentation
D. Commercial Output Policy

43. Which property term is best defined as liability coverage for damage by fire to premises rented to the insured?

A. Binder
B. Vacant Building
C. Fire Legal Liability
D. Builders Risk

44. Which property term is best defined as coverage for increased costs caused by enforcement of building laws after a covered loss?

A. Ordinance Or Law Coverage
B. Commercial Output Policy
C. Inland Marine
D. Valuation

45. Which property term is best defined as coverage for covered mechanical or electrical breakdown of equipment?

A. Proof Of Loss
B. Equipment Breakdown Coverage
C. Endorsement
D. Homeowners Policy

46. Which property term is best defined as a common property policy limitation for rising or overflowing surface water?

A. Personal Articles Floater
B. Ordinance Or Law Coverage
C. Subrogation
D. Flood Exclusion

47. Which property term is best defined as a common property policy limitation for earthquake, landslide, or similar ground movement?

A. Loss Of Use
B. Misrepresentation
C. Earth Movement Exclusion
D. Actual Cash Value

48. Which property term is best defined as a building with insufficient business personal property to conduct customary operations?

A. Declaration Page
B. Vacant Building
C. Businessowners Policy
D. Endorsement

49. Which property term is best defined as a signed statement supporting the insured claim and amount of loss?

A. Proof Of Loss
B. Misrepresentation
C. Vacancy Permit
D. Commercial Crime Coverage

50. Which property term is best defined as an insured attempt to leave damaged property to the insurer without insurer consent?

A. Abandonment
B. Endorsement
C. Personal Liability
D. Commercial Crime Coverage

51. Which property term is best defined as the policy method used to determine the amount payable for covered property damage?

A. Salvage
B. Valuation
C. Earth Movement Exclusion
D. Named-Peril Coverage

52. Which property term is best defined as a valuation method using less costly functionally equivalent materials?

A. Protective Safeguards
B. Insurable Interest
C. Functional Replacement Cost
D. Binder

53. Which property term is best defined as a stated value basis that can suspend a coinsurance requirement when endorsed?

A. Cancellation
B. Homeowners Policy
C. Protective Safeguards
D. Agreed Value

54. Which property term is best defined as a condition requiring designated protective devices or services to be maintained?

A. Flood Exclusion
B. Protective Safeguards
C. Homeowners Policy
D. Proof Of Loss

55. Which property term is best defined as an endorsement extending limited coverage for property that would otherwise be vacant?

A. Vacancy Permit
B. Salvage
C. Deductible
D. Mortgage Clause

56. Which casualty term is best defined as failure to use the degree of care a reasonably prudent person would use?

A. Occurrence
B. Combined Single Limit
C. Negligence
D. Collision Coverage

57. Which casualty term is best defined as a legal obligation to act with reasonable care toward others?

A. Bodily Injury
B. Errors And Omissions Coverage
C. Surety Bond
D. Duty Of Care

58. Which casualty term is best defined as conduct that fails to meet the applicable standard of reasonable care?

A. Breach Of Duty
B. Workers Compensation
C. Products-Completed Operations Hazard
D. Cyber Liability

59. Which casualty term is best defined as the legal cause that closely connects negligent conduct to an injury?

A. Fidelity Bond
B. Proximate Cause
C. Split Limits
D. Damages

60. Which casualty term is best defined as money awarded to compensate an injured party for a covered injury or loss?

A. Strict Liability
B. Assumption Of Risk
C. Damages
D. Extended Reporting Period

61. Which casualty term is best defined as physical injury, sickness, disease, or resulting death suffered by a person?

A. General Liability Policy
B. Retroactive Date
C. Professional Liability
D. Bodily Injury

62. Which casualty term is best defined as physical injury to tangible property, including resulting loss of use?

A. Umbrella Policy
B. Property Damage
C. Principal
D. Occurrence Form

63. Which casualty term is best defined as an accident, including continuous or repeated exposure to substantially the same harmful conditions?

A. Occurrence
B. Nonowned Auto
C. Duty Of Care
D. Damages

64. Which casualty term is best defined as a demand for policy benefits or for payment because of an alleged loss?

A. Supplementary Payments
B. Comparative Negligence
C. Split Limits
D. Claim

65. Which casualty term is best defined as insurance that protects an insured against liability claims made by others?

A. Personal And Advertising Injury
B. Statute Of Limitations
C. Third-Party Coverage
D. Uninsured Motorists Coverage

66. Which casualty term is best defined as insurance that pays the insured own covered loss directly?

A. First-Party Coverage
B. Premises And Operations
C. Permissive User
D. Supplementary Payments

67. Which casualty term is best defined as policy payments such as defense costs that are commonly paid in addition to liability limits?

A. Split Limits
B. General Liability Policy
C. Employment Practices Liability
D. Supplementary Payments

68. Which casualty term is best defined as the insurer duty to defend an insured against covered lawsuits?

A. Proximate Cause
B. Defense Obligation
C. Claims-Made Form
D. Statute Of Limitations

69. Which casualty term is best defined as the maximum amount the insurer will pay under a stated coverage?

A. Bodily Injury
B. Personal Auto Policy
C. Limit Of Liability
D. Occurrence Form

70. Which casualty term is best defined as separate limits stated for bodily injury and property damage?

A. Respondeat Superior
B. Professional Liability
C. Split Limits
D. Fidelity Bond

71. Which casualty term is best defined as one total liability limit applicable to bodily injury and property damage?

A. Split Limits
B. Respondeat Superior
C. Other-Than-Collision Coverage
D. Combined Single Limit

72. Which casualty term is best defined as a policy providing personal auto liability and physical damage coverage?

A. First-Party Coverage
B. Personal Auto Policy
C. Bodily Injury
D. Personal And Advertising Injury

73. Which casualty term is best defined as the personal auto policy section covering legal liability for bodily injury or property damage?

A. Part A Liability Coverage
B. Surety Bond
C. Collision Coverage
D. Cyber Liability

74. Which casualty term is best defined as auto coverage paying reasonable medical expenses regardless of fault, subject to policy terms?

A. Retroactive Date
B. Medical Payments Coverage
C. Defense Obligation
D. Breach Of Duty

75. Which casualty term is best defined as coverage responding when a legally responsible driver lacks applicable liability insurance?

A. Workers Compensation
B. Bodily Injury
C. Claims-Made Form
D. Uninsured Motorists Coverage

76. Which casualty term is best defined as coverage responding when a responsible driver liability limits are insufficient for covered damages?

A. Underinsured Motorists Coverage
B. Employment Practices Liability
C. Uninsured Motorists Coverage
D. Claims-Made Form

77. Which casualty term is best defined as auto physical damage coverage for upset or impact with another vehicle or object?

A. Property Damage
B. Supplementary Payments
C. Collision Coverage
D. First-Party Coverage

78. Which casualty term is best defined as auto physical damage coverage for losses such as theft, fire, hail, or contact with an animal?

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

79. Which casualty term is best defined as a vehicle shown in the policy declarations as owned by the named insured?

A. Claim
B. Other-Than-Collision Coverage
C. Owned Auto
D. Permissive User

80. Which casualty term is best defined as a vehicle not owned by or furnished for the regular use of the insured or family member?

A. Nonowned Auto
B. Assumption Of Risk
C. Principal
D. Owned Auto

81. Which casualty term is best defined as a person using a covered auto with reasonable belief of permission?

A. Statute Of Limitations
B. Personal And Advertising Injury
C. Medical Payments Coverage
D. Permissive User

82. Which casualty term is best defined as an employer liability principle for employee acts within the scope of employment?

A. Workers Compensation
B. First-Party Coverage
C. Respondeat Superior
D. Property Damage

83. Which casualty term is best defined as liability imposed on one party because of a legal relationship with the actual wrongdoer?

A. Owned Auto
B. Personal Auto Policy
C. Respondeat Superior
D. Vicarious Liability

84. Which casualty term is best defined as liability that can apply without proof of negligence for certain activities or defective products?

A. Strict Liability
B. Combined Single Limit
C. Duty Of Care
D. Third-Party Coverage

85. Which casualty term is best defined as a rule reducing recovery by the claimant share of fault?

A. Strict Liability
B. Comparative Negligence
C. Respondeat Superior
D. Workers Compensation

86. Which casualty term is best defined as a defense that can bar recovery when the claimant contributed to the injury?

A. Third-Party Coverage
B. Professional Liability
C. Contributory Negligence
D. Property Damage

87. Which casualty term is best defined as a defense based on knowingly and voluntarily accepting a known danger?

A. Assumption Of Risk
B. Personal And Advertising Injury
C. Medical Payments Coverage
D. Obligee

88. Which casualty term is best defined as a law setting the deadline for filing a lawsuit?

A. Umbrella Policy
B. Statute Of Limitations
C. Negligence
D. Excess Policy

89. Which casualty term is best defined as coverage for job-related injury benefits required or permitted under workers compensation law?

A. Occurrence Form
B. Permissive User
C. Breach Of Duty
D. Workers Compensation

90. Which casualty term is best defined as coverage for certain employee injury suits not covered by workers compensation benefits?

A. Medical Payments Coverage
B. Employers Liability
C. Duty Of Care
D. Other-Than-Collision Coverage

91. Which casualty term is best defined as commercial insurance covering many common third-party bodily injury and property damage claims?

A. Professional Liability
B. Workers Compensation
C. Part A Liability Coverage
D. General Liability Policy

92. Which casualty term is best defined as liability exposure from products or completed work after possession is relinquished or work is completed?

A. Statute Of Limitations
B. Bodily Injury
C. Products-Completed Operations Hazard
D. Permissive User

93. Which casualty term is best defined as liability exposure arising from ownership, maintenance, or use of premises and ongoing operations?

A. Premises And Operations
B. Errors And Omissions Coverage
C. Bodily Injury
D. Employers Liability

94. Which casualty term is best defined as specified offenses such as libel, slander, or wrongful eviction covered by liability policy terms?

A. Umbrella Policy
B. Assumption Of Risk
C. Personal And Advertising Injury
D. General Liability Policy

95. Which casualty term is best defined as liability coverage providing excess limits and sometimes broader coverage than underlying policies?

A. Umbrella Policy
B. Nonowned Auto
C. Vicarious Liability
D. Occurrence

96. Which casualty term is best defined as coverage that applies above the limits of specified underlying insurance?

A. Damages
B. Excess Policy
C. Medical Payments Coverage
D. Other-Than-Collision Coverage

97. Which casualty term is best defined as coverage protecting an employer from dishonest acts by employees?

A. Uninsured Motorists Coverage
B. Principal
C. Products-Completed Operations Hazard
D. Fidelity Bond

98. Which casualty term is best defined as a three-party promise guaranteeing performance or payment of an obligation?

A. Supplementary Payments
B. Surety Bond
C. Underinsured Motorists Coverage
D. Breach Of Duty

99. Which casualty term is best defined as the party whose performance is guaranteed by a surety bond?

A. Principal
B. Duty Of Care
C. Vicarious Liability
D. Statute Of Limitations

100. Which casualty term is best defined as the party to whom a surety bond obligation is owed?

A. Excess Policy
B. Breach Of Duty
C. Obligee
D. Personal Auto Policy

101. Which casualty term is best defined as the party guaranteeing the principal performance to the obligee?

A. Directors And Officers Liability
B. Duty Of Care
C. Claims-Made Form
D. Surety

102. Which casualty term is best defined as coverage for claims alleging negligent professional services or errors and omissions?

A. Personal Auto Policy
B. Professional Liability
C. Supplementary Payments
D. Limit Of Liability

103. Which casualty term is best defined as professional liability coverage for negligent acts, errors, or omissions in professional services?

A. Errors And Omissions Coverage
B. Fidelity Bond
C. Breach Of Duty
D. Vicarious Liability

104. Which casualty term is best defined as coverage for wrongful-act claims against corporate directors and officers?

A. Excess Policy
B. Workers Compensation
C. Property Damage
D. Directors And Officers Liability

105. Which casualty term is best defined as coverage for specified wrongful-employment-practices claims?

A. Split Limits
B. Medical Payments Coverage
C. Employment Practices Liability
D. Bodily Injury

106. Which casualty term is best defined as coverage designed for specified privacy, network-security, and cyber-event liabilities?

A. Cyber Liability
B. Extended Reporting Period
C. Personal And Advertising Injury
D. Limit Of Liability

107. Which casualty term is best defined as liability form triggered by bodily injury or property damage occurring during the policy period?

A. Fidelity Bond
B. Damages
C. Occurrence Form
D. Negligence

108. Which casualty term is best defined as liability form generally triggered by claims first made during the policy period?

A. Surety Bond
B. Claims-Made Form
C. Strict Liability
D. Supplementary Payments

109. Which casualty term is best defined as the date limiting a claims-made form coverage to acts occurring after that date?

A. Split Limits
B. Other-Than-Collision Coverage
C. Excess Policy
D. Retroactive Date

110. Which casualty term is best defined as additional time to report claims under a claims-made policy after coverage ends?

A. Extended Reporting Period
B. Proximate Cause
C. General Liability Policy
D. Negligence

111. Which texas regulation term is best defined as the state agency that regulates the business of insurance in Texas?

A. Surplus Lines Insurance
B. Guaranty Association
C. Texas Department Of Insurance
D. Continuing Education

112. Which texas regulation term is best defined as the official who administers and enforces the Texas Insurance Code through the department?

A. Defamation
B. Commissioner Of Insurance
C. Unfair Claims Settlement Practice
D. License Renewal

113. Which texas regulation term is best defined as the Texas license authority for transacting authorized property and casualty insurance lines?

A. General Lines Property And Casualty License
B. Producer
C. Negotiation
D. License Renewal

114. Which texas regulation term is best defined as a person licensed to sell, solicit, or negotiate insurance?

A. Texas Automobile Insurance Plan Association
B. Prompt Payment Of Claims
C. Negotiation
D. Producer

115. Which texas regulation term is best defined as an attempt to persuade a prospective customer to apply for insurance?

A. Rebating
B. Continuing Education
C. Solicitation
D. Temporary License

116. Which texas regulation term is best defined as conferring directly with a prospective purchaser about policy terms to obtain insurance?

A. License Renewal
B. Negotiation
C. Controlled Business
D. Defamation

117. Which texas regulation term is best defined as treating similarly situated insurance risks differently without a lawful actuarial basis?

A. Fraudulent Claim
B. Guaranty Association
C. Cancellation Notice
D. Unfair Discrimination

118. Which texas regulation term is best defined as offering an inducement not stated in the insurance contract to encourage a purchase?

A. Admitted Insurer
B. Rebating
C. Solicitation
D. Texas Windstorm Insurance Association

119. Which texas regulation term is best defined as making misleading comparisons to induce a policyholder to replace insurance?

A. Fraudulent Claim
B. Insurer Insolvency
C. Market Conduct
D. Twisting

120. Which texas regulation term is best defined as making a false or misleading statement about a policy, insurer, or insurance benefit?

A. Controlled Business
B. Fair Access To Insurance Requirements Plan
C. Misrepresentation
D. Admitted Insurer

121. Which texas regulation term is best defined as making a false statement that injures the financial reputation of an insurer?

A. Defamation
B. Twisting
C. Continuing Education
D. General Lines Property And Casualty License

122. Which texas regulation term is best defined as an unfair method of competition intended to restrain insurance transactions?

A. Unfair Discrimination
B. Controlled Business
C. Cancellation Notice
D. Boycott Coercion Or Intimidation

123. Which texas regulation term is best defined as the obligation to handle premium funds received for an insurer with trust and care?

A. Fiduciary Duty
B. Negotiation
C. Controlled Business
D. Texas Windstorm Insurance Association

124. Which texas regulation term is best defined as insurance written primarily on the license holder or related interests rather than the public?

A. Solicitation
B. Controlled Business
C. Nonadmitted Insurer
D. Fraud

125. Which texas regulation term is best defined as a limited Texas license issued under statutory conditions for a limited period?

A. Nonadmitted Insurer
B. Twisting
C. Temporary License
D. Cease And Desist Order

126. Which texas regulation term is best defined as ongoing education required to maintain a Texas insurance license?

A. Continuing Education
B. Unfair Discrimination
C. Texas Department Of Insurance
D. Insurer Insolvency

127. Which texas regulation term is best defined as the process of continuing a license authority for a new license period?

A. Insurer Insolvency
B. Fraudulent Claim
C. Unfair Claims Settlement Practice
D. License Renewal

128. Which texas regulation term is best defined as a regulatory response such as denial, suspension, revocation, or penalty?

A. Fiduciary Duty
B. Administrative Action
C. Guaranty Association
D. Unfair Discrimination

129. Which texas regulation term is best defined as an order directing a person to stop an unlawful insurance practice?

A. Fiduciary Duty
B. Controlled Business
C. Cease And Desist Order
D. Texas Windstorm Insurance Association

130. Which texas regulation term is best defined as a statutory mechanism that may respond to covered claims when a member insurer becomes insolvent?

A. Admitted Insurer
B. Guaranty Association
C. Unfair Claims Settlement Practice
D. Nonrenewal Notice

131. Which texas regulation term is best defined as an insurer financial inability to meet obligations as they become due?

A. Rebating
B. Surplus Lines Insurance
C. Producer
D. Insurer Insolvency

132. Which texas regulation term is best defined as the Texas residual market mechanism for eligible auto applicants unable to obtain coverage in the voluntary market?

A. Texas Automobile Insurance Plan Association
B. Solicitation
C. Admitted Insurer
D. Market Conduct

133. Which texas regulation term is best defined as the residual market mechanism providing eligible windstorm and hail coverage in designated coastal areas?

A. Texas Automobile Insurance Plan Association
B. Unfair Claims Settlement Practice
C. Texas Windstorm Insurance Association
D. Producer

134. Which texas regulation term is best defined as a residual market property insurance mechanism for eligible applicants unable to obtain basic property coverage?

A. Unfair Claims Settlement Practice
B. Fair Access To Insurance Requirements Plan
C. Unfair Discrimination
D. Fraud

135. Which texas regulation term is best defined as written notice required when an insurer ends a policy before expiration?

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

136. Which texas regulation term is best defined as written notice that a policy will not continue at the end of its term?

A. Administrative Action
B. Guaranty Association
C. Nonrenewal Notice
D. General Lines Property And Casualty License

137. Which texas regulation term is best defined as information and documentation supporting a request for insurance benefits?

A. Proof Of Claim
B. Twisting
C. Market Conduct
D. Admitted Insurer

138. Which texas regulation term is best defined as an improper claim-handling act or pattern prohibited by insurance regulation?

A. Commissioner Of Insurance
B. Market Conduct
C. Texas Automobile Insurance Plan Association
D. Unfair Claims Settlement Practice

139. Which texas regulation term is best defined as Texas requirements governing timely acknowledgment, investigation, and payment or denial of covered claims?

A. Controlled Business
B. Prompt Payment Of Claims
C. Misrepresentation
D. Nonadmitted Insurer

140. Which texas regulation term is best defined as an intentional deceptive act used to obtain an improper insurance benefit?

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

141. Which texas regulation term is best defined as a claim containing intentional deception about a material fact to obtain insurance proceeds?

A. Fraudulent Claim
B. Temporary License
C. Producer
D. General Lines Property And Casualty License

142. Which texas regulation term is best defined as coverage placed with an eligible nonadmitted insurer when the required conditions are met?

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

143. Which texas regulation term is best defined as an insurer authorized by Texas to transact insurance in the state?

A. Temporary License
B. Admitted Insurer
C. Misrepresentation
D. Twisting

144. Which texas regulation term is best defined as an insurer not licensed in Texas, subject to special rules when used for eligible surplus lines coverage?

A. Unfair Discrimination
B. Fraud
C. Nonadmitted Insurer
D. Proof Of Claim

145. Which texas regulation term is best defined as regulatory review of insurer and producer practices affecting consumers and insurance transactions?

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

Practice Exam 9: Answer Key and Explanations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

50. A — Abandonment means an insured attempt to leave damaged property to the insurer without insurer consent. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

94. C — Personal And Advertising Injury means specified offenses such as libel, slander, or wrongful eviction covered by liability policy terms. It is the term that directly matches the stated facts. The other

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

112. B — Commissioner Of Insurance means the official who administers and enforces the Texas Insurance Code through the department. It is the term that directly matches the stated facts. The other

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

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

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

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

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

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

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

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

120. C — Misrepresentation means making a false or misleading statement about a policy, insurer, or insurance benefit. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

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

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

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

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

125. C — Temporary License means a limited Texas license issued under statutory conditions for a limited period. It is the term that directly matches the stated facts. The other choices identify different insurance concepts and do not control this scenario. Compare every word in the definition before selecting the most precise answer.

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

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

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

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

130. B — Guaranty Association means a statutory mechanism that may respond to covered claims when a member insurer becomes insolvent. It is the term that directly matches the stated facts. The other

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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