

# **Texas All-Lines Adjuster**

## **Designated Home State License**

### **Exam 14 Practice Study Guide - 150 Questions**

Unofficial study aid - designed for focused practice, not a reproduction of an actual licensing examination.

#### **How this guide is built**

The question distribution follows Texas all-lines adjuster prelicensing topics: 40% property and casualty product knowledge (60 questions), 40% insurance terms and concepts (60), and 20% Texas statutes/rules (30). Take the practice exam closed-book in 180 minutes, then use the answer key to target weak areas.

**Important:** Verify current rules, fees, deadlines, and testing procedures with TDI and Pearson before testing. The Designated Home State credential is for eligible residents of non-licensing states.

## Part 1 - Property and Casualty Product Knowledge

1. Identify the term or coverage that completes: The homeowners coverage for small medical expenses regardless of fault is \_\_\_\_\_.
  - A. Medical payments to others
  - B. Coverage C
  - C. Collision
  - D. Inland marine
2. Identify the term or coverage that completes: A condition often requiring repair or replacement before full replacement-cost payment is the \_\_\_\_\_.
  - A. Coverage C
  - B. Collision
  - C. Inland marine
  - D. Replacement cost condition
3. Identify the term or coverage that completes: The clause protecting a mortgagee's separate interest in covered real property is the \_\_\_\_\_.
  - A. Collision
  - B. Inland marine
  - C. Mortgage clause
  - D. Coverage C
4. Identify the term or coverage that completes: The standard personal auto form issued for Texas personal auto risks is the \_\_\_\_\_.
  - A. Inland marine
  - B. Texas PAP
  - C. Coverage C
  - D. Collision
5. Identify the term or coverage that completes: The PAP section that pays damages for bodily injury or property damage for which an insured is legally responsible is \_\_\_\_\_.
  - A. Part A liability
  - B. Coverage C
  - C. Collision
  - D. Inland marine
6. Identify the term or coverage that completes: The PAP section that pays reasonable medical expenses regardless of fault is \_\_\_\_\_.
  - A. Coverage C
  - B. Collision
  - C. Inland marine
  - D. Part B medical payments

**7.** Identify the term or coverage that completes: The PAP section protecting an insured from certain drivers with no or insufficient liability insurance is \_\_\_\_.

- A. Collision
- B. Inland marine
- C. Part C uninsured/underinsured motorists
- D. Coverage C

**8.** Identify the term or coverage that completes: The PAP section providing collision and other-than-collision physical damage coverage is \_\_\_\_.

- A. Inland marine
- B. Part D damage to your auto
- C. Coverage C
- D. Collision

**9.** Identify the term or coverage that completes: Upset of, or impact with, another vehicle or object is \_\_\_\_.

- A. Collision
- B. Coverage C
- C. Inland marine
- D. Commercial crime

**10.** Identify the term or coverage that completes: Auto physical damage such as theft, hail, or contact with an animal is \_\_\_\_.

- A. Coverage C
- B. Collision
- C. Inland marine
- D. Other-than-collision

**11.** Identify the term or coverage that completes: Payments in addition to the liability limit, such as defense costs, are \_\_\_\_.

- A. Collision
- B. Inland marine
- C. Supplementary payments
- D. Coverage C

**12.** Identify the term or coverage that completes: The insurer obligation to provide a legal defense for a potentially covered suit is the \_\_\_\_.

- A. Inland marine
- B. Duty to defend
- C. Coverage C
- D. Collision

**13.** Identify the term or coverage that completes: A law designed to ensure motorists can pay damages they cause is a \_\_\_\_.

- A. Financial responsibility law
- B. Coverage C
- C. Collision
- D. Inland marine

**14.** Identify the term or coverage that completes: The policy used to cover a business building and business personal property is a \_\_\_\_.

- A. Coverage C
- B. Collision
- C. Inland marine
- D. Commercial property policy

**15.** Identify the term or coverage that completes: The commercial property form covering buildings and business personal property is the \_\_\_\_.

- A. Collision
- B. Inland marine
- C. Building and personal property coverage form
- D. Coverage C

**16.** Identify the term or coverage that completes: Coverage for lost net income and continuing normal operating expenses is \_\_\_\_.

- A. Inland marine
- B. Business income
- C. Coverage C
- D. Collision

**17.** Identify the term or coverage that completes: Coverage for reasonable expenses to avoid or minimize suspension of operations is \_\_\_\_.

- A. Extra expense
- B. Coverage C
- C. Collision
- D. Inland marine

**18.** Identify the term or coverage that completes: The commercial property form that identifies the perils insured against is a \_\_\_\_.

- A. Coverage C
- B. Collision
- C. Inland marine
- D. Causes of loss form

**19.** Identify the term or coverage that completes: A package policy combining property and liability coverage for eligible small businesses is a \_\_\_\_.

- A. Collision
- B. Inland marine
- C. Businessowners policy
- D. Coverage C

**20.** Identify the term or coverage that completes: A policy that combines two or more commercial coverage parts is a \_\_\_\_.

- A. Inland marine
- B. Commercial package policy
- C. Coverage C
- D. Collision

**21.** Identify the term or coverage that completes: Coverage for accidental mechanical or electrical breakdown of covered equipment is \_\_\_\_.

- A. Equipment breakdown
- B. Coverage C
- C. Collision
- D. Inland marine

**22.** Identify the term or coverage that completes: Coverage designed for theft, employee dishonesty, forgery, and similar crime exposures is \_\_\_\_.

- A. Coverage C
- B. Collision
- C. Inland marine
- D. Commercial crime

**23.** Identify the term or coverage that completes: Commercial crime coverage for loss caused by dishonest acts of employees is \_\_\_\_.

- A. Collision
- B. Inland marine
- C. Employee dishonesty
- D. Coverage C

**24.** Identify the term or coverage that completes: Insurance for movable property and specialized property exposures is \_\_\_\_.

- A. Commercial crime
- B. Inland marine
- C. Coverage C
- D. Collision

- 25.** Identify the term or coverage that completes: Scheduled coverage for valuable personal property such as jewelry or fine arts is a \_\_\_\_.
- A. Personal articles floater
  - B. Coverage C
  - C. Collision
  - D. Inland marine
- 26.** Identify the term or coverage that completes: Coverage for materials and equipment while awaiting installation is an \_\_\_\_.
- A. Coverage C
  - B. Collision
  - C. Inland marine
  - D. Installation floater
- 27.** Identify the term or coverage that completes: Property coverage for a building under construction is \_\_\_\_.
- A. Collision
  - B. Inland marine
  - C. Builders risk
  - D. Coverage C
- 28.** Identify the term or coverage that completes: Coverage for a carrier's legal liability for customers' property in transit is \_\_\_\_.
- A. Inland marine
  - B. Motor truck cargo
  - C. Coverage C
  - D. Collision
- 29.** Identify the term or coverage that completes: Insurance for vessels, cargo, and marine liabilities involved in waterborne commerce is \_\_\_\_.
- A. Ocean marine
  - B. Coverage C
  - C. Collision
  - D. Inland marine
- 30.** Identify the term or coverage that completes: Ocean marine coverage for physical damage to a vessel is \_\_\_\_.
- A. Coverage C
  - B. Collision
  - C. Inland marine
  - D. Hull coverage

- 31.** Identify the term or coverage that completes: Ocean marine liability coverage for vessel owners is \_\_\_\_.
- A. Collision
  - B. Inland marine
  - C. Protection and indemnity
  - D. Coverage C
- 32.** Identify the term or coverage that completes: A maritime principle requiring all interests to share a voluntary sacrifice made to save a voyage is \_\_\_\_.
- A. Inland marine
  - B. General average
  - C. Coverage C
  - D. Collision
- 33.** Identify the term or coverage that completes: Intentional throwing of cargo overboard to save a vessel is \_\_\_\_.
- A. Jettison
  - B. Coverage C
  - C. Collision
  - D. Inland marine
- 34.** Identify the term or coverage that completes: Property coverage commonly adding perils such as windstorm, hail, explosion, riot, and aircraft is \_\_\_\_.
- A. Coverage C
  - B. Collision
  - C. Inland marine
  - D. Extended coverage
- 35.** Identify the term or coverage that completes: A policy provision restricting some losses when a building has been vacant too long is a \_\_\_\_.
- A. Collision
  - B. Inland marine
  - C. Vacancy provision
  - D. Coverage C
- 36.** Identify the term or coverage that completes: Coverage for increased cost caused by enforcement of building codes is \_\_\_\_.
- A. Inland marine
  - B. Ordinance or law coverage
  - C. Coverage C
  - D. Collision

**37.** Identify the term or coverage that completes: A feature that automatically increases insurance limits over time is \_\_\_\_.

- A. Inflation guard
- B. Coverage C
- C. Collision
- D. Inland marine

**38.** Identify the term or coverage that completes: An endorsement that lists specific valuable items and amounts is \_\_\_\_.

- A. Coverage C
- B. Collision
- C. Inland marine
- D. Scheduled personal property endorsement

**39.** Identify the term or coverage that completes: A policy providing excess liability limits above underlying policies is \_\_\_\_.

- A. Collision
- B. Inland marine
- C. Umbrella policy
- D. Coverage C

**40.** Identify the term or coverage that completes: A three-party agreement guaranteeing performance or obligation is a \_\_\_\_.

- A. Inland marine
- B. Surety bond
- C. Coverage C
- D. Collision

**41.** Identify the term or coverage that completes: The party whose obligation is guaranteed by a surety bond is the \_\_\_\_.

- A. Principal
- B. Coverage C
- C. Collision
- D. Inland marine

**42.** Identify the term or coverage that completes: The party protected by a surety bond is the \_\_\_\_.

- A. Coverage C
- B. Collision
- C. Inland marine
- D. Obligee

43. Identify the term or coverage that completes: A bond protecting an employer against dishonest acts of employees is \_\_\_\_.
- A. Collision
  - B. Inland marine
  - C. Fidelity bond
  - D. Coverage C
44. Identify the term or coverage that completes: The traditional property policy form that is the foundation for fire coverage is the \_\_\_\_.
- A. Inland marine
  - B. Standard fire policy
  - C. Coverage C
  - D. Collision
45. Identify the term or coverage that completes: Coverage applying only to causes of loss specifically listed is \_\_\_\_.
- A. Named-peril coverage
  - B. Coverage C
  - C. Collision
  - D. Inland marine
46. Identify the term or coverage that completes: Coverage applying to all risks of direct physical loss unless excluded is \_\_\_\_.
- A. Coverage C
  - B. Collision
  - C. Inland marine
  - D. Open-peril coverage
47. Identify the term or coverage that completes: The common homeowners form with open-peril dwelling coverage and named-peril personal property coverage is \_\_\_\_.
- A. Collision
  - B. Inland marine
  - C. HO-3
  - D. Coverage C
48. Identify the term or coverage that completes: The homeowners form designed primarily for tenants is \_\_\_\_.
- A. Inland marine
  - B. HO-4
  - C. Coverage C
  - D. Collision

**49.** Identify the term or coverage that completes: The homeowners form designed for condominium unit owners is \_\_\_\_.

- A. HO-6
- B. Coverage C
- C. Collision
- D. Inland marine

**50.** Identify the term or coverage that completes: The homeowners form generally providing open-peril coverage for both dwelling and personal property is \_\_\_\_.

- A. Coverage C
- B. Collision
- C. Inland marine
- D. HO-5

**51.** Identify the term or coverage that completes: The Texas homeowners form generally offering named-peril coverage with actual cash value loss settlement is \_\_\_\_.

- A. Collision
- B. Inland marine
- C. Texas HO-A
- D. Coverage C

**52.** Identify the term or coverage that completes: The Texas homeowners form generally offering broader named-peril coverage for dwelling and contents is \_\_\_\_.

- A. Inland marine
- B. Texas HO-B
- C. Coverage C
- D. Collision

**53.** Identify the term or coverage that completes: The Texas homeowners form generally providing open-peril dwelling coverage is \_\_\_\_.

- A. Texas HO-C
- B. Coverage C
- C. Collision
- D. Inland marine

**54.** Identify the term or coverage that completes: On a homeowners policy, the dwelling itself is generally insured under \_\_\_\_.

- A. Coverage C
- B. Collision
- C. Inland marine
- D. Coverage A

55. Identify the term or coverage that completes: Other structures separated from the dwelling are generally insured under \_\_\_\_.
- A. Collision
  - B. Inland marine
  - C. Coverage B
  - D. Coverage C
56. Identify the term or coverage that completes: Personal property is generally insured under \_\_\_\_.
- A. Commercial crime
  - B. Coverage C
  - C. Collision
  - D. Inland marine
57. Identify the term or coverage that completes: Additional living expense and fair rental value are generally insured under \_\_\_\_.
- A. Coverage D
  - B. Coverage C
  - C. Collision
  - D. Inland marine
58. Identify the term or coverage that completes: A lower policy maximum that applies to certain categories of personal property is a \_\_\_\_.
- A. Coverage C
  - B. Collision
  - C. Inland marine
  - D. Special limit
59. Identify the term or coverage that completes: The coverage that can pay additional living expense after a covered loss is \_\_\_\_.
- A. Collision
  - B. Inland marine
  - C. Loss of use
  - D. Coverage C
60. Identify the term or coverage that completes: The homeowners coverage for sums an insured is legally liable to pay is \_\_\_\_.
- A. Inland marine
  - B. Personal liability
  - C. Coverage C
  - D. Collision

## Part 2 - Insurance Terms and Related Concepts

- 61.** Identify the term or coverage that completes: A civil wrong for which a court may impose liability is a \_\_\_\_.
- A. Indemnity
  - B. Exclusion
  - C. Tort
  - D. Peril
- 62.** Identify the term or coverage that completes: An employer being liable for an employee acting within scope of employment is \_\_\_\_.
- A. Exclusion
  - B. Vicarious liability
  - C. Peril
  - D. Indemnity
- 63.** Identify the term or coverage that completes: Liability imposed without proof of negligence for certain activities is \_\_\_\_.
- A. Strict liability
  - B. Peril
  - C. Indemnity
  - D. Exclusion
- 64.** Identify the term or coverage that completes: Apportioning damages according to each party's fault is \_\_\_\_.
- A. Peril
  - B. Indemnity
  - C. Exclusion
  - D. Comparative negligence
- 65.** Identify the term or coverage that completes: Physical injury, sickness, or disease is \_\_\_\_.
- A. Indemnity
  - B. Exclusion
  - C. Bodily injury
  - D. Peril
- 66.** Identify the term or coverage that completes: Physical injury to tangible property, including resulting loss of use, is \_\_\_\_.
- A. Exclusion
  - B. Property damage
  - C. Peril
  - D. Indemnity

**67.** Identify the term or coverage that completes: Injury from offenses such as false arrest or defamation is \_\_\_\_.

- A. Personal injury
- B. Peril
- C. Indemnity
- D. Exclusion

**68.** Identify the term or coverage that completes: A policy drafted by one party, with ambiguities generally construed against that drafter, is a \_\_\_\_.

- A. Peril
- B. Indemnity
- C. Exclusion
- D. Contract of adhesion

**69.** Identify the term or coverage that completes: A contract with unequal exchange values depending on an uncertain event is \_\_\_\_.

- A. Indemnity
- B. Exclusion
- C. Aleatory contract
- D. Peril

**70.** Identify the term or coverage that completes: A policy under which only the insurer makes an enforceable promise to pay is \_\_\_\_.

- A. Exclusion
- B. Unilateral contract
- C. Peril
- D. Indemnity

**71.** Identify the term or coverage that completes: A policy requiring the insured to meet duties and conditions is a \_\_\_\_.

- A. Conditional contract
- B. Peril
- C. Indemnity
- D. Exclusion

**72.** Identify the term or coverage that completes: A policy that protects the insured's interest rather than the property itself is a \_\_\_\_.

- A. Peril
- B. Indemnity
- C. Exclusion
- D. Personal contract

**73.** Identify the term or coverage that completes: A statement believed true to the best of the applicant's knowledge is a \_\_\_\_.

- A. Indemnity
- B. Exclusion
- C. Representation
- D. Peril

**74.** Identify the term or coverage that completes: A statement or promise that must be strictly true or performed is a \_\_\_\_.

- A. Exclusion
- B. Warranty
- C. Peril
- D. Indemnity

**75.** Identify the term or coverage that completes: Intentional failure to disclose a material fact is \_\_\_\_.

- A. Concealment
- B. Peril
- C. Indemnity
- D. Exclusion

**76.** Identify the term or coverage that completes: Voluntary relinquishment of a known right is \_\_\_\_.

- A. Peril
- B. Indemnity
- C. Exclusion
- D. Waiver

**77.** Identify the term or coverage that completes: Preventing a party from asserting a right after its conduct induced reliance is \_\_\_\_.

- A. Indemnity
- B. Exclusion
- C. Estoppel
- D. Peril

**78.** Identify the term or coverage that completes: Temporary evidence of insurance pending policy issuance is a \_\_\_\_.

- A. Exclusion
- B. Binder
- C. Peril
- D. Indemnity

**79.** Identify the term or coverage that completes: A form that changes the policy's terms is an \_\_\_\_.

- A. Endorsement
- B. Peril
- C. Indemnity
- D. Exclusion

**80.** Identify the term or coverage that completes: The policy section listing named insured, limits, premium, and policy period is the \_\_\_\_.

- A. Peril
- B. Indemnity
- C. Exclusion
- D. Declarations

**81.** Identify the term or coverage that completes: The policy section stating the insurer's basic promise to pay is the \_\_\_\_.

- A. Indemnity
- B. Exclusion
- C. Insuring agreement
- D. Peril

**82.** Identify the term or coverage that completes: A policy provision removing a cause of loss or type of property from coverage is an \_\_\_\_.

- A. Negligence
- B. Exclusion
- C. Peril
- D. Indemnity

**83.** Identify the term or coverage that completes: A policy provision setting duties or requirements is a \_\_\_\_.

- A. Condition
- B. Peril
- C. Indemnity
- D. Exclusion

**84.** Identify the term or coverage that completes: Termination of a policy before its expiration date is \_\_\_\_.

- A. Peril
- B. Indemnity
- C. Exclusion
- D. Cancellation

- 85.** Identify the term or coverage that completes: An insurer's decision not to continue a policy at expiration is \_\_\_\_.
- A. Indemnity
  - B. Exclusion
  - C. Nonrenewal
  - D. Peril
- 86.** Identify the term or coverage that completes: A building substantially empty of contents and occupants is in \_\_\_\_.
- A. Exclusion
  - B. Vacancy
  - C. Peril
  - D. Indemnity
- 87.** Identify the term or coverage that completes: A furnished building with no residents is in \_\_\_\_.
- A. Unoccupancy
  - B. Peril
  - C. Indemnity
  - D. Exclusion
- 88.** Identify the term or coverage that completes: A property-loss process in which each side selects an appraiser to resolve amount of loss is \_\_\_\_.
- A. Peril
  - B. Indemnity
  - C. Exclusion
  - D. Appraisal
- 89.** Identify the term or coverage that completes: Notice that the insurer is investigating while preserving coverage defenses is a \_\_\_\_.
- A. Indemnity
  - B. Exclusion
  - C. Reservation of rights
  - D. Peril
- 90.** Identify the term or coverage that completes: A signed statement supporting a claim's facts and amount is a \_\_\_\_.
- A. Exclusion
  - B. Proof of loss
  - C. Peril
  - D. Indemnity

**91.** Identify the term or coverage that completes: A knowing material misstatement made to obtain an improper benefit is \_\_\_\_.

- A. Fraud
- B. Peril
- C. Indemnity
- D. Exclusion

**92.** Identify the term or coverage that completes: A false statement of material fact used to induce action is \_\_\_\_.

- A. Peril
- B. Indemnity
- C. Exclusion
- D. Misrepresentation

**93.** Identify the term or coverage that completes: The obligation to act in another party's best interest when handling entrusted funds is \_\_\_\_.

- A. Indemnity
- B. Exclusion
- C. Fiduciary duty
- D. Peril

**94.** Identify the term or coverage that completes: The federal law governing consumer reports used in underwriting is the \_\_\_\_.

- A. Exclusion
- B. Fair Credit Reporting Act
- C. Peril
- D. Indemnity

**95.** Identify the term or coverage that completes: A disclosure explaining how a financial institution handles nonpublic personal information is a \_\_\_\_.

- A. Privacy notice
- B. Peril
- C. Indemnity
- D. Exclusion

**96.** Identify the term or coverage that completes: A clause automatically extending a broadened coverage without added premium is the \_\_\_\_.

- A. Peril
- B. Indemnity
- C. Exclusion
- D. Liberalization clause

- 97.** Identify the term or coverage that completes: Unilaterally giving damaged property to an insurer without consent is \_\_\_\_.
- A. Indemnity
  - B. Exclusion
  - C. Abandonment
  - D. Peril
- 98.** Identify the term or coverage that completes: A chance of loss or no loss, but no chance of gain, is \_\_\_\_.
- A. Exclusion
  - B. Pure risk
  - C. Peril
  - D. Indemnity
- 99.** Identify the term or coverage that completes: A chance of either gain or loss is \_\_\_\_.
- A. Speculative risk
  - B. Peril
  - C. Indemnity
  - D. Exclusion
- 100.** Identify the term or coverage that completes: The direct cause of loss, such as fire or wind, is a \_\_\_\_.
- A. Indemnity
  - B. Exclusion
  - C. Negligence
  - D. Peril
- 101.** Identify the term or coverage that completes: A loose handrail that increases the chance of injury is a \_\_\_\_.
- A. Indemnity
  - B. Exclusion
  - C. Physical hazard
  - D. Peril
- 102.** Identify the term or coverage that completes: An insured who intentionally causes a loss presents a \_\_\_\_.
- A. Exclusion
  - B. Moral hazard
  - C. Peril
  - D. Indemnity
- 103.** Identify the term or coverage that completes: Carelessness because insurance exists is a \_\_\_\_.
- A. Morale hazard
  - B. Peril
  - C. Indemnity
  - D. Exclusion

**104.** Identify the term or coverage that completes: Fire damage to a building is a \_\_\_\_.

- A. Peril
- B. Indemnity
- C. Exclusion
- D. Direct loss

**105.** Identify the term or coverage that completes: Lost rental income after a covered fire is a \_\_\_\_.

- A. Indemnity
- B. Exclusion
- C. Indirect loss
- D. Peril

**106.** Identify the term or coverage that completes: The dominant cause that sets an unbroken chain of events in motion is \_\_\_\_.

- A. Exclusion
- B. Proximate cause
- C. Peril
- D. Indemnity

**107.** Identify the term or coverage that completes: The principle designed to restore an insured financially without profit is \_\_\_\_.

- A. Indemnity
- B. Peril
- C. Exclusion
- D. Negligence

**108.** Identify the term or coverage that completes: The financial stake required for a valid property policy is \_\_\_\_.

- A. Peril
- B. Indemnity
- C. Exclusion
- D. Insurable interest

**109.** Identify the term or coverage that completes: Replacement cost less depreciation is \_\_\_\_.

- A. Indemnity
- B. Exclusion
- C. Actual cash value
- D. Peril

**110.** Identify the term or coverage that completes: The cost to replace property with like kind and quality, without depreciation, is \_\_\_\_.

- A. Exclusion
- B. Replacement cost
- C. Peril
- D. Indemnity

**111.** Identify the term or coverage that completes: Damaged property retained after a paid loss is \_\_\_\_.

- A. Salvage
- B. Peril
- C. Indemnity
- D. Exclusion

**112.** Identify the term or coverage that completes: An insurer pursuing a responsible third party after paying its insured uses \_\_\_\_.

- A. Peril
- B. Indemnity
- C. Exclusion
- D. Subrogation

**113.** Identify the term or coverage that completes: When insurers share a loss equally up to their limits, the method is \_\_\_\_.

- A. Indemnity
- B. Exclusion
- C. Contribution by equal shares
- D. Peril

**114.** Identify the term or coverage that completes: When insurers share a loss according to their limits, the method is \_\_\_\_.

- A. Exclusion
- B. Pro rata liability
- C. Peril
- D. Indemnity

**115.** Identify the term or coverage that completes: A policy condition requiring insurance to a stated percentage of value is \_\_\_\_.

- A. Coinsurance
- B. Peril
- C. Indemnity
- D. Exclusion

**116.** Identify the term or coverage that completes: The portion of a covered loss retained by the insured is the \_\_\_\_.

- A. Peril
- B. Indemnity
- C. Exclusion
- D. Deductible

**117.** Identify the term or coverage that completes: The most an insurer will pay for a covered loss is the \_\_\_\_.

- A. Indemnity
- B. Exclusion
- C. Limit of liability
- D. Peril

**118.** Identify the term or coverage that completes: An accident, including repeated exposure to substantially the same harmful conditions, is an \_\_\_\_.

- A. Exclusion
- B. Occurrence
- C. Peril
- D. Indemnity

**119.** Identify the term or coverage that completes: An unforeseen, unintended event is an \_\_\_\_.

- A. Accident
- B. Peril
- C. Indemnity
- D. Exclusion

**120.** Identify the term or coverage that completes: Failure to use the care a reasonably prudent person would use is \_\_\_\_.

- A. Peril
- B. Indemnity
- C. Exclusion
- D. Negligence

## Part 3 - Texas Statutes, Rules, and Adjusting

**121.** Identify the term or coverage that completes: Making a false statement about policy benefits to a claimant is \_\_\_\_.

- A. Rebating
- B. Workers compensation
- C. Misrepresentation
- D. TDI

**122.** Identify the term or coverage that completes: Publishing an untrue or misleading statement about an insurance policy is \_\_\_\_.

- A. Workers compensation
- B. False advertising
- C. TDI
- D. Rebating

**123.** Identify the term or coverage that completes: Offering an inducement not stated in the policy to obtain insurance is \_\_\_\_.

- A. Rebating
- B. TDI
- C. Workers compensation
- D. License renewal

**124.** Identify the term or coverage that completes: Making a false malicious statement about an insurer's financial condition is \_\_\_\_.

- A. TDI
- B. Rebating
- C. Workers compensation
- D. Defamation

**125.** Identify the term or coverage that completes: Treating similarly situated insureds differently without a lawful basis is \_\_\_\_.

- A. Rebating
- B. Workers compensation
- C. Unfair discrimination
- D. TDI

**126.** Identify the term or coverage that completes: An agreement to withhold business to coerce another party is a \_\_\_\_.

- A. Workers compensation
- B. Boycott
- C. TDI
- D. Rebating

**127.** Identify the term or coverage that completes: Knowingly presenting false information to obtain insurance benefits is \_\_\_\_.

- A. Fraud
- B. TDI
- C. Rebating
- D. Workers compensation

**128.** Identify the term or coverage that completes: An adjuster should communicate honestly, investigate fairly, and avoid conflicts; this is \_\_\_\_.

- A. TDI
- B. Rebating
- C. Workers compensation
- D. Ethical claims handling

**129.** Identify the term or coverage that completes: Under Texas prompt-payment rules, an insurer generally acknowledges a claim and begins investigation within the required statutory period; this duty is \_\_\_\_.

- A. Rebating
- B. Workers compensation
- C. Prompt-payment acknowledgement
- D. TDI

**130.** Identify the term or coverage that completes: After receiving requested items, an insurer must notify the claimant of acceptance or rejection within the statutory period; this duty is \_\_\_\_.

- A. Workers compensation
- B. Prompt-payment decision
- C. TDI
- D. Rebating

**131.** Identify the term or coverage that completes: After notifying a claimant that a claim will be paid, an insurer must pay within the statutory period; this duty is \_\_\_\_.

- A. Prompt-payment payment
- B. TDI
- C. Rebating
- D. Workers compensation

**132.** Identify the term or coverage that completes: Investigating, evaluating, negotiating, and settling claims for an insurer are core \_\_\_\_.

- A. TDI
- B. Rebating
- C. Workers compensation
- D. Adjuster function

**133.** Identify the term or coverage that completes: An adjuster must not handle claims in a dishonest, unfair, or deceptive manner; this is \_\_\_\_.

- A. Rebating
- B. Workers compensation
- C. Prohibited conduct
- D. TDI

**134.** Identify the term or coverage that completes: A statutory system providing medical and income benefits for job-related injuries is \_\_\_\_.

- A. License renewal
- B. Workers compensation
- C. TDI
- D. Rebating

**135.** Identify the term or coverage that completes: An injury arising out of and in the course and scope of employment is a \_\_\_\_.

- A. Compensable injury
- B. TDI
- C. Rebating
- D. Workers compensation

**136.** Identify the term or coverage that completes: Benefits that pay reasonable and necessary treatment for a compensable injury are \_\_\_\_.

- A. TDI
- B. Rebating
- C. Workers compensation
- D. Medical benefits

**137.** Identify the term or coverage that completes: Workers compensation benefits replacing part of lost wages are \_\_\_\_.

- A. Rebating
- B. Workers compensation
- C. Income benefits
- D. TDI

**138.** Identify the term or coverage that completes: In Texas, employers generally may elect whether to obtain workers compensation coverage; this is \_\_\_\_.

- A. Workers compensation
- B. Employer election
- C. TDI
- D. Rebating

**139.** Identify the term or coverage that completes: An employer that has workers compensation insurance is a \_\_\_\_.

- A. Subscriber
- B. TDI
- C. Rebating
- D. Workers compensation

**140.** Identify the term or coverage that completes: The special Texas nonresident adjuster license for a resident of a state that does not license adjusters is the \_\_\_\_.

- A. Workers compensation
- B. Designated home state license
- C. TDI
- D. Rebating

**141.** Identify the term or coverage that completes: A resident of a state that offers a resident adjuster license is generally \_\_\_\_.

- A. Not eligible for DHS
- B. TDI
- C. Rebating
- D. Workers compensation

**142.** Identify the term or coverage that completes: For designated home state all-lines adjusters, a temporary license is \_\_\_\_.

- A. TDI
- B. Rebating
- C. Workers compensation
- D. No temporary DHS license

**143.** Identify the term or coverage that completes: For designated home state all-lines adjusters, an emergency license is \_\_\_\_.

- A. Rebating
- B. Workers compensation
- C. No emergency DHS license
- D. TDI

**144.** Identify the term or coverage that completes: For designated home state all-lines adjusters, a provisional permit is \_\_\_\_.

- A. Workers compensation
- B. No provisional DHS permit
- C. TDI
- D. Rebating

**145.** Identify the term or coverage that completes: The Texas state agency that administers insurance licensing and regulates insurers is \_\_\_\_.

- A. TDI
- B. Rebating
- C. Workers compensation
- D. License renewal

**146.** Identify the term or coverage that completes: The official with general insurance regulatory powers under Texas law is the \_\_\_\_.

- A. TDI
- B. Rebating
- C. Workers compensation
- D. Commissioner of Insurance

**147.** Identify the term or coverage that completes: A licensee must maintain the license according to its renewal requirements; this is \_\_\_\_.

- A. Rebating
- B. Workers compensation
- C. License renewal
- D. TDI

**148.** Identify the term or coverage that completes: A licensee must notify TDI after certain material information changes; an address update is \_\_\_\_.

- A. Workers compensation
- B. Change-of-address notice
- C. TDI
- D. Rebating

**149.** Identify the term or coverage that completes: A licensee must report certain actions taken by another governmental or regulatory body; this is \_\_\_\_.

- A. Administrative action disclosure
- B. TDI
- C. Rebating
- D. Workers compensation

**150.** Identify the term or coverage that completes: Failing to attempt in good faith to effect a prompt, fair, and equitable settlement when liability is reasonably clear is an \_\_\_\_.

- A. TDI
- B. Rebating
- C. Workers compensation
- D. Unfair claim settlement practice

# Answer Key and Quick Rationales

## Part 1 - Property and Casualty Product Knowledge

1. **A - Medical payments to others.** Medical payments to others is the best answer.
2. **D - Replacement cost condition.** Replacement cost condition is the best answer.
3. **C - Mortgage clause.** Mortgage clause is the best answer.
4. **B - Texas PAP.** Texas PAP is the best answer.
5. **A - Part A liability.** Part A liability is the best answer.
6. **D - Part B medical payments.** Part B medical payments is the best answer.
7. **C - Part C uninsured/underinsured motorists.** Part C uninsured/underinsured motorists is the best answer.
8. **B - Part D damage to your auto.** Part D damage to your auto is the best answer.
9. **A - Collision.** Collision is the best answer.
10. **D - Other-than-collision.** Other-than-collision is the best answer.
11. **C - Supplementary payments.** Supplementary payments is the best answer.
12. **B - Duty to defend.** Duty to defend is the best answer.
13. **A - Financial responsibility law.** Financial responsibility law is the best answer.
14. **D - Commercial property policy.** Commercial property policy is the best answer.
15. **C - Building and personal property coverage form.** Building and personal property coverage form is the best answer.
16. **B - Business income.** Business income is the best answer.
17. **A - Extra expense.** Extra expense is the best answer.
18. **D - Causes of loss form.** Causes of loss form is the best answer.
19. **C - Businessowners policy.** Businessowners policy is the best answer.
20. **B - Commercial package policy.** Commercial package policy is the best answer.
21. **A - Equipment breakdown.** Equipment breakdown is the best answer.
22. **D - Commercial crime.** Commercial crime is the best answer.
23. **C - Employee dishonesty.** Employee dishonesty is the best answer.
24. **B - Inland marine.** Inland marine is the best answer.
25. **A - Personal articles floater.** Personal articles floater is the best answer.
26. **D - Installation floater.** Installation floater is the best answer.
27. **C - Builders risk.** Builders risk is the best answer.
28. **B - Motor truck cargo.** Motor truck cargo is the best answer.
29. **A - Ocean marine.** Ocean marine is the best answer.
30. **D - Hull coverage.** Hull coverage is the best answer.
31. **C - Protection and indemnity.** Protection and indemnity is the best answer.
32. **B - General average.** General average is the best answer.
33. **A - Jettison.** Jettison is the best answer.
34. **D - Extended coverage.** Extended coverage is the best answer.
35. **C - Vacancy provision.** Vacancy provision is the best answer.

36. **B - Ordinance or law coverage.** Ordinance or law coverage is the best answer.
37. **A - Inflation guard.** Inflation guard is the best answer.
38. **D - Scheduled personal property endorsement.** Scheduled personal property endorsement is the best answer.
39. **C - Umbrella policy.** Umbrella policy is the best answer.
40. **B - Surety bond.** Surety bond is the best answer.
41. **A - Principal.** Principal is the best answer.
42. **D - Obligee.** Obligee is the best answer.
43. **C - Fidelity bond.** Fidelity bond is the best answer.
44. **B - Standard fire policy.** Standard fire policy is the best answer.
45. **A - Named-peril coverage.** Named-peril coverage is the best answer.
46. **D - Open-peril coverage.** Open-peril coverage is the best answer.
47. **C - HO-3.** HO-3 is the best answer.
48. **B - HO-4.** HO-4 is the best answer.
49. **A - HO-6.** HO-6 is the best answer.
50. **D - HO-5.** HO-5 is the best answer.
51. **C - Texas HO-A.** Texas HO-A is the best answer.
52. **B - Texas HO-B.** Texas HO-B is the best answer.
53. **A - Texas HO-C.** Texas HO-C is the best answer.
54. **D - Coverage A.** Coverage A is the best answer.
55. **C - Coverage B.** Coverage B is the best answer.
56. **B - Coverage C.** Coverage C is the best answer.
57. **A - Coverage D.** Coverage D is the best answer.
58. **D - Special limit.** Special limit is the best answer.
59. **C - Loss of use.** Loss of use is the best answer.
60. **B - Personal liability.** Personal liability is the best answer.

## **Part 2 - Insurance Terms and Related Concepts**

61. **C - Tort.** Tort is the best answer.
62. **B - Vicarious liability.** Vicarious liability is the best answer.
63. **A - Strict liability.** Strict liability is the best answer.
64. **D - Comparative negligence.** Comparative negligence is the best answer.
65. **C - Bodily injury.** Bodily injury is the best answer.
66. **B - Property damage.** Property damage is the best answer.
67. **A - Personal injury.** Personal injury is the best answer.
68. **D - Contract of adhesion.** Contract of adhesion is the best answer.
69. **C - Aleatory contract.** Aleatory contract is the best answer.
70. **B - Unilateral contract.** Unilateral contract is the best answer.
71. **A - Conditional contract.** Conditional contract is the best answer.

72. **D - Personal contract.** Personal contract is the best answer.
73. **C - Representation.** Representation is the best answer.
74. **B - Warranty.** Warranty is the best answer.
75. **A - Concealment.** Concealment is the best answer.
76. **D - Waiver.** Waiver is the best answer.
77. **C - Estoppel.** Estoppel is the best answer.
78. **B - Binder.** Binder is the best answer.
79. **A - Endorsement.** Endorsement is the best answer.
80. **D - Declarations.** Declarations is the best answer.
81. **C - Insuring agreement.** Insuring agreement is the best answer.
82. **B - Exclusion.** Exclusion is the best answer.
83. **A - Condition.** Condition is the best answer.
84. **D - Cancellation.** Cancellation is the best answer.
85. **C - Nonrenewal.** Nonrenewal is the best answer.
86. **B - Vacancy.** Vacancy is the best answer.
87. **A - Unoccupancy.** Unoccupancy is the best answer.
88. **D - Appraisal.** Appraisal is the best answer.
89. **C - Reservation of rights.** Reservation of rights is the best answer.
90. **B - Proof of loss.** Proof of loss is the best answer.
91. **A - Fraud.** Fraud is the best answer.
92. **D - Misrepresentation.** Misrepresentation is the best answer.
93. **C - Fiduciary duty.** Fiduciary duty is the best answer.
94. **B - Fair Credit Reporting Act.** Fair Credit Reporting Act is the best answer.
95. **A - Privacy notice.** Privacy notice is the best answer.
96. **D - Liberalization clause.** Liberalization clause is the best answer.
97. **C - Abandonment.** Abandonment is the best answer.
98. **B - Pure risk.** Pure risk is the best answer.
99. **A - Speculative risk.** Speculative risk is the best answer.
100. **D - Peril.** Peril is the best answer.
101. **C - Physical hazard.** Physical hazard is the best answer.
102. **B - Moral hazard.** Moral hazard is the best answer.
103. **A - Morale hazard.** Morale hazard is the best answer.
104. **D - Direct loss.** Direct loss is the best answer.
105. **C - Indirect loss.** Indirect loss is the best answer.
106. **B - Proximate cause.** Proximate cause is the best answer.
107. **A - Indemnity.** Indemnity is the best answer.
108. **D - Insurable interest.** Insurable interest is the best answer.

109. **C - Actual cash value.** Actual cash value is the best answer.
110. **B - Replacement cost.** Replacement cost is the best answer.
111. **A - Salvage.** Salvage is the best answer.
112. **D - Subrogation.** Subrogation is the best answer.
113. **C - Contribution by equal shares.** Contribution by equal shares is the best answer.
114. **B - Pro rata liability.** Pro rata liability is the best answer.
115. **A - Coinsurance.** Coinsurance is the best answer.
116. **D - Deductible.** Deductible is the best answer.
117. **C - Limit of liability.** Limit of liability is the best answer.
118. **B - Occurrence.** Occurrence is the best answer.
119. **A - Accident.** Accident is the best answer.
120. **D - Negligence.** Negligence is the best answer.

### **Part 3 - Texas Statutes, Rules, and Adjusting**

121. **C - Misrepresentation.** Misrepresentation is the best answer.
122. **B - False advertising.** False advertising is the best answer.
123. **A - Rebating.** Rebating is the best answer.
124. **D - Defamation.** Defamation is the best answer.
125. **C - Unfair discrimination.** Unfair discrimination is the best answer.
126. **B - Boycott.** Boycott is the best answer.
127. **A - Fraud.** Fraud is the best answer.
128. **D - Ethical claims handling.** Ethical claims handling is the best answer.
129. **C - Prompt-payment acknowledgement.** Prompt-payment acknowledgement is the best answer.
130. **B - Prompt-payment decision.** Prompt-payment decision is the best answer.
131. **A - Prompt-payment payment.** Prompt-payment payment is the best answer.
132. **D - Adjuster function.** Adjuster function is the best answer.
133. **C - Prohibited conduct.** Prohibited conduct is the best answer.
134. **B - Workers compensation.** Workers compensation is the best answer.
135. **A - Compensable injury.** Compensable injury is the best answer.
136. **D - Medical benefits.** Medical benefits is the best answer.
137. **C - Income benefits.** Income benefits is the best answer.
138. **B - Employer election.** Employer election is the best answer.
139. **A - Subscriber.** Subscriber is the best answer.
140. **B - Designated home state license.** Designated home state license is the best answer.
141. **A - Not eligible for DHS.** Not eligible for DHS is the best answer.
142. **D - No temporary DHS license.** No temporary DHS license is the best answer.
143. **C - No emergency DHS license.** No emergency DHS license is the best answer.
144. **B - No provisional DHS permit.** No provisional DHS permit is the best answer.

**145. A - TDI.** TDI is the best answer.

**146. D - Commissioner of Insurance.** Commissioner of Insurance is the best answer.

**147. C - License renewal.** License renewal is the best answer.

**148. B - Change-of-address notice.** Change-of-address notice is the best answer.

**149. A - Administrative action disclosure.** Administrative action disclosure is the best answer.

**150. D - Unfair claim settlement practice.** Unfair claim settlement practice is the best answer.

## Official References to Check Before Exam Day

Texas Department of Insurance, "Adjuster: designated home state - all lines" (eligibility and application information); 28 TAC 19.1018(a), "Adjuster Prelicensing Examination Topics" (content percentages); and Pearson VUE, Texas Insurance Content Outlines, effective December 1, 2025 (150 scoreable questions and detailed content areas).

This guide uses general insurance terminology for learning. It is not legal advice and does not replace the current Texas Insurance Code, Texas Administrative Code, TDI guidance, policy forms, or Pearson VUE materials.