

Texas All-Lines Adjuster

Designated Home State License Study Guide - Exam 4

150 Original Multiple-Choice Practice Questions

Purpose: a full-length practice set for the Texas all-lines adjuster subject areas. This is independent study material - not an official Pearson VUE examination and not a guarantee of exam results. Verify rules and policy forms against current official sources before testing.

Topic area	Questions	Basis
Property insurance product knowledge	1-60	40% of the Texas prelicensing outline
Insurance terms and related concepts	61-120	40% of the Texas prelicensing outline
Texas statutes and rules	121-150	20% of the Texas prelicensing outline

Suggested use

Set a 150-minute timer for a simulation. Mark questions you are unsure about, then use the answer key and topic labels to target review. The question weighting follows 28 TAC Section 19.1018(a); the actual licensing examination structure, timing, and content outline are controlled by Pearson VUE and TDI.

Reference points reviewed: Texas Department of Insurance adjuster DHS licensing page; Texas Insurance Code Chapter 4101; Texas Insurance Code Chapter 541; 28 TAC Section 19.1018; Pearson VUE Texas Insurance Licensing Candidate Handbook (August 2026 edition).

Part I - Property Insurance Product Knowledge

1. The standard fire policy is primarily designed to insure against which peril?

- A. Flood
- B. Theft
- C. Earth movement
- D. Fire

2. Under a property policy, an insurable interest generally must exist at what time for recovery after a loss?

- A. Only at renewal
- B. Only when premium is paid
- C. Only at application
- D. At the time of loss

3. Which loss is most commonly excluded under a standard fire policy unless added by endorsement?

- A. Direct fire damage
- B. Lightning
- C. Smoke from a hostile fire
- D. Flood

4. The purpose of a valuation clause is to help determine which amount after a covered loss?

- A. Amount payable
- B. Mortgagee identity
- C. Deductible type
- D. Policy territory

5. Part A of the Texas Personal Auto Policy provides which coverage?

- A. Damage to your auto
- B. Liability
- C. Uninsured motorist
- D. Medical payments

6. Bodily injury liability coverage responds to damages because of which type of injury?

- A. Loss of use of rented property only
- B. Injury to another person
- C. Damage to the insured vehicle
- D. Damage to the insured home

7. Property damage liability under an auto policy may pay for which loss?

- A. Wear and tear to the insured vehicle
- B. Damage to another driver's fence
- C. The insured's collision damage
- D. The insured's mechanical breakdown

8. An insured rear-ends another car. Which auto coverage is most directly implicated for the other driver's vehicle?

- A. Property damage liability
- B. Medical payments
- C. Comprehensive
- D. Collision

9. Which coverage is designed to pay reasonable medical expenses without regard to fault, subject to policy terms?

- A. Towing and labor
- B. Bodily injury liability
- C. Collision
- D. Medical payments

10. HO-3 is generally characterized as which form of dwelling coverage?

- A. Open-peril coverage on the dwelling, named-peril coverage on personal property
- B. Named-peril coverage on all property
- C. Open-peril coverage on all property
- D. Liability-only coverage

11. Coverage A in a homeowners policy generally applies to which property?

- A. Other structures
- B. The dwelling
- C. Personal property
- D. Loss of use

12. Coverage B in a homeowners policy generally applies to which property?

- A. Personal property
- B. Other structures
- C. The dwelling
- D. Personal liability

13. Coverage C in a homeowners policy generally applies to which property?

- A. The dwelling
- B. Medical payments to others
- C. Other structures
- D. Personal property

14. Coverage D in a homeowners policy generally addresses which exposure?

- A. Damage to a detached garage
- B. Loss of use/additional living expense
- C. Personal liability
- D. Medical payments to others

15. Which homeowners coverage is most likely to respond when a guest is injured on the premises and the insured is legally liable?

- A. Coverage C
- B. Coverage A
- C. Loss of use
- D. Personal liability

16. Medical payments to others under a homeowners policy is best described as:

- A. Limited no-fault medical expense coverage for others
- B. Coverage for the insured's own medical bills
- C. Coverage for property damage to others
- D. Coverage for a tenant's rent

17. Which is usually considered an "other structure" under a homeowners policy?

- A. Living-room furniture
- B. Attached kitchen
- C. A tenant's suitcase
- D. Detached tool shed

18. A homeowners policy deductible generally has what effect on a covered property loss?

- A. Creates additional coverage
- B. Eliminates exclusions
- C. Increases liability limits
- D. Reduces the amount paid

19. Which event is generally excluded by a homeowners policy unless specifically covered?

- A. Fire
- B. Windstorm
- C. Lightning
- D. Flood

20. Replacement cost valuation is intended to pay, subject to conditions, the cost to:

- A. Pay the policy limit automatically
- B. Pay market value only
- C. Pay original purchase price only
- D. Repair or replace with like kind and quality without depreciation

21. Actual cash value is commonly calculated as:

- A. Replacement cost less depreciation
- B. Market value plus deductible
- C. Replacement cost plus depreciation
- D. Policy limit less premium

22. Which person is most likely an insured under the liability section of a homeowners policy?

- A. A contractor hired for one day
- B. An unrelated visitor
- C. A neighbor borrowing tools
- D. A resident relative

23. A covered fire makes a home uninhabitable. Which coverage may help with hotel costs?

- A. Coverage B
- B. Coverage D
- C. Coverage C
- D. Medical payments

24. The main purpose of a personal umbrella policy is to:

- A. Insure jewelry on a scheduled basis
- B. Cover flood damage
- C. Replace homeowners Coverage A
- D. Provide excess liability protection

25. Which action most directly helps an adjuster determine whether a scheduled item has special coverage?

- A. Apply the liability limit
- B. Use the property tax record only
- C. Assume it is covered under Coverage A
- D. Review the endorsement and schedule

26. The Commercial Package Policy (CPP) is designed to:

- A. Replace workers compensation in every case
- B. Cover personal automobiles only
- C. Combine eligible commercial coverages in one policy
- D. Provide life insurance to employees

27. Commercial General Liability Coverage A primarily addresses:

- A. Employee theft
- B. Bodily injury and property damage liability
- C. Damage to the insured's building
- D. Professional errors and omissions

28. CGL Coverage B generally addresses:

- A. Commercial auto physical damage
- B. Workers compensation benefits
- C. Employee benefits
- D. Personal and advertising injury

29. A Businessowners Policy (BOP) is generally intended for:

- A. Individual homeowners
- B. Only large multinational manufacturers
- C. Licensed adjusters only
- D. Eligible small and medium businesses

30. The building and personal property coverage form is associated with which policy family?

- A. Workers compensation
- B. Personal auto
- C. Commercial property
- D. Ocean marine

31. Business income coverage is designed to address which consequence of a covered direct physical loss?

- A. Lost income and continuing normal operating expenses
- B. Liability to customers
- C. The cost of a new building site
- D. Theft by an employee

32. Extra expense coverage is intended to pay necessary additional costs that help the business:

- A. Continue operations or minimize suspension
- B. Increase property limits
- C. Defend a criminal charge
- D. Avoid paying a deductible

33. The commercial auto policy may include which type of coverage?

- A. Homeowners personal property only
- B. Liability and physical damage
- C. Life insurance cash value
- D. Workers compensation indemnity only

34. A workers compensation policy generally provides benefits for:

- A. Job-related injury or illness
- B. Fire damage to the employer's building
- C. Damage to a customer's vehicle
- D. An employee's personal auto collision

35. Which commercial property valuation basis pays replacement cost less depreciation?

- A. Agreed value
- B. Replacement cost
- C. Actual cash value
- D. Stated amount

36. A coinsurance clause is intended to encourage the insured to:

- A. Schedule every item separately
- B. Carry insurance to a stated percentage of value
- C. Pay premiums monthly
- D. Avoid all deductibles

37. Which claim is most likely a CGL Coverage A matter?

- A. An employee seeks wage replacement after injury
- B. A customer alleges injury from a slip in the store
- C. A truck needs new brakes
- D. A fire damages the insured's own inventory

38. A commercial property policy's "period of restoration" is especially important to which coverage?

- A. Fidelity bond
- B. Business income
- C. Commercial umbrella
- D. Employee dishonesty

39. Which is a first-party commercial property claim?

- A. An employee sues for discrimination
- B. A customer sues the insured for injury
- C. Fire damage to the insured's warehouse
- D. A competitor claims false advertising

40. Inland marine insurance is commonly used for property that is:

- A. Permanently attached to a dwelling only
- B. Limited to liability claims
- C. Always located overseas
- D. Movable or transported

41. A contractor's tools transported between job sites are most closely associated with:

- A. Homeowners liability
- B. Workers compensation
- C. Inland marine exposure
- D. Ocean marine exposure

42. A bailee is a person or business that has:

- A. A mortgage interest in a building
- B. Authority to issue bonds
- C. Temporary possession of another's property
- D. Ownership of a ship at sea

43. Ocean marine insurance is most closely associated with:

- A. Homeowners dwelling loss
- B. Ships, cargo, and marine transit
- C. Personal auto liability
- D. Workers compensation claims

44. Protection and indemnity coverage is commonly associated with:

- A. Homeowners personal property
- B. Employee wage claims
- C. Theft of office supplies
- D. Marine liability exposures

45. Which item is most likely marine cargo?

- A. A detached garage
- B. Furniture in a residence
- C. A personal injury lawsuit
- D. Goods transported by vessel

46. An exclusion in an insurance policy is a provision that:

- A. Adds a new insured
- B. Sets the premium payment date
- C. Removes or limits coverage for specified loss or circumstances
- D. Increases the policy limit automatically

47. An endorsement is used to:

- A. Eliminate the insurer's duties
- B. Replace the declarations page only
- C. Cancel every claim
- D. Modify the policy

48. A policy condition generally states:

- A. The insurer's stock price
- B. The name of every insured
- C. The property's appraised value only
- D. Duties or requirements affecting coverage

49. A deductible is best described as:

- A. The insurer's total policy limit
- B. A premium refund
- C. A coverage exclusion
- D. The insured's retained portion of a covered loss

50. The declarations page usually identifies:

- A. Named insured, policy period, limits, and premium
- B. All claim investigation notes
- C. Every possible exclusion
- D. The insurer's complete underwriting manual

51. Which action best protects the insurer's recovery rights after a loss caused by a third party?

- A. Preserve subrogation rights
- B. Cancel the policy immediately
- C. Waive the deductible
- D. Assign the claim to the claimant

52. The appraisal condition is designed to resolve disputes over:

- A. Amount of loss
- B. Whether a policy exists
- C. The premium finance agreement
- D. The insured's age

53. A vacancy provision can affect coverage because a vacant building may have:

- A. Automatic replacement cost
- B. Different loss exposure
- C. No need for an insurable interest
- D. A higher liability limit

54. A liberalization clause generally provides that:

- A. The insured can rewrite the policy
- B. Broader coverage adopted by the insurer may apply without extra premium under stated conditions
- C. All exclusions are deleted
- D. Claims are paid without investigation

55. Which provision may require an insured to protect property from further damage after a loss?

- A. Declarations
- B. Cancellation notice
- C. Duties after loss
- D. Insuring agreement

56. The insuring agreement primarily states:

- A. The policyholder's mailing address
- B. The adjuster's license number
- C. The claim file retention period
- D. The insurer's basic promise of coverage

57. A surety bond involves which three parties?

- A. Insured, claimant, and witness
- B. Insurer, agent, and reinsurer
- C. Principal, obligee, and surety
- D. Lessor, lessee, and bailee

58. In a surety bond, the party whose performance is guaranteed is the:

- A. Beneficiary insurer
- B. Surety
- C. Principal
- D. Obligee

59. In a surety bond, the party protected by the bond is the:

- A. Producer
- B. Surety
- C. Principal
- D. Obligee

60. A fidelity bond is most closely associated with loss caused by:

- A. Auto collision
- B. Professional liability
- C. Windstorm
- D. Employee dishonesty

Part II - Insurance Terms and Related Concepts

61. Risk is best defined as:

- A. A completed claim payment
- B. A policy endorsement
- C. A guaranteed profit
- D. Uncertainty concerning loss

62. A peril is:

- A. A valuation method
- B. A policy premium
- C. The cause of loss
- D. A condition increasing chance of loss

63. A hazard is:

- A. A condition that increases frequency or severity of loss
- B. The direct cause of loss
- C. A policy limit
- D. A premium payment

64. A physical hazard is exemplified by:

- A. Gambling behavior
- B. Dishonesty
- C. Faulty wiring
- D. A policy exclusion

65. A moral hazard is most closely associated with:

- A. A hurricane
- B. Dishonesty or character
- C. Poor building construction
- D. Wet floors

66. A morale hazard is best illustrated by:

- A. Carelessness because insurance exists
- B. A policy deductible
- C. A cracked sidewalk
- D. Intentional arson

67. A loss exposure is:

- A. A policy endorsement
- B. An insurer's surplus
- C. A condition or situation that presents possibility of loss
- D. A completed appraisal

68. Indemnity is intended to:

- A. Restore the insured financially, not create profit
- B. Guarantee replacement cost in every claim
- C. Prevent all future losses
- D. Eliminate all deductibles

69. Insurable interest means the insured has:

- A. A license to adjust claims
- B. A financial interest that may be harmed by loss
- C. A desire to insure any property
- D. A right to premium refunds

70. A contract of adhesion is drafted primarily by the:

- A. Adjuster
- B. Claimant
- C. Insured
- D. Insurer

71. A unilateral contract means:

- A. Both parties exchange identical promises
- B. Only the insurer makes an enforceable promise to perform after conditions are met
- C. The insured can change terms alone
- D. No premium is required

72. An aleatory contract is one in which:

- A. The insured writes policy language
- B. Premium always equals the loss
- C. Values exchanged may be unequal depending on a contingent event
- D. Both parties must perform immediately

73. A conditional contract requires:

- A. The insured to waive all rights
- B. Certain policy conditions be met before the insurer must perform
- C. A court to write the policy
- D. The insurer to pay every reported loss

74. A representation in an insurance application is generally:

- A. A claim payment
- B. A statement believed true to the applicant's knowledge
- C. A proof of loss
- D. A guaranteed policy benefit

75. Concealment is:

- A. A covered loss
- B. A type of deductible
- C. Failure to disclose a material fact
- D. A policy limit

76. A warranty is generally:

- A. A statement or promise that must be strictly true or performed, depending on applicable law and policy
- B. A claim settlement offer
- C. A deductible waiver
- D. A premium finance charge

77. The premium is:

- A. The price charged for insurance
- B. The amount of a deductible
- C. The policy limit
- D. The amount of depreciation

78. A policy limit is:

- A. The date a policy begins
- B. The maximum amount payable for covered loss, subject to terms
- C. The minimum premium
- D. The insured's deductible

79. A binder is best described as:

- A. A proof of loss form
- B. A cancellation notice
- C. Temporary evidence of insurance pending policy issuance
- D. A permanent endorsement

80. A certificate of insurance generally:

- A. Is a proof of loss
- B. Provides evidence of coverage but does not alter the policy
- C. Creates coverage regardless of policy terms
- D. Is an adjuster license

81. Subrogation allows an insurer to:

- A. Avoid investigating a claim
- B. Cancel a policy after every loss
- C. Pursue a responsible third party after paying a covered claim
- D. Collect a deductible twice

82. Contribution applies when:

- A. The policy has no deductible
- B. More than one insurer covers the same loss
- C. The insurer is insolvent
- D. A claimant has no damages

83. Salvage refers to:

- A. An additional insured
- B. The insured's credit score
- C. Value remaining in damaged property
- D. The policy premium

84. Abandonment occurs when an insured attempts to:

- A. Cancel a liability limit
- B. Give damaged property to the insurer
- C. Assign a policy to an agent
- D. Increase a deductible

85. Proximate cause is the:

- A. Insured's intent to buy coverage
- B. Dominant cause that sets a loss in motion in a natural and continuous sequence
- C. Policy limit
- D. Last event in time regardless of significance

86. Direct loss is:

- A. A premium increase
- B. A liability lawsuit
- C. Loss due to reduced sales only
- D. Damage directly caused by a covered peril

87. Indirect loss is commonly:

- A. A method of valuation
- B. Always excluded by every policy
- C. The same as direct physical damage
- D. A consequential loss resulting from direct damage

88. Actual cash value most often means:

- A. Replacement cost less depreciation
- B. Original purchase price
- C. Market value plus deductible
- D. Replacement cost plus depreciation

89. Replacement cost coverage aims to pay the cost to:

- A. Pay only a used-item price
- B. Pay tax assessed value
- C. Pay a liability judgment
- D. Repair or replace without deduction for depreciation, subject to conditions

90. Depreciation is:

- A. An increase in a liability limit
- B. Decrease in value from age, wear, or obsolescence
- C. A premium refund
- D. A policy cancellation

91. The principle of utmost good faith requires:

- A. The insured to accept any settlement
- B. The insurer to ignore policy conditions
- C. Honesty and fair dealing in insurance transactions
- D. A guaranteed payment on every claim

92. A waiver is:

- A. Voluntary relinquishment of a known right
- B. A policy exclusion
- C. A claim investigation report
- D. A premium payment

93. Estoppel may prevent a party from asserting a right when another party:

- A. Requests appraisal
- B. Pays a premium early
- C. Reasonably relied to their detriment on that party's conduct
- D. Has no insurable interest

94. An endorsement that broadens a policy is an example of:

- A. Salvage
- B. Policy modification
- C. Subrogation
- D. Cancellation

95. An occurrence policy generally responds based on:

- A. When injury or damage occurs
- B. When the claim is reported only
- C. When premium is paid
- D. When the lawsuit ends

96. A claims-made policy generally responds based on:

- A. When the insured moves
- B. When a deductible changes
- C. When a claim is first made and reported as required
- D. When property was built

97. The retroactive date in a claims-made policy is important because it may limit coverage for acts occurring:

- A. After policy expiration only
- B. During the policy period only
- C. Before that date
- D. After a deductible is paid

98. The purpose of reinsurance is to:

- A. Replace a policy binder
- B. Eliminate all insured deductibles
- C. Provide insurance directly to every consumer
- D. Transfer some insurer risk to another insurer

99. An admitted insurer is one that:

- A. Is authorized by the state to transact insurance
- B. Only writes surplus lines
- C. Cannot issue property policies
- D. Never uses agents

100. A surplus lines insurer is typically used when:

- A. Coverage cannot be obtained from eligible admitted insurers, subject to state requirements
- B. The insured prefers a lower deductible
- C. The loss is already paid
- D. A homeowner needs standard coverage

101. Underwriting is the process of:

- A. Investigating only reported claims
- B. Repairing damaged property
- C. Evaluating and selecting risks and setting terms
- D. Collecting salvage

102. A deductible is commonly used to:

- A. Increase every policy limit
- B. Eliminate policy conditions
- C. Make the insured retain part of a covered loss
- D. Guarantee replacement cost

103. A reservation of rights letter is intended to:

- A. Cancel the policy immediately
- B. Notify the insured that the insurer may investigate or defend while reserving coverage defenses
- C. Set the deductible to zero
- D. Guarantee full coverage

104. A proof of loss is generally:

- A. A temporary policy
- B. A statement or form supporting the claim and amount of loss
- C. A cancellation endorsement
- D. A license application

105. The duty to cooperate generally requires the insured to:

- A. Assist reasonably with investigation, settlement, or defense
- B. Pay every claimant directly
- C. Repair all property without notice
- D. Waive all policy limits

106. A first-party claim is made by:

- A. A state regulator only
- B. A stranger to the policy
- C. An insurer seeking reinsurance only
- D. An insured seeking benefits under their own policy

107. A third-party claim usually alleges that the insured:

- A. Is legally liable to someone else
- B. Wants to cancel a policy
- C. Has paid too much premium
- D. Needs payment for their own damaged property

108. Liability is best described as:

- A. Legal responsibility for injury or damage
- B. A method of depreciation
- C. Ownership of policy proceeds
- D. A type of deductible

109. Negligence generally requires duty, breach, causation, and:

- A. A premium refund
- B. Damages
- C. A policy endorsement
- D. A salvage sale

110. Comparative negligence concerns:

- A. The date of cancellation
- B. The insurer's financial rating
- C. A policy valuation clause
- D. Allocation of fault among parties

111. Vicarious liability may make an employer liable for:

- A. Any loss to the employer's building
- B. Certain acts of an employee within scope of employment
- C. Only intentional acts by strangers
- D. The insurer's underwriting decision

112. A tort is:

- A. A policy declaration
- B. A civil wrong that may create legal liability
- C. A bond premium
- D. A type of insurance premium

113. Strict liability may apply without proof of:

- A. A claimant
- B. Causation
- C. Damages
- D. Negligence

114. The statute of limitations sets:

- A. The time limit for bringing a legal action
- B. The premium due date
- C. The maximum property limit
- D. The policy deductible

115. A release is a document by which a claimant typically:

- A. Gives up specified claims in exchange for settlement
- B. Appoints an adjuster
- C. Changes a deductible
- D. Requests a new policy

116. A hold-harmless agreement generally involves:

- A. One party agreeing to protect another from certain liability
- B. An agreement to increase coverage limits
- C. A promise to insure all property
- D. A claim proof form

117. The policy period is:

- A. The type of valuation
- B. The date of a claim payment
- C. The time during which coverage may apply
- D. The amount of the deductible

118. Cancellation ends a policy:

- A. Only after a loss payment
- B. Before its normal expiration date
- C. Only after appraisal
- D. Only at renewal

119. Nonrenewal means the insurer:

- A. Does not continue the policy at the end of its term
- B. Voids every past claim
- C. Adds an endorsement
- D. Must return all premiums

120. The named insured is generally the person or entity:

- A. Who witnesses the accident
- B. Who performs the repair
- C. Named in the declarations and granted policy rights
- D. Who first reports a loss

Part III - Texas Statutes and Rules

121. Under Texas Insurance Code Chapter 4101, a person generally may not act as an adjuster in Texas without:

- A. A real estate license
- B. A property appraisal
- C. An adjuster license, unless an exemption applies
- D. A public adjuster contract

122. A Texas applicant for an adjuster license must generally be at least:

- A. 18 years old
- B. 21 years old
- C. 25 years old
- D. 16 years old

123. A Texas adjuster applicant generally must demonstrate that the applicant is:

- A. A Texas resident in every circumstance
- B. Trustworthy and competent to fulfill adjuster responsibilities
- C. An attorney
- D. A public insurance adjuster

124. Which may exempt an applicant from the Texas adjuster examination requirement, subject to current rules?

- A. A CPCU or AIC designation
- B. A vehicle registration
- C. A homeowners policy
- D. A claims-made policy

125. A Texas designated home state (DHS) adjuster is expected to follow:

- A. Only the rules of the physical residence state
- B. Only federal insurance rules
- C. No continuing education rules
- D. Texas continuing education rules

126. An emergency adjuster license may be effective for no more than:

- A. One year initially
- B. 90 days initially
- C. 30 days initially
- D. 180 days initially

127. An emergency adjuster license may be extended for:

- A. An additional 30 days only
- B. No additional period
- C. An additional 90 days
- D. An additional year

128. A nonresident adjuster may be exempt from Texas licensure to adjust which situation?

- A. Only workers compensation claims
- B. Any claim with no policy
- C. A single loss in Texas, subject to statute
- D. Every ongoing Texas claim

129. The current Pearson VUE code shown by TDI for the DHS all-lines exam is:

- A. InsTX-ALAdj16
- B. InsTX-PCA81
- C. InsTX-WCAdj32
- D. InsTX-PbAdj17

130. TDI lists which as a general application step after passing the licensing exam?

- A. Begin fingerprint background-check process and apply for license
- B. Purchase an ocean marine policy
- C. File a lawsuit
- D. Complete an appraisal award

131. Texas Insurance Code Chapter 541 addresses:

- A. Vehicle registration
- B. Unfair methods of competition and unfair or deceptive insurance practices
- C. Federal income tax
- D. Real estate appraisal

132. Misrepresenting a policy's benefits or terms is an example of:

- A. A valid appraisal process
- B. An unfair or deceptive insurance practice
- C. A deductible election
- D. A salvage procedure

133. An adjuster should describe coverage to a claimant by:

- A. Promising coverage before review
- B. Using misleading sales language
- C. Ignoring exclusions
- D. Using accurate policy-based information

134. A claim communication that knowingly makes a false statement to influence settlement is:

- A. Improper and potentially an unfair practice
- B. Required if the claim is disputed
- C. A form of subrogation
- D. A valuation clause

135. A rebate offered as an inducement to buy insurance is generally regulated because it may be:

- A. An unfair trade practice
- B. A form of appraisal
- C. A proof of loss
- D. A policy condition

136. Which action best avoids a misleading claim communication?

- A. Tell the claimant not to read the policy
- B. Quote relevant policy language accurately and explain the basis for the position
- C. State that every loss is covered
- D. Promise a payment amount before investigation

137. Defaming an insurer's financial condition or business practices is:

- A. An ocean marine coverage
- B. A type of bond
- C. A prohibited unfair practice
- D. A required claims duty

138. Which conduct is most consistent with fair claims practice?

- A. Prompt, factual, and documented communication
- B. Using threats to force a release
- C. Delaying all responses until suit is filed
- D. Concealing policy limits

139. An adjuster should avoid representing that a policy affords a benefit when:

- A. The policy does not provide that benefit
- B. The loss is small
- C. The claimant asks twice
- D. The deductible applies

140. Twisting in insurance marketing refers generally to:

- A. A method of determining salvage
- B. A property valuation method
- C. Inducing replacement through misleading comparisons
- D. A type of workers compensation benefit

141. An adjuster's investigation should primarily seek to establish:

- A. The insured's unrelated financial history
- B. Only a reason to deny the claim
- C. A new policy premium
- D. Relevant facts, coverage, damages, and applicable policy terms

142. An adjuster who is also a roofing contractor may not adjust a roofing-damage loss for an insurer when the adjuster:

- A. Provides roofing services or products for compensation
- B. Has a homeowner policy
- C. Uses a ladder
- D. Has ever inspected a roof

143. A claim file should be documented to show:

- A. The adjuster's personal opinions only
- B. Unrelated marketing materials
- C. The factual basis and handling steps for decisions
- D. Only the final payment amount

144. When coverage is uncertain, an appropriate insurer communication may:

- A. Require the claimant to settle
- B. Reserve rights while investigating
- C. Ignore the claim
- D. Guarantee payment immediately

145. The best first step after receiving a new property claim is usually to:

- A. Review the policy and promptly begin a factual investigation
- B. Close the claim file
- C. Demand an appraisal award
- D. Pay policy limits without review

146. Workers compensation insurance generally addresses:

- A. Damage to the employer's building
- B. A customer slip-and-fall claim
- C. Work-related injury or occupational disease
- D. Personal auto collision

147. An all-lines adjuster topic outline includes workers compensation because:

- A. It is identical to homeowners coverage
- B. Texas rules specify it as a tested statute-and-rule category
- C. It replaces all liability coverage
- D. It is not regulated in Texas

148. An employee injury claim is most likely within workers compensation when the injury:

- A. Is a customer's liability claim
- B. Is damage to employer property only
- C. Occurs during an unrelated vacation
- D. Arises out of and in the course of employment

149. Which benefit type commonly relates to income loss from a work-related injury?

- A. Medical payments to others
- B. Business income benefits
- C. Indemnity benefits
- D. Collision benefits

150. Which is the most appropriate adjuster action on a workers compensation claim?

- A. Apply the governing statute, facts, and policy/workers compensation provisions
- B. Use homeowners Coverage D
- C. Treat it as a surety bond
- D. Ignore medical documentation

Answer Key and Quick Rationale

Use the topic label to choose your remediation area. Policy wording governs any actual claim question.

No.	Answer	Topic	Quick rationale
1	D	Standard Fire	Fire is the named peril at the center of the standard fire policy.
2	D	Standard Fire	The claimant must have an economic interest in the property when the loss occurs.
3	D	Standard Fire	Flood is generally excluded and requires separate coverage.
4	A	Standard Fire	Valuation provisions determine how property value and payment are measured.
5	B	Auto Liability	Part A is Liability Coverage.
6	B	Auto Liability	Bodily injury liability protects against legal liability for injury to others.
7	B	Auto Liability	It covers legal liability for property damage to others.
8	A	Auto Liability	The insured's legal liability for the other car is handled by property damage liability.
9	D	Auto Liability	Medical payments coverage is generally no-fault medical expense coverage.
10	A	Personal Lines	HO-3 typically uses open-peril dwelling coverage and named-peril personal-property coverage.
11	B	Personal Lines	Coverage A is the residence dwelling coverage.
12	B	Personal Lines	Coverage B covers detached structures such as a fence or shed, subject to policy terms.
13	D	Personal Lines	Coverage C is personal property coverage.
14	B	Personal Lines	Coverage D can cover additional living expense and fair rental value after a covered loss.
15	D	Personal Lines	Section II personal liability covers covered legal liability claims.
16	A	Personal Lines	It may pay covered medical expenses for others without requiring proof of the insured's legal liability.
17	D	Personal Lines	A detached shed is normally within Coverage B, if not excluded.
18	D	Personal Lines	The deductible is the portion of a covered loss retained by the insured.
19	D	Personal Lines	Flood normally requires a separate flood policy.
20	D	Personal Lines	Replacement cost removes depreciation from the measure after applicable conditions are met.
21	A	Personal Lines	Actual cash value commonly reflects depreciation.
22	D	Personal Lines	Resident relatives are generally included in the definition of insured, subject to policy terms.
23	B	Personal Lines	Loss of use coverage can pay additional living expense after a covered loss.
24	D	Personal Lines	An umbrella adds liability limits above required underlying coverage.
25	D	Personal Lines	The endorsement and schedule establish the item, valuation and special terms.

No.	Answer	Topic	Quick rationale
26	C	Commercial Lines	A CPP bundles multiple commercial coverage parts for one insured.
27	B	Commercial Lines	CGL Coverage A addresses covered bodily injury and property damage liability.
28	D	Commercial Lines	Coverage B is Personal and Advertising Injury Liability.
29	D	Commercial Lines	BOPs package property and liability coverage for qualifying businesses.
30	C	Commercial Lines	It is a common commercial property coverage form.
31	A	Commercial Lines	It addresses income loss during a covered period of restoration.
32	A	Commercial Lines	It supports necessary extra spending after a covered loss.
33	B	Commercial Lines	Commercial auto policies can include liability and physical damage coverages.
34	A	Commercial Lines	Workers compensation addresses covered work-related injury and occupational disease.
35	C	Commercial Lines	Actual cash value incorporates depreciation.
36	B	Commercial Lines	Coinsurance ties loss payment to maintaining a specified amount of insurance.
37	B	Commercial Lines	A customer injury claim may create covered bodily injury liability.
38	B	Commercial Lines	Business income coverage is measured over the period of restoration.
39	C	Commercial Lines	First-party property coverage protects the insured's own covered property.
40	D	Inland Marine	Inland marine commonly covers mobile property and property in transit.
41	C	Inland Marine	Mobile contractor equipment is a classic inland marine exposure.
42	C	Inland Marine	A bailee has custody or possession of property belonging to another.
43	B	Ocean Marine	Ocean marine addresses maritime property and transit exposures.
44	D	Ocean Marine	P&I is a marine liability coverage.
45	D	Ocean Marine	Marine cargo relates to goods in marine transit.
46	C	Coverages/Exclusions	Exclusions identify losses, property, persons, or circumstances not covered.
47	D	Coverages/Exclusions	An endorsement changes the standard policy terms or coverage.
48	D	Coverages/Exclusions	Conditions impose duties and describe how coverage operates.
49	D	Coverages/Exclusions	The deductible is subtracted from covered loss payment, subject to policy language.
50	A	Coverages/Exclusions	Declarations summarize key policy-specific information.

No.	Answer	Topic	Quick rationale
51	A	Coverages/Exclusions	Subrogation permits the insurer to seek recovery from a responsible party after payment.
52	A	Coverages/Exclusions	Appraisal addresses valuation/amount-of-loss disputes, not coverage disputes.
53	B	Coverages/Exclusions	Vacancy can change risk and trigger coverage limitations.
54	B	Coverages/Exclusions	It may extend a broader policy revision under stated conditions.
55	C	Coverages/Exclusions	Duties after loss commonly require reasonable protection from further damage.
56	D	Coverages/Exclusions	It defines the fundamental coverage grant.
57	C	Bonds	The principal owes the obligation, the obligee benefits, and the surety guarantees performance.
58	C	Bonds	The principal is obligated to perform.
59	D	Bonds	The obligee receives the benefit of the guarantee.
60	D	Bonds	Fidelity coverage protects against specified dishonest acts of employees.
61	D	Terms	Risk is the uncertainty of loss.
62	C	Terms	A peril is the direct cause of loss, such as fire.
63	A	Terms	A hazard increases the likelihood or severity of loss.
64	C	Terms	Faulty wiring is a tangible condition that increases fire risk.
65	B	Terms	Moral hazard concerns a person's dishonesty or character.
66	A	Terms	Morale hazard is indifference or carelessness caused by insurance protection.
67	C	Terms	An exposure creates the possibility of a loss.
68	A	Terms	Indemnity seeks to place the insured near the pre-loss financial position.
69	B	Terms	An insurable interest is an economic stake in the property or person insured.
70	D	Terms	Insurance contracts are generally prepared by the insurer and offered on a take-it-or-leave-it basis.
71	B	Terms	The insurer's promise is enforceable when the insured satisfies policy conditions.
72	C	Terms	Insurance involves an uncertain event and potentially unequal exchange.
73	B	Terms	Coverage obligations depend on meeting policy conditions.
74	B	Terms	Representations are statements made to induce issuance of insurance.
75	C	Terms	Concealment is withholding a material fact.

No.	Answer	Topic	Quick rationale
76	A	Terms	A warranty is a statement or promise with heightened significance.
77	A	Terms	Premium is consideration paid for insurance coverage.
78	B	Terms	Limits cap payment under a coverage, subject to policy provisions.
79	C	Terms	A binder provides temporary insurance subject to its terms.
80	B	Terms	It is evidence only and cannot generally amend policy coverage.
81	C	Terms	The insurer succeeds to the insured's recovery rights to the extent of payment.
82	B	Terms	Contribution allocates payment among insurers sharing the same loss exposure.
83	C	Terms	Salvage is the remaining value of damaged property.
84	B	Terms	Property policies generally do not permit abandonment to the insurer.
85	B	Terms	It is the legally significant cause of the loss.
86	D	Terms	Direct loss is immediate physical damage from the covered cause.
87	D	Terms	Indirect loss is a consequence of direct damage, such as lost income.
88	A	Terms	ACV commonly accounts for depreciation.
89	D	Terms	It is a valuation method for rebuilding or replacing covered property.
90	B	Terms	Depreciation accounts for reduced value due to use, age or obsolescence.
91	C	Terms	Insurance relies on honest disclosure and fair dealing.
92	A	Terms	A waiver is giving up a known right.
93	C	Terms	Estoppel can bar inconsistent conduct after detrimental reliance.
94	B	Terms	Endorsements alter coverage or terms.
95	A	Terms	Occurrence coverage is triggered by injury or damage during the policy period.
96	C	Terms	Claims-made forms focus on timing of claim reporting, subject to policy language.
97	C	Terms	Acts before the retroactive date may fall outside coverage.
98	D	Terms	Reinsurance spreads an insurer's risk.
99	A	Terms	An admitted carrier holds state authority to transact insurance.
100	A	Terms	Surplus lines coverage fills specialized or hard-to-place risks under regulated conditions.

No.	Answer	Topic	Quick rationale
101	C	Terms	Underwriting evaluates risk before or during issuance.
102	C	Terms	It allocates a portion of covered loss to the insured.
103	B	Terms	It preserves potential coverage defenses while the matter is investigated.
104	B	Terms	It documents claim facts and claimed loss as required by the policy.
105	A	Terms	Cooperation supports claim investigation and defense.
106	D	Terms	First-party claims seek coverage for the insured's own loss.
107	A	Terms	Third-party claims assert liability owed by the insured to another person.
108	A	Terms	Liability arises from legal responsibility to another party.
109	B	Terms	All four elements are commonly required for negligence.
110	D	Terms	It allocates responsibility based on relative fault.
111	B	Terms	An employer may be liable for qualifying employee acts within scope of employment.
112	B	Terms	Torts are civil wrongs such as negligence.
113	D	Terms	Strict liability can impose liability without proving negligence, although other elements remain.
114	A	Terms	It prescribes the time within which suit must be brought.
115	A	Terms	A release resolves specified claim rights after settlement.
116	A	Terms	It is a risk-transfer agreement between parties.
117	C	Terms	It identifies the effective dates of the policy.
118	B	Terms	Cancellation terminates coverage before expiration, subject to legal and policy requirements.
119	A	Terms	Nonrenewal prevents continuation at the normal policy expiration.
120	C	Terms	The declarations identify the named insured, who has specified policy rights and duties.
121	C	Texas Licensing	Chapter 4101 generally requires an adjuster license unless a statutory exemption applies.
122	A	Texas Licensing	Texas Insurance Code Section 4101.053 requires an individual applicant to be at least 18.
123	B	Texas Licensing	The statutory qualifications include trustworthiness and sufficient experience, education, or training.
124	A	Texas Licensing	TAC Section 19.602 identifies CPCU and AIC holders among examination exemptions.
125	D	Texas Licensing	TDI states that Texas DHS adjusters must follow Texas CE rules.

No.	Answer	Topic	Quick rationale
126	B	Texas Licensing	Insurance Code Section 4101.101 limits the initial emergency license term to 90 days.
127	C	Texas Licensing	The commissioner may extend it for an additional 90 days.
128	C	Texas Licensing	Chapter 4101 provides specified nonresident exemptions, including adjustment of a single loss.
129	A	Texas Licensing	TDI identifies InsTX-ALAdj16 for the designated home state all-lines exam.
130	A	Texas Licensing	TDI's application steps include exam, fingerprint process and license application.
131	B	Marketing Practices	Chapter 541 prohibits specified unfair or deceptive insurance acts and practices.
132	B	Marketing Practices	Misrepresentation is prohibited under Texas unfair trade practice law.
133	D	Marketing Practices	Accurate, policy-grounded communications help avoid misrepresentation.
134	A	Marketing Practices	False statements in claims handling can violate ethical and legal duties.
135	A	Marketing Practices	Rebating is subject to insurance regulation and may constitute an unfair practice.
136	B	Marketing Practices	Clear, accurate and supportable communications are appropriate.
137	C	Marketing Practices	Defamation of insurers is an unfair method of competition.
138	A	Marketing Practices	Fair handling relies on timely, accurate, documented communication.
139	A	Marketing Practices	Misstating policy benefits is improper.
140	C	Marketing Practices	Twisting involves misleading inducement to replace coverage.
141	D	Adjuster Duties	A sound investigation develops pertinent facts and applies the policy fairly.
142	A	Adjuster Duties	Insurance Code Section 4101.251 prohibits specified roofing-related conflicts.
143	C	Adjuster Duties	Documentation supports transparent, defensible claims handling.
144	B	Adjuster Duties	A reservation of rights can preserve coverage defenses during investigation.
145	A	Adjuster Duties	Policy review and timely fact development drive accurate claim handling.
146	C	Workers Compensation	It provides statutory benefits for covered job-related injury or illness.
147	B	Workers Compensation	TAC 19.1018 includes workers compensation in the Texas-statutes-and-rules portion.
148	D	Workers Compensation	The core connection is to employment, subject to law and facts.
149	C	Workers Compensation	Workers compensation can provide income-replacement/indemnity benefits under governing law.
150	A	Workers Compensation	Workers compensation handling requires the applicable legal and factual analysis.