

Texas All-Lines Adjuster

Designated Home State License Study Guide - Exam 5

150 Original Multiple-Choice Practice Questions

Exam 5 uses new scenarios and question wording, while preserving the Texas all-lines subject-area weighting. It is independent practice material, not an official Pearson VUE examination. Confirm current statutes, rules, and policy forms before testing.

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

Suggested use

Use a 150-minute timer. Mark uncertain items, then review the answer key and topic labels. The weighting follows 28 TAC Section 19.1018(a); TDI and Pearson VUE control the actual examination requirements.

Part I - Property Insurance Product Knowledge

1. A warehouse sustains fire damage from a lightning strike. Which named peril is most directly involved?

- A. Lightning
- B. Wear and tear
- C. Earth movement
- D. Flood

2. An insured asks why a fire policy does not automatically cover rising creek water. The best answer is:

- A. Flood is ordinarily a separate coverage exposure
- B. Fire coverage creates flood coverage
- C. A deductible converts flood to fire
- D. Water losses are always covered

3. The purpose of a mortgage clause is mainly to protect the interest of the:

- A. Repair contractor
- B. Mortgagee/lender
- C. Neighbor
- D. Public adjuster

4. A direct loss from a hostile fire is best described as:

- A. Physical damage caused by the fire
- B. Lost sales only
- C. A liability judgment only
- D. An increase in premium

5. Which condition helps prevent an insured from recovering more than the property loss?

- A. Liberalization
- B. Indemnity
- C. Waiver
- D. Assignment

6. A property claim is adjusted under an actual cash value provision. What is normally considered?

- A. Depreciation
- B. The insured's credit score
- C. Future inflation only
- D. The liability limit

7. A driver causes a collision that injures a pedestrian. Which coverage addresses the driver's legal obligation to the pedestrian?

- A. Auto bodily injury liability
- B. Collision
- C. Comprehensive
- D. Rental reimbursement

8. A driver backs into a neighbor's mailbox. Which coverage is most relevant for the mailbox claim?

- A. Auto property damage liability
- B. Towing and labor
- C. Uninsured motorist
- D. Medical payments

9. A hailstorm dents the insured vehicle. Which physical-damage coverage is most likely implicated?

- A. Other than collision/comprehensive
- B. Property damage liability
- C. Bodily injury liability
- D. Personal injury protection

10. An insured swerves to avoid a deer and hits a tree. What coverage would generally be considered for the insured auto damage?

- A. Uninsured motorist
- B. Bodily injury liability
- C. Medical payments to others
- D. Collision

11. A hit-and-run driver injures the insured. Which coverage may apply, subject to policy terms?

- A. Towing
- B. Property damage liability
- C. Uninsured motorist
- D. Collision

12. Which Texas PAP part is concerned with damage to the insured's covered auto?

- A. Part D
- B. Part A
- C. Part B
- D. Part C

13. A vehicle is temporarily unavailable after a covered loss. Which optional coverage may help with a substitute vehicle cost?

- A. Rental reimbursement
- B. Bodily injury liability
- C. Medical payments
- D. Uninsured motorist

14. The limit shown as 30/60/25 is commonly associated with:

- A. A towing limit
- B. A collision valuation
- C. Split liability limits
- D. A comprehensive deductible

15. A vehicle's engine fails solely from mechanical breakdown. Which coverage ordinarily does not respond?

- A. Manufacturer recall coverage
- B. Collision
- C. Service contract coverage
- D. Warranty coverage

16. An insured's passenger incurs covered medical bills regardless of fault. Which auto coverage should be reviewed?

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

17. A detached gazebo is damaged by wind. Which homeowners property coverage is normally reviewed first?

- A. Coverage B
- B. Coverage D
- C. Coverage C
- D. Coverage A

18. A sofa and clothing are stolen from an insured home. Which coverage commonly applies?

- A. Coverage B
- B. Coverage D
- C. Coverage A
- D. Coverage C

19. A covered fire displaces the insured family from the residence. What coverage can address increased living costs?

- A. Coverage B
- B. Coverage D
- C. Coverage A
- D. Coverage C

20. A guest incurs a small medical bill after tripping at the insured home; fault is not established. Which coverage may be relevant?

- A. Scheduled property
- B. Coverage A
- C. Medical payments to others
- D. Loss of use

21. Under an HO-3 form, the residence building is commonly insured on what basis?

- A. Open perils, subject to exclusions
- B. Flood perils only
- C. Named perils only
- D. Liability perils only

22. Under an HO-3 form, unscheduled personal property is generally insured for:

- A. Named perils
- B. Earth movement only
- C. Professional liability
- D. All physical loss

23. A homeowner wants special treatment for a valuable scheduled ring. The adjuster should begin by reviewing:

- A. The liability declarations only
- B. The mortgage statement only
- C. The dwelling limit only
- D. The personal-property endorsement and schedule

24. Which circumstance is most likely to be excluded from homeowners property coverage without separate insurance?

- A. Surface-water flooding
- B. Smoke damage
- C. Theft
- D. Lightning

25. The personal liability section is designed for claims alleging that the insured:

- A. Owes damages to another person
- B. Needs hotel expenses
- C. Needs to replace a roof
- D. Lost personal property

26. A policy applies a \$1,000 deductible to a \$12,000 covered loss. Ignoring other terms, the amount before limits is:

- A. \$12,000
- B. \$1,000
- C. \$11,000
- D. \$13,000

27. A wall is built as part of the insured residence. It is normally part of:

- A. Coverage A
- B. Coverage D
- C. Coverage C
- D. Coverage B

28. Which approach best identifies whether a loss is covered on a named-peril form?

- A. Assume all physical damage is covered
- B. Review only the deductible
- C. Use the liability limit
- D. Match the facts to a listed peril and check exclusions

29. A retailer's store inventory is damaged by a covered fire. Which coverage category is central?

- A. Commercial auto liability
- B. Workers compensation
- C. Commercial general liability
- D. Commercial property

30. A patron alleges injury from a fall at a restaurant. Which coverage form is commonly reviewed?

- A. Business income
- B. Commercial General Liability
- C. Commercial property
- D. Inland marine

31. A restaurant loses revenue while closed for covered fire repairs. Which coverage is designed for this consequence?

- A. Commercial auto
- B. Business income
- C. Surety
- D. Employee dishonesty

32. A company rents temporary equipment to keep operating after a covered loss. Which coverage may be relevant?

- A. Fidelity
- B. Extra expense
- C. Commercial crime only
- D. General liability

33. A CGL coverage applies to certain advertising injury allegations. This is commonly:

- A. Coverage B
- B. Workers compensation
- C. Coverage C
- D. Coverage A

34. A building is underinsured relative to a coinsurance requirement. What may result after loss?

- A. A reduced payment calculation
- B. Guaranteed replacement cost
- C. Waiver of deductible
- D. Automatic policy-limit increase

35. An insured company's van strikes a customer's parked car. Which policy is principally reviewed?

- A. Workers compensation
- B. Business income
- C. Commercial property
- D. Commercial auto liability

36. A workers compensation claim normally starts with a question about whether the injury is:

- A. A form of advertising injury
- B. Damage to business income
- C. Work related
- D. Caused by a third party only

37. Which CPP feature is true?

- A. It is homeowners insurance
- B. It replaces all bonds
- C. It covers only a single automobile
- D. It can package multiple eligible commercial coverage parts

38. A CGL policy's "each occurrence" limit applies to:

- A. The deductible for property claims
- B. The maximum for one occurrence, subject to terms
- C. Only premium refunds
- D. Every policy period without limit

39. A covered building loss is settled on replacement cost. The valuation goal is generally to:

- A. Pay market speculation value
- B. Pay the original purchase price only
- C. Repair or replace with like kind and quality, subject to conditions
- D. Pay a liability judgment

40. A contractor's liability for completed work is an exposure usually addressed under:

- A. Inland marine transit
- B. CGL products-completed operations
- C. Business income
- D. Workers compensation medical

41. An insured transports camera equipment between locations. Which line most naturally addresses the mobility exposure?

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

42. A shipment of goods travels by ocean vessel. Which line is most closely connected?

- A. Personal auto
- B. Surety
- C. Ocean marine cargo
- D. Commercial general liability

43. A repair shop holds a customer's watch for servicing. The shop is a:

- A. Mortgagee
- B. Bailee
- C. Obligee
- D. Surety

44. The party guaranteeing a bonded obligation is the:

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

45. The party receiving the benefit of a performance bond is the:

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

46. An employee steals funds from an employer. Which bond is most closely associated with that risk?

- A. Bid bond
- B. Fidelity bond
- C. License bond
- D. Performance bond

47. A construction contractor fails to finish promised work. Which bond type is most relevant?

- A. Appraisal bond
- B. Fidelity bond
- C. Performance bond
- D. Auto bond

48. An appraisal dispute concerns the amount of loss, not whether coverage exists. Which policy process is designed for that narrow dispute?

- A. Appraisal
- B. Cancellation
- C. Reinsurance
- D. Subrogation

49. A policyholder must take reasonable steps to prevent further covered property damage. This requirement is commonly found under:

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

50. A policy form is changed to add coverage for a particular exposure. The document making that change is an:

- A. Application
- B. Binder
- C. Endorsement
- D. Proof of loss

51. A named-peril property form covers a loss only when the cause of loss is:

- A. Reported within one day
- B. Expensive to repair
- C. Unexpected to the insured
- D. Listed in the policy, subject to exclusions

52. A covered peril damages property and the insured takes reasonable emergency steps to limit further damage. Those steps are:

- A. A waiver of coverage
- B. A cancellation
- C. An assignment
- D. Consistent with duties after loss

53. A policy condition requires prompt notice. Its primary purpose is to allow the insurer to:

- A. Investigate the claim while facts are fresh
- B. Increase the deductible
- C. Eliminate the policy limit
- D. Avoid all coverage automatically

54. The term "occurrence" in a property or liability policy generally refers to:

- A. A proof-of-loss form
- B. An accident or event as defined by the policy
- C. The annual policy renewal
- D. The premium due date

55. A policy contains a vacancy limitation. The issue for the adjuster is whether the building:

- A. Has a higher liability limit
- B. Was repaired quickly
- C. Met the policy definition and duration of vacancy
- D. Has a mortgagee only

56. An insurer may require examination under oath after a material property loss to obtain:

- A. Relevant claim information under the policy
- B. A new policy premium
- C. A repair license
- D. A salvage buyer

57. Which action best preserves a subrogation claim after property payment?

- A. Waive the deductible
- B. Close the file immediately
- C. Avoid releasing the responsible third party without insurer consent
- D. Destroy damaged evidence

58. A loss settlement provision is used to explain:

- A. How the insurer calculates payment
- B. Which agent is appointed
- C. Who sells the policy
- D. When CE is due

59. The insurer and insured disagree only about repair cost. A policy appraisal clause may help because it addresses:

- A. Whether coverage was purchased
- B. Policy cancellation
- C. Eligibility for licensure
- D. Amount of loss

60. An insured receives more than one property-policy declaration page. The adjuster should verify which page applies by checking:

- A. The insured's age only
- B. The policy number and effective dates
- C. The repair contractor name only
- D. The mortgage balance only

Part II - Insurance Terms and Related Concepts

61. A building's faulty electrical panel increases likelihood of fire. It is a:

- A. Premium
- B. Physical hazard
- C. Peril
- D. Moral hazard

62. An applicant intentionally gives false information to obtain a lower rate. This most closely illustrates:

- A. Moral hazard
- B. Salvage
- C. Morale hazard
- D. Direct loss

63. An insured becomes less careful because "insurance will pay for it." This is:

- A. Physical hazard
- B. Subrogation
- C. Peril
- D. Morale hazard

64. Wind damages a roof. Wind is the:

- A. Premium
- B. Hazard
- C. Peril
- D. Deductible

65. The chance that a business could suffer a fire loss is a:

- A. Loss exposure
- B. Proof of loss
- C. Policy limit
- D. Warranty

66. A claim is paid for an unpredictable event and greatly exceeds premium. This reflects insurance as an:

- A. Aleatory contract
- B. Nonconditional contract
- C. Assignment
- D. Bilateral contract

67. Insurance policy language is prepared by the carrier rather than negotiated line-by-line. This reflects:

- A. Salvage
- B. Adhesion
- C. Subrogation
- D. Contribution

68. The insurer promises to pay if policy conditions are met; the insured makes no promise to suffer a loss. This is:

- A. Unilateral
- B. Void
- C. Commutative
- D. Bilateral

69. An insured must submit a required proof of loss before payment is owed. This is an example of a:

- A. Valued policy
- B. Binder
- C. Conditional contract
- D. Surety bond

70. The policyholder pays the price for coverage. The payment is the:

- A. Salvage
- B. Limit
- C. Deductible
- D. Premium

71. A policyholder owns a building and would suffer financially if it burns. The policyholder has:

- A. A waiver
- B. Insurable interest
- C. A certificate
- D. Subrogation

72. An application statement believed true but later found inaccurate is generally a:

- A. Representation
- B. Warranty
- C. Appraisal
- D. Release

73. An applicant fails to disclose a known, material prior loss. This is:

- A. Salvage
- B. Assignment
- C. Contribution
- D. Concealment

74. The declarations show a \$100,000 building limit. The figure is the policy's:

- A. Premium
- B. Deductible
- C. Insuring agreement
- D. Maximum payable amount, subject to terms

75. Temporary proof of coverage issued before a policy is delivered is a:

- A. Endorsement
- B. Binder
- C. Release
- D. Certificate

76. A certificate of insurance is best used to:

- A. Show evidence of existing coverage
- B. Change coverage automatically
- C. Increase limits
- D. Waive exclusions

77. An insurer pays for a damaged vehicle and seeks recovery from the negligent driver. This is:

- A. Assignment
- B. Contribution
- C. Abandonment
- D. Subrogation

78. Two policies cover the same loss at the same level. Sharing the payment is:

- A. Contribution
- B. Estoppel
- C. Salvage
- D. Reinsurance

79. Damaged machinery retains resale value after a covered loss. That value is:

- A. Liability
- B. Deductible
- C. Premium
- D. Salvage

80. A policyholder attempts to leave destroyed property with the insurer without agreement. The issue is:

- A. Subrogation
- B. Abandonment
- C. Coinsurance
- D. Waiver

81. A three-year-old appliance is valued at replacement cost minus depreciation. The method is:

- A. Agreed value
- B. Liability valuation
- C. Stated amount
- D. Actual cash value

82. An insured must rebuild before receiving withheld depreciation, under policy terms. Which valuation method is likely involved?

- A. Market value only
- B. Stated value
- C. Replacement cost
- D. Actual cash value only

83. The last event before loss is not always legally decisive. The legally dominant cause is the:

- A. Premium
- B. Policy period
- C. Proximate cause
- D. Deductible

84. Water damages inventory, then the business loses sales during repair. Lost sales are a:

- A. Direct physical loss
- B. Consequential/indirect loss
- C. Hazard
- D. Peril

85. A claim payment is reduced because the policyholder kept part of the risk. This retained amount is the:

- A. Salvage
- B. Deductible
- C. Premium
- D. Limit

86. A valuation clause is intended to settle a dispute about:

- A. Who may purchase the policy
- B. The license type
- C. How damaged property is measured
- D. The policy territory only

87. An insured has a \$20,000 limit and \$25,000 covered damage. Before other limits or terms, the insurer cannot pay more than:

- A. \$25,000
- B. \$20,000
- C. \$45,000
- D. \$5,000

88. A policy applies a \$500 deductible after a covered \$3,500 loss. Basic payment before other limits is:

- A. \$500
- B. \$3,500
- C. \$3,000
- D. \$4,000

89. Which principle keeps an insured from collecting replacement cost from multiple carriers for the same item?

- A. Binder rules
- B. Salvage only
- C. Indemnity and other-insurance provisions
- D. A warranty

90. A property policy condition requiring records and receipts after a loss supports:

- A. Subrogation against the insured
- B. Proof and measurement of the claim
- C. Premium calculation only
- D. Automatic liability coverage

91. A shopper proves a store owed a duty, breached it, caused injury, and caused loss. This establishes:

- A. Negligence
- B. Subrogation
- C. Reinsurance
- D. Salvage

92. A delivery employee causes injury while making deliveries for the employer. Potential employer responsibility is:

- A. Abandonment
- B. Strict property coverage
- C. Vicarious liability
- D. Contribution

93. A civil wrong that causes injury or damage is a:

- A. Tort
- B. Binder
- C. Premium
- D. Endorsement

94. A statute imposes liability even if reasonable care was used. This is:

- A. Reinsurance
- B. Indemnity
- C. Comparative negligence
- D. Strict liability

95. A court reduces damages because the claimant was partly at fault. This involves:

- A. Salvage
- B. Appraisal
- C. Comparative negligence
- D. Subrogation

96. A claimant signs a document ending specified claims in exchange for settlement. The document is a:

- A. Certificate
- B. Binder
- C. Release
- D. Proof of loss

97. A contractor agrees to protect an owner from specified third-party liability. This is a:

- A. Coinsurance clause
- B. Valuation clause
- C. Hold-harmless agreement
- D. Binder

98. A deadline for filing a lawsuit is created by a:

- A. Proof of loss
- B. Statute of limitations
- C. Policy limit
- D. Deductible

99. A policy that responds based on injury occurring during its term is:

- A. A binder
- B. Claims-made only
- C. A surety form
- D. Occurrence-based

100. A claims-made form emphasizes timing of:

- A. Claim reporting
- B. Salvage sale
- C. Premium invoice
- D. Property construction

101. A carrier investigates a suit while stating it may later deny coverage. Its letter is a:

- A. Certificate
- B. Reservation of rights
- C. Proof of loss
- D. Release

102. An insured refuses to provide requested claim facts and records. The policy issue is likely:

- A. Subrogation
- B. Reinsurance
- C. Coinsurance
- D. Duty to cooperate

103. A policyholder submits a signed statement of amount claimed and supporting facts. This is a:

- A. Proof of loss
- B. Release
- C. Endorsement
- D. Binder

104. An insurer stops a policy before its expiration date. This is:

- A. Reinstatement
- B. Contribution
- C. Nonrenewal
- D. Cancellation

105. An insurer lets a policy end at its normal anniversary without continuing it. This is:

- A. Assignment
- B. Waiver
- C. Nonrenewal
- D. Cancellation

106. An insurer intentionally gives up a known policy right. This is:

- A. Estoppel
- B. Abandonment
- C. Subrogation
- D. Waiver

107. A claimant reasonably relies on an insurer statement and is harmed by a later inconsistent position. The doctrine is:

- A. Coinsurance
- B. Estoppel
- C. Salvage
- D. Contribution

108. A reinsurer accepts a share of another insurer's exposure. This is:

- A. Reinsurance
- B. Assignment
- C. Subrogation
- D. Appraisal

109. An insurer authorized by Texas to transact insurance is:

- A. Unauthorized
- B. Admitted
- C. A public adjuster
- D. A bailee

110. Coverage placed with an eligible nonadmitted market for a hard-to-place risk is:

- A. Surplus lines
- B. Workers compensation
- C. Fidelity
- D. Reinsurance

111. The insurer's fundamental promise to pay covered loss is found in the:

- A. Insuring agreement
- B. Proof of loss
- C. Appraisal award
- D. Declarations only

112. The policy page listing named insured, limits, premium, and dates is the:

- A. Endorsement
- B. Declarations
- C. Exclusions
- D. Conditions

113. Policy provisions that remove specified causes of loss are:

- A. Binds
- B. Exclusions
- C. Insuring agreements
- D. Certificates

114. Policy provisions that state duties and procedural requirements are:

- A. Perils
- B. Premiums
- C. Endorsements
- D. Conditions

115. A clause that may automatically extend a later broadened form is a:

- A. Other-insurance clause
- B. Cancellation clause
- C. Coinsurance clause
- D. Liberalization clause

116. A policy is renewed for another 12 months. The new span is the:

- A. Premium
- B. Limit
- C. Deductible
- D. Policy period

117. A policyholder transfers ownership of the policy to someone else without insurer consent. The issue is:

- A. Assignment
- B. Salvage
- C. Appraisal
- D. Contribution

118. Coverage that applies above underlying liability limits is:

- A. Umbrella/excess liability
- B. Fidelity
- C. Inland marine
- D. Business income

119. A clause resolving a valuation dispute with appraisers does not decide:

- A. Scope of damage
- B. Value of damaged property
- C. Whether coverage exists
- D. The amount of loss

120. A policy change that narrows coverage takes effect only when made by the insurer in a valid:

- A. Release
- B. Proof of loss
- C. Certificate
- D. Endorsement

Part III - Texas Statutes and Rules

121. Texas Insurance Code Chapter 4101 governs licensing of:

- A. Real estate brokers
- B. Insurance adjusters
- C. Auto repair shops
- D. Mortgage lenders

122. A Texas adjuster applicant's experience, special education, or training must be sufficient to make the person:

- A. A licensed attorney
- B. Competent to fulfill adjuster responsibilities
- C. A public official
- D. Eligible for a property tax exemption

123. An adjuster license applicant must generally satisfy the Department that the applicant is:

- A. Trustworthy
- B. An insurer employee
- C. Guaranteed to have no claims
- D. A Texas resident in all cases

124. Which designation may support an exemption from the Texas adjuster examination, subject to applicable law?

- A. Real estate salesperson
- B. Certified Public Accountant only
- C. Associate in Claims (AIC)
- D. Vehicle inspector

125. A Texas DHS all-lines applicant ordinarily uses the exam code:

- A. InsTX-PCA81
- B. InsTX-PbAdj17
- C. InsTX-ALAdj16
- D. InsTX-WCAAdj32

126. A Texas emergency adjuster license has an initial maximum term of:

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

127. The commissioner may extend an emergency adjuster license for up to:

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

128. A nonresident may adjust a single Texas loss without a Texas license when:

- A. A statutory exemption applies
- B. The insured requests it
- C. The claim exceeds policy limits
- D. The policy is homeowners

129. A Texas DHS adjuster must generally satisfy continuing education under:

- A. No rules
- B. Federal rules only
- C. Texas rules
- D. Only physical-residence state rules

130. TDI's initial application sequence includes examination, fingerprint process, and:

- A. Salvage assignment
- B. License application
- C. Bond claim
- D. Appraisal demand

131. Texas Insurance Code Chapter 541 regulates:

- A. Unfair or deceptive insurance practices
- B. Construction codes
- C. Vehicle registration
- D. Property tax values

132. An adjuster tells a claimant a policy covers flood despite an applicable flood exclusion. This risks:

- A. Misrepresentation
- B. Contribution
- C. Appraisal
- D. Subrogation

133. A fair claims communication should be:

- A. Vague and delayed
- B. Based on oral rumors
- C. A promise before review
- D. Accurate, timely, and documented

134. An insurer employee knowingly makes a false claim statement to influence settlement. This is:

- A. Improper claims conduct
- B. A required negotiation tactic
- C. A type of reinsurance
- D. An appraisal method

135. An inducement to replace coverage using deceptive comparisons is generally known as:

- A. Subrogation
- B. Salvage
- C. Coinsurance
- D. Twisting

136. A rebate offered to induce a purchase may be:

- A. A deductible
- B. An endorsement
- C. A proof of loss
- D. An unfair trade practice

137. Statements defaming an insurer's financial condition can be:

- A. A valuation clause
- B. An unfair method of competition
- C. A policy condition
- D. A claim benefit

138. The best basis for an adjuster's coverage explanation is:

- A. Actual policy wording and verified facts
- B. The repair estimate alone
- C. A competitor's advertisement
- D. A claimant's request alone

139. Which practice best supports compliance?

- A. Maintain a clear claim-file record of communications and decisions
- B. Discard notes after payment
- C. Avoid reviewing exclusions
- D. Make verbal promises only

140. A policyholder must not be pressured through threats to sign a release. Such conduct is:

- A. Inconsistent with fair claims handling
- B. Required by Texas law
- C. A valuation method
- D. A surety obligation

141. Texas law restricts an adjuster from adjusting insurer roofing-damage losses when the adjuster:

- A. Is assigned a hail loss
- B. Provides roofing services or products for compensation
- C. Uses a roof ladder
- D. Reviews a repair estimate

142. A strong claim investigation begins with:

- A. Immediate denial
- B. Payment without review
- C. Prompt policy review and relevant fact gathering
- D. A release demand

143. A claim record should explain why a payment or denial decision was made by documenting:

- A. Only the adjuster's title
- B. Relevant evidence and policy analysis
- C. Unrelated sales materials
- D. The claimant's address only

144. When coverage is unresolved, a carrier may protect its position by sending:

- A. A new declaration page
- B. A binder
- C. A release
- D. A reservation-of-rights letter

145. An adjuster should treat a claimant with:

- A. Intentional delay
- B. Professional, factual, and respectful communication
- C. Threats
- D. Misleading promises

146. The Texas all-lines prelicensing outline includes workers compensation as a:

- A. Marine coverage
- B. Homeowners form
- C. Texas statutes-and-rules topic
- D. Surety bond

147. A work-related occupational disease claim is generally evaluated under:

- A. Homeowners liability
- B. Workers compensation law and applicable provisions
- C. Ocean marine
- D. Commercial property

148. Income replacement for a qualifying work injury is commonly called:

- A. Collision benefits
- B. Salvage benefits
- C. Indemnity benefits
- D. Business-income benefits

149. A workers compensation investigation should focus on whether the condition:

- A. Occurred at a customer's home only
- B. Arose out of and in the course of employment
- C. Was a marine transit loss
- D. Damaged insured property

150. A workers compensation adjuster must apply:

- A. A marine cargo clause
- B. The governing statute, facts, and applicable coverage provisions
- C. A CGL advertising-injury limit
- D. A homeowners deductible only

Answer Key and Quick Rationale

Review the topic label for targeted remediation. Policy wording and current Texas law govern actual claims.

No.	Answer	Topic	Quick rationale
1	A	Fire Policy	Lightning is a commonly named fire-policy peril.
2	A	Fire Policy	Flood is commonly excluded unless separately insured.
3	B	Fire Policy	A mortgage clause recognizes a lender interest in insured property.
4	A	Fire Policy	Direct loss is immediate damage caused by the peril.
5	B	Fire Policy	Indemnity aims to avoid a financial gain from loss.
6	A	Fire Policy	Actual cash value typically reflects depreciation.
7	A	Auto Coverage	Bodily injury liability addresses covered legal liability for injury to others.
8	A	Auto Coverage	The mailbox is another person's property.
9	A	Auto Coverage	Hail is a noncollision physical-damage peril.
10	D	Auto Coverage	Impact with a tree is typically a collision loss.
11	C	Auto Coverage	Uninsured motorist coverage may respond to qualifying hit-and-run losses.
12	A	Auto Coverage	Part D is Damage to Your Auto.
13	A	Auto Coverage	Rental reimbursement may pay qualifying transportation expense.
14	C	Auto Coverage	It denotes per-person, per-accident BI and PD limits.
15	B	Auto Coverage	Physical damage insurance normally excludes mechanical breakdown.
16	A	Auto Coverage	Medical payments provides qualifying no-fault medical expense coverage.
17	A	Homeowners	Detached structures are usually Coverage B.
18	D	Homeowners	Personal property is ordinarily Coverage C.
19	B	Homeowners	Coverage D includes loss-of-use protection.
20	C	Homeowners	It can pay qualifying guest medical expense without legal-liability proof.
21	A	Homeowners	HO-3 commonly uses open-peril coverage for the dwelling.
22	A	Homeowners	HO-3 typically uses named-peril personal property coverage.
23	D	Homeowners	The schedule and endorsement define special coverage.
24	A	Homeowners	Flood is generally excluded.
25	A	Homeowners	It protects against covered legal liability claims.

No.	Answer	Topic	Quick rationale
26	C	Homeowners	The deductible is subtracted from covered loss.
27	A	Homeowners	Attached building components are usually dwelling property.
28	D	Homeowners	Named-peril coverage requires a listed cause of loss.
29	D	Commercial Lines	The insured's own inventory is a first-party property exposure.
30	B	Commercial Lines	A customer injury may be a CGL bodily-injury claim.
31	B	Commercial Lines	Business income addresses qualifying loss of income after direct physical loss.
32	B	Commercial Lines	Extra expense can pay necessary added costs to minimize shutdown.
33	A	Commercial Lines	CGL Coverage B concerns personal and advertising injury.
34	A	Commercial Lines	Coinurance can penalize insufficient insurance carried.
35	D	Commercial Lines	The company vehicle's liability is commercial auto exposure.
36	C	Commercial Lines	Workers compensation focuses on occupational injury or disease.
37	D	Commercial Lines	A Commercial Package Policy combines eligible coverages.
38	B	Commercial Lines	It caps coverage for qualifying damages from one occurrence.
39	C	Commercial Lines	Replacement cost is a repair/replacement measure.
40	B	Commercial Lines	Completed work liability can be within the CGL products-completed operations hazard.
41	C	Marine and Bonds	Inland marine commonly protects mobile property.
42	C	Marine and Bonds	Marine cargo concerns goods in ocean transit.
43	B	Marine and Bonds	A bailee has custody of someone else's property.
44	A	Marine and Bonds	The surety guarantees the principal's performance to the obligee.
45	D	Marine and Bonds	The obligee is protected by the bond.
46	B	Marine and Bonds	Fidelity coverage addresses employee dishonesty.
47	C	Marine and Bonds	Performance bonds guarantee contract performance.
48	A	Marine and Bonds	Appraisal is for amount-of-loss disputes.
49	A	Marine and Bonds	Duties after loss address post-loss responsibilities.
50	C	Marine and Bonds	Endorsements modify policy terms.

No.	Answer	Topic	Quick rationale
51	D	Property Policy Provisions	Named-peril forms require a listed covered cause of loss.
52	D	Property Policy Provisions	Policyholders commonly must protect property after loss.
53	A	Property Policy Provisions	Prompt notice enables timely investigation.
54	B	Property Policy Provisions	The policy definition controls, but it typically identifies an accident/event.
55	C	Property Policy Provisions	Vacancy provisions depend on the policy definition and period.
56	A	Property Policy Provisions	EUO is a contractual investigation tool.
57	C	Property Policy Provisions	Releases or evidence loss can impair recovery rights.
58	A	Property Policy Provisions	It addresses measurement and payment of covered loss.
59	D	Property Policy Provisions	Appraisal focuses on valuation disputes.
60	B	Property Policy Provisions	Policy number and dates identify the controlling policy period.
61	B	Risk Concepts	It is a tangible condition that increases chance of loss.
62	A	Risk Concepts	Dishonesty is a moral hazard.
63	D	Risk Concepts	Carelessness due to insurance protection is morale hazard.
64	C	Risk Concepts	A peril is the direct cause of loss.
65	A	Risk Concepts	An exposure presents possibility of loss.
66	A	Risk Concepts	Values exchanged are contingent and may be unequal.
67	B	Risk Concepts	Insurance contracts are generally contracts of adhesion.
68	A	Risk Concepts	Insurance is generally unilateral.
69	C	Risk Concepts	The insurer's duties depend on conditions being met.
70	D	Risk Concepts	Premium is the consideration for insurance.
71	B	Contract and Coverage	Ownership creates an economic interest in avoiding the loss.
72	A	Contract and Coverage	Application statements are generally representations.
73	D	Contract and Coverage	Concealment is withholding a material fact.
74	D	Contract and Coverage	Limits cap payment under a coverage.
75	B	Contract and Coverage	A binder provides temporary insurance evidence.

No.	Answer	Topic	Quick rationale
76	A	Contract and Coverage	It evidences coverage but does not itself rewrite the policy.
77	D	Contract and Coverage	Subrogation transfers recovery rights to the paying insurer.
78	A	Contract and Coverage	Contribution allocates payment among insurers.
79	D	Contract and Coverage	Salvage is residual value of damaged property.
80	B	Contract and Coverage	Property policies generally prohibit abandonment.
81	D	Loss Valuation	ACV commonly equals replacement cost less depreciation.
82	C	Loss Valuation	Replacement-cost forms may require repair/replacement for full payment.
83	C	Loss Valuation	Proximate cause is the legally significant cause in the chain.
84	B	Loss Valuation	They result from the direct property damage.
85	B	Loss Valuation	The deductible is the insured's retained portion.
86	C	Loss Valuation	It states the value basis for covered property loss.
87	B	Loss Valuation	The limit caps the amount payable.
88	C	Loss Valuation	Subtract the deductible from covered loss.
89	C	Loss Valuation	Insurance seeks indemnity, not profit; other-insurance provisions coordinate coverage.
90	B	Loss Valuation	Records assist investigation and valuation.
91	A	Liability Concepts	Those are the traditional negligence elements.
92	C	Liability Concepts	Employers can be liable for employees acting in scope.
93	A	Liability Concepts	A tort is a civil wrong.
94	D	Liability Concepts	Strict liability does not require proving negligence.
95	C	Liability Concepts	Comparative negligence allocates fault.
96	C	Liability Concepts	A release relinquishes specified claims.
97	C	Liability Concepts	It is a contractual allocation of liability risk.
98	B	Liability Concepts	It controls the period for bringing legal action.
99	D	Liability Concepts	Occurrence policies focus on when injury/damage occurs.
100	A	Liability Concepts	Claims-made coverage depends on claim being made/reported as specified.

No.	Answer	Topic	Quick rationale
101	B	Claims Administration	It preserves possible coverage defenses during investigation.
102	D	Claims Administration	Policies commonly require reasonable cooperation.
103	A	Claims Administration	It supports the claim under policy requirements.
104	D	Claims Administration	Cancellation ends the policy midterm.
105	C	Claims Administration	Nonrenewal occurs at end of the policy period.
106	D	Claims Administration	Waiver is voluntary relinquishment of a known right.
107	B	Claims Administration	Estoppel may prevent an inconsistent assertion after detrimental reliance.
108	A	Claims Administration	Reinsurance transfers insurer risk to another insurer.
109	B	Claims Administration	An admitted insurer is state-authorized.
110	A	Claims Administration	Surplus lines markets address eligible difficult risks under state rules.
111	A	Policy Operations	The insuring agreement is the core grant of coverage.
112	B	Policy Operations	Declarations identify policy-specific basics.
113	B	Policy Operations	Exclusions limit or remove coverage.
114	D	Policy Operations	Conditions govern how coverage operates.
115	D	Policy Operations	Liberalization clauses can extend broader terms under stated circumstances.
116	D	Policy Operations	Policy period is the coverage timeframe.
117	A	Policy Operations	Assignment transfers rights and often requires consent.
118	A	Policy Operations	Umbrella or excess liability adds limits over underlying coverage.
119	C	Policy Operations	Appraisal is not a coverage-determination process.
120	D	Policy Operations	A valid endorsement modifies the policy.
121	B	Texas Licensing	Chapter 4101 is the Texas Insurance Adjusters chapter.
122	B	Texas Licensing	Competency is an express qualification concept.
123	A	Texas Licensing	Trustworthiness is a statutory qualification.
124	C	Texas Licensing	AIC is among the specified adjuster exam exemptions.
125	C	Texas Licensing	TDI lists InsTX-ALAdj16 for DHS all-lines.

No.	Answer	Topic	Quick rationale
126	D	Texas Licensing	The statute caps the initial term at 90 days.
127	A	Texas Licensing	The statute authorizes one additional period not exceeding 90 days.
128	A	Texas Licensing	Chapter 4101 contains specific exemptions.
129	C	Texas Licensing	TDI advises DHS licensees to follow Texas CE rules.
130	B	Texas Licensing	These are listed application steps.
131	A	Texas Marketing	Chapter 541 covers unfair methods and deceptive practices in insurance.
132	A	Texas Marketing	A false statement of policy benefit is misrepresentation.
133	D	Texas Marketing	Factual, supportable communication is appropriate.
134	A	Texas Marketing	Knowingly false settlement communication is improper.
135	D	Texas Marketing	Twisting is a deceptive replacement practice.
136	D	Texas Marketing	Rebating is regulated and may be prohibited.
137	B	Texas Marketing	Insurance law prohibits certain insurer defamation.
138	A	Texas Marketing	Coverage positions should be policy and fact based.
139	A	Texas Marketing	Documentation supports fair, defensible handling.
140	A	Texas Marketing	Coercive tactics are inconsistent with fair claims practices.
141	B	Texas Adjuster Duties	The conflict rule targets roofing-related financial interests.
142	C	Texas Adjuster Duties	Coverage analysis needs policy and factual development.
143	B	Texas Adjuster Duties	Documentation supports transparent decisions.
144	D	Texas Adjuster Duties	It reserves potential coverage defenses during investigation.
145	B	Texas Adjuster Duties	Fair handling requires respectful and accurate communication.
146	C	Workers Comp	TAC 19.1018 includes it in the state-law segment.
147	B	Workers Comp	Workers compensation addresses qualifying work injuries/diseases.
148	C	Workers Comp	Indemnity benefits address wage loss under workers compensation.
149	B	Workers Comp	The employment connection is central.
150	B	Workers Comp	Workers compensation claims require the applicable legal and factual analysis.