

Texas All-Lines Adjuster

Designated Home State License

Exam 8 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. Complete the statement: The traditional property policy form that is the foundation for fire coverage is the _____.
 - A. Standard fire policy
 - B. Coverage C
 - C. Collision
 - D. Inland marine
2. Complete the statement: Coverage applying only to causes of loss specifically listed is _____.
 - A. Coverage C
 - B. Collision
 - C. Inland marine
 - D. Named-peril coverage
3. Complete the statement: Coverage applying to all risks of direct physical loss unless excluded is _____.
 - A. Collision
 - B. Inland marine
 - C. Open-peril coverage
 - D. Coverage C
4. Complete the statement: The common homeowners form with open-peril dwelling coverage and named-peril personal property coverage is _____.
 - A. Inland marine
 - B. HO-3
 - C. Coverage C
 - D. Collision
5. Complete the statement: The homeowners form designed primarily for tenants is _____.
 - A. HO-4
 - B. Coverage C
 - C. Collision
 - D. Inland marine
6. Complete the statement: The homeowners form designed for condominium unit owners is _____.
 - A. Coverage C
 - B. Collision
 - C. Inland marine
 - D. HO-6

7. Complete the statement: The homeowners form generally providing open-peril coverage for both dwelling and personal property is ____.

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

8. Complete the statement: The Texas homeowners form generally offering named-peril coverage with actual cash value loss settlement is ____.

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

9. Complete the statement: The Texas homeowners form generally offering broader named-peril coverage for dwelling and contents is ____.

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

10. Complete the statement: The Texas homeowners form generally providing open-peril dwelling coverage is ____.

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

11. Complete the statement: On a homeowners policy, the dwelling itself is generally insured under ____.

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

12. Complete the statement: Other structures separated from the dwelling are generally insured under ____.

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

- 13.** Complete the statement: Personal property is generally insured under ____.
- A. Coverage C
 - B. Collision
 - C. Inland marine
 - D. Commercial crime
- 14.** Complete the statement: Additional living expense and fair rental value are generally insured under ____.
- A. Coverage C
 - B. Collision
 - C. Inland marine
 - D. Coverage D
- 15.** Complete the statement: A lower policy maximum that applies to certain categories of personal property is a ____.
- A. Collision
 - B. Inland marine
 - C. Special limit
 - D. Coverage C
- 16.** Complete the statement: The coverage that can pay additional living expense after a covered loss is ____.
- A. Inland marine
 - B. Loss of use
 - C. Coverage C
 - D. Collision
- 17.** Complete the statement: The homeowners coverage for sums an insured is legally liable to pay is ____.
- A. Personal liability
 - B. Coverage C
 - C. Collision
 - D. Inland marine
- 18.** Complete the statement: The homeowners coverage for small medical expenses regardless of fault is ____.
- A. Coverage C
 - B. Collision
 - C. Inland marine
 - D. Medical payments to others
- 19.** Complete the statement: A condition often requiring repair or replacement before full replacement-cost payment is the ____.
- A. Collision
 - B. Inland marine
 - C. Replacement cost condition
 - D. Coverage C

20. Complete the statement: The clause protecting a mortgagee's separate interest in covered real property is the ____.

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

21. Complete the statement: The standard personal auto form issued for Texas personal auto risks is the ____.

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

22. Complete the statement: The PAP section that pays damages for bodily injury or property damage for which an insured is legally responsible is ____.

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

23. Complete the statement: The PAP section that pays reasonable medical expenses regardless of fault is ____.

- A. Collision
- B. Inland marine
- C. Part B medical payments
- D. Coverage C

24. Complete the statement: The PAP section protecting an insured from certain drivers with no or insufficient liability insurance is ____.

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

25. Complete the statement: The PAP section providing collision and other-than-collision physical damage coverage is ____.

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

- 26.** Complete the statement: Upset of, or impact with, another vehicle or object is ____.
- A. Coverage C
 - B. Inland marine
 - C. Commercial crime
 - D. Collision
- 27.** Complete the statement: Auto physical damage such as theft, hail, or contact with an animal is ____.
- A. Collision
 - B. Inland marine
 - C. Other-than-collision
 - D. Coverage C
- 28.** Complete the statement: Payments in addition to the liability limit, such as defense costs, are ____.
- A. Inland marine
 - B. Supplementary payments
 - C. Coverage C
 - D. Collision
- 29.** Complete the statement: The insurer obligation to provide a legal defense for a potentially covered suit is the ____.
- A. Duty to defend
 - B. Coverage C
 - C. Collision
 - D. Inland marine
- 30.** Complete the statement: A law designed to ensure motorists can pay damages they cause is a ____.
- A. Coverage C
 - B. Collision
 - C. Inland marine
 - D. Financial responsibility law
- 31.** Complete the statement: The policy used to cover a business building and business personal property is a ____.
- A. Collision
 - B. Inland marine
 - C. Commercial property policy
 - D. Coverage C
- 32.** Complete the statement: The commercial property form covering buildings and business personal property is the ____.
- A. Inland marine
 - B. Building and personal property coverage form
 - C. Coverage C
 - D. Collision

- 33.** Complete the statement: Coverage for lost net income and continuing normal operating expenses is ____.
- A. Business income
 - B. Coverage C
 - C. Collision
 - D. Inland marine
- 34.** Complete the statement: Coverage for reasonable expenses to avoid or minimize suspension of operations is ____.
- A. Coverage C
 - B. Collision
 - C. Inland marine
 - D. Extra expense
- 35.** Complete the statement: The commercial property form that identifies the perils insured against is a ____.
- A. Collision
 - B. Inland marine
 - C. Causes of loss form
 - D. Coverage C
- 36.** Complete the statement: A package policy combining property and liability coverage for eligible small businesses is a ____.
- A. Inland marine
 - B. Businessowners policy
 - C. Coverage C
 - D. Collision
- 37.** Complete the statement: A policy that combines two or more commercial coverage parts is a ____.
- A. Commercial package policy
 - B. Coverage C
 - C. Collision
 - D. Inland marine
- 38.** Complete the statement: Coverage for accidental mechanical or electrical breakdown of covered equipment is ____.
- A. Coverage C
 - B. Collision
 - C. Inland marine
 - D. Equipment breakdown

- 39.** Complete the statement: Coverage designed for theft, employee dishonesty, forgery, and similar crime exposures is ____.
- A. Collision
 - B. Inland marine
 - C. Commercial crime
 - D. Coverage C
- 40.** Complete the statement: Commercial crime coverage for loss caused by dishonest acts of employees is ____.
- A. Inland marine
 - B. Employee dishonesty
 - C. Coverage C
 - D. Collision
- 41.** Complete the statement: Insurance for movable property and specialized property exposures is ____.
- A. Inland marine
 - B. Coverage C
 - C. Collision
 - D. Commercial crime
- 42.** Complete the statement: Scheduled coverage for valuable personal property such as jewelry or fine arts is a ____.
- A. Coverage C
 - B. Collision
 - C. Inland marine
 - D. Personal articles floater
- 43.** Complete the statement: Coverage for materials and equipment while awaiting installation is an ____.
- A. Collision
 - B. Inland marine
 - C. Installation floater
 - D. Coverage C
- 44.** Complete the statement: Property coverage for a building under construction is ____.
- A. Inland marine
 - B. Builders risk
 - C. Coverage C
 - D. Collision
- 45.** Complete the statement: Coverage for a carrier's legal liability for customers' property in transit is ____.
- A. Motor truck cargo
 - B. Coverage C
 - C. Collision
 - D. Inland marine

46. Complete the statement: Insurance for vessels, cargo, and marine liabilities involved in waterborne commerce is ____.

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

47. Complete the statement: Ocean marine coverage for physical damage to a vessel is ____.

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

48. Complete the statement: Ocean marine liability coverage for vessel owners is ____.

- A. Inland marine
- B. Protection and indemnity
- C. Coverage C
- D. Collision

49. Complete the statement: A maritime principle requiring all interests to share a voluntary sacrifice made to save a voyage is ____.

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

50. Complete the statement: Intentional throwing of cargo overboard to save a vessel is ____.

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

51. Complete the statement: Property coverage commonly adding perils such as windstorm, hail, explosion, riot, and aircraft is ____.

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

52. Complete the statement: A policy provision restricting some losses when a building has been vacant too long is a ____.
- A. Inland marine
 - B. Vacancy provision
 - C. Coverage C
 - D. Collision
53. Complete the statement: Coverage for increased cost caused by enforcement of building codes is ____.
- A. Ordinance or law coverage
 - B. Coverage C
 - C. Collision
 - D. Inland marine
54. Complete the statement: A feature that automatically increases insurance limits over time is ____.
- A. Coverage C
 - B. Collision
 - C. Inland marine
 - D. Inflation guard
55. Complete the statement: An endorsement that lists specific valuable items and amounts is ____.
- A. Collision
 - B. Inland marine
 - C. Scheduled personal property endorsement
 - D. Coverage C
56. Complete the statement: A policy providing excess liability limits above underlying policies is ____.
- A. Inland marine
 - B. Umbrella policy
 - C. Coverage C
 - D. Collision
57. Complete the statement: A three-party agreement guaranteeing performance or obligation is a ____.
- A. Surety bond
 - B. Coverage C
 - C. Collision
 - D. Inland marine
58. Complete the statement: The party whose obligation is guaranteed by a surety bond is the ____.
- A. Coverage C
 - B. Collision
 - C. Inland marine
 - D. Principal

59. Complete the statement: The party protected by a surety bond is the ____.

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

60. Complete the statement: A bond protecting an employer against dishonest acts of employees is ____.

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

Part 2 - Insurance Terms and Related Concepts

61. Complete the statement: A chance of loss or no loss, but no chance of gain, is ____.
- A. Pure risk
 - B. Peril
 - C. Indemnity
 - D. Exclusion
62. Complete the statement: A chance of either gain or loss is ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Speculative risk
63. Complete the statement: The direct cause of loss, such as fire or wind, is a ____.
- A. Exclusion
 - B. Negligence
 - C. Peril
 - D. Indemnity
64. Complete the statement: A loose handrail that increases the chance of injury is a ____.
- A. Exclusion
 - B. Physical hazard
 - C. Peril
 - D. Indemnity
65. Complete the statement: An insured who intentionally causes a loss presents a ____.
- A. Moral hazard
 - B. Peril
 - C. Indemnity
 - D. Exclusion
66. Complete the statement: Carelessness because insurance exists is a ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Morale hazard
67. Complete the statement: Fire damage to a building is a ____.
- A. Indemnity
 - B. Exclusion
 - C. Direct loss
 - D. Peril

68. Complete the statement: Lost rental income after a covered fire is a ____.
- A. Exclusion
 - B. Indirect loss
 - C. Peril
 - D. Indemnity
69. Complete the statement: The dominant cause that sets an unbroken chain of events in motion is ____.
- A. Proximate cause
 - B. Peril
 - C. Indemnity
 - D. Exclusion
70. Complete the statement: The principle designed to restore an insured financially without profit is ____.
- A. Peril
 - B. Exclusion
 - C. Negligence
 - D. Indemnity
71. Complete the statement: The financial stake required for a valid property policy is ____.
- A. Indemnity
 - B. Exclusion
 - C. Insurable interest
 - D. Peril
72. Complete the statement: Replacement cost less depreciation is ____.
- A. Exclusion
 - B. Actual cash value
 - C. Peril
 - D. Indemnity
73. Complete the statement: The cost to replace property with like kind and quality, without depreciation, is ____.
- A. Replacement cost
 - B. Peril
 - C. Indemnity
 - D. Exclusion
74. Complete the statement: Damaged property retained after a paid loss is ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Salvage

- 75.** Complete the statement: An insurer pursuing a responsible third party after paying its insured uses ____.
- A. Indemnity
 - B. Exclusion
 - C. Subrogation
 - D. Peril
- 76.** Complete the statement: When insurers share a loss equally up to their limits, the method is ____.
- A. Exclusion
 - B. Contribution by equal shares
 - C. Peril
 - D. Indemnity
- 77.** Complete the statement: When insurers share a loss according to their limits, the method is ____.
- A. Pro rata liability
 - B. Peril
 - C. Indemnity
 - D. Exclusion
- 78.** Complete the statement: A policy condition requiring insurance to a stated percentage of value is ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Coinsurance
- 79.** Complete the statement: The portion of a covered loss retained by the insured is the ____.
- A. Indemnity
 - B. Exclusion
 - C. Deductible
 - D. Peril
- 80.** Complete the statement: The most an insurer will pay for a covered loss is the ____.
- A. Exclusion
 - B. Limit of liability
 - C. Peril
 - D. Indemnity
- 81.** Complete the statement: An accident, including repeated exposure to substantially the same harmful conditions, is an ____.
- A. Occurrence
 - B. Peril
 - C. Indemnity
 - D. Exclusion

- 82.** Complete the statement: An unforeseen, unintended event is an ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Accident
- 83.** Complete the statement: Failure to use the care a reasonably prudent person would use is ____.
- A. Indemnity
 - B. Exclusion
 - C. Negligence
 - D. Peril
- 84.** Complete the statement: A civil wrong for which a court may impose liability is a ____.
- A. Exclusion
 - B. Tort
 - C. Peril
 - D. Indemnity
- 85.** Complete the statement: An employer being liable for an employee acting within scope of employment is ____.
- A. Vicarious liability
 - B. Peril
 - C. Indemnity
 - D. Exclusion
- 86.** Complete the statement: Liability imposed without proof of negligence for certain activities is ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Strict liability
- 87.** Complete the statement: Apportioning damages according to each party's fault is ____.
- A. Indemnity
 - B. Exclusion
 - C. Comparative negligence
 - D. Peril
- 88.** Complete the statement: Physical injury, sickness, or disease is ____.
- A. Exclusion
 - B. Bodily injury
 - C. Peril
 - D. Indemnity

- 89.** Complete the statement: Physical injury to tangible property, including resulting loss of use, is ____.
- A. Property damage
 - B. Peril
 - C. Indemnity
 - D. Exclusion
- 90.** Complete the statement: Injury from offenses such as false arrest or defamation is ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Personal injury
- 91.** Complete the statement: A policy drafted by one party, with ambiguities generally construed against that drafter, is a ____.
- A. Indemnity
 - B. Exclusion
 - C. Contract of adhesion
 - D. Peril
- 92.** Complete the statement: A contract with unequal exchange values depending on an uncertain event is ____.
- A. Exclusion
 - B. Aleatory contract
 - C. Peril
 - D. Indemnity
- 93.** Complete the statement: A policy under which only the insurer makes an enforceable promise to pay is ____.
- A. Unilateral contract
 - B. Peril
 - C. Indemnity
 - D. Exclusion
- 94.** Complete the statement: A policy requiring the insured to meet duties and conditions is a ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Conditional contract
- 95.** Complete the statement: A policy that protects the insured's interest rather than the property itself is a ____.
- A. Indemnity
 - B. Exclusion
 - C. Personal contract
 - D. Peril

- 96.** Complete the statement: A statement believed true to the best of the applicant's knowledge is a ____.
- A. Exclusion
 - B. Representation
 - C. Peril
 - D. Indemnity
- 97.** Complete the statement: A statement or promise that must be strictly true or performed is a ____.
- A. Warranty
 - B. Peril
 - C. Indemnity
 - D. Exclusion
- 98.** Complete the statement: Intentional failure to disclose a material fact is ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Concealment
- 99.** Complete the statement: Voluntary relinquishment of a known right is ____.
- A. Indemnity
 - B. Exclusion
 - C. Waiver
 - D. Peril
- 100.** Complete the statement: Preventing a party from asserting a right after its conduct induced reliance is ____.
- A. Exclusion
 - B. Estoppel
 - C. Peril
 - D. Indemnity
- 101.** Complete the statement: Temporary evidence of insurance pending policy issuance is a ____.
- A. Binder
 - B. Peril
 - C. Indemnity
 - D. Exclusion
- 102.** Complete the statement: A form that changes the policy's terms is an ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Endorsement

- 103.** Complete the statement: The policy section listing named insured, limits, premium, and policy period is the ____.
- A. Indemnity
 - B. Exclusion
 - C. Declarations
 - D. Peril
- 104.** Complete the statement: The policy section stating the insurer's basic promise to pay is the ____.
- A. Exclusion
 - B. Insuring agreement
 - C. Peril
 - D. Indemnity
- 105.** Complete the statement: A policy provision removing a cause of loss or type of property from coverage is an ____.
- A. Exclusion
 - B. Peril
 - C. Indemnity
 - D. Negligence
- 106.** Complete the statement: A policy provision setting duties or requirements is a ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Condition
- 107.** Complete the statement: Termination of a policy before its expiration date is ____.
- A. Indemnity
 - B. Exclusion
 - C. Cancellation
 - D. Peril
- 108.** Complete the statement: An insurer's decision not to continue a policy at expiration is ____.
- A. Exclusion
 - B. Nonrenewal
 - C. Peril
 - D. Indemnity
- 109.** Complete the statement: A building substantially empty of contents and occupants is in ____.
- A. Vacancy
 - B. Peril
 - C. Indemnity
 - D. Exclusion

110. Complete the statement: A furnished building with no residents is in ____.

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

111. Complete the statement: A property-loss process in which each side selects an appraiser to resolve amount of loss is ____.

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

112. Complete the statement: Notice that the insurer is investigating while preserving coverage defenses is a ____.

- A. Exclusion
- B. Reservation of rights
- C. Peril
- D. Indemnity

113. Complete the statement: A signed statement supporting a claim's facts and amount is a ____.

- A. Proof of loss
- B. Peril
- C. Indemnity
- D. Exclusion

114. Complete the statement: A knowing material misstatement made to obtain an improper benefit is ____.

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

115. Complete the statement: A false statement of material fact used to induce action is ____.

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

116. Complete the statement: The obligation to act in another party's best interest when handling entrusted funds is ____.

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

117. Complete the statement: The federal law governing consumer reports used in underwriting is the ____.

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

118. Complete the statement: A disclosure explaining how a financial institution handles nonpublic personal information is a ____.

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

119. Complete the statement: A clause automatically extending a broadened coverage without added premium is the ____.

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

120. Complete the statement: Unilaterally giving damaged property to an insurer without consent is ____.

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

Part 3 - Texas Statutes, Rules, and Adjusting

121. Complete the statement: The special Texas nonresident adjuster license for a resident of a state that does not license adjusters is the ____.

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

122. Complete the statement: A resident of a state that offers a resident adjuster license is generally ____.

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

123. Complete the statement: For designated home state all-lines adjusters, a temporary license is ____.

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

124. Complete the statement: For designated home state all-lines adjusters, an emergency license is ____.

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

125. Complete the statement: For designated home state all-lines adjusters, a provisional permit is ____.

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

126. Complete the statement: The Texas state agency that administers insurance licensing and regulates insurers is ____.

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

- 127.** Complete the statement: The official with general insurance regulatory powers under Texas law is the ____.
- A. Rebating
 - B. Workers compensation
 - C. Commissioner of Insurance
 - D. TDI
- 128.** Complete the statement: A licensee must maintain the license according to its renewal requirements; this is ____.
- A. Workers compensation
 - B. License renewal
 - C. TDI
 - D. Rebating
- 129.** Complete the statement: A licensee must notify TDI after certain material information changes; an address update is ____.
- A. Change-of-address notice
 - B. TDI
 - C. Rebating
 - D. Workers compensation
- 130.** Complete the statement: A licensee must report certain actions taken by another governmental or regulatory body; this is ____.
- A. TDI
 - B. Rebating
 - C. Workers compensation
 - D. Administrative action disclosure
- 131.** Complete the statement: Failing to attempt in good faith to effect a prompt, fair, and equitable settlement when liability is reasonably clear is an ____.
- A. Rebating
 - B. Workers compensation
 - C. Unfair claim settlement practice
 - D. TDI
- 132.** Complete the statement: Making a false statement about policy benefits to a claimant is ____.
- A. Workers compensation
 - B. Misrepresentation
 - C. TDI
 - D. Rebating

133. Complete the statement: Publishing an untrue or misleading statement about an insurance policy is ____.

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

134. Complete the statement: Offering an inducement not stated in the policy to obtain insurance is ____.

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

135. Complete the statement: Making a false malicious statement about an insurer's financial condition is ____.

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

136. Complete the statement: Treating similarly situated insureds differently without a lawful basis is ____.

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

137. Complete the statement: An agreement to withhold business to coerce another party is a ____.

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

138. Complete the statement: Knowingly presenting false information to obtain insurance benefits is ____.

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

139. Complete the statement: An adjuster should communicate honestly, investigate fairly, and avoid conflicts; this is ____.

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

140. Complete the statement: Under Texas prompt-payment rules, an insurer generally acknowledges a claim and begins investigation within the required statutory period; this duty is ____.

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

141. Complete the statement: After receiving requested items, an insurer must notify the claimant of acceptance or rejection within the statutory period; this duty is ____.

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

142. Complete the statement: After notifying a claimant that a claim will be paid, an insurer must pay within the statutory period; this duty is ____.

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

143. Complete the statement: Investigating, evaluating, negotiating, and settling claims for an insurer are core ____.

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

144. Complete the statement: An adjuster must not handle claims in a dishonest, unfair, or deceptive manner; this is ____.

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

145. Complete the statement: A statutory system providing medical and income benefits for job-related injuries is ____.

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

146. Complete the statement: An injury arising out of and in the course and scope of employment is a ____.

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

147. Complete the statement: Benefits that pay reasonable and necessary treatment for a compensable injury are ____.

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

148. Complete the statement: Workers compensation benefits replacing part of lost wages are ____.

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

149. Complete the statement: In Texas, employers generally may elect whether to obtain workers compensation coverage; this is ____.

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

150. Complete the statement: An employer that has workers compensation insurance is a ____.

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

Answer Key and Quick Rationales

Part 1 - Property and Casualty Product Knowledge

1. **A - Standard fire policy.** Standard fire policy is the best answer.
2. **D - Named-peril coverage.** Named-peril coverage is the best answer.
3. **C - Open-peril coverage.** Open-peril coverage is the best answer.
4. **B - HO-3.** HO-3 is the best answer.
5. **A - HO-4.** HO-4 is the best answer.
6. **D - HO-6.** HO-6 is the best answer.
7. **C - HO-5.** HO-5 is the best answer.
8. **B - Texas HO-A.** Texas HO-A is the best answer.
9. **A - Texas HO-B.** Texas HO-B is the best answer.
10. **D - Texas HO-C.** Texas HO-C is the best answer.
11. **C - Coverage A.** Coverage A is the best answer.
12. **B - Coverage B.** Coverage B is the best answer.
13. **A - Coverage C.** Coverage C is the best answer.
14. **D - Coverage D.** Coverage D is the best answer.
15. **C - Special limit.** Special limit is the best answer.
16. **B - Loss of use.** Loss of use is the best answer.
17. **A - Personal liability.** Personal liability is the best answer.
18. **D - Medical payments to others.** Medical payments to others is the best answer.
19. **C - Replacement cost condition.** Replacement cost condition is the best answer.
20. **B - Mortgage clause.** Mortgage clause is the best answer.
21. **A - Texas PAP.** Texas PAP is the best answer.
22. **D - Part A liability.** Part A liability is the best answer.
23. **C - Part B medical payments.** Part B medical payments is the best answer.
24. **B - Part C uninsured/underinsured motorists.** Part C uninsured/underinsured motorists is the best answer.
25. **A - Part D damage to your auto.** Part D damage to your auto is the best answer.
26. **D - Collision.** Collision is the best answer.
27. **C - Other-than-collision.** Other-than-collision is the best answer.
28. **B - Supplementary payments.** Supplementary payments is the best answer.
29. **A - Duty to defend.** Duty to defend is the best answer.
30. **D - Financial responsibility law.** Financial responsibility law is the best answer.
31. **C - Commercial property policy.** Commercial property policy is the best answer.
32. **B - Building and personal property coverage form.** Building and personal property coverage form is the best answer.
33. **A - Business income.** Business income is the best answer.
34. **D - Extra expense.** Extra expense is the best answer.
35. **C - Causes of loss form.** Causes of loss form is the best answer.

36. **B - Businessowners policy.** Businessowners policy is the best answer.
37. **A - Commercial package policy.** Commercial package policy is the best answer.
38. **D - Equipment breakdown.** Equipment breakdown is the best answer.
39. **C - Commercial crime.** Commercial crime is the best answer.
40. **B - Employee dishonesty.** Employee dishonesty is the best answer.
41. **A - Inland marine.** Inland marine is the best answer.
42. **D - Personal articles floater.** Personal articles floater is the best answer.
43. **C - Installation floater.** Installation floater is the best answer.
44. **B - Builders risk.** Builders risk is the best answer.
45. **A - Motor truck cargo.** Motor truck cargo is the best answer.
46. **D - Ocean marine.** Ocean marine is the best answer.
47. **C - Hull coverage.** Hull coverage is the best answer.
48. **B - Protection and indemnity.** Protection and indemnity is the best answer.
49. **A - General average.** General average is the best answer.
50. **D - Jettison.** Jettison is the best answer.
51. **C - Extended coverage.** Extended coverage is the best answer.
52. **B - Vacancy provision.** Vacancy provision is the best answer.
53. **A - Ordinance or law coverage.** Ordinance or law coverage is the best answer.
54. **D - Inflation guard.** Inflation guard is the best answer.
55. **C - Scheduled personal property endorsement.** Scheduled personal property endorsement is the best answer.
56. **B - Umbrella policy.** Umbrella policy is the best answer.
57. **A - Surety bond.** Surety bond is the best answer.
58. **D - Principal.** Principal is the best answer.
59. **C - Obligee.** Obligee is the best answer.
60. **B - Fidelity bond.** Fidelity bond is the best answer.

Part 2 - Insurance Terms and Related Concepts

61. **A - Pure risk.** Pure risk is the best answer.
62. **D - Speculative risk.** Speculative risk is the best answer.
63. **C - Peril.** Peril is the best answer.
64. **B - Physical hazard.** Physical hazard is the best answer.
65. **A - Moral hazard.** Moral hazard is the best answer.
66. **D - Morale hazard.** Morale hazard is the best answer.
67. **C - Direct loss.** Direct loss is the best answer.
68. **B - Indirect loss.** Indirect loss is the best answer.
69. **A - Proximate cause.** Proximate cause is the best answer.
70. **D - Indemnity.** Indemnity is the best answer.
71. **C - Insurable interest.** Insurable interest is the best answer.

72. **B - Actual cash value.** Actual cash value is the best answer.
73. **A - Replacement cost.** Replacement cost is the best answer.
74. **D - Salvage.** Salvage is the best answer.
75. **C - Subrogation.** Subrogation is the best answer.
76. **B - Contribution by equal shares.** Contribution by equal shares is the best answer.
77. **A - Pro rata liability.** Pro rata liability is the best answer.
78. **D - Coinsurance.** Coinsurance is the best answer.
79. **C - Deductible.** Deductible is the best answer.
80. **B - Limit of liability.** Limit of liability is the best answer.
81. **A - Occurrence.** Occurrence is the best answer.
82. **D - Accident.** Accident is the best answer.
83. **C - Negligence.** Negligence is the best answer.
84. **B - Tort.** Tort is the best answer.
85. **A - Vicarious liability.** Vicarious liability is the best answer.
86. **D - Strict liability.** Strict liability is the best answer.
87. **C - Comparative negligence.** Comparative negligence is the best answer.
88. **B - Bodily injury.** Bodily injury is the best answer.
89. **A - Property damage.** Property damage is the best answer.
90. **D - Personal injury.** Personal injury is the best answer.
91. **C - Contract of adhesion.** Contract of adhesion is the best answer.
92. **B - Aleatory contract.** Aleatory contract is the best answer.
93. **A - Unilateral contract.** Unilateral contract is the best answer.
94. **D - Conditional contract.** Conditional contract is the best answer.
95. **C - Personal contract.** Personal contract is the best answer.
96. **B - Representation.** Representation is the best answer.
97. **A - Warranty.** Warranty is the best answer.
98. **D - Concealment.** Concealment is the best answer.
99. **C - Waiver.** Waiver is the best answer.
100. **B - Estoppel.** Estoppel is the best answer.
101. **A - Binder.** Binder is the best answer.
102. **D - Endorsement.** Endorsement is the best answer.
103. **C - Declarations.** Declarations is the best answer.
104. **B - Insuring agreement.** Insuring agreement is the best answer.
105. **A - Exclusion.** Exclusion is the best answer.
106. **D - Condition.** Condition is the best answer.
107. **C - Cancellation.** Cancellation is the best answer.
108. **B - Nonrenewal.** Nonrenewal is the best answer.

109. **A - Vacancy.** Vacancy is the best answer.
110. **D - Unoccupancy.** Unoccupancy is the best answer.
111. **C - Appraisal.** Appraisal is the best answer.
112. **B - Reservation of rights.** Reservation of rights is the best answer.
113. **A - Proof of loss.** Proof of loss is the best answer.
114. **D - Fraud.** Fraud is the best answer.
115. **C - Misrepresentation.** Misrepresentation is the best answer.
116. **B - Fiduciary duty.** Fiduciary duty is the best answer.
117. **A - Fair Credit Reporting Act.** Fair Credit Reporting Act is the best answer.
118. **D - Privacy notice.** Privacy notice is the best answer.
119. **C - Liberalization clause.** Liberalization clause is the best answer.
120. **B - Abandonment.** Abandonment is the best answer.

Part 3 - Texas Statutes, Rules, and Adjusting

121. **A - Designated home state license.** Designated home state license is the best answer.
122. **D - Not eligible for DHS.** Not eligible for DHS is the best answer.
123. **C - No temporary DHS license.** No temporary DHS license is the best answer.
124. **B - No emergency DHS license.** No emergency DHS license is the best answer.
125. **A - No provisional DHS permit.** No provisional DHS permit is the best answer.
126. **D - TDI.** TDI is the best answer.
127. **C - Commissioner of Insurance.** Commissioner of Insurance is the best answer.
128. **B - License renewal.** License renewal is the best answer.
129. **A - Change-of-address notice.** Change-of-address notice is the best answer.
130. **D - Administrative action disclosure.** Administrative action disclosure is the best answer.
131. **C - Unfair claim settlement practice.** Unfair claim settlement practice is the best answer.
132. **B - Misrepresentation.** Misrepresentation is the best answer.
133. **A - False advertising.** False advertising is the best answer.
134. **D - Rebating.** Rebating is the best answer.
135. **C - Defamation.** Defamation is the best answer.
136. **B - Unfair discrimination.** Unfair discrimination is the best answer.
137. **A - Boycott.** Boycott is the best answer.
138. **D - Fraud.** Fraud is the best answer.
139. **C - Ethical claims handling.** Ethical claims handling is the best answer.
140. **B - Prompt-payment acknowledgement.** Prompt-payment acknowledgement is the best answer.
141. **A - Prompt-payment decision.** Prompt-payment decision is the best answer.
142. **D - Prompt-payment payment.** Prompt-payment payment is the best answer.
143. **C - Adjuster function.** Adjuster function is the best answer.
144. **B - Prohibited conduct.** Prohibited conduct is the best answer.

- 145. A - Workers compensation.** Workers compensation is the best answer.
- 146. D - Compensable injury.** Compensable injury is the best answer.
- 147. C - Medical benefits.** Medical benefits is the best answer.
- 148. B - Income benefits.** Income benefits is the best answer.
- 149. A - Employer election.** Employer election is the best answer.
- 150. D - Subscriber.** Subscriber 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.