

Texas All-Lines Adjuster

Designated Home State License

Exam 9 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. Choose the best completion: A law designed to ensure motorists can pay damages they cause is a _____.
 - A. Collision
 - B. Inland marine
 - C. Financial responsibility law
 - D. Coverage C
2. Choose the best completion: The insurer obligation to provide a legal defense for a potentially covered suit is the _____.
 - A. Coverage C
 - B. Collision
 - C. Inland marine
 - D. Duty to defend
3. Choose the best completion: Payments in addition to the liability limit, such as defense costs, are _____.
 - A. Supplementary payments
 - B. Coverage C
 - C. Collision
 - D. Inland marine
4. Choose the best completion: Auto physical damage such as theft, hail, or contact with an animal is _____.
 - A. Inland marine
 - B. Other-than-collision
 - C. Coverage C
 - D. Collision
5. Choose the best completion: Upset of, or impact with, another vehicle or object is _____.
 - A. Inland marine
 - B. Commercial crime
 - C. Collision
 - D. Coverage C
6. Choose the best completion: The PAP section providing collision and other-than-collision physical damage coverage is _____.
 - A. Coverage C
 - B. Collision
 - C. Inland marine
 - D. Part D damage to your auto

7. Choose the best completion: The PAP section protecting an insured from certain drivers with no or insufficient liability insurance is ____.

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

8. Choose the best completion: The PAP section that pays reasonable medical expenses regardless of fault is ____.

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

9. Choose the best completion: The PAP section that pays damages for bodily injury or property damage for which an insured is legally responsible is ____.

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

10. Choose the best completion: The standard personal auto form issued for Texas personal auto risks is the ____.

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

11. Choose the best completion: The clause protecting a mortgagee's separate interest in covered real property is the ____.

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

12. Choose the best completion: A condition often requiring repair or replacement before full replacement-cost payment is the ____.

- A. Inland marine
- B. Replacement cost condition
- C. Coverage C
- D. Collision

- 13.** Choose the best completion: The homeowners coverage for small medical expenses regardless of fault is ____.
- A. Collision
 - B. Inland marine
 - C. Medical payments to others
 - D. Coverage C
- 14.** Choose the best completion: The homeowners coverage for sums an insured is legally liable to pay is ____.
- A. Coverage C
 - B. Collision
 - C. Inland marine
 - D. Personal liability
- 15.** Choose the best completion: The coverage that can pay additional living expense after a covered loss is ____.
- A. Loss of use
 - B. Coverage C
 - C. Collision
 - D. Inland marine
- 16.** Choose the best completion: A lower policy maximum that applies to certain categories of personal property is a ____.
- A. Inland marine
 - B. Special limit
 - C. Coverage C
 - D. Collision
- 17.** Choose the best completion: Additional living expense and fair rental value are generally insured under ____.
- A. Collision
 - B. Inland marine
 - C. Coverage D
 - D. Coverage C
- 18.** Choose the best completion: Personal property is generally insured under ____.
- A. Collision
 - B. Inland marine
 - C. Commercial crime
 - D. Coverage C
- 19.** Choose the best completion: Other structures separated from the dwelling are generally insured under ____.
- A. Coverage B
 - B. Coverage C
 - C. Collision
 - D. Inland marine

20. Choose the best completion: On a homeowners policy, the dwelling itself is generally insured under ____.

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

21. Choose the best completion: The Texas homeowners form generally providing open-peril dwelling coverage is ____.

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

22. Choose the best completion: The Texas homeowners form generally offering broader named-peril coverage for dwelling and contents is ____.

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

23. Choose the best completion: The Texas homeowners form generally offering named-peril coverage with actual cash value loss settlement is ____.

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

24. Choose the best completion: The homeowners form generally providing open-peril coverage for both dwelling and personal property is ____.

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

25. Choose the best completion: The homeowners form designed for condominium unit owners is ____.

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

- 26.** Choose the best completion: The homeowners form designed primarily for tenants is ____.
- A. Coverage C
 - B. Collision
 - C. Inland marine
 - D. HO-4
- 27.** Choose the best completion: The common homeowners form with open-peril dwelling coverage and named-peril personal property coverage is ____.
- A. HO-3
 - B. Coverage C
 - C. Collision
 - D. Inland marine
- 28.** Choose the best completion: Coverage applying to all risks of direct physical loss unless excluded is ____.
- A. Inland marine
 - B. Open-peril coverage
 - C. Coverage C
 - D. Collision
- 29.** Choose the best completion: Coverage applying only to causes of loss specifically listed is ____.
- A. Collision
 - B. Inland marine
 - C. Named-peril coverage
 - D. Coverage C
- 30.** Choose the best completion: The traditional property policy form that is the foundation for fire coverage is the ____.
- A. Coverage C
 - B. Collision
 - C. Inland marine
 - D. Standard fire policy
- 31.** Choose the best completion: A bond protecting an employer against dishonest acts of employees is ____.
- A. Fidelity bond
 - B. Coverage C
 - C. Collision
 - D. Inland marine
- 32.** Choose the best completion: The party protected by a surety bond is the ____.
- A. Inland marine
 - B. Obligee
 - C. Coverage C
 - D. Collision

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

40. Choose the best completion: Property coverage commonly adding perils such as windstorm, hail, explosion, riot, and aircraft is ____.
- A. Inland marine
 - B. Extended coverage
 - C. Coverage C
 - D. Collision
41. Choose the best completion: Intentional throwing of cargo overboard to save a vessel is ____.
- A. Collision
 - B. Inland marine
 - C. Jettison
 - D. Coverage C
42. Choose the best completion: A maritime principle requiring all interests to share a voluntary sacrifice made to save a voyage is ____.
- A. Coverage C
 - B. Collision
 - C. Inland marine
 - D. General average
43. Choose the best completion: Ocean marine liability coverage for vessel owners is ____.
- A. Protection and indemnity
 - B. Coverage C
 - C. Collision
 - D. Inland marine
44. Choose the best completion: Ocean marine coverage for physical damage to a vessel is ____.
- A. Inland marine
 - B. Hull coverage
 - C. Coverage C
 - D. Collision
45. Choose the best completion: Insurance for vessels, cargo, and marine liabilities involved in waterborne commerce is ____.
- A. Collision
 - B. Inland marine
 - C. Ocean marine
 - D. Coverage C

46. Choose the best completion: Coverage for a carrier's legal liability for customers' property in transit is ____.
- A. Coverage C
 - B. Collision
 - C. Inland marine
 - D. Motor truck cargo
47. Choose the best completion: Property coverage for a building under construction is ____.
- A. Builders risk
 - B. Coverage C
 - C. Collision
 - D. Inland marine
48. Choose the best completion: Coverage for materials and equipment while awaiting installation is an ____.
- A. Inland marine
 - B. Installation floater
 - C. Coverage C
 - D. Collision
49. Choose the best completion: Scheduled coverage for valuable personal property such as jewelry or fine arts is a ____.
- A. Collision
 - B. Inland marine
 - C. Personal articles floater
 - D. Coverage C
50. Choose the best completion: Insurance for movable property and specialized property exposures is ____.
- A. Coverage C
 - B. Collision
 - C. Commercial crime
 - D. Inland marine
51. Choose the best completion: Commercial crime coverage for loss caused by dishonest acts of employees is ____.
- A. Employee dishonesty
 - B. Coverage C
 - C. Collision
 - D. Inland marine
52. Choose the best completion: Coverage designed for theft, employee dishonesty, forgery, and similar crime exposures is ____.
- A. Inland marine
 - B. Commercial crime
 - C. Coverage C
 - D. Collision

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

59. Choose the best completion: The commercial property form covering buildings and business personal property is the _____.

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

60. Choose the best completion: The policy used to cover a business building and business personal property is a _____.

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

Part 2 - Insurance Terms and Related Concepts

61. Choose the best completion: Injury from offenses such as false arrest or defamation is ____.
- A. Indemnity
 - B. Exclusion
 - C. Personal injury
 - D. Peril
62. Choose the best completion: Physical injury to tangible property, including resulting loss of use, is ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Property damage
63. Choose the best completion: Physical injury, sickness, or disease is ____.
- A. Bodily injury
 - B. Peril
 - C. Indemnity
 - D. Exclusion
64. Choose the best completion: Apportioning damages according to each party's fault is ____.
- A. Exclusion
 - B. Comparative negligence
 - C. Peril
 - D. Indemnity
65. Choose the best completion: Liability imposed without proof of negligence for certain activities is ____.
- A. Indemnity
 - B. Exclusion
 - C. Strict liability
 - D. Peril
66. Choose the best completion: An employer being liable for an employee acting within scope of employment is ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Vicarious liability
67. Choose the best completion: A civil wrong for which a court may impose liability is a ____.
- A. Tort
 - B. Peril
 - C. Indemnity
 - D. Exclusion

- 68.** Choose the best completion: Failure to use the care a reasonably prudent person would use is ____.
- A. Exclusion
 - B. Negligence
 - C. Peril
 - D. Indemnity
- 69.** Choose the best completion: An unforeseen, unintended event is an ____.
- A. Indemnity
 - B. Exclusion
 - C. Accident
 - D. Peril
- 70.** Choose the best completion: An accident, including repeated exposure to substantially the same harmful conditions, is an ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Occurrence
- 71.** Choose the best completion: The most an insurer will pay for a covered loss is the ____.
- A. Limit of liability
 - B. Peril
 - C. Indemnity
 - D. Exclusion
- 72.** Choose the best completion: The portion of a covered loss retained by the insured is the ____.
- A. Exclusion
 - B. Deductible
 - C. Peril
 - D. Indemnity
- 73.** Choose the best completion: A policy condition requiring insurance to a stated percentage of value is ____.
- A. Indemnity
 - B. Exclusion
 - C. Coinsurance
 - D. Peril
- 74.** Choose the best completion: When insurers share a loss according to their limits, the method is ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Pro rata liability

- 75.** Choose the best completion: When insurers share a loss equally up to their limits, the method is ____.
- A. Contribution by equal shares
 - B. Peril
 - C. Indemnity
 - D. Exclusion
- 76.** Choose the best completion: An insurer pursuing a responsible third party after paying its insured uses ____.
- A. Exclusion
 - B. Subrogation
 - C. Peril
 - D. Indemnity
- 77.** Choose the best completion: Damaged property retained after a paid loss is ____.
- A. Indemnity
 - B. Exclusion
 - C. Salvage
 - D. Peril
- 78.** Choose the best completion: The cost to replace property with like kind and quality, without depreciation, is ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Replacement cost
- 79.** Choose the best completion: Replacement cost less depreciation is ____.
- A. Actual cash value
 - B. Peril
 - C. Indemnity
 - D. Exclusion
- 80.** Choose the best completion: The financial stake required for a valid property policy is ____.
- A. Exclusion
 - B. Insurable interest
 - C. Peril
 - D. Indemnity
- 81.** Choose the best completion: The principle designed to restore an insured financially without profit is ____.
- A. Exclusion
 - B. Negligence
 - C. Indemnity
 - D. Peril

- 82.** Choose the best completion: The dominant cause that sets an unbroken chain of events in motion is ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Proximate cause
- 83.** Choose the best completion: Lost rental income after a covered fire is a ____.
- A. Indirect loss
 - B. Peril
 - C. Indemnity
 - D. Exclusion
- 84.** Choose the best completion: Fire damage to a building is a ____.
- A. Exclusion
 - B. Direct loss
 - C. Peril
 - D. Indemnity
- 85.** Choose the best completion: Carelessness because insurance exists is a ____.
- A. Indemnity
 - B. Exclusion
 - C. Morale hazard
 - D. Peril
- 86.** Choose the best completion: An insured who intentionally causes a loss presents a ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Moral hazard
- 87.** Choose the best completion: A loose handrail that increases the chance of injury is a ____.
- A. Physical hazard
 - B. Peril
 - C. Indemnity
 - D. Exclusion
- 88.** Choose the best completion: The direct cause of loss, such as fire or wind, is a ____.
- A. Negligence
 - B. Peril
 - C. Indemnity
 - D. Exclusion

- 89.** Choose the best completion: A chance of either gain or loss is ____.
- A. Indemnity
 - B. Exclusion
 - C. Speculative risk
 - D. Peril
- 90.** Choose the best completion: A chance of loss or no loss, but no chance of gain, is ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Pure risk
- 91.** Choose the best completion: Unilaterally giving damaged property to an insurer without consent is ____.
- A. Abandonment
 - B. Peril
 - C. Indemnity
 - D. Exclusion
- 92.** Choose the best completion: A clause automatically extending a broadened coverage without added premium is the ____.
- A. Exclusion
 - B. Liberalization clause
 - C. Peril
 - D. Indemnity
- 93.** Choose the best completion: A disclosure explaining how a financial institution handles nonpublic personal information is a ____.
- A. Indemnity
 - B. Exclusion
 - C. Privacy notice
 - D. Peril
- 94.** Choose the best completion: The federal law governing consumer reports used in underwriting is the ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Fair Credit Reporting Act

- 95.** Choose the best completion: The obligation to act in another party's best interest when handling entrusted funds is ____.
- A. Fiduciary duty
 - B. Peril
 - C. Indemnity
 - D. Exclusion
- 96.** Choose the best completion: A false statement of material fact used to induce action is ____.
- A. Exclusion
 - B. Misrepresentation
 - C. Peril
 - D. Indemnity
- 97.** Choose the best completion: A knowing material misstatement made to obtain an improper benefit is ____.
- A. Indemnity
 - B. Exclusion
 - C. Fraud
 - D. Peril
- 98.** Choose the best completion: A signed statement supporting a claim's facts and amount is a ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Proof of loss
- 99.** Choose the best completion: Notice that the insurer is investigating while preserving coverage defenses is a ____.
- A. Reservation of rights
 - B. Peril
 - C. Indemnity
 - D. Exclusion
- 100.** Choose the best completion: A property-loss process in which each side selects an appraiser to resolve amount of loss is ____.
- A. Exclusion
 - B. Appraisal
 - C. Peril
 - D. Indemnity
- 101.** Choose the best completion: A furnished building with no residents is in ____.
- A. Indemnity
 - B. Exclusion
 - C. Unoccupancy
 - D. Peril

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

- 109.** Choose the best completion: A form that changes the policy's terms is an ____.
- A. Indemnity
 - B. Exclusion
 - C. Endorsement
 - D. Peril
- 110.** Choose the best completion: Temporary evidence of insurance pending policy issuance is a ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Binder
- 111.** Choose the best completion: Preventing a party from asserting a right after its conduct induced reliance is ____.
- A. Estoppel
 - B. Peril
 - C. Indemnity
 - D. Exclusion
- 112.** Choose the best completion: Voluntary relinquishment of a known right is ____.
- A. Exclusion
 - B. Waiver
 - C. Peril
 - D. Indemnity
- 113.** Choose the best completion: Intentional failure to disclose a material fact is ____.
- A. Indemnity
 - B. Exclusion
 - C. Concealment
 - D. Peril
- 114.** Choose the best completion: A statement or promise that must be strictly true or performed is a ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Warranty
- 115.** Choose the best completion: A statement believed true to the best of the applicant's knowledge is a ____.
- A. Representation
 - B. Peril
 - C. Indemnity
 - D. Exclusion

- 116.** Choose the best completion: A policy that protects the insured's interest rather than the property itself is a ____.
- A. Exclusion
 - B. Personal contract
 - C. Peril
 - D. Indemnity
- 117.** Choose the best completion: A policy requiring the insured to meet duties and conditions is a ____.
- A. Indemnity
 - B. Exclusion
 - C. Conditional contract
 - D. Peril
- 118.** Choose the best completion: A policy under which only the insurer makes an enforceable promise to pay is ____.
- A. Peril
 - B. Indemnity
 - C. Exclusion
 - D. Unilateral contract
- 119.** Choose the best completion: A contract with unequal exchange values depending on an uncertain event is ____.
- A. Aleatory contract
 - B. Peril
 - C. Indemnity
 - D. Exclusion
- 120.** Choose the best completion: A policy drafted by one party, with ambiguities generally construed against that drafter, is a ____.
- A. Exclusion
 - B. Contract of adhesion
 - C. Peril
 - D. Indemnity

Part 3 - Texas Statutes, Rules, and Adjusting

121. Choose the best completion: An employer that has workers compensation insurance is a ____.

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

122. Choose the best completion: In Texas, employers generally may elect whether to obtain workers compensation coverage; this is ____.

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

123. Choose the best completion: Workers compensation benefits replacing part of lost wages are ____.

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

124. Choose the best completion: Benefits that pay reasonable and necessary treatment for a compensable injury are ____.

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

125. Choose the best completion: An injury arising out of and in the course and scope of employment is a ____.

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

126. Choose the best completion: A statutory system providing medical and income benefits for job-related injuries is ____.

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

127. Choose the best completion: An adjuster must not handle claims in a dishonest, unfair, or deceptive manner; this is ____.

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

128. Choose the best completion: Investigating, evaluating, negotiating, and settling claims for an insurer are core ____.

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

129. Choose the best completion: After notifying a claimant that a claim will be paid, an insurer must pay within the statutory period; this duty is ____.

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

130. Choose the best completion: After receiving requested items, an insurer must notify the claimant of acceptance or rejection within the statutory period; this duty is ____.

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

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

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

132. Choose the best completion: An adjuster should communicate honestly, investigate fairly, and avoid conflicts; this is ____.

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

- 133.** Choose the best completion: Knowingly presenting false information to obtain insurance benefits is ____.
- A. Rebating
 - B. Workers compensation
 - C. Fraud
 - D. TDI
- 134.** Choose the best completion: An agreement to withhold business to coerce another party is a ____.
- A. TDI
 - B. Rebating
 - C. Workers compensation
 - D. Boycott
- 135.** Choose the best completion: Treating similarly situated insureds differently without a lawful basis is ____.
- A. Unfair discrimination
 - B. TDI
 - C. Rebating
 - D. Workers compensation
- 136.** Choose the best completion: Making a false malicious statement about an insurer's financial condition is ____.
- A. Workers compensation
 - B. Defamation
 - C. TDI
 - D. Rebating
- 137.** Choose the best completion: Offering an inducement not stated in the policy to obtain insurance is ____.
- A. Workers compensation
 - B. License renewal
 - C. Rebating
 - D. TDI
- 138.** Choose the best completion: Publishing an untrue or misleading statement about an insurance policy is ____.
- A. TDI
 - B. Rebating
 - C. Workers compensation
 - D. False advertising
- 139.** Choose the best completion: Making a false statement about policy benefits to a claimant is ____.
- A. Misrepresentation
 - B. TDI
 - C. Rebating
 - D. Workers compensation

140. Choose the best completion: Failing to attempt in good faith to effect a prompt, fair, and equitable settlement when liability is reasonably clear is an ____.

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

141. Choose the best completion: A licensee must report certain actions taken by another governmental or regulatory body; this is ____.

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

142. Choose the best completion: A licensee must notify TDI after certain material information changes; an address update is ____.

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

143. Choose the best completion: A licensee must maintain the license according to its renewal requirements; this is ____.

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

144. Choose the best completion: The official with general insurance regulatory powers under Texas law is the ____.

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

145. Choose the best completion: The Texas state agency that administers insurance licensing and regulates insurers is ____.

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

- 146.** Choose the best completion: For designated home state all-lines adjusters, a provisional permit is ____.
- A. TDI
 - B. Rebating
 - C. Workers compensation
 - D. No provisional DHS permit
- 147.** Choose the best completion: For designated home state all-lines adjusters, an emergency license is ____.
- A. No emergency DHS license
 - B. TDI
 - C. Rebating
 - D. Workers compensation
- 148.** Choose the best completion: For designated home state all-lines adjusters, a temporary license is ____.
- A. Workers compensation
 - B. No temporary DHS license
 - C. TDI
 - D. Rebating
- 149.** Choose the best completion: A resident of a state that offers a resident adjuster license is generally ____.
- A. Rebating
 - B. Workers compensation
 - C. Not eligible for DHS
 - D. TDI
- 150.** Choose the best completion: The special Texas nonresident adjuster license for a resident of a state that does not license adjusters is the ____.
- A. TDI
 - B. Rebating
 - C. Workers compensation
 - D. Designated home state license

Answer Key and Quick Rationales

Part 1 - Property and Casualty Product Knowledge

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

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

Part 2 - Insurance Terms and Related Concepts

61. **C - Personal injury.** Personal injury is the best answer.
62. **D - Property damage.** Property damage is the best answer.
63. **A - Bodily injury.** Bodily injury is the best answer.
64. **B - Comparative negligence.** Comparative negligence is the best answer.
65. **C - Strict liability.** Strict liability is the best answer.
66. **D - Vicarious liability.** Vicarious liability is the best answer.
67. **A - Tort.** Tort is the best answer.
68. **B - Negligence.** Negligence is the best answer.
69. **C - Accident.** Accident is the best answer.
70. **D - Occurrence.** Occurrence is the best answer.
71. **A - Limit of liability.** Limit of liability is the best answer.

72. **B - Deductible.** Deductible is the best answer.
73. **C - Coinsurance.** Coinsurance is the best answer.
74. **D - Pro rata liability.** Pro rata liability is the best answer.
75. **A - Contribution by equal shares.** Contribution by equal shares is the best answer.
76. **B - Subrogation.** Subrogation is the best answer.
77. **C - Salvage.** Salvage is the best answer.
78. **D - Replacement cost.** Replacement cost is the best answer.
79. **A - Actual cash value.** Actual cash value is the best answer.
80. **B - Insurable interest.** Insurable interest is the best answer.
81. **C - Indemnity.** Indemnity is the best answer.
82. **D - Proximate cause.** Proximate cause is the best answer.
83. **A - Indirect loss.** Indirect loss is the best answer.
84. **B - Direct loss.** Direct loss is the best answer.
85. **C - Morale hazard.** Morale hazard is the best answer.
86. **D - Moral hazard.** Moral hazard is the best answer.
87. **A - Physical hazard.** Physical hazard is the best answer.
88. **B - Peril.** Peril is the best answer.
89. **C - Speculative risk.** Speculative risk is the best answer.
90. **D - Pure risk.** Pure risk is the best answer.
91. **A - Abandonment.** Abandonment is the best answer.
92. **B - Liberalization clause.** Liberalization clause is the best answer.
93. **C - Privacy notice.** Privacy notice is the best answer.
94. **D - Fair Credit Reporting Act.** Fair Credit Reporting Act is the best answer.
95. **A - Fiduciary duty.** Fiduciary duty is the best answer.
96. **B - Misrepresentation.** Misrepresentation is the best answer.
97. **C - Fraud.** Fraud is the best answer.
98. **D - Proof of loss.** Proof of loss is the best answer.
99. **A - Reservation of rights.** Reservation of rights is the best answer.
100. **B - Appraisal.** Appraisal is the best answer.
101. **C - Unoccupancy.** Unoccupancy is the best answer.
102. **D - Vacancy.** Vacancy is the best answer.
103. **A - Nonrenewal.** Nonrenewal is the best answer.
104. **B - Cancellation.** Cancellation is the best answer.
105. **C - Condition.** Condition is the best answer.
106. **D - Exclusion.** Exclusion is the best answer.
107. **A - Insuring agreement.** Insuring agreement is the best answer.
108. **B - Declarations.** Declarations is the best answer.

109. **C - Endorsement.** Endorsement is the best answer.
110. **D - Binder.** Binder is the best answer.
111. **A - Estoppel.** Estoppel is the best answer.
112. **B - Waiver.** Waiver is the best answer.
113. **C - Concealment.** Concealment is the best answer.
114. **D - Warranty.** Warranty is the best answer.
115. **A - Representation.** Representation is the best answer.
116. **B - Personal contract.** Personal contract is the best answer.
117. **C - Conditional contract.** Conditional contract is the best answer.
118. **D - Unilateral contract.** Unilateral contract is the best answer.
119. **A - Aleatory contract.** Aleatory contract is the best answer.
120. **B - Contract of adhesion.** Contract of adhesion is the best answer.

Part 3 - Texas Statutes, Rules, and Adjusting

121. **C - Subscriber.** Subscriber is the best answer.
122. **D - Employer election.** Employer election is the best answer.
123. **A - Income benefits.** Income benefits is the best answer.
124. **B - Medical benefits.** Medical benefits is the best answer.
125. **C - Compensable injury.** Compensable injury is the best answer.
126. **D - Workers compensation.** Workers compensation is the best answer.
127. **A - Prohibited conduct.** Prohibited conduct is the best answer.
128. **B - Adjuster function.** Adjuster function is the best answer.
129. **C - Prompt-payment payment.** Prompt-payment payment is the best answer.
130. **D - Prompt-payment decision.** Prompt-payment decision is the best answer.
131. **A - Prompt-payment acknowledgement.** Prompt-payment acknowledgement is the best answer.
132. **B - Ethical claims handling.** Ethical claims handling is the best answer.
133. **C - Fraud.** Fraud is the best answer.
134. **D - Boycott.** Boycott is the best answer.
135. **A - Unfair discrimination.** Unfair discrimination is the best answer.
136. **B - Defamation.** Defamation is the best answer.
137. **C - Rebating.** Rebating is the best answer.
138. **D - False advertising.** False advertising is the best answer.
139. **A - Misrepresentation.** Misrepresentation is the best answer.
140. **B - Unfair claim settlement practice.** Unfair claim settlement practice is the best answer.
141. **C - Administrative action disclosure.** Administrative action disclosure is the best answer.
142. **D - Change-of-address notice.** Change-of-address notice is the best answer.
143. **A - License renewal.** License renewal is the best answer.
144. **B - Commissioner of Insurance.** Commissioner of Insurance is the best answer.

145. C - TDI. TDI is the best answer.

146. D - No provisional DHS permit. No provisional DHS permit is the best answer.

147. A - No emergency DHS license. No emergency DHS license is the best answer.

148. B - No temporary DHS license. No temporary DHS license is the best answer.

149. C - Not eligible for DHS. Not eligible for DHS is the best answer.

150. D - Designated home state license. Designated home state license 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.