

Texas General Lines Property and Casualty Agent Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. Which statement best describes how payments are made under property and liability lines of a policy?**
 - A. Property insurance pays the insured; liability insurance pays the claimant**
 - B. Property insurance pays the claimant; liability insurance pays the insured**
 - C. Both property and liability payments go to the insured**
 - D. Both property and liability payments go to the claimant**

- 2. Proof of loss must be provided within how many days after the insurer requests it?**
 - A. 60 days**
 - B. 30 days**
 - C. 90 days**
 - D. 120 days**

- 3. Leakage or seepage exclusion applies to water leaking from which systems?**
 - A. Water from plumbing, HVAC, or appliance systems**
 - B. Wind damage to roof**
 - C. Fire suppression systems**
 - D. Theft of property**

- 4. The common policy declarations contain information such as:**
 - A. Insured's name, the address of covered premises, the limits of insurance, and deductible amount**
 - B. The insurer's internal risk rating**
 - C. The insured's payroll and revenue figures**
 - D. The policy premium payment schedule**

- 5. Lloyd's Association is best described as:**
 - A. A single large insurance company.**
 - B. A forum where brokers find individuals to underwrite complex and large risks; membership can be a person or a company; mostly writes fire and auto in the US; plays small role; mostly based in Texas.**
 - C. A government regulator.**
 - D. A mutual insurer.**

- 6. Which term denotes a destructive event that insurance guards against?**
- A. Hazard**
 - B. Peril**
 - C. Exposure**
 - D. Risk**
- 7. By December 31 each year, TDI computes reinsurance reserves for all risks that an authorized insurer is covering in Texas. Which lines are exempt from this requirement?**
- A. Life insurance**
 - B. Homeowners insurance**
 - C. Automobile insurance**
 - D. Commercial liability insurance**
- 8. Which duty is required of the insured after a property loss occurred?**
- A. Provide prompt notice of the loss to the insurer or its agent**
 - B. Pay the deductible to the insurer**
 - C. Begin repairs and charge the insurer**
 - D. Immediately replace the damaged property**
- 9. Which statement about trip transit policies is true?**
- A. They provide coverage for all shipments by any method**
 - B. They provide coverage only for particular shipments described in the policy declarations**
 - C. They automatically include USPS shipments**
 - D. They require a 100% coinsurance percentage**
- 10. Which organization offers the ISO Commercial Lines Insurance Programs?**
- A. Insurance Services Office (ISO) Commercial Lines Insurance Programs**
 - B. National Association of Insurance Commissioners**
 - C. International Risk Management Institute**
 - D. American Property Casualty Insurance Association**

Answers

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1. A
2. A
3. A
4. A
5. B
6. B
7. A
8. A
9. B
10. A

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Explanations

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1. Which statement best describes how payments are made under property and liability lines of a policy?

A. Property insurance pays the insured; liability insurance pays the claimant

B. Property insurance pays the claimant; liability insurance pays the insured

C. Both property and liability payments go to the insured

D. Both property and liability payments go to the claimant

Property insurance is designed to put the insured back in the position they were in before their loss, so the payout goes to the person who owns or has an insurable interest in the damaged property—the insured (or, in some cases, a mortgagee who has that interest protected). Liability coverage, by contrast, handles claims made by others who allege the insured caused harm or damage; the insurer pays the third party claimant (or their insurer) to compensate them for the loss. So saying that property insurance pays the insured and liability insurance pays the claimant best describes how these lines function. For example, a damaged own car or home is paid to you, while if you're at fault in an accident, the settlement or court-awarded damages go to the other party.

2. Proof of loss must be provided within how many days after the insurer requests it?

A. 60 days

B. 30 days

C. 90 days

D. 120 days

Proof of loss must be provided within 60 days after the insurer requests it. This 60-day window standardizes how quickly a claim is documented, helping the insurer verify facts and settle the claim promptly while giving the insured a reasonable period to gather the necessary information. Providing proof earlier isn't always practical, since gathering records and statements can take time, and a reasonable deadline protects both sides in the claims process. The other timeframes aren't the typical requirement: 30 days is usually the period for initial notice in some contexts, while 90 or 120 days would be longer than standard policy terms and could unnecessarily delay claim resolution.

3. Leakage or seepage exclusion applies to water leaking from which systems?

- A. Water from plumbing, HVAC, or appliance systems**
- B. Wind damage to roof**
- C. Fire suppression systems**
- D. Theft of property**

Leakage or seepage exclusion targets water that leaks or seeps from within the building's own systems—specifically plumbing, heating, ventilation, and air conditioning (HVAC) systems, or appliances connected to those plumbing systems. Damage from a slow drip or a failed appliance that causes water to seep into walls or floors is typically excluded because it often results from wear, tear, or lack of maintenance rather than a covered peril. This is why water damage from these internal systems is not covered under the leakage/seepage exclusion. By contrast, damage from external perils like wind on a roof or unrelated events such as theft are not governed by this same exclusion.

4. The common policy declarations contain information such as:

- A. Insured's name, the address of covered premises, the limits of insurance, and deductible amount**
- B. The insurer's internal risk rating**
- C. The insured's payroll and revenue figures**
- D. The policy premium payment schedule**

The declarations page is the policy's summary of essential facts that define the coverage. It identifies who is insured, where the covered property is located, the limits of liability, and the deductible amount. These items determine who and what is covered and under what financial terms. Items like the insurer's internal risk rating or the insured's payroll and revenue figures are underwriting or administrative data, not standard information shown on declarations pages. While premium information may appear on the declarations page, the key details that consistently describe the coverage are the insured's name, the address of the covered premises, the limits of insurance, and the deductible.

5. Lloyd's Association is best described as:

- A. A single large insurance company.
- B. A forum where brokers find individuals to underwrite complex and large risks; membership can be a person or a company; mostly writes fire and auto in the US; plays small role; mostly based in Texas.**
- C. A government regulator.
- D. A mutual insurer.

Lloyd's is a marketplace for insurance, not a single company or a regulator. It functions as a forum where brokers bring in clients with large or complex risks, and underwriters organized into syndicates at Lloyd's review and decide on coverage and terms. Members of Lloyd's can be individuals (historically known as Names) or corporate entities who provide the capital backing the policies. This structure makes Lloyd's well-suited to handling unusual, high-value, or specialty risks that standard insurers might not cover easily. The other descriptions don't fit because Lloyd's isn't one large insurer, nor a government regulator, nor a mutual insurer where policyholders share profits and losses.

6. Which term denotes a destructive event that insurance guards against?

- A. Hazard
- B. Peril**
- C. Exposure
- D. Risk

The event that actually causes a loss is a peril. Insurance protects against perils—the destructive events such as fire, theft, or windstorm that can damage property. Hazards are conditions that increase the likelihood or severity of a loss but are not the loss-causing event themselves. Exposure refers to the amount of property or liability at risk, while risk means the overall chance and potential magnitude of loss. So, when asked for the term denoting a destructive event insurance guards against, the correct concept is peril.

7. By December 31 each year, TDI computes reinsurance reserves for all risks that an authorized insurer is covering in Texas. Which lines are exempt from this requirement?

- A. Life insurance**
- B. Homeowners insurance
- C. Automobile insurance
- D. Commercial liability insurance

The rule focuses on reinsurance reserves for property and casualty exposures. Reinsurance reserve calculations are used to reflect potential ceded losses for lines that involve more volatile, short-tail or mixed-risk claims typical of P&C business. Life insurance, on the other hand, is regulated under actuarial reserves and other life-regulation frameworks, not through the same reinsurance reserve schedule. Therefore life insurance is exempt from this requirement. The other lines—homeowners, automobile, and commercial liability—are P&C lines and fall under the reinsurance reserve rule.

8. Which duty is required of the insured after a property loss occurred?

- A. Provide prompt notice of the loss to the insurer or its agent**
- B. Pay the deductible to the insurer**
- C. Begin repairs and charge the insurer**
- D. Immediately replace the damaged property**

The main thing being tested is the insured's duty to notify the insurer promptly after a loss. Prompt notice starts the claims process, allows the insurer to assign an adjuster and begin its investigation, and helps protect the insured's rights by preventing disputes over timing. It ensures coverage can be verified and the claim can be handled in a timely and proper manner. The other options don't reflect a required action that initiates the claim. The deductible is a cost the insured bears as part of the claim settlement, not something the insured is duty-bound to hand to the insurer immediately after loss. Beginning repairs and billing the insurer isn't a standard duty; any repairs or reimbursements are handled through the claims process and often require approval or coordination with the insurer. Replacement of damaged property isn't required immediately; replacement occurs as part of the settlement and depends on the policy terms.

9. Which statement about trip transit policies is true?

- A. They provide coverage for all shipments by any method**
- B. They provide coverage only for particular shipments described in the policy declarations**
- C. They automatically include USPS shipments**
- D. They require a 100% coinsurance percentage**

Trip transit coverage is tied to a defined voyage: it covers only the shipments that are specifically listed in the policy declarations. The declarations set exactly which shipments, routes, carriers, and terms are covered, so the scope is limited to those described items rather than all shipments or every method of transport. That's why the true statement is that coverage applies only to particular shipments described in the declarations. The other options don't fit because coverage isn't automatic for all shipments or all USPS shipments, and there isn't a universal 100% coinsurance requirement embedded in trip transit policies.

10. Which organization offers the ISO Commercial Lines Insurance Programs?

- A. Insurance Services Office (ISO) Commercial Lines Insurance Programs**
- B. National Association of Insurance Commissioners**
- C. International Risk Management Institute**
- D. American Property Casualty Insurance Association**

These programs are designed to standardize commercial lines forms, endorsements, rating, and policy language so insurers can quote and issue commercial policies consistently. The organization that develops and offers ISO Commercial Lines Insurance Programs is the Insurance Services Office. ISO provides standardized policy forms, endorsements, and loss cost data that many carriers adopt, enabling uniformity across markets. The other entities serve regulatory, educational, or advocacy roles and do not operate ISO's commercial lines program.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://txgenlinespropertycasualtyagent.examzify.com>

We wish you the very best on your exam journey. You've got this!

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