

# **TEXAS GENERAL LINES PROPERTY AND CASUALTY (P&C) AGENT PRACTICE EXAM (SAMPLE) STUDY GUIDE**



## **SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS**

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THE FULL VERSION STUDY GUIDE**

<https://txgenlinespropertycasualtyagent.examzify.com>



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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 type of property is commonly subject to sublimits within a property policy?**
  - A. Jewelry
  - B. Real Estate
  - C. Furniture
  - D. Vehicles
  
- 2. In the homeowners policy terms, what does 'you', 'your', and 'insured' refer to?**
  - A. The insurance company
  - B. Named insured and household residents
  - C. A mortgage lender
  - D. Any person covered by the policy
  
- 3. Superior construction category includes which description?**
  - A. Noncombustible exterior walls, floors, and roof supported by metal, cement, or other noncombustible materials
  - B. Frame
  - C. Masonry veneer
  - D. Hollow concrete block
  
- 4. Under a value reporting form (CP 13 10), which statement is true?**
  - A. The insured pays a fixed premium at policy inception regardless of values.
  - B. The insurer calculates the final premium based on the average actual values reported.
  - C. The policy allows no reporting of fluctuating values.
  - D. Premiums are determined solely by the maximum potential value.
  
- 5. Actual Cash Value (ACV) is defined as:**
  - A. Replacement cost minus depreciation
  - B. Market value
  - C. Stated amount
  - D. Agreed value

- 6. Stock insurance companies are owned by:**
- A. Policyholders.
  - B. The government.
  - C. Stockholders who purchase shares.
  - D. Fraternal organizations.
- 7. Which four elements must a plaintiff prove to establish negligence?**
- A. Duty of care, Breach of the duty of care, Causation, Damages
  - B. Duty, Breach, Causation, Punitive damages
  - C. Duty, Intent, Causation, Damages
  - D. Duty, Proximate cause, Damages, Negligence
- 8. What is the purpose of voluntarily depositing funds with TDI?**
- A. To fund marketing campaigns
  - B. To protect the insurer's policyholders and creditors
  - C. To pay executive bonuses
  - D. To reduce policyholder premiums
- 9. Which is included in the insured location when the policy references insured location?**
- A. The residence premises
  - B. The residence premises and parts of other premises shown on declarations or acquired during policy period
  - C. Only land owned by the insured
  - D. Premises used by insured in connection with insured locations
- 10. For recordkeeping, producers must retain certificates of course completion for how long?**
- A. 4 years
  - B. 2 years
  - C. 6 years
  - D. 10 years

## **Answers**

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

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## **Explanations**

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**1. Which type of property is commonly subject to sublimits within a property policy?**

- A. Jewelry**
- B. Real Estate
- C. Furniture
- D. Vehicles

*Sublimits are smaller limits inside the overall property coverage that apply to specific kinds of property because some items carry higher value or greater risk of loss. Jewelry fits that pattern: individual pieces can be very valuable and are more prone to theft, so insurers typically cap the amount they will pay for all jewelry in a single claim unless the items are scheduled or insured separately. This is why jewelry is commonly shown with a sublimit in many property policies. Real estate isn't a personal-property category inside a standard policy, so it doesn't get a sublimit in the same way; it's covered under the dwelling limit. Vehicles aren't covered as personal property under a typical property policy and require an auto policy, while furniture is generally covered under the broader personal-property limit without a specific sublimit as common as jewelry.*

**2. In the homeowners policy terms, what does 'you', 'your', and 'insured' refer to?**

- A. The insurance company
- B. Named insured and household residents**
- C. A mortgage lender
- D. Any person covered by the policy

*In a homeowners policy, you and your refer to the person or people named in the declarations who own the policy, plus the spouse if they live in the same home. Insured is the same group: the named insured and members of the household who reside there. This means the coverage applies to the homeowner and family members living in the dwelling, not to a mortgage lender or a random visitor. If someone else is added to the policy by endorsement, they could become insured, but by default the insured consists of the named insured and household residents.*

**3. Superior construction category includes which description?**

- A. Noncombustible exterior walls, floors, and roof supported by metal, cement, or other noncombustible materials**
- B. Frame
- C. Masonry veneer
- D. Hollow concrete block

*Superior construction means the building's main structural parts are noncombustible. The best description fits when the exterior walls, floors, and roof are noncombustible and are supported by noncombustible materials such as metal or cement. This reflects the highest fire-resistance level in construction classifications. Frame construction uses wood and is combustible, so it isn't considered superior. Masonry veneer involves a nonstructural veneer over a wood frame, which does not meet the noncombustible, all-major-parts criterion. Hollow concrete block is masonry, but the phrase emphasizes that all major structural components are noncombustible, which the description provided specifically conveys.*

#### 4. Under a value reporting form (CP 13 10), which statement is true?

- A. The insured pays a fixed premium at policy inception regardless of values.
- B. The insurer calculates the final premium based on the average actual values reported.**
- C. The policy allows no reporting of fluctuating values.
- D. Premiums are determined solely by the maximum potential value.

*Value reporting forms are used when property values can change, so the premium is tied to the actual values reported rather than staying fixed. Under this form, the insured provides regular value reports, and the insurer calculates the final premium based on those actual values—typically using the average of the values reported over the term. This approach ensures the premium fairly reflects the risk being insured as values rise or fall. The other statements don't fit this concept: a fixed premium would ignore value changes, the form does involve reporting fluctuating values, and premiums aren't determined solely by the maximum possible value.*

#### 5. Actual Cash Value (ACV) is defined as:

- A. Replacement cost minus depreciation**
- B. Market value
- C. Stated amount
- D. Agreed value

*Actual Cash Value represents the item's value at the time of loss after accounting for wear and aging. It's calculated as the replacement cost of the item today minus depreciation for age and condition. For example, if you could replace a sofa today for \$1,000 but it's three years old and has depreciation of, say, \$300, the ACV would be \$700. This differs from market value (what you could sell it for today), a stated amount (a fixed dollar amount in the policy), or an agreed value (a preset amount for items like jewelry or art). ACV focuses on current replacement cost minus wear, giving a payout that reflects the item's diminished value due to age and use.*

#### 6. Stock insurance companies are owned by:

- A. Policyholders.
- B. The government.
- C. Stockholders who purchase shares.**
- D. Fraternal organizations.

*Stock insurance companies are owned by stockholders who purchase shares in the company. Those owners elect the board of directors and receive profits as dividends or through appreciation in share value, while policyholders do not own the company and generally do not participate in profits. This distinguishes them from mutual insurers, which are owned by the policyowners and may share profits with them via participating policies. Fraternal organizations operate under a member-owned, non-stock model, and government ownership applies to government-run programs rather than private stock insurers.*

## 7. Which four elements must a plaintiff prove to establish negligence?

**A. Duty of care, Breach of the duty of care, Causation, Damages**

B. Duty, Breach, Causation, Punitive damages

C. Duty, Intent, Causation, Damages

D. Duty, Proximate cause, Damages, Negligence

*In a negligence claim, four things must be proven: the defendant owed a duty of care to the plaintiff; the defendant breached that duty by acting (or failing to act) in a way that falls short of the standard of care; there is a causal link showing the breach caused the injury (actual and, typically, proximate causation); and the plaintiff suffered actual damages. The combination of duty of care, breach, causation, and damages exactly covers the required elements, so this choice is the best. The other options introduce elements that aren't required for negligence (such as intent or punitive damages) or mix terms in a way that doesn't align with the standard four-element test.*

## 8. What is the purpose of voluntarily depositing funds with TDI?

A. To fund marketing campaigns

**B. To protect the insurer's policyholders and creditors**

C. To pay executive bonuses

D. To reduce policyholder premiums

*Voluntary deposits with the Texas Department of Insurance provide a safety net to protect policyholders and creditors if an insurer becomes insolvent. By placing funds with the department, there is a ready source of money to pay unpaid claims and meet other obligations during a receivership, helping ensure claim payments aren't jeopardized. This security is about financial protection and solvency, not about funding marketing, paying bonuses, or lowering premiums.*

## 9. Which is included in the insured location when the policy references insured location?

A. The residence premises

**B. The residence premises and parts of other premises shown on declarations or acquired during policy period**

C. Only land owned by the insured

D. Premises used by insured in connection with insured locations

*Insured location means the places where the insured has coverage under the policy, not just the main home. In these forms, it includes the residence premises plus other premises that are shown in the declarations or that are acquired during the policy period, and it can cover parts of those other premises as well. This is why the best answer includes both the residence and additional premises described or acquired during the term. The other options are too narrow or miss the broader coverage: limiting it to only the residence premises excludes other protected locations, while focusing only on land or on premises used in connection with insured locations doesn't define insured location as it's written.*

**10. For recordkeeping, producers must retain certificates of course completion for how long?**

**A. 4 years**

B. 2 years

C. 6 years

D. 10 years

*Four years. Keeping certificates of course completion for four years provides the required documentation to verify you met continuing education requirements during any audits or license renewal. The certificate records essential details like the course title, sponsor, completion date, and hours earned, and four years gives a safe window for regulatory review. Shorter retention (like two years) may not cover all review periods, while longer spans (six or ten years) aren't the mandated requirement.*

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## 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](mailto: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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