

Texas Personal Lines Insurance Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of questions,

Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain from reliable sources accurate, complete, and timely information about this product.

SAMPLE

Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	6
Answers	9
Explanations	11
Next Steps	17

SAMPLE

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. Don't worry about getting everything right, 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, and take breaks to retain information better.

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.

7. Use Other Tools

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!

SAMPLE

Questions

SAMPLE

- 1. Which factor is most likely to increase homeowners insurance premiums?**
 - A. Living in a low-crime area**
 - B. Having a new home**
 - C. Having a low credit score**
 - D. Having a high deductible**
- 2. Under a personal auto policy, what coverage applies to owned trailers being towed by an insured auto?**
 - A. Comprehensive coverage**
 - B. Collision coverage**
 - C. UM coverage**
 - D. Property damage liability coverage**
- 3. What type of coverage is not included in a basic dwelling policy?**
 - A. Personal property coverage**
 - B. Liability coverage**
 - C. Structural coverage**
 - D. Loss of use coverage**
- 4. What is house coverage typically classified under in homeowners insurance?**
 - A. Personal property coverage**
 - B. Liability protection**
 - C. Dwelling coverage**
 - D. Additional living expenses**
- 5. A temporary license holder can receive a commission from a sale made to all of the following EXCEPT:**
 - A. A close family member**
 - B. A neighbor**
 - C. The license holder's sister-in-law**
 - D. A previous client**

6. How many days written notice of cancellation must an insurer provide to the insured for a homeowners policy?

- A. 5 days
- B. 10 days
- C. 15 days
- D. 30 days

7. If an insured under a Mobile Homeowners Policy moves their mobile home to protect it from a covered peril, what is the maximum amount the policy will pay?

- A. \$250
- B. \$500
- C. \$750
- D. \$1,000

8. What distinguishes primary insurance from secondary insurance?

- A. Primary insurance pays last
- B. Primary insurance covers all costs without limits
- C. Primary insurance pays first on claims
- D. Secondary insurance typically has lower premiums

9. Which forms are commonly associated with personal auto insurance?

- A. Personal Auto Policy (PAP) forms
- B. Homeowners Insurance Forms
- C. Commercial Auto Policy Forms
- D. Umbrella Policy Forms

10. Which statement about continuing education requirements for licensed agents is true?

- A. All licensed agents must comply by January 1 of every year
- B. The CE reporting period coincides with the license renewal date every 4 years
- C. All licensed agents must comply by January 1 of even-numbered years
- D. There are no continuing education requirements

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. Which factor is most likely to increase homeowners insurance premiums?

- A. Living in a low-crime area**
- B. Having a new home**
- C. Having a low credit score**
- D. Having a high deductible**

Having a low credit score is most likely to increase homeowners insurance premiums because insurance companies often use credit scores as one of the key factors in determining an individual's risk profile. A low credit score can be seen as an indicator of a higher risk of filing claims, leading insurers to charge higher premiums to offset that perceived risk. In Texas and many other states, insurers may employ credit history as part of their underwriting process, believing that individuals with lower credit scores are more likely to experience financial difficulties and, consequently, may be more prone to making claims. This practice ties the concept of financial responsibility and management to the likelihood of claims, which affects premium costs for the policyholder. Other factors like living in a low-crime area, having a new home, or a high deductible typically correlate with lower risk and can lead to lower premiums, making a low credit score a significant contributor to potential premium increases.

2. Under a personal auto policy, what coverage applies to owned trailers being towed by an insured auto?

- A. Comprehensive coverage**
- B. Collision coverage**
- C. UM coverage**
- D. Property damage liability coverage**

The correct coverage that applies to owned trailers being towed by an insured auto under a personal auto policy is property damage liability coverage. Property damage liability coverage is designed to protect the insured in the event that they are responsible for damaging someone else's property while operating their vehicle, which includes trailers that they own and are using. When an insured auto is towing a trailer, and an accident occurs causing damage to another's property, this coverage would come into play. In contrast, comprehensive coverage primarily protects against non-collision related incidents, such as theft or damage from natural disasters. Collision coverage provides protection for damage to the insured vehicle resulting from a collision, but it doesn't extend to liability for property damage. Uninsured/underinsured motorist (UM) coverage protects the insured when the other driver doesn't have sufficient insurance but does not apply to owned trailers. Therefore, property damage liability coverage is the most fitting option for owned trailers being towed by an insured auto, as it addresses the liability aspect associated with towing.

3. What type of coverage is not included in a basic dwelling policy?

- A. Personal property coverage
- B. Liability coverage**
- C. Structural coverage
- D. Loss of use coverage

Liability coverage is not included in a basic dwelling policy, which is primarily designed to protect the physical structure of the dwelling itself and any attached structures. This type of policy covers specific risks to the property, such as fire, windstorm, and hail damage, as well as providing coverage for personal property, although personal property coverage can vary or be added with endorsements. The basic dwelling policy typically covers structural coverage, which is essential to protect the insured property against various forms of damage. Additionally, loss of use coverage, also known as additional living expenses, is often included to help policyholders cover costs if they need to live elsewhere while their home is being repaired. Given this framework, liability coverage, which protects the insured against legal claims for bodily injury or property damage to others, is distinctly separate and generally not part of the basic dwelling policy.

4. What is house coverage typically classified under in homeowners insurance?

- A. Personal property coverage
- B. Liability protection
- C. Dwelling coverage**
- D. Additional living expenses

House coverage in homeowners insurance is classified as dwelling coverage. This type of coverage is essential because it specifically protects the physical structure of the home itself, including the walls, roof, and built-in appliances, from covered perils such as fire, theft, and certain types of water damage. Dwelling coverage is a fundamental component of a homeowners insurance policy, as it provides the primary financial protection for a homeowner in the event of damage or loss to the home. This protection extends not only to the main structure but can also encompass attached structures like garages, as well as certain types of improvements made to the property. In contrast, personal property coverage pertains to the belongings within the home, such as furniture and clothing, while liability protection addresses legal responsibilities in case a person is injured on the property or incurs damages. Additional living expenses cover costs incurred when a home becomes uninhabitable due to a covered loss, thus allowing the insured to maintain their standard of living while repairs are made. Each of these categories serves a distinct purpose in a homeowners insurance policy, but dwelling coverage is specifically focused on the protection of the home's structure.

5. A temporary license holder can receive a commission from a sale made to all of the following EXCEPT:

- A. A close family member**
- B. A neighbor**
- C. The license holder's sister-in-law**
- D. A previous client**

A temporary license holder in Texas is subject to specific regulations regarding who they can receive commissions from. Generally, state guidelines are in place to prevent conflicts of interest. Commission compensation is permitted for sales made to individuals who have no close familial or personal relationship with the temporary license holder, ensuring that sales are conducted fairly and without undue influence. The correct answer, the license holder's sister-in-law, is specifically excluded because she is considered a close family member. The relationship not only falls within the definition of immediate family but also poses the potential for biased sales practices. In contrast, a neighbor or a previous client do not have such directly related ties that would compromise the integrity of the transaction, allowing the temporary license holder to receive commissions from them. Consequently, while sales to family members can often complicate the commission structure, transactions with neighbors or previous clients remain accepted under Texas insurance regulations.

6. How many days written notice of cancellation must an insurer provide to the insured for a homeowners policy?

- A. 5 days**
- B. 10 days**
- C. 15 days**
- D. 30 days**

For a homeowners policy in Texas, the law stipulates that an insurer must provide the insured with a minimum of 10 days' written notice of cancellation. This requirement ensures that the policyholder has adequate time to understand the reasons for cancellation and make necessary arrangements to obtain alternative coverage if needed. Such regulations are designed to promote transparency and protect consumers from sudden loss of insurance coverage. The 10-day notice period strikes a balance between the insurer's need to manage their risk and the policyholder's right to fair notice and the opportunity to seek other options.

7. If an insured under a Mobile Homeowners Policy moves their mobile home to protect it from a covered peril, what is the maximum amount the policy will pay?

- A. \$250**
- B. \$500**
- C. \$750**
- D. \$1,000**

In the context of a Mobile Homeowners Policy, when an insured moves their mobile home to protect it from a covered peril, the policy includes a provision for additional coverage. This coverage is designed to reimburse the insured for the expenses incurred while relocating the mobile home to avoid damage from imminent threats, such as severe weather. The policy typically caps this additional coverage at a specific limit. In this case, the maximum amount the policy will pay for such an action is \$500. This amount reflects a balance between providing meaningful financial support for the insured's efforts to protect their property and managing the insurer's risk and exposure. Understanding this limit is crucial for policyholders, as it guides their decision-making in emergency situations and helps them assess whether the potential relocation is worthwhile considering the coverage limitations.

8. What distinguishes primary insurance from secondary insurance?

- A. Primary insurance pays last**
- B. Primary insurance covers all costs without limits**
- C. Primary insurance pays first on claims**
- D. Secondary insurance typically has lower premiums**

Primary insurance is characterized by its function of being the first line of payment for claims. When a policyholder incurs an insurance loss, the primary insurance is utilized first to cover the costs associated with the claim. This means that the primary insurer will pay for the covered expenses up to the limits of the policy before any additional coverage is considered. In contrast, secondary insurance comes into play only after the primary insurance has paid its share. This type of insurance is designed to cover remaining costs, such as deductibles or co-payments, that the primary insurance does not cover fully. As a result, understanding this primary versus secondary distinction is crucial for policyholders to ensure they have adequate coverage to meet their financial needs in the event of a loss. The other options presented do not accurately describe the functions of primary insurance. For instance, primary insurance does not pay last; rather, it is the first to respond to claims. It also does not universally cover all costs without limits, as most policies have specific coverage limits and exclusions. Additionally, while secondary insurance may sometimes offer lower premiums, this matter pertains more to the nature of the insurance product rather than the specific role it plays in relation to primary insurance.

9. Which forms are commonly associated with personal auto insurance?

- A. Personal Auto Policy (PAP) forms**
- B. Homeowners Insurance Forms**
- C. Commercial Auto Policy Forms**
- D. Umbrella Policy Forms**

The correct answer is that the commonly associated forms with personal auto insurance are the Personal Auto Policy (PAP) forms. The Personal Auto Policy is specifically designed to cover personal vehicles and provides essential protections for both the vehicle and the driver. This policy includes coverage for liability, personal injury protection, collision, comprehensive, and uninsured/underinsured motorist coverage. The other options, while they represent legitimate types of insurance forms, do not pertain specifically to personal auto insurance. Homeowners Insurance Forms are related to coverage for residential properties and do not apply to personal vehicles. Similarly, Commercial Auto Policy Forms cater to vehicles used for business purposes, rather than personal use, and thus are not relevant in the context of personal auto insurance. Lastly, Umbrella Policy Forms offer additional liability coverage beyond the limits of standard home and auto policies but do not directly correspond to the foundational elements of personal auto insurance. Therefore, the Personal Auto Policy forms are uniquely suited to address the needs and risks associated with personal driving and vehicle ownership, making them the recognized standard in this context.

10. Which statement about continuing education requirements for licensed agents is true?

- A. All licensed agents must comply by January 1 of every year**
- B. The CE reporting period coincides with the license renewal date every 4 years**
- C. All licensed agents must comply by January 1 of even-numbered years**
- D. There are no continuing education requirements**

The statement that all licensed agents must comply by January 1 of even-numbered years is true because Texas mandates that licensed insurance agents complete a specific number of continuing education (CE) hours during a designated reporting period. This requirement is structured so that agents must ensure they fulfill their CE obligations by January 1 of even-numbered years, aligning with their licensing supervision and renewal processes. This timeline allows agents to stay current with industry knowledge and regulatory changes while also providing a clear and defined window for compliance. Understanding this structure is essential for agents to maintain their licenses and be effective in their roles. The other statements do not accurately represent Texas's continuing education requirements for licensed agents. For example, stating that all agents must comply by January 1 of every year does not reflect the four-year cycle that is standard in Texas. Likewise, the idea that the CE reporting period coincides with the license renewal date could lead to confusion because the renewal date may not always align with the January compliance date. Lastly, the assertion that there are no continuing education requirements is incorrect as all licensed agents are indeed required to complete ongoing education to ensure they remain knowledgeable and effective in their practice.

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://texaspersonallinesinsurance.examzify.com>

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

SAMPLE