

Texas State Government Employees Insurance Company (GEICO) Licensing Practice Test (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,

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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. 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!

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Questions

- 1. Which natural disaster types may have a specific deductible clause in insurance policies?**
 - A. Flood and fire**
 - B. Earthquake and tornado**
 - C. Windstorm, hail, hurricane, or wind driven rain**
 - D. Lightning and thunder**
- 2. What code was established to ensure the prompt payment of a claim?**
 - A. Article 21.55**
 - B. Insurance Code 101.1**
 - C. Insurance Fairness Act**
 - D. Claims Handling Code**
- 3. An employer must report an injury to its insurance carrier within how many days?**
 - A. 5 days**
 - B. 8 days**
 - C. 10 days**
 - D. 14 days**
- 4. Which of the following actions can lead to the denial of a Texas insurance license?**
 - A. Lack of insurance sales experience**
 - B. Failure to submit the application fee**
 - C. Committing a fraudulent act relating to insurance**
 - D. Not having a high school diploma**
- 5. When can a premium surcharge be applied to an applicant in Texas?**
 - A. Only if they were uninsured for 30 days prior to applying**
 - B. Only if they were uninsured for 60 days prior to applying**
 - C. Only if they were uninsured for 90 days prior to applying**
 - D. Only if they were uninsured for more than 30 days in the past year**

- 6. Which type of bond is considered a good faith guarantee that a bidder will fulfill contract obligations?**
- A. Performance bond**
 - B. Bid bond**
 - C. Surety bond**
 - D. Fidelity bond**
- 7. What should be the demeanor of an adjuster when faced with challenging communication?**
- A. Calm and professional**
 - B. Defensive and loud**
 - C. Dismissive and hurried**
 - D. Indifferent and uncaring**
- 8. Which peril is explicitly excluded from the personal property section of the HO-B policy?**
- A. Hail**
 - B. Smoke from industrial operations**
 - C. Civil commotion**
 - D. Lightning**
- 9. What are the minimum liability limits for auto insurance in Texas?**
- A. 20/40/15**
 - B. 30/60/25**
 - C. 50/100/50**
 - D. 25/50/20**
- 10. Which form does the Business Auto Coverage Form NOT apply to?**
- A. Commercial Property Form**
 - B. Garage Coverage Form**
 - C. Personal Auto Form**
 - D. Workers' Compensation Form**

Answers

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

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Explanations

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1. Which natural disaster types may have a specific deductible clause in insurance policies?

- A. Flood and fire**
- B. Earthquake and tornado**
- C. Windstorm, hail, hurricane, or wind driven rain**
- D. Lightning and thunder**

The correct answer highlights the specific natural disaster types that often come with a deductible clause in insurance policies. In the context of property and casualty insurance, insurers typically outline specific deductibles for natural disasters that are highly variable in risk and damage potential, which include windstorm, hail, hurricanes, or wind-driven rain. These events can result in significant property damage, therefore insurers might apply a separate, often higher deductible for coverage related to them. This differentiation in deductibles is crucial for both insurers and policyholders because it directly affects the out-of-pocket expenses homeowners will need to manage in the event of a claim related to these specific disasters. It also helps insurers manage the risks associated with these types of losses, which can vary greatly in frequency and intensity based on geographic location. Other options, while they may represent significant weather events or natural disasters, do not typically carry the same deductible clause arrangements in standard insurance policies. For instance, flood and fire may have their distinct coverage but are generally not bundled together under a specific deductible clause as the designated types in the correct answer. Earthquakes and tornadoes might have different treatment in terms of deductibles or coverage but do not fall under the most common categories seen in specific deductible clauses like those listed in the correct

2. What code was established to ensure the prompt payment of a claim?

- A. Article 21.55**
- B. Insurance Code 101.1**
- C. Insurance Fairness Act**
- D. Claims Handling Code**

The establishment of Article 21.55 is significant as it specifically addresses the issue of timely claim payments in the insurance sector. This provision mandates that insurance companies must handle claims efficiently and ensures that they pay valid claims within a specified timeframe. Article 21.55 was put in place to protect policyholders from unnecessary delays in receiving their benefits, contributing to a more equitable and responsive insurance marketplace. By enforcing prompt payment practices, Article 21.55 seeks to create a system where insurers are held accountable for their claims-handling processes. This legislative framework is essential for maintaining trust between consumers and insurers, as it provides clear guidelines that insurers must follow to settle claims expediently. The existence of such regulations promotes fairness and transparency in the industry, benefiting both policyholders and companies alike.

3. An employer must report an injury to its insurance carrier within how many days?

- A. 5 days**
- B. 8 days**
- C. 10 days**
- D. 14 days**

The correct duration for an employer to report an injury to its insurance carrier is indeed 8 days. This requirement is part of the Texas workers' compensation system aimed at ensuring timely reporting and processing of claims. An employer's prompt reporting helps facilitate medical care for the injured employee and expedites the claims process, thus minimizing potential complications that can arise from delayed reporting. Reporting within this timeframe aligns with regulations that encourage employers to maintain accurate records and foster a safe workplace environment. When injuries are reported within 8 days, it allows the insurance carrier to start their investigation and assist the injured worker more swiftly, which benefits all parties involved. Understanding this timeline is crucial for compliance with state regulations, ensuring employers meet their obligations and maintain appropriate insurance coverage for workplace incidents.

4. Which of the following actions can lead to the denial of a Texas insurance license?

- A. Lack of insurance sales experience**
- B. Failure to submit the application fee**
- C. Committing a fraudulent act relating to insurance**
- D. Not having a high school diploma**

Committing a fraudulent act relating to insurance is a serious offense that can lead to the denial of a Texas insurance license. This action is particularly significant because the insurance industry relies heavily on trust and ethical behavior. Fraudulent acts can undermine the integrity of the insurance market and violate the legal standards set forth by the Texas Department of Insurance. Individuals intending to work in this industry must demonstrate honesty and adherence to ethical practices. Therefore, engaging in fraud, which could include misrepresentation, forgery, or any other dishonest conduct in relation to insurance dealings, is a clear violation that justifies the denial of a license, as it threatens public confidence in insurance professionals and the industry itself. The other options, while potentially relevant to the licensing process, do not have the same drastic implications on ethical standards necessary for licensing as committing fraud does. For example, lacking insurance sales experience or failing to submit the application fee might result in an application being incomplete or requiring further action, but they do not directly reflect an individual's moral character or integrity, which are crucial for obtaining a license. Similarly, the absence of a high school diploma might be seen as a barrier to meeting educational qualifications but does not inherently indicate a trustworthiness issue that would arise from committing fraud.

5. When can a premium surcharge be applied to an applicant in Texas?
- A. Only if they were uninsured for 30 days prior to applying
 - B. Only if they were uninsured for 60 days prior to applying
 - C. Only if they were uninsured for 90 days prior to applying
 - D. Only if they were uninsured for more than 30 days in the past year**

The application of a premium surcharge in Texas is specifically tied to the duration a driver has been uninsured. The correct answer indicates that a surcharge can be imposed if a person has been uninsured for more than 30 days in the past year. This means that the insurance company considers the length of time a person has been without insurance as a risk factor, which can lead to higher premium costs. In this context, the focus on a one-year timeframe ensures that recent behavior is considered in assessing risk. Being uninsured for more than 30 days suggests that the driver may be a higher risk to insure, as it raises concerns about their driving habits or financial responsibility. The other options propose fixed durations of 30, 60, or 90 days without considering the broader context of the past year or the cumulative effect of being uninsured within that time period. Thus, they do not fully capture the conditions under which a premium surcharge would be applied. The emphasis on "more than 30 days in the past year" reflects a more comprehensive approach to evaluating an applicant's insurance history in Texas.

6. Which type of bond is considered a good faith guarantee that a bidder will fulfill contract obligations?
- A. Performance bond
 - B. Bid bond**
 - C. Surety bond
 - D. Fidelity bond

A bid bond is specifically designed to serve as a good faith guarantee from a bidder that they will honor their proposal and fulfill the contract obligations if awarded the contract. When a company submits a bid on a project, a bid bond assures the project owner that the bidder has the financial capacity and intent to complete the work as outlined. This bond provides a sense of security to the project owner, as it protects against bidders who might withdraw their bids after the contract has been awarded or who fail to complete the project. In contrast, a performance bond guarantees that the contractor will complete the project according to the terms of the contract. A surety bond is a broader term that encompasses both bid bonds and performance bonds and acts as a guarantee that the obligations of a specific contract will be fulfilled. Meanwhile, a fidelity bond protects against employee dishonesty or theft, and is not related to contract obligations in the same way. Therefore, the bid bond is the correct choice as it directly pertains to guaranteeing the acceptance of a bid and subsequent contract fulfillment.

7. What should be the demeanor of an adjuster when faced with challenging communication?

- A. Calm and professional**
- B. Defensive and loud**
- C. Dismissive and hurried**
- D. Indifferent and uncaring**

The demeanor of an adjuster should be calm and professional when faced with challenging communication. This approach is essential in maintaining a constructive dialogue with clients, policyholders, or other parties involved. A calm demeanor helps to de-escalate situations where emotions may run high and fosters a sense of trust and respect. By remaining professional, an adjuster can effectively communicate the necessary information, address concerns, and facilitate a resolution to issues while upholding the company's reputation. A calm and professional demeanor also reflects the adjuster's competence and commitment to providing quality service, which is vital in a role that often involves sensitive and potentially stressful situations. In contrast, other approaches such as being defensive and loud, dismissive and hurried, or indifferent and uncaring could exacerbate conflicts, lead to misunderstandings, and ultimately harm the relationship between the adjuster and the claimant or client. Effective communication, especially in challenging circumstances, requires patience, empathy, and professionalism, which are embodied in a calm and professional demeanor.

8. Which peril is explicitly excluded from the personal property section of the HO-B policy?

- A. Hail**
- B. Smoke from industrial operations**
- C. Civil commotion**
- D. Lightning**

The correct answer is that smoke from industrial operations is explicitly excluded from the personal property section of the HO-B policy. This specification is crucial in understanding what the policy covers and what risks it doesn't protect against. In homeowners insurance policies like HO-B, exclusions are clearly defined to prevent confusion regarding the coverage scope. Smoke from industrial operations is typically excluded because it may arise from activities and circumstances beyond the control of a homeowner and is often associated with higher risks or damages that are not relevant to a typical residential setting. By recognizing this exclusion, homeowners can better assess their insurance needs and potential risks that are not covered under their policy. Other perils listed—such as hail, civil commotion, and lightning—are generally covered by the HO-B policy unless specific endorsements or limitations are applied. Understanding these distinctions helps in comprehensively evaluating the protections offered by a homeowners insurance policy.

9. What are the minimum liability limits for auto insurance in Texas?

- A. 20/40/15**
- B. 30/60/25**
- C. 50/100/50**
- D. 25/50/20**

The minimum liability limits for auto insurance in Texas are established to ensure that drivers are financially responsible in the event of an accident. The correct answer reflects the legal requirements mandated by Texas law. In Texas, the minimum liability coverage is defined as 30/60/25. This means that a driver must have at least \$30,000 in coverage for bodily injury per person, \$60,000 for total bodily injury per accident (for multiple people), and \$25,000 for property damage. This structure ensures that injured parties can receive compensation for injuries and damages resulting from an accident, promoting accountability among drivers. The other options display various coverage amounts that do not align with the minimum requirements set by Texas law, making them invalid for the purpose of fulfilling the state's legal obligations for auto insurance.

10. Which form does the Business Auto Coverage Form NOT apply to?

- A. Commercial Property Form**
- B. Garage Coverage Form**
- C. Personal Auto Form**
- D. Workers' Compensation Form**

The Business Auto Coverage Form is specifically designed to provide coverage for vehicles used for business purposes, covering exposure related to the use of autos for commercial activity. It primarily focuses on the liability and physical damage associated with business vehicles. The Garage Coverage Form, on the other hand, is intended for businesses that have vehicles used in a garage setting such as auto repair shops. This form covers the liability exposures that are unique to garages, including coverage for damage to customer vehicles in the dealer's possession. In this context, the Business Auto Coverage Form does apply to the Garage Coverage Form, as both pertain to vehicles in a business environment, but they serve different functions and are tailored for different kinds of business operations. The Personal Auto Form is not applicable to the Business Auto Coverage Form, as it is tailored for personal vehicle usage rather than commercial purposes. However, the question seeks the form that does not align closely with the Business Auto Coverage Form, and the Garage Coverage Form does contain some overlapping functions concerning vehicle use in a business context. The Workers' Compensation Form is entirely separate from auto coverage and focuses on providing benefits to employees who are injured on the job. Therefore, this form does not relate to the Business Auto Coverage Form at all, making it a clear choice

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://txstategeico.examzify.com>

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