

# Texas State Government Employees Insurance Company (GEICO) Licensing Practice Test (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. What is the maximum time after which a SFIP can be replaced?**
  - A. 1 year**
  - B. 3 years**
  - C. 5 years**
  - D. 10 years**
  
- 2. What is indicated by the 'CGL Nonrenewable notice'?**
  - A. Notification of policy expiration**
  - B. Notification of policy renewal**
  - C. Notification of policy adjustment**
  - D. Notification of policy cancellation**
  
- 3. What does the equipment dealers coverage form primarily cover?**
  - A. Mobile equipment and construction equipment**
  - B. Office supplies and furniture**
  - C. Retail inventory**
  - D. Commercial vehicles**
  
- 4. Which area is defined as a 'basement' in flood insurance terms?**
  - A. A space that is fully above ground**
  - B. An area below ground on all sides**
  - C. A partially underground storage area**
  - D. A flooded area prone to water accumulation**
  
- 5. How long is a Texas insurance license considered valid?**
  - A. 1 year**
  - B. 2 years**
  - C. 3 years**
  - D. 5 years**

- 6. Which coverage is included in the TDP 2 policy?**
- A. Vandalism**
  - B. Theft**
  - C. Accidental water damage**
  - D. Both Vandalism and Theft**
- 7. Which type of marine insurance specifically covers loss of cargo being shipped?**
- A. Hull insurance**
  - B. Special insurance**
  - C. Cargo insurance**
  - D. Freight insurance**
- 8. What happens after a second offense of driving without insurance in Texas?**
- A. A fine of 100-300 dollars**
  - B. A fine of 350-1000 dollars and suspension of the driver's license**
  - C. A fine of 200-500 dollars**
  - D. A fine of 500-1000 dollars and vehicle impoundment**
- 9. Which bond covers losses from dishonest acts by multiple employees acting together?**
- A. Name schedule bond**
  - B. Commercial blanket bond**
  - C. Surety bond**
  - D. Blanket position bond**
- 10. What is the fundamental aspect of the Federal Employees Liability Act?**
- A. It provides healthcare benefits to employees**
  - B. It protects employees against job-related injuries caused by negligence**
  - C. It requires safety training for all employees**
  - D. It regulates employee working hours for safety**

## Answers

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

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## **Explanations**

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**1. What is the maximum time after which a SFIP can be replaced?**

- A. 1 year
- B. 3 years**
- C. 5 years
- D. 10 years

The correct response indicates that the maximum time after which a Standard Flood Insurance Policy (SFIP) can be replaced is three years. This timeframe is based on federal regulations associated with the National Flood Insurance Program (NFIP), which governs SFIP policies. Policies must be renewed or replaced within this three-year window to remain valid and up to date with coverage conditions. Understanding this timeframe is essential for policyholders who want to ensure continuity of coverage in the event of a flood. If a policy is not replaced or renewed within this period, it becomes invalid, which can lead to significant financial exposure. Therefore, being aware of this limitation is critical for both agents and insured parties in managing flood risk effectively. In comparison, the other timeframes presented do not align with the established guidelines for SFIP policy replacement. A one-year limit would restrict coverage renewal too abruptly, while options of five or ten years extend well beyond the regulatory standard, which could lead to lapses in understanding and maintaining flood insurance coverage.

**2. What is indicated by the 'CGL Nonrenewable notice'?**

- A. Notification of policy expiration**
- B. Notification of policy renewal
- C. Notification of policy adjustment
- D. Notification of policy cancellation

The 'CGL Nonrenewable notice' indicates a notification of policy expiration, which means that the Commercial General Liability (CGL) policy will not be renewed upon its expiration date. This notice serves to inform the policyholder that they should prepare for the conclusion of their current coverage period and make decisions regarding the continuation of insurance coverage, either by seeking a new policy or opting for another form of coverage. Understanding this is crucial, as receiving a nonrenewal notice may lead policyholders to review their existing coverage needs, consider potential gaps in coverage, and explore other insurance options that align with their future requirements. The nonrenewable notice acts as an important communication tool from the insurer to alert the insured about the impending policy end and the necessity of taking appropriate action.

**3. What does the equipment dealers coverage form primarily cover?**

- A. Mobile equipment and construction equipment**
- B. Office supplies and furniture**
- C. Retail inventory**
- D. Commercial vehicles**

The equipment dealers coverage form is specifically designed to provide insurance for mobile equipment and construction equipment. This type of coverage acknowledges the unique risks faced by businesses that deal with such specialized machinery, which often includes items like excavators, bulldozers, and other types of heavy equipment used in construction or similar industries. Businesses in this sector typically require insurance tailored to the nuances of operating and holding inventory of this equipment, as it can be susceptible to a variety of risks, including theft, damage, or liability arising from its use. In contrast, the other options pertain to completely different categories of insurance. Office supplies and furniture would fall under a general business property policy, while retail inventory would be covered by a separate commercial property or business owners policy designed for retail operations. Commercial vehicles are insured under vehicle-specific policies that address their unique risks and regulatory requirements. Therefore, the correct coverage form aligns specifically with the needs of equipment dealers, making it essential for their operational continuity and risk management.

**4. Which area is defined as a 'basement' in flood insurance terms?**

- A. A space that is fully above ground**
- B. An area below ground on all sides**
- C. A partially underground storage area**
- D. A flooded area prone to water accumulation**

In flood insurance terminology, a "basement" is specifically defined as an area that is below ground on all sides. This definition is crucial in the context of flood insurance because it affects coverage and eligibility. A basement is typically part of a building that is entirely or predominantly below the surrounding ground level, distinguishing it from spaces that are partially or fully above ground. When determining flood insurance premiums and coverage under the National Flood Insurance Program (NFIP), the classification of a basement impacts whether certain risks are covered. For example, properties with basements may have different requirements and limitations compared to those that do not. Understanding this definition helps policyholders make informed decisions about risk management and insurance needs regarding their properties, particularly in flood-prone areas. The other options do not accurately capture the essence of a basement as it is defined in flood insurance, which is focused solely on fully below-ground environments.

**5. How long is a Texas insurance license considered valid?**

- A. 1 year
- B. 2 years**
- C. 3 years
- D. 5 years

A Texas insurance license is valid for 2 years. This duration aligns with the Texas Department of Insurance regulations, which require licensees to renew their licenses biennially. To maintain an active license, licensed insurance professionals must also fulfill continuing education requirements within that 2-year period. This system ensures that insurance agents and providers stay updated with current laws, practices, and market conditions, which is crucial for maintaining competency in their field. The specific 2-year validity period reflects the state's commitment to professional standards and consumer protection in the insurance industry.

**6. Which coverage is included in the TDP 2 policy?**

- A. Vandalism
- B. Theft
- C. Accidental water damage
- D. Both Vandalism and Theft**

The TDP 2 policy, which stands for Texas Dwelling Policy 2, typically offers broader coverage than the TDP 1, including various types of risks that may affect a dwelling. Under the TDP 2 policy, both vandalism and theft are included as covered perils. This means that if a home is vandalized or if there is theft of property, the policy would provide protection and offer financial compensation to the policyholder. In contrast, other options might not be covered under the same terms. For example, while accidental water damage is a significant concern, it often requires specific endorsements or additional coverage to be included, meaning it might not automatically be part of the TDP 2 policy. Therefore, the combination of vandalism and theft being covered together is what makes option D the accurate choice in this context. Understanding the specifics of coverage under different policy structures is crucial for homeowners when determining the appropriate level of protection needed for their property.

**7. Which type of marine insurance specifically covers loss of cargo being shipped?**

- A. Hull insurance**
- B. Special insurance**
- C. Cargo insurance**
- D. Freight insurance**

Cargo insurance is specifically designed to cover the loss or damage to goods while they are in transit. This type of marine insurance focuses directly on protecting the interests of the cargo owner, ensuring that if their goods are lost due to incidents like theft, damage from weather conditions, or accidents during transportation, they have financial protection. This is particularly crucial for businesses that rely on shipping goods to maintain their operations. Hull insurance, on the other hand, pertains to the insurance of the vessel itself rather than the cargo it carries. Freight insurance safeguards the freight charges associated with the shipping process but does not provide coverage for the actual goods being shipped. Special insurance is a general term that does not specifically refer to marine insurance types related to cargo. Thus, cargo insurance stands out as the most appropriate choice when it comes to protecting goods during shipping.

**8. What happens after a second offense of driving without insurance in Texas?**

- A. A fine of 100-300 dollars**
- B. A fine of 350-1000 dollars and suspension of the driver's license**
- C. A fine of 200-500 dollars**
- D. A fine of 500-1000 dollars and vehicle impoundment**

In Texas, after a second offense of driving without insurance, the penalties become more severe to emphasize the importance of having insurance coverage. The correct answer indicates that a person faces a fine ranging from \$350 to \$1000 for this violation, along with the suspension of their driver's license. The reasoning behind this significant penalty is to deter repeat offenders and encourage compliance with state laws regarding mandatory insurance coverage. The combination of a substantial financial penalty and the suspension of driving privileges aims to highlight the seriousness of the offense and the risks associated with driving uninsured. Understanding the ramifications of such violations is crucial for individuals to ensure they remain compliant and avoid escalated consequences in the future.

**9. Which bond covers losses from dishonest acts by multiple employees acting together?**

- A. Name schedule bond
- B. Commercial blanket bond**
- C. Surety bond
- D. Blanket position bond

The correct answer is the commercial blanket bond, which is specifically designed to protect businesses from losses that arise due to dishonest acts committed by multiple employees collaborating together. This type of bond provides a broader level of coverage compared to other bonds by not limiting protection to named individuals, thus covering acts of theft or fraud that might occur within groups of employees. Commercial blanket bonds allow businesses to be insured against monetary losses caused by dishonest acts, which can be particularly important in environments where multiple employees have access to sensitive assets or financial information. This flexibility is crucial because it acknowledges that collusion or group activities may pose significant risks that need to be managed. In contrast, a name schedule bond typically offers coverage for specified individuals, which means that it does not provide the same level of protection against the coordinated dishonest activities of multiple employees. A surety bond is generally related to ensuring that a party fulfills their contractual obligations rather than providing direct protection against employee theft. Finally, a blanket position bond covers employees in designated positions but does not extend coverage in the same comprehensive manner as a commercial blanket bond, particularly for acts involving multiple parties. Thus, the commercial blanket bond stands out as the most suitable option for addressing theft or fraud involving collusion among staff members.

**10. What is the fundamental aspect of the Federal Employees Liability Act?**

- A. It provides healthcare benefits to employees
- B. It protects employees against job-related injuries caused by negligence**
- C. It requires safety training for all employees
- D. It regulates employee working hours for safety

The Federal Employees Liability Act (FELA) primarily aims to protect employees against job-related injuries caused by the negligence of their employer or fellow employees. This law is significant because it allows injured railroad workers to sue their employers for damages if they can prove that their injury was the result of negligence. Unlike other workers' compensation laws, FELA does not preclude a worker from seeking damages in court, which can include compensation for pain, suffering, lost wages, and medical expenses. This legal framework is essential for providing railroad employees with greater rights and protections, ensuring they have recourse if they suffer injuries while on the job due to unsafe practices or conditions. It emphasizes the accountability of employers in maintaining safe working environments and protecting their employees' welfare.

## 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://txstategeico.examzify.com>**

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

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