

TEXAS STATUTES AND RULES PERTINENT TO PROPERTY AND CASUALTY INSURANCE PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	15

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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. Why must policy forms be filed with the Texas Department of Insurance?**
 - A. To speed up processing
 - B. To ensure forms comply with state law and are not misleading; helps protect consumers
 - C. To archivally store forms only
 - D. To require prior policy issuance
- 2. Which entity maintains the list of doctors approved for workers' compensation treatment?**
 - A. The Commission
 - B. The Employer
 - C. The Employee
 - D. The Insurance Company
- 3. Which losses are explicitly excluded from the premium surcharge calculation?**
 - A. Losses that were filed and not paid by the insurer
 - B. Losses from natural causes
 - C. All losses
 - D. Liability losses
- 4. If a policyholder rejects Loss of Income and Rehabilitation coverage in writing, what is the insurer's obligation for reinstated or renewed policies?**
 - A. The insurer must provide the coverage in all reinstated or renewed policies.
 - B. The insurer cannot provide any similar coverage.
 - C. The insurer is not required to provide that coverage in any reinstated or renewed policy.
 - D. The insurer must offer a substitute coverage.
- 5. How does Texas address unlicensed activity in the insurance market?**
 - A. Requires licensing only after a claim is filed
 - B. Regulates licensing to prevent unlicensed practice; imposes penalties
 - C. Encourages unlicensed activity with tax breaks
 - D. Does not regulate licensing

- 6. Which statement best describes TAIPA's purpose?**
- A. TAIPA is a mechanism for assigning member insurers to auto liability applicants who cannot obtain coverage elsewhere.
 - B. TAIPA handles homeowners' insurance.
 - C. TAIPA is a government agency.
 - D. TAIPA provides excess private passenger auto liability coverage
- 7. Is it permissible for an insurer to refuse to renew a policy solely because the insured is elderly?**
- A. Yes
 - B. No
 - C. Only for commercial policies
 - D. It depends on the insurer
- 8. If the surviving spouse remarries, how long are they entitled to death benefits?**
- A. 0 weeks
 - B. 52 weeks
 - C. 104 weeks
 - D. 156 weeks
- 9. Which choice best defines the Course & Scope of Employment?**
- A. Activity that originates in the employer's business and is performed by an employee to further the employer's affairs, including on-premises and at other locations.
 - B. Anything performed by an employee for the employer's benefit.
 - C. Only on the employer's premises.
 - D. Only for employees' personal tasks
- 10. Which combination of actions completes a Texas license renewal after expiration?**
- A. Complete renewal application only
 - B. Meet CE requirements and pay fees only
 - C. Complete renewal application, meet CE requirements, pay fees, and pass any required checks
 - D. Renewal is prohibited after expiration

Answers

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

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Explanations

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1. Why must policy forms be filed with the Texas Department of Insurance?

- A. To speed up processing
- B. To ensure forms comply with state law and are not misleading; helps protect consumers**
- C. To archivally store forms only
- D. To require prior policy issuance

Policy forms must be filed with the Texas Department of Insurance so they can be reviewed for compliance with state law and to prevent language that could mislead or deceive consumers. The department checks that the details about coverage, exclusions, definitions, and disclosures are clear and accurate, ensuring the form meets legal standards and protects purchasers. This regulatory step helps guard consumers from ambiguous or unfair terms that could otherwise be hidden or confusing in a policy. Filing isn't about speeding up processing or simply archiving forms, and it isn't a blanket requirement to issue a policy before approval—the forms must be approved (or revised) before they can be used.

2. Which entity maintains the list of doctors approved for workers' compensation treatment?

- A. The Commission**
- B. The Employer
- C. The Employee
- D. The Insurance Company

The state regulatory body that oversees workers' compensation and authorizes medical treatment is the Texas Workers' Compensation Commission. This agency maintains the official roster of physicians who are approved to treat workers' compensation injuries, ensuring they meet credentialing and billing rules under the system's guidelines. Firms or employers may offer their own panels of preferred doctors, but the legally recognized list—used to determine who may bill the workers' comp system—comes from the Commission. Doctors not on that roster generally cannot bill for workers' compensation treatment except in specific exceptions, such as emergencies.

3. Which losses are explicitly excluded from the premium surcharge calculation?

- A. Losses that were filed and not paid by the insurer
- B. Losses from natural causes**
- C. All losses
- D. Liability losses

The key idea is that premium surcharges are meant to reflect an insurer's loss experience on individual policies, not broad events that affect many policyholders at once. Losses from natural causes fall into that latter category because they're typically large, widespread catastrophes that aren't tied to a single insured's risk profile. Including them in the surcharge would unfairly raise rates for many customers and would be funded through separate catastrophe mechanisms or pools rather than the normal premium calculation for an individual policy. So, losses from natural causes are explicitly excluded from the premium surcharge calculation. Losses that were filed and not paid by the insurer aren't typically excluded for this purpose, and excluding all losses would defeat the purpose of the surcharge. Liability losses are part of an insured's risk profile and are normally included in the calculation.

4. If a policyholder rejects Loss of Income and Rehabilitation coverage in writing, what is the insurer's obligation for reinstated or renewed policies?

- A. The insurer must provide the coverage in all reinstated or renewed policies.
- B. The insurer cannot provide any similar coverage.
- C. The insurer is not required to provide that coverage in any reinstated or renewed policy.**
- D. The insurer must offer a substitute coverage.

Optional coverages must be affirmatively chosen by the insured. If the policyholder writes a rejection of Loss of Income and Rehabilitation coverage, that coverage isn't automatically included again when the policy is reinstated or renewed. The insurer is not required to provide that particular coverage in any reinstated or renewed policy; the insured would need to elect it again in writing if they want it to be included. In other words, a prior written rejection stays effective for future terms unless the insured reaffirms the desire to add the coverage. The insurer may offer other options, but there's no obligation to include Loss of Income and Rehabilitation automatically.

5. How does Texas address unlicensed activity in the insurance market?

- A. Requires licensing only after a claim is filed
- B. Regulates licensing to prevent unlicensed practice; imposes penalties**
- C. Encourages unlicensed activity with tax breaks
- D. Does not regulate licensing

In Texas, the system rests on requiring licensing to perform insurance activities and enforcing penalties for anyone who operates without that license. This protects consumers by ensuring only qualified, regulated individuals can sell or negotiate insurance, and it gives regulators the tools—such as fines, cease-and-desist orders, and other penalties—to stop unlicensed practice. The other options aren't accurate because licensing isn't granted only after a claim, there is formal regulation of licensing, and there are no tax breaks that promote unlicensed activity.

6. Which statement best describes TAIPA's purpose?

- A. TAIPA is a mechanism for assigning member insurers to auto liability applicants who cannot obtain coverage elsewhere.**
- B. TAIPA handles homeowners' insurance.
- C. TAIPA is a government agency.
- D. TAIPA provides excess private passenger auto liability coverage

TAIPA functions as a residual-market mechanism for auto liability insurance in Texas. Its purpose is to ensure that drivers who can't obtain auto liability coverage in the voluntary market still have access to coverage by having member insurers assign policies to those applicants. It isn't a homeowners insurance program, it isn't a government agency, and it doesn't provide excess auto liability coverage—TAIPA provides the standard auto liability coverage through participating insurers when the ordinary market won't insure the driver.

7. Is it permissible for an insurer to refuse to renew a policy solely because the insured is elderly?

- A. Yes
- B. No**
- C. Only for commercial policies
- D. It depends on the insurer

Age cannot be the sole basis for refusing to renew a policy. Insurers may consider real risk factors and underwrite or price based on those, but using being elderly as the only reason to nonrenew is treated as unfair discrimination under Texas insurance law. The insurer may nonrenew for legitimate, non-age-related reasons, or adjust terms based on risk with other appropriate factors, but simply targeting an elderly insured for nonrenewal isn't permissible.

8. If the surviving spouse remarries, how long are they entitled to death benefits?

- A. 0 weeks
- B. 52 weeks
- C. 104 weeks**
- D. 156 weeks

The key idea is that death benefits for a surviving spouse are tied to their status as a dependent. If that spouse remarries, their dependency ends, and the law caps the ongoing death benefits at a defined period. In this context, the eligible period is 104 weeks, or two years. So, after remarriage, the surviving spouse can receive death benefits for up to two years, not longer. Shorter durations (like zero or one year) or longer ones (like three years) don't fit the rule.

9. Which choice best defines the Course & Scope of Employment?

- A. Activity that originates in the employer's business and is performed by an employee to further the employer's affairs, including on-premises and at other locations.**
- B. Anything performed by an employee for the employer's benefit.
- C. Only on the employer's premises.
- D. Only for employees' personal tasks

Course and scope of employment defines when an employee's actions are connected to the employer's business in a way that could make the employer legally responsible for those actions. The best definition emphasizes activities that originate in the employer's business and are performed by the employee to further that business, even when done at locations away from the employer. This captures both the purpose (to benefit the employer) and the reach (not limited to the employer's premises). That's why the description that focuses on activities originating from the employer's business and performed to further the employer's affairs, including off-site locations, is the correct one. It excludes personal tasks that aren't tied to the employer's business and avoids the overly narrow view that work must stay on the employer's premises, or that any task for the employer would count regardless of relation to the employer's business.

10. Which combination of actions completes a Texas license renewal after expiration?

- A. Complete renewal application only
- B. Meet CE requirements and pay fees only
- C. Complete renewal application, meet CE requirements, pay fees, and pass any required checks**
- D. Renewal is prohibited after expiration

When a Texas license has expired, reinstating it requires the full, standard renewal process: you must submit a renewal application, meet continuing education requirements, pay any applicable renewal fees, and complete any required background checks. All of these steps are needed to demonstrate current qualifications and ensure regulatory protections remain in place, so none can be skipped. Simply filing the application or just doing CE and fees isn't enough if checks are required, and saying renewal isn't allowed after expiration isn't accurate because you can reinstate by completing the full set of requirements.

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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.

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

<https://txstatutesrulespropertycasualty.examzify.com>

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

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