TEXAS GENERAL LINES PROPERTY AND CASUALTY (P&C) AGENT PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED 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.

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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!

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Questions

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1. Suitability of recommended products requires that:

A. A product be chosen based on the producer's favorite features

B. A product be chosen only after determining it fits the consumer's needs

C. A product with the highest commission be chosen

D. The most expensive option be recommended

2. Under BOP, which statement about computers and electronic data is accurate?

A. All computer losses are excluded.

B. Computers and data are covered for any loss regardless of cause.

C. Computers and data are not covered unless the loss results from a listed cause of loss, and computers permanently installed in aircraft, watercraft, or vehicles have special rules.

D. Computers are covered only if stored off premises.

3. Which statement best describes property damage?

A. Physical injury to or destruction of tangible property, or loss of use of tangible property

B. Only monetary loss

C. Bodily injury to a person

D. Damage to intangible property

4. Flood damage is typically excluded from standard property policies; flood insurance is primarily available through which program?

A. National Flood Insurance Program (NFIP)

B. Private market only

C. State disaster fund

D. International reinsurance pool

5. Subrogation refers to which insurer action?

A. Replacing the insured to recover from a third party after paying a claim

B. Abandoning a claim

C. Appraising the loss

D. Salvaging damaged property

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6. When canceling, a written reason must be provided. Which item must be included?

A. Precise incident or risk factors

B. The insured's age

C. The insurer's annual revenue

D. The policyholder's medical history

7. Which are the three categories of liability coverages provided in the BOP?

A. Business liability coverage, supplementary payments, and medical expenses.

B. Property liability, casualty coverage, and environmental liability.

C. Cyber liability, professional liability, and employment practices liability.

D. Medical payments, accident protection, and umbrella liability.

8. What is an exposure in insurance terms?

A. State of being subject to possible loss

B. Total value of property insured

C. Likelihood of a peril occurring

D. Premium rate charged

9. The power outage coverage option in spoilage coverage is described as which of the following?

A. Very broad

B. Very narrow

C. Limited to on-premises outages

D. Cannot be added to policies

10. Flood coverage under the CP 10 65 endorsement defines flood as a general, partial, or complete submersion of normally dry land caused by which events?

A. Overflowing inland or tidal water, unusual or rapid accumulation or runoff of surface water, or mudflow.

B. Earthquake and landslide.

C. A general rainfall event only.

D. A hurricane wind event.

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Answers

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

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Explanations

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1. Suitability of recommended products requires that:

A. A product be chosen based on the producer's favorite features

B. A product be chosen only after determining it fits the consumer's needs

C. A product with the highest commission be chosen

D. The most expensive option be recommended

Suitability means tailoring any insurance recommendation to the consumer's actual needs, finances, and risk tolerance. Before naming a product, you gather information about what the client is trying to protect, how much coverage they can afford, and which risks matter most to them. Only after confirming these details should you propose a product, ensuring it provides the right protections without unnecessary cost. This keeps the recommendation aligned with the consumer's situation rather than with the agent's own preferences, potential commissions, or the price tag alone. Recommending based on the producer's favorite features isn't aligned with the consumer's needs, and chasing the highest commission or the most expensive option can lead to overpaying or gaps in coverage that don't match the client's risks.

2. Under BOP, which statement about computers and electronic data is accurate?

A. All computer losses are excluded.

B. Computers and data are covered for any loss regardless of cause.

C. Computers and data are not covered unless the loss results from a listed cause of loss, and computers permanently installed in aircraft, watercraft, or vehicles have special rules.

D. Computers are covered only if stored off premises.

The key idea is that a Businessowners Policy uses named perils, not open-ended coverage, for property like computers and electronic data. This means computer losses aren't automatically covered for any cause; they're only covered if the loss results from a listed (covered) cause of loss in the policy. In addition, computers that are permanently installed in aircraft, watercraft, or vehicles have special rules that can change how or whether they're covered (often requiring endorsements or applying different limits). So the statement that best fits is that computers and data aren't covered unless the loss comes from a listed cause of loss, with special treatment for those installed in aircraft, watercraft, or vehicles.

3. Which statement best describes property damage?

A. Physical injury to or destruction of tangible property, or loss of use of tangible property

B. Only monetary loss

C. Bodily injury to a person

D. Damage to intangible property

Property damage covers harm that happens to physical things, not people. It includes physical injury to or destruction of tangible property, or loss of use of tangible property. For example, if you crash into a fence and break it, or if a fire damages a car and you can't use it for a while, that is property damage. Monetary loss alone isn't property damage, bodily injury refers to harm to people, and damage to intangible property isn't about physical, tangible items. So the statement describing physical injury to or destruction of tangible property, or loss of use of tangible property best fits property damage.

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4. Flood damage is typically excluded from standard property policies; flood insurance is primarily available through which program?

A. National Flood Insurance Program (NFIP)

B. Private market only

C. State disaster fund

D. International reinsurance pool

Flood coverage isn't included in standard property policies because flood risk is handled separately due to its high loss potential. It is provided primarily through the National Flood Insurance Program, a government-backed program run by FEMA and carried by participating private insurers. The NFIP exists to make flood insurance available and affordable nationwide with standardized policy terms. While some private insurers may offer flood coverage or excess flood protection, the primary source for consumer flood insurance is the NFIP. State disaster funds offer post-disaster relief rather than ongoing coverage, and international reinsurance pools aren't the usual route for typical flood policies.

5. Subrogation refers to which insurer action?

A. Replacing the insured to recover from a third party after paying a claim

B. Abandoning a claim

C. Appraising the loss

D. Salvaging damaged property

Subrogation is the insurer's right to step into the insured's shoes after paying a loss and pursue recovery from the party responsible for the damage. This is exactly described by replacing the insured to recover from a third party after paying a claim. After the insurer pays the claim, it can seek reimbursement from the at-fault party (and, if applicable, the insured's deductible in some cases) to keep premiums fair and prevent double recovery. Abandoning a claim would end the process, not pursue recovery. Appraising the loss is about determining the amount of the loss, not pursuing third-party recovery. Salvaging damaged property refers to the handling and sale of damaged items to recover some value, not the insurer's legal right to sue the third party.

6. When canceling, a written reason must be provided. Which item must be included?

A. Precise incident or risk factors

B. The insured's age

C. The insurer's annual revenue

D. The policyholder's medical history

When a policy is canceled, the written notice must specify a precise incident or risk factor that led to the cancellation. This ties the cancellation to a specific change in the insured's risk profile and gives the insured a clear, defendable reason for the action. The precise incident or risk factors serve as the actual basis for the decision, such as a material misrepresentation, a change in risk, or nonpayment of premium. The insured's age, the insurer's annual revenue, or the policyholder's medical history do not constitute the appropriate basis for cancellation or the required written justification.

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7. Which are the three categories of liability coverages provided in the BOP?

A. Business liability coverage, supplementary payments, and medical expenses.

B. Property liability, casualty coverage, and environmental liability.

C. Cyber liability, professional liability, and employment practices liability.

D. Medical payments, accident protection, and umbrella liability.

In a BOP, the liability portion is organized into three main components that together provide the core protection for third-party claims: business liability coverage (which handles bodily injury and property damage to others caused by the business), supplementary payments (covering defense costs and related expenses that come with a claim), and medical expenses (medical payments to others regardless of fault). This combination reflects the way the BOP structures its liability protection: it covers the core liability risk, helps with the cost of defending claims, and pays for medical expenses without requiring the insured to be at fault first. The other options try to pull in coverages that aren't part of the standard BOP liability trio, such as specialty lines (cyber, professional, EPLI), environmental or umbrella layers, or misnamed categories, which aren't the three fundamental liability categories in a typical BOP.

8. What is an exposure in insurance terms?

A. State of being subject to possible loss

B. Total value of property insured

C. Likelihood of a peril occurring

D. Premium rate charged

Exposure is the potential for loss—the state of being subject to possible loss from a risk. In insurance terms, it refers to the item or situation that could suffer damage or a claim, such as a building, a vehicle, or a business operation. Underwriters assess exposure to gauge how much loss could occur and to decide coverage and pricing. The other choices don't fit because they describe different concepts: the total value insured is the amount of coverage or property value, not the chance of a loss; the likelihood of a peril occurring is about probability, not the insured's potential to suffer a loss; and the premium rate charged is the cost of the insurance, not the exposure itself.

9. The power outage coverage option in spoilage coverage is described as which of the following?

A. Very broad

B. Very narrow

C. Limited to on-premises outages

D. Cannot be added to policies

The key idea is that spoilage coverage can be extended to cover losses caused by power interruptions, not just problems that happen inside your own facilities. When you add the power outage coverage option, the protection isn't limited to outages occurring on-site; it can apply to outages in the broader power supply that affect refrigeration or cooling, potentially causing spoilage even if the outage isn't caused by a problem inside the insured location. This broadens the range of covered scenarios—that's why this option is described as very broad. The other descriptions don't fit because the endorsement isn't restricted to on-site outages, and it is indeed something that can be added to a policy, not something impossible to obtain.

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10. Flood coverage under the CP 10 65 endorsement defines flood as a general, partial, or complete submersion of normally dry land caused by which events?

A. Overflowing inland or tidal water, unusual or rapid accumulation or runoff of surface water, or mudflow.

B. Earthquake and landslide.

C. A general rainfall event only.

D. A hurricane wind event.

Flood coverage is defined by the CP 10 65 endorsement as a general, partial, or complete submersion of normally dry land caused by three main water sources: the overflowing of inland or tidal waters, unusual or rapid accumulation or runoff of surface water, or mudflow. This definition captures the different ways floodwaters can reach and cover normally dry ground—whether a river or coast overflows, heavy rain overwhelms drainage and runs off, or loose soil becomes a mudflow downhill. The other choices don't fit because earthquakes and landslides are separate perils and typically covered under different endorsements, a general rainfall event alone doesn't necessarily cause submersion of land, and a hurricane wind event involves wind damage rather than the floodwaters themselves.

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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://txgenlinespropertycasualtyagent.examzify.com

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

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