

Matt's Texas P&C Study Guide - 25'-26'

Scope: Texas General Lines Property & Casualty Agent only. This guide is based on the required Pearson/TDI P&C agent outline areas: Property and Casualty - General Knowledge, and Property and Casualty Agent - State Specific. It excludes standalone Surplus Lines, Personal Lines, Risk Manager, MGA, Adjuster, Public Adjuster, Limited Lines, Life, Health, and HMO exam material unless a role/topic appears inside the required P&C agent outline itself.

Format: no multiple-choice questions. Entries are plain study notes covering definitions, elements/types when relevant, importance, operation, application parameters, and close-calls only where they are likely to prevent confusion.

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Section	TXPC IDs	Covers
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Primary Official Source Basis

- Pearson VUE Texas Insurance Content Outlines, publication 124401, effective December 1, 2025: Property and Casualty - General Knowledge and Property and Casualty Agent - State Specific only.

- Texas Department of Insurance (TDI) General Lines Property & Casualty licensing, license management, continuing education, auto insurance, home insurance, and surplus-lines consumer materials, only where those topics support the required P&C agent outline.
- Texas Insurance Code and Texas Administrative Code concepts are summarized only to the extent they align with the P&C agent exam scope. This is a study aid, not legal advice.
- P&C Academy's P&C cheat-sheet article was used only as a non-official checklist for possible timeline/number traps. Only essential items within the Texas General Lines P&C scope were kept, and Texas-specific facts were checked against TDI/Pearson/Texas law sources where possible.

What Was Intentionally Excluded

- Standalone Surplus Lines exam operations beyond the P&C Agent state-specific outline overlap.
- Standalone Personal Lines exam material beyond HO/DP/personal-auto topics in the P&C outline.
- Standalone Risk Manager, MGA, All Lines Adjuster, P&C Adjuster, Public Adjuster, Limited Lines, Life, Health, and HMO exam sections.

Core insurance basics

TXPC-001 - Insurance

Formal definition: a contractual risk-transfer mechanism. Elements: premium, covered risk, policy terms, insurer promise, and insured duties. Important because nearly every P&C question assumes this risk-transfer purpose.

TXPC-002 - Law of Large Numbers

Formal definition: as the number of similar exposure units increases, actual losses tend to approach expected losses. It matters for rating, underwriting, and spread of risk.

TXPC-003 - Exposure unit

An exposure unit is the measurable subject of insurance, such as a building, car, employee payroll, or liability operation. It is used to rate premiums and classify risk. Close-call: peril is the cause of loss; exposure is what is subject to loss.

TXPC-004 - Risk

Risk is the uncertainty that a loss may occur. In P&C, insurers mainly handle pure risk, not speculative risk. Apply it when deciding whether something is insurable. Close-call: risk is not the same as peril; a peril is the cause of loss.

TXPC-005 - Pure risk

Pure risk has no chance of gain, only loss or no loss, such as fire damaging a house. It is generally insurable.

TXPC-006 - Speculative risk

Speculative risk includes the chance of gain, such as investing or gambling. Insurers generally avoid it because it is not a fortuitous loss exposure.

TXPC-007 - Insurable interest

Insurable interest means the insured would suffer financial loss if the insured property or exposure is damaged. In property insurance it generally must exist at the time of loss. Important because policies are not meant to be wagers.

TXPC-008 - Adverse selection

Adverse selection occurs when riskier applicants are more likely to buy or keep coverage. Underwriting, pricing, exclusions, and waiting periods control it.

TXPC-009 - Spread of risk

Spread of risk distributes potential loss across many insureds or geographic areas. It supports stable pricing and solvency.

TXPC-010 - Fortuitous loss

A fortuitous loss is unintended and not certain to occur. It is crucial because insurance is not designed to pay for intentional or inevitable damage.

Hazards, perils, losses, valuation

TXPC-011 - Hazard

A hazard is not the cause of loss itself; it makes a loss more likely or worse. Types on the outline include moral, morale, and physical hazards. Close-call: peril is the cause of loss, such as fire; hazard is a contributing condition, such as oily rags near a furnace.

TXPC-012 - Moral hazard

Moral hazard is a character/intent problem: fraud, arson, or intentional misrepresentation. It matters because it may void coverage or trigger criminal/regulatory consequences. Close-call: morale hazard is carelessness, not deliberate dishonesty.

TXPC-013 - Morale hazard

Morale hazard is a careless attitude, such as leaving a car unlocked because it is insured. It increases loss probability but lacks dishonest intent. Close-call: moral hazard involves intentional or dishonest conduct.

TXPC-014 - Physical hazard

Physical hazard is a physical condition, such as bad wiring, icy steps, or poor maintenance. Underwriters look for it when pricing or declining risks.

TXPC-015 - Peril

A peril is the event that causes damage. Policy forms may cover named perils or open perils subject to exclusions. Close-call: hazard increases the chance of a peril; it is not the peril itself.

TXPC-016 - Named perils coverage

Named perils coverage pays only when the loss is caused by a peril named in the form. It is common in basic or broad forms and personal property coverage in many policies. Close-call: open perils covers direct physical loss unless excluded.

TXPC-017 - Open perils coverage

Open perils, also called special form coverage, starts broad and then removes coverage through exclusions. It is often used for HO-3 dwelling coverage and DP-3 dwelling coverage. Close-call: it is not 'all risk' in the literal sense because exclusions still apply.

TXPC-018 - Loss

A loss is damage, destruction, liability, or financial injury. It can be direct or indirect.

TXPC-019 - Direct loss

Direct loss is the actual physical damage, such as fire damage to a building. Important because property policies first ask whether direct physical loss occurred. Close-call: indirect loss is a consequential financial result, such as lost income.

TXPC-020 - Indirect loss

Indirect loss follows from direct damage, such as loss of use, extra expense, or business income loss after a fire. It usually requires specific coverage. Close-call: the broken building is direct loss; revenue lost while closed is indirect loss.

TXPC-021 - Actual cash value (ACV)

ACV generally pays the cost to replace property with like kind and quality less depreciation. It is common for auto total losses and some property losses. Close-call: replacement cost does not subtract depreciation once replacement conditions are met.

TXPC-022 - Replacement cost

Replacement cost is broader than ACV because it does not reduce payment for depreciation when conditions are satisfied. It is critical in homeowners and commercial property. Close-call: replacement cost is not market value; it focuses on rebuilding or replacing, not sale price.

TXPC-023 - Market value

Market value is the sale price between willing buyer and seller. It may include land, location, and market factors. Close-call: replacement cost is construction/replacement cost; ACV is replacement cost minus depreciation.

TXPC-024 - Stated/agreed value

Stated or agreed value fixes the value shown in the policy or schedule, often for unique property. It matters for autos, fine arts, or specialty property.

TXPC-025 - Salvage value

Salvage value is what damaged property is worth after the loss. Insurers may take salvage after paying the claim, reducing overall loss cost.

TXPC-026 - Depreciation

Depreciation is subtracted under ACV settlements. It is central to understanding why ACV checks are lower than replacement-cost estimates.

TXPC-027 - Coinsurance

Coinsurance encourages insurance to value. Formula idea: carried insurance divided by required insurance times the loss, minus deductible. Close-call: coinsurance in property is not the same as health-insurance cost sharing.

TXPC-028 - Insurance to value

Insurance to value supports adequate limits and avoids coinsurance penalties. It matters for replacement cost and commercial property.

TXPC-029 - Deductible

A deductible reduces claim payment and keeps small losses with the insured. Apply it after determining coverage and valuation.

TXPC-030 - Policy limit

Policy limits cap insurer liability. Types include per occurrence, per person, aggregate, and sublimits. Close-call: deductible reduces payment; limit caps payment.

TXPC-031 - Sublimit

A sublimit narrows coverage for a particular category, such as jewelry, money, debris removal, or mold. It matters because the declarations limit may not be the amount available for every loss. Close-call: exclusion removes coverage; sublimit limits covered payment.

Liability, causation, damages

TXPC-032 - Proximate cause

Proximate cause determines which peril legally caused the loss when multiple events are involved. It matters in coverage disputes.

TXPC-033 - Concurrent causation

Concurrent causation appears when covered and excluded causes combine. Policies may include anti-concurrent causation language to bar coverage when an excluded peril contributes.

TXPC-034 - Indemnity

Indemnity prevents profit from loss. It underlies ACV, replacement-cost conditions, subrogation, and insurable interest.

TXPC-035 - Liability

Liability is legal responsibility arising from negligence, statute, contract, or certain strict/absolute duties. Casualty insurance pays covered sums the insured is legally obligated to pay.

TXPC-036 - Absolute liability

Absolute liability is imposed because the activity is inherently dangerous, regardless of care used. Examples often include blasting or keeping dangerous animals. Close-call: strict liability may also not require negligence, but exam materials may distinguish by context.

TXPC-037 - Strict liability

Strict liability focuses on responsibility without needing to prove breach of ordinary care. It matters in product claims. Close-call: negligence requires duty, breach, causation, and damages.

TXPC-038 - Vicarious liability

Vicarious liability shifts responsibility because of a legal relationship. It is common in business auto, employers liability, and general liability.

TXPC-039 - Negligence

Elements usually tested: duty, breach, proximate cause, and damages. It is central to liability claims. Close-call: strict liability does not require proving breach of duty.

TXPC-040 - Duty of care

Duty is the first negligence element. Without a duty, no negligence liability arises.

TXPC-041 - Breach of duty

Breach is the unreasonable act or omission. It matters because a duty alone is not enough for negligence.

TXPC-042 - Damages

Damages are the financial or legal harm claimed. Types include compensatory and punitive.

TXPC-043 - Compensatory damages

Compensatory damages make the claimant whole. Types include special damages and general damages.

TXPC-044 - General damages

General damages compensate intangible harms. They are harder to measure than special damages. Close-call: special damages are measurable economic losses such as medical bills or lost wages.

TXPC-045 - Special damages

Special damages can be documented with bills, receipts, or wage records. They are a main component of liability claim valuation. Close-call: general damages are intangible, non-economic harms.

TXPC-046 - Punitive damages

Punitive damages are not primarily to reimburse the claimant. Coverage may be limited or prohibited by policy wording or law.

Temporary coverage / policy changes

TXPC-047 - Binder

A binder provides temporary coverage subject to its terms and effective dates. It is important because coverage may begin before the policy is delivered. Close-call: a certificate of insurance is evidence of insurance but usually does not itself create or change coverage.

TXPC-048 - Endorsement

An endorsement changes the policy. It can broaden or restrict coverage and often controls over conflicting printed form language. Close-call: declarations summarize coverage; endorsements amend it.

TXPC-049 - Blanket insurance

Blanket coverage uses one limit over multiple items, locations, or property types. It provides flexibility but requires accurate values.

TXPC-050 - Specific insurance

Specific insurance limits coverage item by item or location by location. It is less flexible than blanket coverage but clearer for valuation.

Policy structure and provisions

TXPC-051 - Declarations

Declarations are the policy's information page. Use them first to identify who, what, when, and how much.

TXPC-052 - Insuring agreement

The insuring agreement grants coverage, subject to conditions and exclusions. It answers the first question: what does the insurer promise?

TXPC-053 - Conditions

Conditions include duties after loss, premium, cancellation, concealment, cooperation, and legal action conditions. Failure to satisfy a condition can affect coverage. Close-call: exclusions describe what is not covered.

TXPC-054 - Exclusions

Exclusions narrow coverage that might otherwise exist. Always read exclusions after the insuring agreement. Close-call: limitation may reduce amount or scope; exclusion removes coverage for a category.

TXPC-055 - Limitations

Limitations reduce or qualify coverage. Examples include sublimits, time limits, vacancy limits, and territory restrictions. Close-call: exclusion bars coverage; limitation may leave partial coverage.

TXPC-056 - Definition of insured

Definition of insured determines who receives protection, including named insureds, resident relatives, employees, permissive users, or organizations depending on policy type.

TXPC-057 - First named insured

The first named insured often receives notices, pays premiums, and controls certain policy changes. This is critical in commercial policies.

TXPC-058 - Additional insured

An additional insured is not the original policyholder but receives specified protection. Often used in contracts. Close-call: loss payee/mortgagee has property-payment interests, not the same as liability insured status.

TXPC-059 - Named insured

The named insured has the broadest policy rights and duties. In personal lines this may include spouse/resident spouse depending on form. Close-call: an insured may be covered without being the named insured.

TXPC-060 - Duties after loss

Duties after loss are conditions that help the insurer investigate and adjust claims. Failure can prejudice coverage.

TXPC-061 - Proof of loss

Proof of loss gives the insurer detailed claim information. It matters because claim deadlines and payment obligations may depend on requested information.

TXPC-062 - Notice of claim

Notice of claim triggers the insurer's investigation and claim deadlines. Policies usually require notice as soon as practical.

TXPC-063 - Appraisal

Appraisal is for amount-of-loss disputes, not coverage disputes. Each side usually selects an appraiser; an umpire resolves differences.

TXPC-064 - Other insurance provision

Other insurance provisions prevent duplicate recovery and coordinate primary, excess, or pro rata payment. Important for overlapping policies.

TXPC-065 - Subrogation

Subrogation supports indemnity by preventing double recovery and shifting loss to the responsible party. Insureds must not impair this right.

TXPC-066 - Mortgagee rights

Mortgagee clauses protect the lender named in the policy. The mortgagee may need to comply with duties after notice.

TXPC-067 - Supplementary payments

Supplementary payments support defense and claim handling. They may be outside limits in many forms, but always check wording.

TXPC-068 - Consent to settle

Consent-to-settle provisions affect who controls settlement. They matter when reputation or professional judgment is involved.

TXPC-069 - Territory

Territory states the coverage area, such as the United States, its territories/possessions, Puerto Rico, and Canada in many personal auto forms.

TXPC-070 - Occurrence

Occurrence triggers many liability policies. It is central to CGL and homeowners liability. Close-call: claims-made coverage is triggered by when the claim is made, not necessarily when occurrence happened.

TXPC-071 - Policy period

Policy period controls whether a loss falls within coverage timing. Claims-made and occurrence forms treat timing differently. Close-call: retroactive date may restrict claims-made coverage even if the claim occurs during the policy period.

TXPC-072 - Cancellation

Cancellation terminates coverage midterm by the insurer or insured under policy and legal rules. It often requires notice and may trigger return premium. Close-call: nonrenewal occurs at the end of the policy period.

TXPC-073 - Nonrenewal

Nonrenewal is not midterm termination; it happens at expiration. Texas rules often require notice and permissible reasons depending on coverage. Close-call: cancellation is before expiration.

TXPC-074 - Vacancy

Vacancy can suspend or limit coverage after a specified period because risk of vandalism, water damage, and theft increases. Close-call: unoccupancy means no people are present, but property may remain furnished or ready for use.

TXPC-075 - Unoccupancy

Unoccupancy is less severe than vacancy. Policies may treat each differently. Close-call: vacancy often means both no occupants and no substantial contents/use.

Contract law / fraud / underwriting

TXPC-076 - Elements of a contract

A valid contract generally requires offer/acceptance, consideration, competent parties, and legal purpose. Insurance policies are contracts, so these elements matter.

TXPC-077 - Offer and acceptance

In insurance, the application and premium may be an offer, and issuance/binding may be acceptance depending on facts.

TXPC-078 - Consideration

Consideration supports the contract. The insured provides premium and representations; the insurer provides promises of coverage.

TXPC-079 - Competent parties

Competent parties means the parties can legally enter the agreement. It matters for enforceability.

TXPC-080 - Legal purpose

Legal purpose prevents enforcement of illegal agreements. Insurance must cover legitimate insurable interests, not wagers or illegal acts.

TXPC-081 - Contract of adhesion

Insurance policies are contracts of adhesion because the insured generally accepts the insurer's wording as offered. This matters for interpretation.

TXPC-082 - Aleatory contract

Aleatory means performance depends on chance and exchanged values can be unequal. Important for understanding insurance as risk transfer.

TXPC-083 - Unilateral contract

Insurance is unilateral because the insured does not promise to have a loss, but the insurer promises to pay covered losses if conditions are met.

TXPC-084 - Conditional contract

Conditional means duties and conditions must be met, such as notice and proof of loss.

TXPC-085 - Warranty

A warranty is stronger than a representation and may void coverage if breached, depending on law and wording. Close-call: representation is a statement believed true to the best of the applicant's knowledge.

TXPC-086 - Representation

A representation should be truthful and material. False material representations can affect coverage or licensing. Close-call: warranty is generally stricter than representation.

TXPC-087 - Misrepresentation

Misrepresentation can void coverage, trigger claim denial, or constitute an unfair trade practice depending on context. Important for Texas marketing rules. Close-call: concealment is hiding material information rather than affirmatively stating it falsely.

TXPC-088 - Concealment

Concealment hides material information and can affect policy validity or claim payment. It matters in applications and claims. Close-call: misrepresentation is an inaccurate statement; concealment is omission.

TXPC-089 - Fraud

Insurance fraud can be civil, criminal, and regulatory. It includes staged losses, false claims, and fake information. Close-call: error may be accidental; fraud requires intent.

TXPC-090 - Underwriting

Underwriting classifies risk, identifies hazards, and sets eligibility, terms, and premium. Sources may include applications, inspections, loss history, MVR, credit-based insurance score, or CLUE.

TXPC-091 - Fair Credit Reporting Act (FCRA)

FCRA applies to consumer reports such as credit, MVR, and investigative reports. It requires disclosures/adverse-action procedures.

TXPC-092 - Gramm-Leach-Bliley Act (GLBA)

GLBA privacy rules govern how financial institutions, including insurers, handle nonpublic personal information.

TXPC-093 - Application

The application is a key underwriting source and may become part of the policy. Accuracy matters because statements can be representations.

TXPC-094 - Deposit premium

Deposit premium is common in commercial policies rated on payroll, sales, or receipts. It is later adjusted by audit.

TXPC-095 - Premium audit

Premium audits make adjustable premiums accurate. They are common in workers compensation, general liability, and commercial auto.

TXPC-096 - Certificate of insurance

A certificate summarizes coverage, limits, and insurer information for third parties. It does not create coverage beyond the policy.

TXPC-097 - Terrorism Risk Insurance Act (TRIA)

TRIA is a federal terrorism insurance backstop for certain commercial lines. Insurers must follow disclosure and offer requirements.

Homeowners forms and coverages

TXPC-098 - HO-2 Broad Form

HO-2 covers dwelling and personal property for listed broad-form perils. Important as a named-perils contrast to HO-3. Close-call: HO-3 usually covers the dwelling on open perils and personal property on named perils.

TXPC-099 - HO-3 Special Form

HO-3 is essential: Coverage A dwelling is generally open perils subject to exclusions, while Coverage C personal property is named perils. Close-call: HO-5 is broader because personal property is typically open perils too.

TXPC-100 - HO-4 Contents Broad Form

HO-4 is renters insurance. It covers the tenant's personal property, loss of use, personal liability, and medical payments. Close-call: HO-6 is for condominium unit owners; HO-3 is for dwelling owners.

TXPC-101 - HO-5 Comprehensive Form

HO-5 is broader than HO-3 because personal property is generally open perils, subject to exclusions. It is important for form-comparison questions. Close-call: HO-3 personal property is usually named perils.

TXPC-102 - HO-6 Unit-Owners Form

HO-6 covers personal property, liability, loss of use, and building items the unit owner is responsible for under the condo agreement. Close-call: the condo association master policy covers common elements and possibly building structure depending on bylaws.

TXPC-103 - HO-8 Modified Coverage Form

HO-8 is designed for older homes and often uses modified/functional repair cost concepts. It is narrower than HO-3 and commonly named peril. Close-call: HO-5 is broadest among common owner-occupied forms; HO-8 is specialized.

TXPC-104 - Coverage A - Dwelling

Coverage A insures the dwelling and attached structures. It drives many other percentage-based limits.

TXPC-105 - Coverage B - Other Structures

Coverage B covers structures separated from the dwelling by clear space. Often excluded or limited if used for business.

TXPC-106 - Coverage C - Personal Property

Coverage C covers personal property, often worldwide but with limits for certain categories and off-premises property.

TXPC-107 - Coverage D - Loss of Use

Coverage D handles indirect loss from covered property damage. It matters when the insured must live elsewhere.

TXPC-108 - Coverage E - Personal Liability

Coverage E is third-party liability coverage. It may include defense.

TXPC-109 - Coverage F - Medical Payments to Others

Coverage F is goodwill/no-fault medical payments coverage for others, not the insured's household.

Dwelling and property forms

TXPC-110 - DP-1 Basic Form

DP-1 generally covers basic named perils and may settle losses more narrowly unless endorsed. Important as the minimum dwelling form. Close-call: DP-2 is broader named perils; DP-3 is special/open perils on dwelling.

TXPC-111 - DP-2 Broad Form

DP-2 is a named-perils broad form. It is more protective than DP-1 and may include perils such as falling objects or weight of ice/snow depending on form. Close-call: DP-3 is open perils for dwelling unless excluded.

TXPC-112 - DP-3 Special Form

DP-3 is the broadest standard dwelling form, commonly used for rental dwellings. It covers the building open perils while personal property may remain named perils. Close-call: HO-3 is for owner-occupied homes with homeowners liability package.

TXPC-113 - Dwelling policy

Dwelling policies focus on property coverage for dwellings and may not automatically package the same liability and personal property protections as homeowners.

TXPC-114 - Commercial Package Policy (CPP)

A CPP packages commercial coverage parts such as property, general liability, inland marine, crime, or auto. It is flexible for businesses.

TXPC-115 - Commercial property coverage

Commercial property coverage is first-party coverage for business property. It commonly uses building and business personal property forms plus causes of loss forms.

TXPC-116 - Building and Personal Property Coverage Form

This form is the core commercial property form. It defines covered property, property not covered, limits, and valuation.

TXPC-117 - Business personal property (BPP)

BPP is movable property used in the business. It is usually covered at or near the described premises subject to limits.

TXPC-118 - Property of others

Property of others may be covered under commercial property forms but often requires careful limits and valuation.

TXPC-119 - Basic Causes of Loss Form

Basic causes commonly include fire, lightning, explosion, windstorm/hail, smoke, aircraft/vehicles, riot/civil commotion, vandalism, sprinkler leakage, sinkhole collapse, and volcanic action depending on form. Close-call: broad form adds more named perils; special form is open perils subject to exclusions.

TXPC-120 - Broad Causes of Loss Form

Broad form is still named perils but wider than basic. Common additions may include falling objects, weight of snow/ice/sleet, and water damage from certain systems.

TXPC-121 - Special Causes of Loss Form

Special form is the broad/open-perils commercial property form. Always apply exclusions after the broad grant. Close-call: do not call it all-risk without recognizing exclusions.

TXPC-122 - Business income coverage

Business income is indirect loss coverage. It requires covered direct physical loss causing suspension during the period of restoration. Close-call: extra expense pays costs to reduce downtime; business income pays lost income/continuing expenses.

TXPC-123 - Extra expense coverage

Extra expense helps a business continue operations, such as renting temporary space or equipment. It may reduce business income loss. Close-call: business income reimburses lost income; extra expense reimburses added costs.

TXPC-124 - Equipment breakdown coverage

Equipment breakdown fills gaps left by standard property forms for mechanical/electrical pressure breakdowns. It can include property damage, business income, and spoilage options.

TXPC-125 - Builders risk coverage

Builders risk covers property during construction, often including materials, fixtures, and temporary structures. It usually ends when construction is complete or the property is occupied.

TXPC-126 - Businessowners Policy (BOP)

BOP is a streamlined package with property, business income/extra expense, and liability features. Eligibility depends on business type, size, and risk.

TXPC-127 - Inland marine insurance

Inland marine fills gaps for mobile or specialized property. It often uses floaters.

TXPC-128 - Personal Articles Floater

A personal articles floater provides broader scheduled coverage for valuable items that may be limited under homeowners.

TXPC-129 - Commercial property floater

Commercial floaters cover mobile property such as contractors equipment, installation property, or accounts receivable depending on form.

TXPC-130 - National Flood Insurance Program (NFIP)

NFIP provides flood insurance because standard property policies commonly exclude flood. Important in Texas because flood is a major catastrophic exposure.

TXPC-131 - Flood

Flood is commonly excluded under homeowners and commercial property policies unless flood coverage is purchased. Parameters matter because seepage, sewer backup, and pipe burst are different concepts.

TXPC-132 - Earthquake coverage

Earthquake is commonly excluded in standard property forms and requires endorsement or separate policy. It can include volcanic eruption in some contexts but policy wording controls.

TXPC-133 - Mobile home coverage

Mobile home policies adapt homeowners concepts to mobile/manufactured housing. Important because eligibility and valuation differ from standard homes.

TXPC-134 - Watercraft coverage

Watercraft coverage may be by endorsement or separate policy, especially for larger boats or higher horsepower.

TXPC-135 - Farm owners coverage

Farm owners policies combine personal and farm property/liability exposures.

TXPC-136 - Windstorm coverage

Windstorm covers wind/hail damage when included or separately purchased. In coastal Texas, standard policies may exclude wind/hail and TWIA may be needed.

TXPC-137 - Cyber first-party coverage

First-party cyber pays the insured's own cyber-related expenses, not liability to others.

TXPC-138 - Ordinance or law coverage

Ordinance or law covers demolition, increased construction costs, or undamaged portions when required by code, subject to coverage parts.

TXPC-139 - Debris removal

Debris removal is an additional property coverage with limits/conditions. It matters after fire, wind, or other covered physical losses.

Commercial casualty

TXPC-140 - Commercial General Liability (CGL)

CGL is foundational commercial liability coverage. It is third-party coverage, commonly with Coverage A, B, C, supplementary payments, and limits.

TXPC-141 - Premises and operations exposure

Premises/operations covers ongoing operations and conditions on the premises. Example: customer slips in a store.

TXPC-142 - Products and completed operations exposure

Products-completed operations covers liability from goods or completed work away from owned/rented premises. It is subject to aggregate limits.

TXPC-143 - CGL Coverage A

Coverage A is the core CGL BI/PD liability coverage. It may be occurrence or claims-made.

TXPC-144 - CGL Coverage B

Coverage B handles specified offenses rather than ordinary bodily injury/property damage.

TXPC-145 - CGL Coverage C

Coverage C medical payments is no-fault/goodwill coverage with lower limits.

TXPC-146 - Occurrence form

Occurrence form focuses on when the injury/damage occurs. It is common in CGL. Close-call: claims-made focuses on when the claim is first made and reported.

TXPC-147 - Claims-made form

Claims-made coverage is common in professional liability and some CGL forms. The retroactive date is critical. Close-call: occurrence coverage depends on when injury/damage happened.

TXPC-148 - Retroactive date

The retroactive date prevents coverage for prior acts before that date. It is one of the most important claims-made concepts. Close-call: policy period is not enough; the act must be after the retro date and claim made/reported properly.

TXPC-149 - Per occurrence limit

Per occurrence limit caps payment for one occurrence under Coverage A and often Coverage C.

TXPC-150 - General aggregate limit

The general aggregate caps total payments for covered claims subject to it. It is important for repeated or multiple claims.

TXPC-151 - Damage to property of others

Liability policies respond to covered third-party property damage.

Auto insurance

TXPC-152 - Personal auto policy (PAP)

PAP is the key personal lines auto form. It distinguishes liability, med payments/PIP, UM/UIM, and physical damage.

TXPC-153 - Business auto coverage form

Business auto coverage uses covered auto symbols to define which autos apply to which coverages.

TXPC-154 - Bodily injury liability

BI liability pays covered injury damages to third parties and may provide defense.

TXPC-155 - Property damage liability

PD liability pays for damage to others' vehicles or property. In Texas, minimum auto liability includes a property damage limit.

TXPC-156 - Split limits

Split limits are shown as three numbers, e.g., 30/60/25. They cap different parts of a claim separately. Close-call: combined single limit uses one overall limit per accident.

TXPC-157 - Combined single limit (CSL)

CSL provides one pool for bodily injury and property damage combined. It can be more flexible than split limits. Close-call: split limits have separate per-person, per-accident, and property damage caps.

TXPC-158 - Medical payments coverage

Medical payments is first-party/no-fault auto coverage for medical expenses. Close-call: PIP in Texas is broader because it also covers lost wages and other nonmedical costs.

TXPC-159 - Collision coverage

Collision covers upset or impact with another vehicle/object. It usually has a deductible. Close-call: other-than-collision/comprehensive covers theft, fire, hail, flood, vandalism, or animal impact depending on wording.

TXPC-160 - Other than collision coverage

Other-than-collision is often called comprehensive. It covers non-collision physical damage causes listed or defined in the policy. Close-call: collision is overturn or impact with an object/vehicle.

TXPC-161 - Specified perils auto coverage

Specified perils is narrower than comprehensive/other-than-collision. It pays only for listed causes such as fire, theft, explosion, windstorm, hail, flood, mischief, or transportation perils depending on form.

TXPC-162 - Uninsured motorist (UM) coverage

UM responds when the legally liable driver lacks insurance. In Texas it must be offered and rejected in writing if not wanted. Close-call: UIM applies when the at-fault driver has insurance but not enough.

TXPC-163 - Underinsured motorist (UIM) coverage

UIM fills the gap when the other driver's limits are too low, subject to the insured's UIM terms. Close-call: UM is for no insurance; UIM is not enough insurance.

TXPC-164 - Owned auto

Owned autos are listed or otherwise qualify as owned covered autos.

TXPC-165 - Non-owned auto

Non-owned auto coverage is important for employer liability when employees use personal cars for business.

TXPC-166 - Hired auto

Hired auto coverage is common in business auto. It is distinct from owned autos and employee-owned non-owned autos.

TXPC-167 - Temporary substitute auto

Temporary substitute autos keep coverage functioning while the covered auto is unavailable.

TXPC-168 - Newly acquired auto

Newly acquired auto rules protect against gaps but require notice within policy time limits.

TXPC-169 - Transportation expense coverage

Transportation expense helps with temporary substitute transportation after covered auto loss. It is subject to daily and maximum limits.

TXPC-170 - Rental reimbursement coverage

Rental reimbursement is an optional physical damage-related coverage subject to limits.

TXPC-171 - Garagekeepers insurance

Garagekeepers coverage is important for auto dealers, repair shops, and parking operations. It may be legal liability, direct primary, or direct excess.

TXPC-172 - Auto Dealers Coverage Form

Auto dealers form combines aspects of business auto and garage liability exposures.

TXPC-173 - Drive Other Car (DOC) coverage

DOC fills personal-use gaps for individuals furnished company cars.

TXPC-174 - Mobile equipment

Mobile equipment is usually handled under CGL rather than auto unless subject to financial responsibility laws or used on public roads in certain ways.

WC / crime / bonds / professional liability / umbrella

TXPC-175 - Workers compensation insurance

Workers comp pays benefits required by workers compensation law, regardless of employer negligence. It is generally exclusive remedy. Close-call: employers liability covers certain employee injury suits outside workers comp benefits.

TXPC-176 - Employers liability insurance

Employers liability is Part Two of the workers compensation policy. It responds to covered suits by employees or related third parties. Close-call: workers comp benefits are statutory first-party employee benefits.

TXPC-177 - Exclusive remedy

Exclusive remedy limits employee lawsuits when workers comp applies. It is central to the workers comp bargain. Close-call: third-party suits and some exceptions may still occur.

TXPC-178 - Other states insurance

Other states insurance addresses incidental exposures in states where the employer may begin operations. It requires proper listing and notice.

TXPC-179 - Premium determination - workers comp

Workers comp premium is heavily driven by employee class codes and payroll, adjusted by experience rating where applicable.

TXPC-180 - Employee dishonesty coverage

Employee dishonesty covers dishonest acts by employees, often subject to discovery and employee definitions.

TXPC-181 - Theft

Theft is the broad taking concept and may include burglary or robbery depending on form definitions.

TXPC-182 - Robbery

Robbery involves a person/victim and force or threat.

TXPC-183 - Burglary

Burglary focuses on unlawful entry into premises. Policy definitions may require marks of forced entry.

TXPC-184 - Forgery or alteration

Forgery/alteration coverage protects against financial instrument manipulation.

TXPC-185 - Mysterious disappearance

Mysterious disappearance is often excluded or limited because the cause cannot be verified.

TXPC-186 - Surety bond

Surety bonds involve principal, obligee, and surety. The surety expects reimbursement from the principal if it pays. Close-call: insurance generally has two parties and spreads risk; surety guarantees performance.

TXPC-187 - Fidelity bond

Fidelity bonds are similar to employee dishonesty coverage. They protect against dishonesty rather than guaranteeing contract performance. Close-call: surety bond protects an obligee against principal's failure to perform.

TXPC-188 - Errors and Omissions (E&O)

E&O covers financial injury from professional mistakes, often on claims-made forms. Critical for insurance agents. Close-call: CGL Coverage A usually requires bodily injury/property damage, not pure professional financial loss.

TXPC-189 - Medical malpractice

Medical malpractice is a professional liability form for medical services. It is often claims-made and has specialized consent/defense features.

TXPC-190 - Directors and Officers (D&O)

D&O addresses managerial decisions and governance claims. It may protect individuals and reimburse the organization.

TXPC-191 - Employment Practices Liability Insurance (EPLI)

EPLI covers workplace practice claims by employees or applicants.

TXPC-192 - Cyber liability and data breach coverage

Cyber coverage may include first-party and third-party insuring agreements.

TXPC-193 - Liquor liability

Liquor liability is needed by bars, restaurants, and sellers/servers of alcohol.

TXPC-194 - Umbrella liability policy

Umbrella liability sits above primary policies and may broaden some coverage. It is critical for catastrophic liability losses. Close-call: excess liability usually follows underlying coverage more closely.

TXPC-195 - Excess liability policy

Excess liability increases limits after underlying limits are exhausted. Close-call: umbrella may provide broader coverage; excess typically follows form.

Texas licensing and TDI authority

TXPC-196 - Texas P&C exam structure

The Texas General Lines Property and Casualty path includes a 100-scoreable-question general knowledge portion plus 10 pretest questions and a 30-scoreable-question state-specific portion plus 5 pretest questions. Pretest questions are unscored.

TXPC-197 - Commissioner of Insurance

The Commissioner leads TDI insurance regulation, including licensing, examinations, investigations, rules, orders, and enforcement.

TXPC-198 - Examination of records

Record examinations support enforcement and market conduct oversight. Agents must maintain required records and make them available as required.

TXPC-199 - Investigation and notice of hearing

Investigations gather facts; hearings provide due process before certain sanctions. Important because license discipline requires procedural protections.

TXPC-200 - Administrative penalty

Administrative penalties are regulatory fines or sanctions. The outline flags penalties as a state-specific topic; always verify current statutory amounts for exact penalty questions.

TXPC-201 - Cease and desist order

A cease and desist order is used to halt prohibited conduct. Violating such an order can lead to additional sanctions.

TXPC-202 - Certificate of authority

A certificate of authority is insurer-level authorization from the state.

TXPC-203 - Transacting insurance

Transacting insurance is broadly regulated. A license may be required before soliciting, negotiating, selling, or servicing insurance.

TXPC-204 - Domestic insurer

Domestic means formed under Texas law.

TXPC-205 - Foreign insurer

Foreign insurer does not mean outside the U.S.; it means outside Texas but within another U.S. jurisdiction.

TXPC-206 - Alien insurer

Alien insurer means non-U.S. insurer.

TXPC-207 - Stock insurer

A stock insurer is owned by stockholders and generally operates for profit.

TXPC-208 - Mutual insurer

A mutual insurer is owned by policyholders and may pay dividends when declared.

TXPC-209 - Admitted insurer

Admitted insurers have state authorization/certificate of authority. They are subject to Texas regulation and guaranty mechanisms as applicable. Close-call: nonadmitted/surplus lines insurers are not admitted but may lawfully write certain risks through surplus lines rules.

TXPC-210 - Nonadmitted insurer

Nonadmitted does not automatically mean illegal; surplus lines rules can allow placement when admitted markets are unavailable. Close-call: unauthorized illegal insurance is not the same as lawful surplus lines placement.

TXPC-211 - Texas Lloyds

Texas Lloyds is a specific insurer structure referenced in the state outline. It is not the same as Lloyd's of London, though both use underwriter concepts.

TXPC-212 - General Lines Property and Casualty Agent

General Lines P&C is the broad P&C agent license relevant to this exam. It is broader than personal lines or limited lines.

TXPC-213 - Agency license

Agencies may need entity licensing in addition to individual agent licensing. Important because entities and individuals have separate compliance duties.

TXPC-214 - Nonresident agent

Nonresident agents generally rely on reciprocity and home-state licensing, subject to Texas rules.

TXPC-215 - Temporary license

Temporary licenses are limited exceptions, often used for transition or emergency business continuity. They are not permanent authority.

TXPC-216 - Limited license

Limited license authority is narrower than General Lines P&C. Exam close-call: do not assume limited lines can sell all P&C products. Source outline lists limited license separately.

TXPC-217 - Managing general agent (MGA)

An MGA may manage underwriting, bind coverage, appoint agents, or handle claims depending on agreement and law.

TXPC-218 - Surplus lines agent

Surplus lines agents must follow diligent search, eligibility, disclosure, and tax/filing rules. Close-call: surplus lines is not a way to avoid regulation; it is a regulated nonadmitted market.

TXPC-219 - Adjuster

Adjuster authority is claim-focused. The P&C agent exam references adjusters as a license type, but the adjuster exam is separate. Close-call: agents sell/solicit/negotiate insurance; adjusters handle claims.

TXPC-220 - Risk manager

Risk managers analyze exposures and recommend risk treatment. Licensing may be required when acting for compensation. Close-call: insurance agents sell/solicit insurance; risk managers advise on risk.

TXPC-221 - Emergency license

Emergency licenses provide temporary authority when allowed by law due to emergency conditions.

TXPC-222 - Agent appointment

Appointment is insurer authorization/registration for the agent to act for that insurer.

TXPC-223 - Continuing education (CE)

TDI states General Lines P&C licensees must complete 24 CE hours every two years, including 3 ethics hours, with at least half classroom or classroom equivalent.

TXPC-224 - CE fine

TDI states CE fines are \$50 per deficient hour, with a \$500 cap per license type for licenses expired after June 1, 2018. The CE must still be completed.

TXPC-225 - License renewal fee

TDI's license-management page lists a renewal fee and late fee if not paid by expiration. Important as a procedural compliance point.

TXPC-226 - Records maintenance

The outline specifically includes records maintenance. Agents must keep required transaction and licensing records and make them available as required.

TXPC-227 - Change of contact information

TDI says licensees must notify the department immediately of contact, legal name, business name, or address changes, and the outline cites TIC 4001.252 for certain notifications.

TXPC-228 - Felony conviction notification

The state outline specifically lists felony convictions as a notification topic. Failure to report can create disciplinary issues.

TXPC-229 - Administrative action notification

Administrative actions by regulators must be reported under the notification topics in the outline. Important because non-reporting can itself be a violation.

TXPC-230 - License denial

Denial can result from disqualifying conduct, incomplete requirements, or lack of trustworthiness.

TXPC-231 - License suspension

Suspension is disciplinary and can be probated or time-limited depending on order.

TXPC-232 - License revocation

Revocation removes authority and may require waiting/reapplying under statutory rules.

Texas unfair practices and marketing

TXPC-233 - Unfair or prohibited trade practice

Unfair/prohibited practices are heavily tested in state law. They include misrepresentation, false advertising, rebating, discrimination, boycott/coercion/intimidation, and unfair claims practices.

TXPC-234 - Unfair claims methods and practices

Unfair claims practices are critical because legal deadlines and good-faith obligations attach to claim handling.

TXPC-235 - False advertising

False advertising can mislead consumers and trigger discipline.

TXPC-236 - Defamation

Defamation harms competitors and market trust. It is listed in the Texas state-specific outline.

TXPC-237 - Controlled business

Controlled business rules prevent using a license mainly for self-dealing.

TXPC-238 - Rebating

Rebating creates unfair competition and is restricted by Texas law. Close-call: lawful discounts filed/approved by the insurer are not the same as illegal rebates.

TXPC-239 - Unfair discrimination

Unfair discrimination is not all discrimination; underwriting distinctions are allowed when based on risk and law.

TXPC-240 - Boycott, coercion, intimidation

Boycott/coercion/intimidation harms free insurance markets and consumers.

TXPC-241 - Commission sharing

Commission sharing is regulated; paying unlicensed persons for activities requiring a license can violate law.

TXPC-242 - Rating and underwriting practices

Rating/underwriting practices must be lawful, not unfairly discriminatory, and consistent with Texas filing/rate rules.

Texas property rules

TXPC-243 - Approval of rates and forms

Texas regulates rates and forms to ensure compliance with statutory standards. The outline cites this as a P&C-specific state topic.

TXPC-244 - Surplus lines in Texas

Surplus lines allows coverage through eligible nonadmitted insurers under regulatory controls. Important for hard-to-place risks.

TXPC-245 - Homeowners declination

Declination is refusal to issue coverage. Texas rules address declination, cancellation, and nonrenewal separately.

TXPC-246 - Texas homeowners cancellation notice

TDI's home guide says a company must give 10 days' notice before canceling a homeowners policy and lists limited permissible reasons after initial periods.

TXPC-247 - Texas homeowners nonrenewal notice

TDI's home guide states nonrenewal notice rules changed: 60 days for policies bought/renewed in 2024, 30 days for 2023 or earlier. Verify dates if tested in current materials.

TXPC-248 - Texas FAIR Plan Association

TDI states FAIR Plan coverage may be available after at least two companies turn the applicant down. It is basic and usually more expensive. Close-call: TWIA covers coastal wind/hail; FAIR Plan is broader residual home insurance.

TXPC-249 - Texas Windstorm Insurance Association (TWIA)

TWIA is critical for Texas coastal wind/hail exposure. TDI warns TWIA will not sell a policy if there is a hurricane in the Gulf of Mexico. Close-call: flood insurance is separate and may be required; TWIA is wind/hail, not flood.

TXPC-250 - Texas prompt payment deadlines

TDI consumer guides state insurers generally acknowledge within 15 days, accept/reject within 15 business days after required information, can extend decision 45 days with reason, and pay within 5 business days after agreeing to pay.

TXPC-251 - Liquidated demand

The outline lists liquidated demand under homeowners. Study it as a Texas-specific property payment/legal consequence concept.

Texas auto rules

TXPC-252 - Texas financial responsibility

TDI states Texas requires drivers to show proof they can pay for accidents they cause; most do this with auto liability insurance.

TXPC-253 - Texas 30/60/25 minimum limits

30/60/25 is Texas minimum liability coverage. It is a frequent exam-style number and legal-consequence item. Close-call: these are liability limits to others; they do not pay for the insured's own car damage.

TXPC-254 - Texas Personal Injury Protection (PIP)

TDI states all Texas auto policies include PIP unless the insured rejects it in writing. PIP is broader than medical payments. Close-call: medical payments covers medical bills but not lost wages in the same way.

TXPC-255 - Texas UM/UIM offer/rejection

TDI states insurers must offer UM/UIM and the customer must reject in writing if not wanted. It covers uninsured, underinsured, and hit-and-run situations under policy terms. Close-call: PIP also requires written rejection but covers different losses.

TXPC-256 - Texas auto medical payments

Medical payments is listed in the state outline and TDI guide. It pays medical bills for insureds/passengers and certain pedestrian/bicycle situations depending on policy.

TXPC-257 - Texas auto cancellation/nonrenewal

Texas auto cancellation and nonrenewal rules are in the outline. TDI notes nonrenewal is refusal to renew at expiration and a policy generally must be in effect 12 months before nonrenewal.

TXPC-258 - Texas Automobile Insurance Plan Association (TAIPA)

TDI says TAIPA sells liability, PIP, and UM/UIM, but not collision/comprehensive or higher limits than state law requires.

TXPC-259 - Transportation network company (TNC/rideshare)

The outline specifically lists TNC/rideshare. Personal auto policies often exclude driving for a ride-hailing service, so special coverage/statutory rules matter.

Texas WC / organizations / claims

TXPC-260 - Texas workers compensation coverage

The state outline includes Texas Labor Code workers comp definitions, coverage, and benefits. Texas has unique employer participation concepts, so do not rely only on generic workers comp.

TXPC-261 - Texas workers compensation benefits

The outline lists Texas workers comp benefits under Labor Code references. Know benefit categories even if exact calculations are not central to agent exam.

TXPC-262 - Texas Property and Casualty Insurance Guaranty Association

The guaranty association protects covered claimants when a member P&C insurer becomes insolvent, subject to statutory limits and exclusions. It should not be used in advertising as a sales inducement.

TXPC-263 - Texas Medical Liability Underwriting Association (JUA)

The JUA is listed in the P&C state outline under medical liability. Study it as a Texas-specific availability mechanism.

TXPC-264 - Unearned premium refund

TDI guides state companies must refund unearned premium within 15 days after cancellation.

TXPC-265 - Texas claim acknowledgement

TDI guides describe a 15-day acknowledgement after notice of claim. This is a important legal-timing point.

TXPC-266 - Texas claim acceptance or rejection

This is a core prompt-payment deadline. If more time is needed, TDI describes a 45-day extension with reason.

TXPC-267 - Texas claim payment after agreement

TDI guides state payment generally must be sent within five business days after the insurer agrees to pay the claim.

TXPC-268 - CLUE report

CLUE stands for Comprehensive Loss Underwriting Exchange. TDI notes insurers may use it for auto/home claims history, and consumers can request reports.

Mixed application review

TXPC-269 - HO-3 vs HO-5 comparison

HO-5 generally provides open-perils coverage for both dwelling and personal property, subject to exclusions. HO-3 is commonly open perils for dwelling but named perils for personal property. Close-call: endorsements can modify either form.

TXPC-270 - Renters coverage

HO-4 is renters coverage. It does not insure the building because the tenant does not own it. Close-call: HO-6 is for condo unit owners.

TXPC-271 - Condo unit owner coverage

HO-6 is for condominium unit owners. The association master policy and bylaws determine how much building coverage the unit owner needs. Close-call: HO-4 is for renters.

TXPC-272 - Older home valuation

HO-8 modified coverage is designed for older homes where replacement cost may exceed market value.

TXPC-273 - Rental dwelling policy

Dwelling policies DP-1, DP-2, and DP-3 are used for rental or non-owner-occupied dwelling property. Close-call: HO forms are homeowners package forms for eligible residences.

TXPC-274 - Commercial shutdown

Business income coverage addresses indirect loss caused by covered direct physical damage that suspends operations.

TXPC-275 - Temporary business location

Extra expense pays necessary additional expenses to minimize suspension.

TXPC-276 - Customer slip at store

CGL premises and operations liability, Coverage A, is the classic answer.

TXPC-277 - Completed work injury

Products-completed operations exposure applies after work is completed or product is sold.

TXPC-278 - Professional advice error

Errors and Omissions (E&O) covers professional service mistakes.

TXPC-279 - Employee discrimination claim

EPLI covers employment practices claims such as discrimination and wrongful termination.

TXPC-280 - Customer car in repair shop

Garagekeepers insurance covers customers' autos in the garage business's care, custody, or control.

TXPC-281 - Employee personal car business errand

Non-owned auto coverage addresses autos not owned, hired, or borrowed by the business but used in its business.

TXPC-282 - Rental truck for business

Hired auto applies to rented, leased, hired, or borrowed autos.

TXPC-283 - Company car executive gap

Drive Other Car (DOC) coverage fills this personal exposure gap.

TXPC-284 - At-fault Texas accident minimum

Texas minimum auto liability is 30/60/25: \$30,000 per injured person, \$60,000 per accident for bodily injury, and \$25,000 property damage.

TXPC-285 - Rejecting PIP in Texas

PIP must be rejected in writing. If not rejected, Texas auto policies include PIP. Close-call: UM/UIM also requires written rejection but protects against uninsured/underinsured drivers.

TXPC-286 - Rejecting UM/UIM in Texas

UM/UIM must be offered and rejected in writing if not wanted. Close-call: PIP is a separate coverage that also requires written rejection.

TXPC-287 - Texas home residual market

Texas FAIR Plan may provide basic home coverage after at least two companies turn the applicant down.

TXPC-288 - Coastal wind/hail

TWIA sells wind and hail coverage for eligible coastal residents.

TXPC-289 - Flood gap

Flood is usually excluded from standard home policies; flood insurance through NFIP or another flood insurer is needed. Close-call: wind-driven rain and storm surge/flood are different causes.

TXPC-290 - Claim amount dispute

Appraisal resolves amount-of-loss disputes.

TXPC-291 - Subrogation example

Subrogation lets the insurer pursue the responsible party after paying the insured.

TXPC-292 - Coinsurance penalty

Coinsurance/insurance-to-value provisions penalize underinsurance on partial losses. Close-call: deductible applies regardless of insurance-to-value compliance.

TXPC-293 - Certificate reliance

Certificate of insurance provides evidence of insurance but generally does not amend coverage. Close-call: additional insured status usually requires endorsement, not just a certificate.

TXPC-294 - Adding landlord as liability insured

Additional insured endorsement is typically needed to add liability protection. Close-call: certificate alone generally does not create additional insured status.

TXPC-295 - Intentional claim exaggeration

Moral hazard/fraud involves intentional dishonesty. Close-call: morale hazard is carelessness, not intentional claim exaggeration.

TXPC-296 - Careless due to insurance

Morale hazard is careless indifference because insurance exists. Close-call: moral hazard involves deliberate dishonesty.

TXPC-297 - Bad wiring

Physical hazard is a tangible condition increasing loss probability. Close-call: peril would be the fire itself.

TXPC-298 - Fire cause of loss

Fire is a peril, the cause of loss. Close-call: oily rags near a heater are a hazard, not the peril.

Surplus lines overlap only

TXPC-299 - Diligent admitted-market search

Formal definition/parameter: surplus lines is generally used after the agent has tried to find coverage from a Texas-licensed/admitted company. Why important: using nonadmitted markets without satisfying placement rules can create licensing/regulatory consequences.

TXPC-300 - Eligible surplus lines insurer

Formal definition: a surplus lines insurer is nonadmitted in Texas but can be eligible to write surplus lines if it meets eligibility requirements. Elements: home-state/home-country licensing, financial/eligibility standards, and Texas surplus lines compliance. Importance: distinguishes lawful eligible nonadmitted placement from unauthorized insurance.

TXPC-301 - Surplus lines guaranty association limitation

Formal concept: surplus lines insurers are not Texas-licensed admitted insurers and do not provide the same guaranty association protection. Why important: insolvency risk and consumer protection are common legal/regulatory exam points. Close-call: admitted insurers may be subject to guaranty association protection; eligible surplus lines insurers generally are not.

Essential timelines and number-detail traps

This section keeps only the most testable timeline and number-detail traps that fit the required Texas General Lines P&C scope.

Texas claim-handling deadlines

TXPC-302 - Claim acknowledgement deadline

Texas prompt-payment timing: after receiving notice of a claim, the insurer generally must acknowledge the claim, begin investigation, and request needed forms or information within 15 days. Why important: this is the first claim-timing clock and is tested separately from the decision and payment deadlines.

TXPC-303 - Claim acceptance or rejection deadline

Texas prompt-payment timing: after the insurer receives all items, statements, and forms it reasonably needs, it generally has 15 business days to accept or reject the claim. If rejected, the reason must be given in writing. Apply this after the insurer has the necessary information.

TXPC-304 - Claim decision extension

Texas prompt-payment timing: if the insurer needs more time after receiving required information, it can generally extend the decision deadline by up to 45 days by telling the claimant why more time is needed. Apply this only to the decision deadline, not to the initial acknowledgement deadline.

TXPC-305 - Payment after claim acceptance

Texas prompt-payment timing: after the insurer accepts all or part of a claim and notifies the claimant, payment is generally due within 5 business days. Apply this after acceptance; it is the payment clock, not the investigation or decision clock.

TXPC-306 - Weather-catastrophe extension

Texas claim timing: TDI may extend claim-handling deadlines by 15 additional days when a claim is due to a weather-related catastrophe. Why important: catastrophe questions may add this extension to the ordinary prompt-payment deadlines.

Policyholder claim duties

TXPC-307 - Proof of loss timeframe

Proof of loss is the insured's sworn statement and supporting information about the loss. A common property-policy exam parameter is that proof of loss is due within 60 days after the insurer requests it or provides forms, depending on policy wording. Apply this to insured duties after loss.

Flood insurance timing

TXPC-308 - NFIP waiting period

NFIP flood insurance generally has a 30-day waiting period before a new policy becomes effective, subject to exceptions such as certain loan-closing or map-change situations. Why important: standard homeowners policies usually exclude flood, and the waiting period prevents last-minute purchases when flooding is imminent.

Claims-made CGL timing

TXPC-309 - Retroactive date

In a claims-made CGL policy, the retroactive date limits coverage for injury or damage that occurred before that date. The claim must be made during the policy period or a valid reporting period, and the injury or damage must satisfy the retroactive-date rule. This is essential for occurrence-vs-claims-made questions.

TXPC-310 - Basic extended reporting period - 60-day component

Claims-made CGL timing: the basic extended reporting period includes a short 60-day component for claims first made after policy expiration. Apply it when a claims-made policy has ended and a claim is reported shortly after expiration.

TXPC-311 - Basic extended reporting period - five-year component

Claims-made CGL timing: the basic extended reporting period also includes a longer component, commonly tested as up to 5 years, for claims arising out of occurrences reported to the insurer within the required short period after policy expiration. Apply it only when the occurrence was timely reported.

TXPC-312 - Supplemental extended reporting period

A supplemental extended reporting period is optional tail coverage for claims-made CGL. It generally must be elected in writing within 60 days after the policy ends and requires additional premium. Apply it when a question asks about purchasing a longer reporting tail after policy termination.

Texas homeowners timing

TXPC-313 - Homeowners cancellation notice

Texas homeowners timing: TDI states that a company must give 10 days' notice before canceling a home policy. Cancellation is stopping the policy before its end date. Apply this to mid-term cancellation questions, not expiration-date nonrenewal questions.

TXPC-314 - Homeowners nonrenewal notice

Texas homeowners timing: TDI identifies 60 days' notice for nonrenewal if the policy was bought or renewed in 2024, and 30 days for policies bought or renewed in 2023 or earlier. For current exam prep, treat the 60-day rule as the key updated number unless the question states an older policy period.

TXPC-315 - Home policy after 60 days

Texas homeowners rule pattern: after a home policy has been in effect for 60 days or more, cancellation is limited to specific reasons such as nonpayment, fraudulent claim, increased hazard within the insured's control, or compliance/legal issues. Apply when a question asks whether a mid-term cancellation is allowed after the initial underwriting period.

Texas auto timing

TXPC-316 - Auto first-60-days cancellation

Texas auto timing: TDI states an auto company may cancel during the first 60 days for any lawful reason. After that, cancellation reasons narrow. Apply when the question tests initial underwriting/cancellation timing.

TXPC-317 - Auto cancellation notice and permitted reasons

Texas auto timing: TDI states a company must give 10 days' notice before canceling an auto policy. After the first 60 days, common permitted reasons include nonpayment, fraudulent claim, or suspension/revocation of the driver's license or vehicle registration for the insured or covered household/user.

TXPC-318 - Unearned premium refund after auto cancellation

Texas auto timing: if either the insured or the company cancels an auto policy, TDI states the company must refund any unearned premium within 15 days after the cancellation date. Apply this to refund timing, not cancellation notice timing.

TXPC-319 - Auto nonrenewal notice and 12-month rule

Texas auto timing: TDI identifies 60 days' nonrenewal notice for policies bought or renewed in 2024, and 30 days for policies bought or renewed in 2023 or earlier. TDI also states a company can generally nonrenew an auto policy only after it has been in effect for 12 months.

TXPC-320 - TAIPA eligibility and coverages

TAIPA is Texas's residual market for applicants who cannot find a company willing to sell basic auto coverage. TDI states eligibility can exist after two companies turn the applicant down. TAIPA sells liability, PIP, and UM/UIM, but not collision, comprehensive, or higher liability limits than state law requires.

TXPC-321 - Newly acquired auto coverage timing

Texas auto guide detail: TDI says a new car is automatically covered by the current auto policy for about 20 days. The coverage depends on whether the car is an additional car or a replacement car. Apply when the question asks about short-term automatic coverage for a newly acquired auto.

Texas licensing timelines

TXPC-322 - Temporary license duration

Texas licensing: a one-time temporary general lines license is active for 180 days and cannot be renewed. The exam must be passed within the 180-day temporary license period for conversion to permanent licensing without starting over. Apply to temporary-license questions, not emergency-license questions.

TXPC-323 - Temporary license training requirement

Texas temporary-license timing: the applicant must complete at least 40 hours of training provided by the appointing company or general lines agent/agency, and the training must occur within 30 days of the license application date. Apply when the question asks how a temporary licensee is supervised/trained before permanent licensing.

TXPC-324 - Emergency license duration

Texas General Lines P&C licensing: TDI identifies a 90-day emergency license for limited situations involving preservation of agency business after another P&C agent dies, becomes disabled, or is insolvent and unable to pay premiums due to an insurer. Apply to emergency-license questions only.

TXPC-325 - Application after passing exam

Texas licensing: applicants who pass the required exam must submit a completed license application within 12 months after passing. If they do not, they must retake the examination. Apply this to post-exam licensing steps.

TXPC-326 - Minimum age and fingerprints

Texas licensing basics: the Pearson/TDI handbook states applicants must be at least 18 years old, pass the proper exam if required, submit a completed application and fee, and provide the required fingerprint receipt. Apply to eligibility and application-step questions.

Texas renewal and CE

TXPC-327 - CE hours, ethics, and classroom-equivalent requirement

Texas General Lines P&C renewal: TDI requires 24 hours of continuing education every two-year term, including 3 hours of ethics. TDI also states at least 12 hours must be classroom or classroom-equivalent. Apply to license-maintenance questions.

TXPC-328 - CE fines and late renewal consequence

Texas CE consequence: TDI states fines of \$50 apply for each deficient CE hour, with a \$500 maximum per license type for current terms. If CE, fines, and renewal are not completed within 90 days after expiration, the license is canceled and the person must reapply. Apply to renewal, late-renewal, and CE-compliance questions.

Texas licensee notifications and appointments

TXPC-329 - Change of address deadline

Texas licensee notification: the Pearson/TDI handbook states TDI must be notified in writing within 30 days if the licensee's resident, mailing, or primary business address changes. Failure can result in disciplinary action. Apply to notification-to-department questions.

TXPC-330 - Additional appointments

Texas appointment rule: if an agent wants to represent additional insurers, each company must file notice of appointment with TDI on the day the agent begins representing that company. The agent may sell only lines for which licensed. A temporary licensee may not obtain additional appointments.

Commissioner / insurer oversight

TXPC-331 - Carrier examination frequency

Texas regulator oversight: the department may examine a carrier as often as necessary and, at minimum, not less frequently than once every five years, subject to statutory framework. Apply to Commissioner/TDI examination-authority questions.

Useful Acronyms

- **ACV** - Actual Cash Value: replacement cost minus depreciation, generally.
- **ALE** - Additional Living Expense: extra cost to maintain normal living after covered loss.
- **BI** - Bodily Injury.
- **BOP** - Businessowners Policy.
- **BPP** - Business Personal Property.
- **CE** - Continuing Education.
- **CGL** - Commercial General Liability.
- **CLUE** - Comprehensive Loss Underwriting Exchange; claims-history database.
- **CPP** - Commercial Package Policy.
- **CSL** - Combined Single Limit.
- **D&O** - Directors and Officers liability.
- **DICE** - Declarations, Insuring agreement, Conditions, Exclusions.
- **DOC** - Drive Other Car endorsement.
- **DP** - Dwelling Policy.
- **E&O** - Errors and Omissions.
- **EPLI** - Employment Practices Liability Insurance.
- **FAIR Plan** - Fair Access to Insurance Requirements Plan; Texas residual basic home insurance market.
- **FCRA** - Fair Credit Reporting Act.
- **GLBA** - Gramm-Leach-Bliley Act.
- **HO** - Homeowners form.
- **JUA** - Joint Underwriting Association; in this outline, Texas Medical Liability Underwriting Association.
- **MGA** - Managing General Agent.
- **NFIP** - National Flood Insurance Program.
- **PAP** - Personal Auto Policy.
- **PD** - Property Damage.
- **PIP** - Personal Injury Protection.
- **TAIPA** - Texas Automobile Insurance Plan Association.
- **TDI** - Texas Department of Insurance.
- **TIC** - Texas Insurance Code.
- **TAC** - Texas Administrative Code.
- **TNC** - Transportation Network Company/rideshare.
- **TRIA** - Terrorism Risk Insurance Act.
- **TWIA** - Texas Windstorm Insurance Association.
- **UM/UIM** - Uninsured Motorist / Underinsured Motorist.

Final Source Caution

This is a study aid, not legal advice. For exact current wording, use the Texas Insurance Code, Texas Administrative Code, current TDI pages, and current Pearson candidate materials.