

# Adjuster Licensing Class Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

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# Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

# How to Use This Guide

**This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:**

## 1. Start with a Diagnostic Review

**Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.**

## 2. Study in Short, Focused Sessions

**Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.**

## 3. Learn from the Explanations

**After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.**

## 4. Track Your Progress

**Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.**

## 5. Simulate the Real Exam

**Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.**

## 6. Repeat and Review

**Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.**

**There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!**

## **Questions**

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- 1. Why might some losses be categorized as excluded perils in an insurance policy?**
  - A. They may be foreseeable or controllable events**
  - B. They are not significant enough to warrant coverage**
  - C. They only occur in specific geographic areas**
  - D. They happen too infrequently to be profitable**
  
- 2. What does 'exclusion' refer to in an insurance policy?**
  - A. Benefits not covered by the policy**
  - B. Added coverage provisions**
  - C. Premium payment terms**
  - D. Claims processing conditions**
  
- 3. Under Workers' Compensation law, how many types of disability are there?**
  - A. 2**
  - B. 3**
  - C. 4**
  - D. 5**
  
- 4. Which of the following is NOT a coverage under the Texas HO-B policy?**
  - A. Windstorm**
  - B. Theft**
  - C. Flood**
  - D. Fire**
  
- 5. Why is it important for an adjuster to assess claim damages promptly?**
  - A. To ensure accurate evaluation of the loss**
  - B. To decrease the claim amount**
  - C. To finalize the claim process quickly**
  - D. To gather more evidence for court**

**6. What coverage is also referred to as carriers' liability?**

- A. Motor Truck Cargo Policy**
- B. Freight Forwarder Policy**
- C. Goods in Transit Insurance**
- D. Shipping Liability Policy**

**7. What does "actual cash value" mean in regard to insurance claims?**

- A. The property's replacement cost minus depreciation**
- B. The total market value of the property**
- C. The value determined by an appraiser**
- D. The amount paid out for legal fees**

**8. After the issuance date, how long is an adjuster's license valid in Texas?**

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

**9. What is the term for the amount the insured must pay in a loss before any payment is due?**

- A. Premium**
- B. Deductible**
- C. Copayment**
- D. Co-insurance**

**10. What is a claim adjuster's role during a field inspection?**

- A. To negotiate settlements with policyholders**
- B. To assess damage and gather information to support the claim evaluation process**
- C. To provide legal advice to the insurance company**
- D. To sell additional insurance policies**

## **Answers**

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

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## **Explanations**

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## 1. Why might some losses be categorized as excluded perils in an insurance policy?

- A. They may be foreseeable or controllable events**
- B. They are not significant enough to warrant coverage**
- C. They only occur in specific geographic areas**
- D. They happen too infrequently to be profitable**

Some losses are categorized as excluded perils in an insurance policy primarily because they may be foreseeable or controllable events. Insurers often exclude certain perils to mitigate risk and discourage behavior that could lead to predictable losses. For example, if a potential loss is something that policyholders could easily prevent or foresee, providing coverage for it would lead to higher claims and, consequently, higher premiums. By excluding such risks, insurers can maintain a more stable risk pool and focus on covering losses that are less predictable and often beyond the control of the insured. This strategic decision facilitates insurance companies in managing their liability and ensuring the financial viability of their policies.

## 2. What does 'exclusion' refer to in an insurance policy?

- A. Benefits not covered by the policy**
- B. Added coverage provisions**
- C. Premium payment terms**
- D. Claims processing conditions**

In the context of an insurance policy, 'exclusion' specifically refers to the provisions that detail what is not covered under the policy. This means that any events, conditions, or types of damages listed as exclusions will not result in a payout or benefits from the insurer. Insurers use exclusions to define the scope of coverage and limit their liability, ensuring that certain high-risk activities or specific situations are not included in the policy's protections. Exclusions are critical for both insurers and policyholders. For insurers, they help manage risk and control costs, while for policyholders, understanding exclusions is essential to avoid surprises in the event of a claim. Knowing what is excluded allows individuals to assess if they need additional coverage or endorsements to protect against specific risks. In contrast, the other options relate to different aspects of an insurance policy. Added coverage provisions refer to enhancements that expand the benefits. Premium payment terms deal with how policyholders must pay for their coverage, and claims processing conditions describe the procedures that must be followed when filing a claim. None of these elements define what 'exclusion' means in the context of insurance.

### 3. Under Workers' Compensation law, how many types of disability are there?

- A. 2
- B. 3
- C. 4**
- D. 5

Under Workers' Compensation law, there are four recognized types of disability, which are typically categorized as: 1. **Temporary Total Disability (TTD)** - This occurs when a worker is entirely unable to perform any work for a certain period due to an injury or illness, but is expected to recover and eventually return to work. 2. **Temporary Partial Disability (TPD)** - This applies when a worker can perform some work but not at the full capacity they had before the injury. They may still receive compensation to help cover the difference in earnings. 3. **Permanent Total Disability (PTD)** - This type indicates that a worker has sustained an injury that is deemed permanent and has completely disabled them from performing any form of work. 4. **Permanent Partial Disability (PPD)** - This type refers to a permanent impairment that affects the ability of the worker to perform certain jobs, but the worker can still engage in some work. Recognizing these categories is crucial for understanding how compensation is calculated and administered in the context of Workers' Compensation law, as they determine the benefits an injured worker may receive. This comprehensive classification helps ensure that workers are appropriately compensated based on the extent of their disabilities resulting from workplace injuries or illnesses.

### 4. Which of the following is NOT a coverage under the Texas HO-B policy?

- A. Windstorm
- B. Theft
- C. Flood**
- D. Fire

The Texas HO-B policy, which is a type of homeowners insurance, typically includes several types of coverage for common risks associated with homeownership. These include coverage for windstorm, theft, and fire, which protect against various dangers that a homeowner might face. Flood, on the other hand, is not covered under the standard Texas HO-B policy. Instead, coverage for flood damage must be obtained through a separate flood insurance policy, usually backed by the National Flood Insurance Program (NFIP) or from private insurers. This distinction is crucial for homeowners to understand when budgeting for adequate insurance and preparing for potential risks. Therefore, identifying flood as the correct answer highlights the limitations of the HO-B policy in covering water damage that results from flooding, emphasizing the need for additional protection when living in areas prone to such risks.

## 5. Why is it important for an adjuster to assess claim damages promptly?

- A. To ensure accurate evaluation of the loss**
- B. To decrease the claim amount**
- C. To finalize the claim process quickly**
- D. To gather more evidence for court**

Assessing claim damages promptly is crucial for ensuring an accurate evaluation of the loss. When an adjuster responds quickly to a claim, they can gather firsthand evidence while the details are still fresh and the scene is undisturbed. This immediacy allows the adjuster to capture a clear picture of the damage, which is essential for establishing the extent of the loss. Accurate evaluation becomes increasingly difficult over time as evidence can be lost, memories may fade, and conditions can change. Timeliness in this process also helps in validating the circumstances surrounding the claim. It reduces the risk of disputes regarding the loss and aids in preventing potential fraud. A thorough and prompt assessment ensures that the claim reflects the true nature and extent of the damages, thereby supporting fair compensation for all parties involved. While finalizing the claim process quickly or gathering evidence for court may be important in some contexts, they are secondary objectives to the foundational goal of having an accurate depiction of the damage itself. Reducing claim amounts, on the other hand, should never be a priority in damage assessment; the focus should always be on an honest appraisal of the loss.

## 6. What coverage is also referred to as carriers' liability?

- A. Motor Truck Cargo Policy**
- B. Freight Forwarder Policy**
- C. Goods in Transit Insurance**
- D. Shipping Liability Policy**

The coverage often referred to as carriers' liability is the Motor Truck Cargo Policy. This type of policy specifically protects trucking companies or carriers when they are in possession of goods during transportation. It provides coverage for loss or damage to cargo while being transported by truck, which is a crucial aspect of the shipping and logistics industry. Carriers' liability comes into play because when a carrier accepts goods for transport, they assume responsibility for those goods. The Motor Truck Cargo Policy ensures that the carrier can cover potential claims from clients if the cargo is lost or damaged due to various perils while in transit. This policy is essential for carriers to manage their risks and liabilities effectively. Other types of insurance, such as Freight Forwarder Policy, Goods in Transit Insurance, and Shipping Liability Policy, focus on different aspects of transportation and may cover certain liabilities or risks, but they do not specifically address the carriers' responsibility in the same way that a Motor Truck Cargo Policy does.

**7. What does "actual cash value" mean in regard to insurance claims?**

- A. The property's replacement cost minus depreciation**
- B. The total market value of the property**
- C. The value determined by an appraiser**
- D. The amount paid out for legal fees**

The concept of "actual cash value" in insurance claims refers to the property's replacement cost minus depreciation. This definition captures the practical essence of how insurers determine the value of a property at the time of a loss. Actual cash value takes into consideration not just what it would cost to replace the property new, but also accounts for its wear and tear, age, and condition at the moment of the claim. By deducting depreciation from the replacement cost, insurers arrive at a valuation that reflects the true value of the property rather than its original purchase price or current market value. This method ensures that policyholders receive fair compensation while also taking into account the reduced worth of older or worn property. While the total market value of the property can reflect prices in a real estate market, it does not consider the specifics of depreciation related to the insured item itself. Similarly, the value determined by an appraiser is not the same as the actual cash value, as an appraisal could consider various factors and methodologies, not strictly depreciation. Lastly, the amount paid out for legal fees is unrelated to property valuation and does not pertain to the concept of actual cash value at all.

**8. After the issuance date, how long is an adjuster's license valid in Texas?**

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

In Texas, an adjuster's license is valid for a period of two years following its issuance date. This timeframe is consistent with many other professional licenses in the state, which typically require renewal every two years. Holders of an adjuster's license are responsible for maintaining their credentials by completing continuing education requirements and applying for renewal before the license expires. Understanding the validity period is crucial for adjusters to ensure they remain compliant and authorized to operate within the industry.

**9. What is the term for the amount the insured must pay in a loss before any payment is due?**

- A. Premium**
- B. Deductible**
- C. Copayment**
- D. Co-insurance**

The term that describes the amount the insured must pay out of pocket for a loss before the insurance company begins to cover the remaining costs is known as a deductible. This amount is subtracted from the total claim amount, so the insured is responsible for the initial portion of the loss. For example, if a policy has a deductible of \$1,000 and the total loss is \$5,000, the insured would pay the first \$1,000, and the insurance would cover the remaining \$4,000. Premium refers to the regular payment made to maintain an insurance policy and does not relate to claims or out-of-pocket expenses. A copayment is typically a fixed amount paid for specific services in health insurance, while co-insurance involves splitting the cost of a claim between the insured and the insurer after the deductible has been met. Therefore, deductible is the appropriate term for this type of cost-sharing in insurance policies.

**10. What is a claim adjuster's role during a field inspection?**

- A. To negotiate settlements with policyholders**
- B. To assess damage and gather information to support the claim evaluation process**
- C. To provide legal advice to the insurance company**
- D. To sell additional insurance policies**

The claim adjuster's role during a field inspection primarily involves assessing damage and gathering information necessary for the evaluation of a claim. This process is crucial as it helps the adjuster form a complete understanding of the incident, including the extent of the damage, the circumstances surrounding the claim, and the relevant coverage under the insurance policy. By meticulously documenting the findings during the inspection, such as taking photographs, collecting statements, and noting specific details, the adjuster can provide a thorough report that aids in determining the validity of the claim and the appropriate compensation if warranted. This foundational work is essential for ensuring that claims are processed fairly and accurately, thereby upholding the integrity of the insurance process. Other aspects of the claims process, such as negotiation or providing legal advice, do not take place during the field inspection itself. Instead, these tasks often occur later in the claims process, where the information gathered during the inspection can play a vital role in guiding negotiations and policy interpretations. Thus, the focus during the field inspection is distinctly on gathering and assessing relevant data.

# Next Steps

**Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.**

**As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.**

**If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at [hello@examzify.com](mailto:hello@examzify.com).**

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

**<https://adjusterlicensingclass.examzify.com>**

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

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