

ADJUSTER LICENSING CLASS PRACTICE EXAM (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

**VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE**

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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. Which license type would an adjuster require to handle life insurance claims?**
 - A. Life adjuster
 - B. Casualty adjuster
 - C. Property adjuster
 - D. Commercial adjuster

- 2. What is the name of the peril that involves voluntarily throwing cargo overboard to save a ship?**
 - A. Salvage
 - B. Jettison
 - C. Discharge
 - D. Capsize

- 3. What should an adjuster consider when determining liability in a claim?**
 - A. Only the insurance policy details
 - B. The circumstances leading to the loss
 - C. The claims history of the insured
 - D. Personal opinions of the adjuster

- 4. The policy term for NFIP policies is?**
 - A. Six months
 - B. One year
 - C. Two years
 - D. Three years

- 5. What is NOT typically included in the definition of fraud within an insurance context?**
 - A. Intentional misrepresentation
 - B. Accidental errors
 - C. False claims
 - D. Manipulation of records

- 6. What is the key difference between a public adjuster and a staff adjuster?**
- A. A public adjuster represents the insurance company, while a staff adjuster represents the policyholder
 - B. A public adjuster represents the policyholder, while a staff adjuster works for the insurance company
 - C. Both public adjusters and staff adjusters have the same responsibilities
 - D. Staff adjusters are independent brokers, while public adjusters are company employees
- 7. What is the purpose of a loss run report?**
- A. To summarize market trends in insurance
 - B. To provide a history of claims made by a policyholder
 - C. To outline the liability coverage terms
 - D. To project future insurance premiums
- 8. 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
- 9. What is "broad-form coverage"?**
- A. An insurance policy that covers multiple perils
 - B. A policy that only covers named perils
 - C. A type of coverage that is limited to property damage only
 - D. A policy focused only on liability coverage
- 10. Which of the following is a reason that may cause an insurer to decline coverage?**
- A. High-risk occupation
 - B. Consultations with agents
 - C. Non-payment of premiums
 - D. Claims assistance requests

Answers

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

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Explanations

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1. Which license type would an adjuster require to handle life insurance claims?

- A. Life adjuster**
- B. Casualty adjuster
- C. Property adjuster
- D. Commercial adjuster

To handle life insurance claims, an adjuster would require a life adjuster license. This license is specifically designed for professionals who work with life insurance products, which have distinct regulations and requirements compared to other types of insurance like property or casualty. Life insurance claims often involve intricate details regarding policy terms, beneficiary designations, and underwriting considerations unique to the life insurance industry. Therefore, having a specific license ensures that the adjuster is appropriately equipped with knowledge about these aspects, as well as the best practices for processing claims related to life benefits. The other license types – casualty, property, and commercial adjusters – pertain to different sectors of insurance. Casualty adjusters deal with claims related to liability, property adjusters focus on damage claims regarding physical structures, and commercial adjusters handle business-related insurance claims. Each of these areas requires specialized training and knowledge that would not adequately prepare someone to manage the complexities of life insurance claims. Thus, the life adjuster license is the most appropriate and necessary credential for handling such claims.

2. What is the name of the peril that involves voluntarily throwing cargo overboard to save a ship?

- A. Salvage
- B. Jettison**
- C. Discharge
- D. Capsize

The correct term for the act of voluntarily throwing cargo overboard to save a ship from danger is "jettison." This term originates from maritime law and is specifically used when a ship faces a peril, such as an impending storm or capsizing, and the crew decides to throw some of the cargo into the sea to lighten the ship and prevent more significant loss, such as sinking or destruction. Jettisoning is considered a necessary action in emergency situations where saving the vessel and crew takes precedence over the loss of cargo. It is an important concept in marine insurance, as it can impact liability, claims, and the policyholder's responsibilities. While "salvage" refers to the act of recovering a ship and its cargo after it has run aground or suffered an accident, "discharge" pertains to unloading cargo from a vessel, and "capsize" describes the situation when a ship overturns or tips over in the water. None of these terms convey the specific action of throwing cargo overboard for the ship's safety, which is why "jettison" is the most accurate and relevant term in this context.

3. What should an adjuster consider when determining liability in a claim?

- A. Only the insurance policy details
- B. The circumstances leading to the loss**
- C. The claims history of the insured
- D. Personal opinions of the adjuster

When determining liability in a claim, it is crucial for an adjuster to consider the circumstances leading to the loss. This involves an objective analysis of the events that caused the incident, including any relevant facts, evidence, and statements from witnesses or involved parties. By evaluating these circumstances, the adjuster can ascertain how and why the loss occurred, which directly influences liability assessments. In situations where the details surrounding an incident are clear, it becomes easier to identify the responsible party or parties. This assessment is fundamental to ensuring that claims are processed fairly and accurately, adhering to the specifics of the insurance policy and applicable law. Other factors, such as insurance policy details, claims history, and personal opinions, may provide some context or insight, but they do not hold as much weight as the factual circumstances of the loss itself in establishing liability. Thus, focusing on the events surrounding the claim is essential in delivering a just outcome.

4. The policy term for NFIP policies is?

- A. Six months
- B. One year**
- C. Two years
- D. Three years

The policy term for NFIP (National Flood Insurance Program) policies is indeed one year. This duration is set to provide policyholders with time to assess their flood coverage needs on an annual basis, especially since flood risks can change after major events or shifts in environmental conditions. The one-year term allows for annual premiums to be adjusted, reflecting changes in rates or coverage options. Having a yearly policy also encourages policyholders to review their coverage periodically, ensuring they still meet their needs, and allows for necessary updates to be made. This structure aligns with standard practices in other types of insurance, where policies commonly renew on an annual basis, facilitating easier management of insurance products for both the insurer and the insured. Other term lengths, such as six months, two years, or three years, do not align with the NFIP policy standards and would not adequately meet the flexibility or review requirements that come with potential changes in flood risk or personal circumstances.

5. What is NOT typically included in the definition of fraud within an insurance context?

- A. Intentional misrepresentation
- B. Accidental errors**
- C. False claims
- D. Manipulation of records

In the context of insurance, fraud is usually characterized by deliberate actions taken to deceive an insurer for unlawful gain. This includes intentional misrepresentation, false claims, and manipulation of records, all of which involve a purposeful effort to distort the truth for financial benefit. Accidental errors, on the other hand, do not fall under the typical definition of fraud. These errors are unintentional mistakes made without malice or deceit. They lack the essential element of intent, which is crucial for an act to be classified as fraud. Since fraud requires a knowingly deceptive act aimed at securing an undeserved benefit, any honest mistake or oversight would not be considered fraudulent behavior but rather a simple error. This distinction is important in understanding how insurance claims are evaluated and processed.

6. What is the key difference between a public adjuster and a staff adjuster?

- A. A public adjuster represents the insurance company, while a staff adjuster represents the policyholder
- B. A public adjuster represents the policyholder, while a staff adjuster works for the insurance company**
- C. Both public adjusters and staff adjusters have the same responsibilities
- D. Staff adjusters are independent brokers, while public adjusters are company employees

The key difference lies in the representation and allegiance of each type of adjuster. A public adjuster serves the policyholder, advocating on their behalf to ensure that claims are filed fairly and that the policyholder receives the maximum compensation for their losses. This role is crucial, especially in complex situations where the policyholder may need an expert to navigate the claims process effectively. Public adjusters typically charge a fee based on a percentage of the claim settlement. In contrast, a staff adjuster is employed directly by the insurance company. Their primary responsibility is to represent the interests of the insurer rather than the policyholder. They investigate claims, determine the extent of damage or loss, and assess how much the insurance company should pay. This internal perspective means staff adjusters work to protect the company's financial interests while adhering to the policies and procedures of the company. While both types of adjusters handle claims and may perform similar tasks such as assessing damages and gathering information, the fundamental distinction is their client base and whom they serve. This understanding helps clarify the roles adjusters play within the insurance landscape.

7. What is the purpose of a loss run report?

- A. To summarize market trends in insurance
- B. To provide a history of claims made by a policyholder**
- C. To outline the liability coverage terms
- D. To project future insurance premiums

A loss run report serves as a vital tool in the insurance industry, specifically used to provide a comprehensive history of claims made by a policyholder over a specified period. This report includes details such as the number of claims, dates of losses, the amounts paid out, and outstanding claims, among other relevant information. The significance of the loss run report lies in its ability to inform underwriters about the risk profile associated with an individual or organization seeking insurance coverage. By reviewing the claimant's history, insurers can better assess potential risks and determine if they will provide coverage, as well as what premium rates would be appropriate. It is especially critical in the context of renewal of insurance policies, as it offers insights that can lead to adjustments in premiums based on the loss history and associated risk. Therefore, understanding the purpose and content of a loss run report is essential for both policyholders and adjusters in effectively managing claims and insurance negotiations.

8. 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.

9. What is "broad-form coverage"?

- A. An insurance policy that covers multiple perils**
- B. A policy that only covers named perils
- C. A type of coverage that is limited to property damage only
- D. A policy focused only on liability coverage

Broad-form coverage refers to an insurance policy designed to provide coverage for multiple perils. This type of coverage is beneficial for policyholders because it protects against a wide range of risks rather than being limited to specific incidents or named perils. When an insurance policy is classified as broad-form, it typically includes various types of risks that are not excluded, making it more comprehensive. For example, in property insurance, broad-form coverage might cover damages resulting from fire, theft, vandalism, and some natural disasters, providing a solid safety net for the policyholder. In contrast, other options describe coverage types that are narrower in focus. Named peril coverage only addresses specific risks explicitly listed in the policy. A policy that limits coverage to property damage does not account for liability or other forms of risk that may be relevant to the insured party. Similarly, a policy exclusively focused on liability coverage does not encompass property damage or other types of risks, which are vital for broader risk management. Thus, broad-form coverage stands out as the most inclusive option among them.

10. Which of the following is a reason that may cause an insurer to decline coverage?

- A. High-risk occupation**
- B. Consultations with agents
- C. Non-payment of premiums
- D. Claims assistance requests

Choosing to decline coverage based on a high-risk occupation is justifiable for insurers, as certain jobs inherently pose greater risks, leading to a higher likelihood of claims. Insurers assess the risk associated with occupations when determining whether to provide coverage. Professions that involve significant hazards, like construction, firefighting, or piloting, may lead to adverse underwriting decisions, as these roles can result in more frequent or severe claims. While non-payment of premiums is also a valid reason for denial, it pertains more to the policyholder's compliance rather than the risk assessment process. Consultations with agents and claims assistance requests do not typically factor into an insurer's decision to decline coverage, as they relate more to customer service and support rather than evaluating the financial risk presented by an applicant's occupation.

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://adjusterlicensingclass.examzify.com>

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

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