

# Arkansas Insurance Adjuster Practice Exam (Sample)

## Study Guide



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

**This is a sample study guide. To access the full version with hundreds of questions,**

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# Table of Contents

<b>Copyright</b> .....	<b>1</b>
<b>Table of Contents</b> .....	<b>2</b>
<b>Introduction</b> .....	<b>3</b>
<b>How to Use This Guide</b> .....	<b>4</b>
<b>Questions</b> .....	<b>6</b>
<b>Answers</b> .....	<b>10</b>
<b>Explanations</b> .....	<b>12</b>
<b>Next Steps</b> .....	<b>18</b>

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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. Don't worry about getting everything right, 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, and take breaks to retain information better.**

## 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.**

## 7. Use Other Tools

**Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.**

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

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## **Questions**

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- 1. What is the reason for the Joneses hiring a housekeeper and nanny?**
  - A. Vacation**
  - B. Business trip**
  - C. Recovering from an accident**
  - D. Relocating**
  
- 2. Risk avoidance is a risk management technique that:**
  - A. eliminates risk.**
  - B. increases risk.**
  - C. counterbalances risk.**
  - D. reduces risk.**
  
- 3. In accepting monetary gifts for business referrals, Jim is acting:**
  - A. professionally.**
  - B. unethically.**
  - C. legally.**
  - D. efficiently.**
  
- 4. In Ocean Marine insurance, which term of sale states that the seller is responsible for damage to the cargo during shipment?**
  - A. Free on Board**
  - B. Cost, Insurance, and Freight (CIF)**
  - C. Free Alongside Ship**
  - D. Delivered Ex Ship**
  
- 5. How much will Nancy's insurance policy cover following the car accident?**
  - A. \$40,000**
  - B. \$100,000**
  - C. \$35,000**
  - D. \$50,000**

**6. Which of the following would NOT be covered under a typical Ocean Marine policy?**

- A. A lightning strike that damages the vessel's communication system.**
- B. A fire in the galley that spreads to the sleeping quarters.**
- C. Robbery of the vessel's cargo by pirates.**
- D. Financial loss when the vessel is confiscated by the government.**

**7. Ricky was awarded \$150,000 to cover his medical bills and \$2.5 million in \_\_\_\_\_ due to the permanent nature of his injury after falling at XYZ Stadium.**

- A. general damages**
- B. tort damages**
- C. punitive damages**
- D. special damages**

**8. What BOP endorsement would cover a company's lost business income and extra expense due to loss of electrical service?**

- A. This type of loss cannot be covered**
- B. Spoilage**
- C. Utility Time Element**
- D. Utility Services - Direct Damage**

**9. When an insurer issues an insurance policy, the actual item, person, or organization that is being insured is called the:**

- A. Beneficiary**
- B. Insurer**
- C. Risk**
- D. Policyholder**

**10. A Discovery Form Commercial Crime policy can apply to losses discovered during the policy period, as well as up to how many days after its expiration date?**

- A. 30 days**
- B. 60 days**
- C. 90 days**
- D. 120 days**

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## **Answers**

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

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## **Explanations**

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**1. What is the reason for the Joneses hiring a housekeeper and nanny?**

- A. Vacation**
- B. Business trip**
- C. Recovering from an accident**
- D. Relocating**

Option A is incorrect because vacation is typically a short-term reason for hiring a housekeeper and nanny, while the Joneses' need seems to be long-term. Option B is incorrect because a business trip is also typically a short-term reason for hiring a housekeeper and nanny. Option D is incorrect because relocating does not necessarily require a housekeeper and nanny, as the family may be able to handle the move on their own. Option C is the most likely reason because recovering from an accident can require an extended period of time, during which the Joneses may need help with household tasks and caring for their children. This option is also the most compassionate as the family may be dealing with a difficult situation and could benefit from the extra support.

**2. Risk avoidance is a risk management technique that:**

- A. eliminates risk.**
- B. increases risk.**
- C. counterbalances risk.**
- D. reduces risk.**

Risk avoidance is a risk management technique that completely eliminates risk. This means that all potential risks are avoided and not taken on at all. Option B, increasing risk, goes against the concept of risk management since it would mean taking on more risks instead of mitigating them. Option C, counterbalancing risk, may be a strategy used to manage risk, but it does not necessarily eliminate or reduce the risk. Option D, reducing risk, is a more common risk management technique that aims to minimize or mitigate risks rather than completely eliminate them. Therefore, option A is the most accurate description of risk avoidance as a risk management technique.

**3. In accepting monetary gifts for business referrals, Jim is acting:**

- A. professionally.**
- B. unethically.**
- C. legally.**
- D. efficiently.**

Jim is acting unethically by accepting monetary gifts for business referrals. This is because it goes against professional and legal codes of conduct. Accepting monetary gifts may also create a conflict of interest, as Jim may be inclined to refer clients to businesses solely based on their willingness to provide gifts rather than the best fit for the client's needs. Additionally, accepting gifts for referrals could be seen as a form of bribery, which is illegal and unethical. Acting efficiently may be a positive trait, but it is not the most appropriate or ethical choice in this scenario.

**4. In Ocean Marine insurance, which term of sale states that the seller is responsible for damage to the cargo during shipment?**

- A. Free on Board**
- B. Cost, Insurance, and Freight (CIF)**
- C. Free Alongside Ship**
- D. Delivered Ex Ship**

CIF is short for "Cost, Insurance, and Freight", which indicates that the seller is responsible for the cost of shipping, insuring the cargo during transit, and freight charges. This means that if the cargo is damaged during shipment, the seller is responsible for covering the cost of insurance to compensate for the damage. Option A, "Free on Board", only states that the seller is responsible for delivering the goods to the designated port, but does not include insurance coverage. Option C, "Free Alongside Ship", means that the seller is responsible for delivering the goods alongside the designated ship, but the buyer is responsible for loading the goods onto the ship and securing insurance. Option D, "Delivered Ex Ship", indicates that the seller is responsible for delivering the goods to the designated port, but it is the buyer's responsibility to cover all other charges, including insurance. Therefore, only option B accurately states that the seller is responsible for damage to the cargo during shipment.

**5. How much will Nancy's insurance policy cover following the car accident?**

- A. \$40,000**
- B. \$100,000**
- C. \$35,000**
- D. \$50,000**

Nancy's insurance policy will cover up to \$35,000 following the car accident. This means that if the total expenses from the accident are more than \$35,000, she would have to pay the remaining amount out of pocket. Options A, B, and D are incorrect because they are either higher or lower than the actual coverage of \$35,000. Option A of \$40,000 is too high, while options B of \$100,000 and D of \$50,000 are higher than the actual coverage and may give the false impression that Nancy's policy would cover all expenses from the accident. This could lead to misunderstanding and potentially financial strain for Nancy in the event of an accident. Therefore, the correct answer is option C of \$35,000.

**6. Which of the following would NOT be covered under a typical Ocean Marine policy?**

- A. A lightning strike that damages the vessel's communication system.**
- B. A fire in the galley that spreads to the sleeping quarters.**
- C. Robbery of the vessel's cargo by pirates.**
- D. Financial loss when the vessel is confiscated by the government.**

Ocean Marine insurance specifically covers physical damage or loss to a vessel, cargo or freight while in transit over water. Option D, financial loss due to confiscation by the government, would not fall under this category as it does not involve physical damage or loss to the vessel or its contents. Options A, B, and C are all examples of potential hazards or events that could occur while a vessel is at sea and would be covered under a typical Ocean Marine policy.

**7. Ricky was awarded \$150,000 to cover his medical bills and \$2.5 million in \_\_\_\_\_ due to the permanent nature of his injury after falling at XYZ Stadium.**

- A. general damages**
- B. tort damages**
- C. punitive damages**
- D. special damages**

Ricky was awarded \$150,000 to cover his medical bills, which is considered special damages as it is a specific monetary loss that can be calculated. The \$2.5 million awarded to him in this case would be considered general damages, as it is a non-monetary loss related to the permanent nature of his injury. Punitive damages are meant to punish the defendant for negligence or wrongdoing, which does not apply in this scenario. Tort damages are another term for general damages, so the answer choice B is also incorrect. Therefore, A is the most appropriate answer as it correctly identifies the type of damages awarded in this case.

**8. What BOP endorsement would cover a company's lost business income and extra expense due to loss of electrical service?**

- A. This type of loss cannot be covered**
- B. Spoilage**
- C. Utility Time Element**
- D. Utility Services - Direct Damage**

A This type of loss cannot be covered because it is incorrect. Business income and extra expense due to loss of electrical service can be covered under utility time element endorsement. B: Spoilage is incorrect because it covers losses related to contamination or spoilage of goods, not loss of business income and extra expense. D: Utility Services - Direct Damage is incorrect because it only covers physical damages to utility services, not loss of business income and extra expense. Utility time element endorsement is the correct answer because it specifically covers loss of business income and extra expense due to loss of electrical service. This type of endorsement is designed to provide coverage for utility service interruptions that result in financial loss for businesses. This includes interruption of services due to damage to utility property, such as power lines, that affects the business's ability to operate. Additionally, it can cover extra expenses incurred by the business to minimize the impact of the interruption.

**9. When an insurer issues an insurance policy, the actual item, person, or organization that is being insured is called the:**

- A. Beneficiary**
- B. Insurer**
- C. Risk**
- D. Policyholder**

The actual item, person, or organization being insured is called the risk because it is the subject of the insurance policy and is at risk of experiencing a loss or damage. The beneficiary is the person or organization who receives payment from the insurer if a claim is made. The insurer is the company providing the insurance policy. The policyholder is the person or organization that purchases and is responsible for paying the premiums for the insurance policy. So, while all of the other options may be involved in the insurance policy, they are not the specific item, person, or organization being insured.

**10. A Discovery Form Commercial Crime policy can apply to losses discovered during the policy period, as well as up to how many days after its expiration date?**

- A. 30 days**
- B. 60 days**
- C. 90 days**
- D. 120 days**

A Discovery Form Commercial Crime policy provides coverage for losses that are discovered during the policy period and up to 60 days after the policy's expiration date. This means that any losses discovered within 60 days after the policy expires can still be covered under the policy. It is important to note that losses discovered after 60 days will not be covered, making options A, C, and D incorrect.

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# Next Steps

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

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

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

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

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

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

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