

# Florida 3-20 Public Adjusters State Practice Test (Sample)

## Study Guide



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

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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>5</b>
<b>Answers</b> .....	<b>8</b>
<b>Explanations</b> .....	<b>10</b>
<b>Next Steps</b> .....	<b>16</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. 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. What happens if a public adjuster exceeds the compensation limits set forth in the regulations?**
  - A. It is rewarded financially**
  - B. It is legal, as long as it's not notified**
  - C. It is a violation punishable by law**
  - D. It leads to a review of the public adjuster's license**
- 2. What is the role of an independent adjuster?**
  - A. To represent the insured party**
  - B. To handle claims for the insurance companies**
  - C. To underwrite policies**
  - D. To provide legal advice**
- 3. Which of the following actions is prohibited for a public adjuster?**
  - A. Entering into contracts for repair work**
  - B. Submitting insurance claims on behalf of clients**
  - C. Choosing the contractors for repair work**
  - D. Negotiating settlements for claims**
- 4. Who is allowed to prepare or file an insurance claim for compensation?**
  - A. Only attorneys at law**
  - B. Only public adjusters**
  - C. Both attorneys and public adjusters**
  - D. Any licensed insurance agent**
- 5. What is known as the act of misleading the insurance company regarding material facts?**
  - A. Fraud**
  - B. Misrepresentation**
  - C. Deceptive Practice**
  - D. Omission**

**6. Which of the following is NOT a type of insurance contract?**

- A. Liability insurance**
- B. Health insurance**
- C. Warranty contract**
- D. Homeowner's insurance**

**7. What best defines the main role of an indemnity contract?**

- A. To limit the insured's liabilities**
- B. To transfer risk between parties**
- C. To establish premiums**
- D. To provide a legal defense**

**8. What is the term for the insurance company to which risk is transferred by contract?**

- A. First Party**
- B. Second Party**
- C. Third Party**
- D. Underwriter**

**9. For how much can Additional Living Expenses (ALE) be paid under a dwelling DP-2 or DP-3 policy?**

- A. 10%**
- B. 20%**
- C. 30%**
- D. 50%**

**10. What type of bond guarantees a company's bid if it is accepted?**

- A. Performance bond**
- B. Payment bond**
- C. Bid bond**
- D. Retention bond**

## **Answers**

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

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## **Explanations**

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## 1. What happens if a public adjuster exceeds the compensation limits set forth in the regulations?

- A. It is rewarded financially**
- B. It is legal, as long as it's not notified**
- C. It is a violation punishable by law**
- D. It leads to a review of the public adjuster's license**

When a public adjuster exceeds the compensation limits outlined in regulations, it constitutes a violation of the law. Regulations governing public adjusters are established to ensure ethical practices and protect the interests of policyholders. By failing to adhere to these compensation limits, a public adjuster not only undermines the integrity of the profession but also risks facing legal repercussions. Violations can lead to penalties such as fines, disciplinary action, or even the revocation of the public adjuster's license. This regulatory framework is crucial for maintaining standards within the industry and ensuring that public adjusters operate within established boundaries that safeguard the interests of their clients and the insurance industry as a whole. Understanding the seriousness of exceeding these limits can help ensure that public adjusters remain compliant with regulatory standards and protect themselves from potential legal issues and damage to their professional reputation.

## 2. What is the role of an independent adjuster?

- A. To represent the insured party**
- B. To handle claims for the insurance companies**
- C. To underwrite policies**
- D. To provide legal advice**

The role of an independent adjuster primarily involves handling claims for insurance companies. Independent adjusters are specialized professionals who assess insurance claims on behalf of the insurer, rather than representing either the insured party or the insurance company directly. Their primary duty is to investigate claims thoroughly, evaluate damages, and determine the appropriate compensable amount based on the policy terms and applicable laws. By acting on behalf of the insurance company, independent adjusters help ensure that claims are processed fairly and efficiently, providing an objective analysis of the circumstances surrounding each claim. Unlike public adjusters, who represent the policyholder's interests, independent adjusters are neutral parties focused on the insurer's responsibilities under the policy. Their expertise can help in resolving disputes and expediting the claims process, ultimately supporting the insurance company's objective of maintaining fair claims management practices.

**3. Which of the following actions is prohibited for a public adjuster?**

- A. Entering into contracts for repair work**
- B. Submitting insurance claims on behalf of clients**
- C. Choosing the contractors for repair work**
- D. Negotiating settlements for claims**

Public adjusters are licensed professionals who help policyholders manage and negotiate their insurance claims. One of the key roles of a public adjuster is to act as an advocate for their clients to ensure that claims are settled fairly. Choosing the contractors for repair work is prohibited for public adjusters to maintain objectivity and to avoid any conflicts of interest. This restriction ensures that public adjusters do not have personal financial interests that might influence their professional judgment when advocating for their clients. By keeping the selection of contractors separate from their role, it helps to maintain the integrity of the public adjuster's primary function, which is to represent the interests of the policyholder in the claim process. On the other hand, actions such as entering into contracts for repair work, submitting insurance claims on behalf of clients, and negotiating settlements for claims are within the scope of a public adjuster's responsibilities. These activities are essential for effectively managing a client's insurance claim and ensuring that the policyholder receives appropriate compensation for their losses.

**4. Who is allowed to prepare or file an insurance claim for compensation?**

- A. Only attorneys at law**
- B. Only public adjusters**
- C. Both attorneys and public adjusters**
- D. Any licensed insurance agent**

The assertion that both attorneys and public adjusters are permitted to prepare or file an insurance claim for compensation reflects the scope of responsibilities assigned to these professionals under Florida law. Public adjusters are specifically trained and licensed professionals who assist policyholders in the appraisal and adjustment of their insurance claims. They advocate on behalf of the insured, ensuring that claims are filed correctly and that policyholders receive the maximum settlement they are entitled to under their insurance policy. Their expertise in understanding the intricacies of insurance policies and the claims process enables them to effectively represent the interests of clients. On the other hand, attorneys have a legal background that also allows them to prepare and file claims. They can provide additional legal guidance, particularly in cases where the claim may be disputed or needs to be escalated to litigation. Attorneys can also handle negotiations and represent clients in court if necessary, should the claim result in legal action. Given the roles and functionalities of both professions in the context of insurance claims, the allowance for both attorneys and public adjusters to prepare or file insurance claims for compensation ensures that policyholders have access to knowledgeable representation whether they are pursuing a claim directly with their insurance company or need legal support. This collaborative approach ultimately seeks to protect the rights of the insured and facilitate a

**5. What is known as the act of misleading the insurance company regarding material facts?**

- A. Fraud**
- B. Misrepresentation**
- C. Deceptive Practice**
- D. Omission**

The act of misleading an insurance company regarding material facts is best defined as misrepresentation. Misrepresentation occurs when an individual presents false information or omits important details that could influence the insurance company's decision to provide coverage or determine the terms of a policy. This can involve providing incorrect facts about a situation or failing to disclose relevant details that an insurer would consider necessary for making an underwriting decision. While fraud generally involves intentional deceit meant to secure undue benefits, it is a broader term that encompasses various dishonest acts, including misrepresentation. Deceptive practices refer to a wide range of actions that mislead someone, often in a business context, but the specific act of misleading an insurer about material facts is more accurately categorized under misrepresentation. Omission involves leaving out crucial information but does not inherently imply an intent to deceive, which is a key aspect of misrepresentation. Therefore, misrepresentation is the most precise term for the act described in this context.

**6. Which of the following is NOT a type of insurance contract?**

- A. Liability insurance**
- B. Health insurance**
- C. Warranty contract**
- D. Homeowner's insurance**

A warranty contract is not classified as an insurance contract. Insurance contracts are agreements where one party agrees to provide financial protection or coverage against specific risks in exchange for a premium. They are designed to mitigate risk and provide security, typically involving property, liability, or health coverage. In contrast, warranty contracts are guarantees provided by manufacturers or sellers regarding the condition and lifespan of a product. They assure consumers that a product will work as intended for a specified period, and they often cover repairs or replacements if the product fails under normal use. While warranties provide some level of protection, they do not fit the framework of risk management and financial protection characteristic of insurance contracts. Liability insurance, health insurance, and homeowner's insurance, on the other hand, are all examples of insurance contracts designed specifically to provide coverage against various risks that individuals or businesses might face. This clear distinction between insurance contracts and warranty contracts underscores why the latter does not belong in the same category.

**7. What best defines the main role of an indemnity contract?**

- A. To limit the insured's liabilities**
- B. To transfer risk between parties**
- C. To establish premiums**
- D. To provide a legal defense**

The main role of an indemnity contract is to transfer risk between parties. Such contracts are structured to ensure that if one party suffers a loss, the other party (often an insurer) is obligated to compensate for that loss, thereby effectively mitigating the financial impact on the affected party. This risk transfer is a fundamental principle in insurance and indemnity agreements, as it allows individuals and businesses to manage uncertainties by having a dedicated party assume some of the financial responsibilities associated with potential losses. The function of risk transfer through indemnity contracts is crucial in the insurance industry, as it enables policyholders to receive compensation for losses while providing insurers with a mechanism to predict and manage risk. In many scenarios, this means that the insurer evaluates the level of risk before providing coverage and determines the terms of the indemnity, which can lead to the establishment of premiums relevant to the coverage provided. Understanding the importance of transferring risk helps clarify the purpose of such contracts in various professional and personal contexts, underscoring their role in facilitating financial security for those involved.

**8. What is the term for the insurance company to which risk is transferred by contract?**

- A. First Party**
- B. Second Party**
- C. Third Party**
- D. Underwriter**

The term for the insurance company to which risk is transferred by contract is referred to as the second party in the context of an insurance agreement. In a typical insurance contract, the first party is the client or policyholder who purchases the insurance, while the second party is the insurance company that agrees to indemnify the first party in the event of a covered loss. This transfer of risk is a fundamental aspect of the insurance process, wherein the individual or business (the first party) transfers the financial burden of potential future losses to the insurance company (the second party). Understanding this relationship is crucial for anyone involved in the insurance field, particularly public adjusters, as it lays the foundation for how claims are processed and obligations are fulfilled under various insurance policies.

**9. For how much can Additional Living Expenses (ALE) be paid under a dwelling DP-2 or DP-3 policy?**

- A. 10%**
- B. 20%**
- C. 30%**
- D. 50%**

Under a dwelling DP-2 or DP-3 policy, Additional Living Expenses (ALE) can be paid for up to 20% of the dwelling coverage limit. This coverage assists policyholders by reimbursing them for costs incurred when they are temporarily unable to reside in their home due to a covered peril. ALE typically encompasses expenses such as hotel costs, meals, and other living expenses that exceed the normal living costs while the property is being repaired or rebuilt. This 20% figure is standardized within many dwelling policies, allowing homeowners to plan for possible expenses related to displacement. It's essential to understand this specific percentage to effectively assess potential financial repercussions in the event of a loss.

**10. What type of bond guarantees a company's bid if it is accepted?**

- A. Performance bond**
- B. Payment bond**
- C. Bid bond**
- D. Retention bond**

The correct answer is a bid bond, which serves a crucial purpose in the bidding process for contracts. When a company submits a bid for a project, a bid bond provides a guarantee that the bidder will adhere to the terms of the bid if it is accepted. Specifically, it ensures that the contractor will enter into a contract and provide the necessary performance and payment bonds if awarded the contract. This type of bond is important because it protects the project owner from the risk of the winning bidder failing to fulfill their commitments. If the contractor does not proceed with the project as promised, the project owner can claim against the bid bond to cover the costs of finding a new contractor, which is often a significant financial risk. In summary, the bid bond specifically addresses the commitment of the bidder to proceed with the contract if they are selected, making it essential for ensuring the integrity of the bidding process.

# 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://fl320publicadjusters.examzify.com>**

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

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