

Florida 3-20 Public Adjusters State Practice Test (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. Which insurance mechanism typically involves the sharing of risk among many members?**
 - A. Insurance pool**
 - B. Reciprocal insurance exchange**
 - C. Mutual fund**
 - D. Captive insurance**

- 2. What legal concept holds a person liable for injuries resulting from entrusting an object to another?**
 - A. Negligent Entrustment**
 - B. Vicarious Liability**
 - C. Strict Liability**
 - D. Contributory Negligence**

- 3. What is a 'Proof of loss' statement in the context of insurance claims?**
 - A. A claim for damages due to negligence**
 - B. A statement detailing repairs needed**
 - C. A declaration of the extent of the claim**
 - D. A policy renewal application**

- 4. In a quota share reinsurance agreement, what is the basis for claims payment among insurers?**
 - A. Claims Frequency**
 - B. Fixed Amount**
 - C. Percentage of Risk**
 - D. Policy Limits**

- 5. What term describes a violation of an agreement regarding the condition, content, quality, or title of an item sold?**
 - A. Contractual Obligation**
 - B. Breach of Warranty**
 - C. Fraud**
 - D. Error in Sale**

- 6. What is the minimum notice a public adjuster must give to an insured before an inspection?**
- A. 24 hours**
 - B. 48 hours**
 - C. 60 hours**
 - D. 72 hours**
- 7. Which type of risk is defined as a potential financial loss due to property damage?**
- A. Physical Hazard**
 - B. Asset Risk**
 - C. Environmental Hazard**
 - D. Financial Exposure**
- 8. What does a package policy entail?**
- A. Separate policies with distinct premiums**
 - B. Combined property and liability coverages in one premium**
 - C. Short-term insurance contracts**
 - D. Policies that cover only liability**
- 9. What is the term for an insurer that is domiciled outside the state where it writes insurance?**
- A. Domestic insurer**
 - B. Foreign insurer**
 - C. Specialty insurer**
 - D. National insurer**
- 10. Which term refers to the act of assessing or handling claims in the insurance industry?**
- A. Evaluation**
 - B. Adjustment**
 - C. Investigation**
 - D. Estimation**

Answers

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

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Explanations

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1. Which insurance mechanism typically involves the sharing of risk among many members?

- A. Insurance pool**
- B. Reciprocal insurance exchange**
- C. Mutual fund**
- D. Captive insurance**

The correct answer is reciprocal insurance exchange. This mechanism revolves around a group of individuals or entities who come together to share and manage their risks. In a reciprocal insurance exchange, policyholders, known as subscribers, agree to insure one another, with the understanding that they will contribute to a pool of funds used to pay claims made by any member. Members share the risk collectively, which allows for a stable and supportive environment in which they can offset potential losses. Each member pays premiums into the pool, and the collective contributions are used to cover claims. This mutual risk-sharing format can lead to lower costs for the policyholders compared to traditional insurance models, as they directly benefit from the collective strength of their group. In contrast, the other options represent different forms of risk management or investment strategies that do not emphasize the same shared responsibility among members. Insurance pools distribute risk differently, mutual funds focus on investment rather than insurance, and captive insurance involves a single company creating its own insurance company to cover its risks, which does not involve the broader sharing of risk among multiple entities. These distinctions highlight why the reciprocal insurance exchange is specifically designed for sharing risk among its members.

2. What legal concept holds a person liable for injuries resulting from entrusting an object to another?

- A. Negligent Entrustment**
- B. Vicarious Liability**
- C. Strict Liability**
- D. Contributory Negligence**

Negligent entrustment is the legal concept that establishes liability when an individual permits another person to use an object, such as a vehicle or firearm, in a careless manner that could foreseeably result in harm. This liability arises when the person entrusting the object knew or should have known that the person they were entrusting it to was likely to use it irresponsibly or to cause harm. For example, if someone lends their car to a friend who they know does not have a valid driver's license and that friend then causes an accident, the lender could be found liable under the principle of negligent entrustment. This concept emphasizes the responsibility of the lender to ensure that the person they are entrusting the item to has the ability and willingness to use it safely. The other concepts, such as vicarious liability, strict liability, and contributory negligence, address different legal contexts. Vicarious liability refers to the responsibility of one party for the actions of another, often in an employer-employee relationship. Strict liability deals with holding a party legally responsible regardless of fault, typically in cases involving inherently dangerous activities. Contributory negligence involves the idea that a plaintiff's own negligence contributed to their injuries, which can limit or eliminate their ability

3. What is a 'Proof of loss' statement in the context of insurance claims?

- A. A claim for damages due to negligence**
- B. A statement detailing repairs needed**
- C. A declaration of the extent of the claim**
- D. A policy renewal application**

A 'Proof of loss' statement is fundamentally a document in the insurance claims process that details the extent and specifics of a claim being made by the policyholder. This document is submitted to the insurance company to formally notify them of a loss. It typically includes information about the type of loss, the amount being claimed, and pertinent details that substantiate the claim. This document is essential because it serves as a record that the insured has made a claim and outlines the basis for it, helping the insurer evaluate and process the claim effectively. The 'Proof of loss' is a critical component of insurance claims management, ensuring that both parties have a clear understanding of the nature and value of the loss. Other options, such as claims due to negligence, statements about repairs, or policy renewal applications, do not encapsulate the core function and significance of a 'Proof of loss' statement in the insurance claim process.

4. In a quota share reinsurance agreement, what is the basis for claims payment among insurers?

- A. Claims Frequency**
- B. Fixed Amount**
- C. Percentage of Risk**
- D. Policy Limits**

In a quota share reinsurance agreement, the claims payment among insurers is based on a percentage of risk. This type of reinsurance involves a proportional agreement where the reinsurer agrees to take on a specified percentage of the risks written by the ceding insurer. Consequently, when a claim arises, the reinsurer pays its share of the claim in accordance with the predetermined percentage of the risk that it has assumed. This structure helps both the primary insurer and the reinsurer manage their exposures more effectively, as they share both the premiums and the losses in proportion to their agreed-upon percentage. Essentially, quota share reinsurance allows for risk sharing and mutual support between insurance entities, which can enhance the stability of both parties in the face of claims.

5. What term describes a violation of an agreement regarding the condition, content, quality, or title of an item sold?

- A. Contractual Obligation**
- B. Breach of Warranty**
- C. Fraud**
- D. Error in Sale**

The term that accurately describes a violation of an agreement concerning the condition, content, quality, or title of an item sold is Breach of Warranty. This concept refers specifically to situations where a seller fails to uphold the guarantees or assurances made about the product being sold. In the context of transactions, a warranty can be express or implied. An express warranty is a specific statement made about the quality or characteristics of a product, while an implied warranty, such as the implied warranty of merchantability, ensures that the product sold should meet a certain standard of quality and performance. When either of these warranties is not fulfilled, a breach occurs, providing grounds for the buyer to seek remedies, such as damages or a return of the product. On the other hand, contractual obligation addresses the overall responsibilities laid out in a contract but does not specifically relate to the quality or characteristics of a product like warranty does. Fraud involves dishonesty in transactions but is not necessarily related to the condition or quality of the product. Conversely, an error in sale refers to mistakes that occur during the selling process, such as miscommunication about terms, but does not involve the failure to meet a warranty. Thus, Breach of Warranty is the most precise term reflecting the described violation.

6. What is the minimum notice a public adjuster must give to an insured before an inspection?

- A. 24 hours**
- B. 48 hours**
- C. 60 hours**
- D. 72 hours**

The correct answer is 48 hours because Florida Statute 626.874 mandates that a public adjuster must provide a minimum of 48 hours' notice to an insured prior to conducting an inspection of the insured property. This requirement is in place to ensure that the insured has adequate time to prepare for the visit, which supports transparency and fosters a cooperative relationship between the adjuster and the insured. By giving notice, it also helps to protect the insured's rights and ensures that they can be present during the inspection, allowing them to ask questions and be informed about the process. Understanding this statutory requirement is crucial for public adjusters to adhere to state regulations and maintain ethical practices within their profession.

7. Which type of risk is defined as a potential financial loss due to property damage?

- A. Physical Hazard**
- B. Asset Risk**
- C. Environmental Hazard**
- D. Financial Exposure**

The term that defines a potential financial loss due to property damage is commonly associated with physical hazard. This type of risk pertains to tangible dangers that can affect the physical integrity of property and lead to financial repercussions. Physical hazards include elements such as the condition of the property, susceptibility to natural disasters, or inherent weaknesses in the structure. When such hazards lead to damage, they pose a significant risk that could ultimately result in financial losses for property owners or insurers. On the other hand, asset risk typically refers to the risk related to the value of an asset, which is broader than just property damage. Environmental hazard pertains to risks related to environmental conditions, such as pollution or natural disasters, affecting property, but it does not specifically highlight the potential financial loss due to property damage itself. Financial exposure relates to the overall risk of loss in financial terms but does not specifically define the type of risk concerning property damage. Thus, identifying physical hazard as the correct answer aligns directly with the nature of risks associated with potential financial losses due to property damage.

8. What does a package policy entail?

- A. Separate policies with distinct premiums**
- B. Combined property and liability coverages in one premium**
- C. Short-term insurance contracts**
- D. Policies that cover only liability**

A package policy is a type of insurance that combines multiple coverage types into a single policy with one premium. This typically includes property coverage, such as coverage for buildings or personal property, as well as liability coverage in one comprehensive package. By bundling these coverages together, insured individuals or businesses can often enjoy cost savings and simplified policy management. This structure is particularly beneficial because it reduces the complexity of having multiple insurance policies and means there is often a broader range of protections included. Additionally, package policies are commonly used by businesses and homeowners, as they allow for tailored coverage options that align with the specific needs of the insured. In contrast, options that suggest separate policies with distinct premiums do not capture the essence of a package policy, which is characterized by its combined approach. Short-term insurance contracts and those that cover only liability also do not reflect the comprehensive nature of package policies, which focus on providing a full spectrum of coverage within one cohesive agreement.

9. What is the term for an insurer that is domiciled outside the state where it writes insurance?

- A. Domestic insurer**
- B. Foreign insurer**
- C. Specialty insurer**
- D. National insurer**

The term for an insurer that is domiciled outside the state where it writes insurance is a foreign insurer. In the insurance industry, the classification of insurers is based on their location relative to the state in which they operate. A foreign insurer is one that is incorporated in one state but is authorized to do business in another state. This classification helps to identify the geographical scope of the insurer's operations and regulatory compliance. On the other hand, a domestic insurer is one that is incorporated and operates within the same state, while a national insurer typically refers to an insurer that operates across multiple states but may not specify its domicile in the same way. Specialty insurers focus on niche markets but do not specifically relate to the concept of domicile and operational state. Understanding these classifications is crucial for public adjusters to navigate insurance regulations and deal effectively with various insurers.

10. Which term refers to the act of assessing or handling claims in the insurance industry?

- A. Evaluation**
- B. Adjustment**
- C. Investigation**
- D. Estimation**

The term that refers to the act of assessing or handling claims in the insurance industry is "Adjustment." This process involves the evaluation of insurance claims to determine the validity, the amount of loss, and the settlement necessary under the terms of the insurance policy. Public adjusters play a crucial role in this process by representing the policyholder's interests and ensuring that claims are settled fairly. While "Evaluation" and "Estimation" might be related terms, they generally refer to the process of determining value or assessing a situation rather than specifically handling insurance claims. Similarly, "Investigation," while an important component of claim handling, is more focused on the process of gathering and assessing information about the circumstances surrounding a claim rather than the overall management or adjustment of the claim itself. Thus, "Adjustment" is the most accurate term for the comprehensive process involved in claims handling within the insurance industry.

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://fl320publicadjusters.examzify.com>

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

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