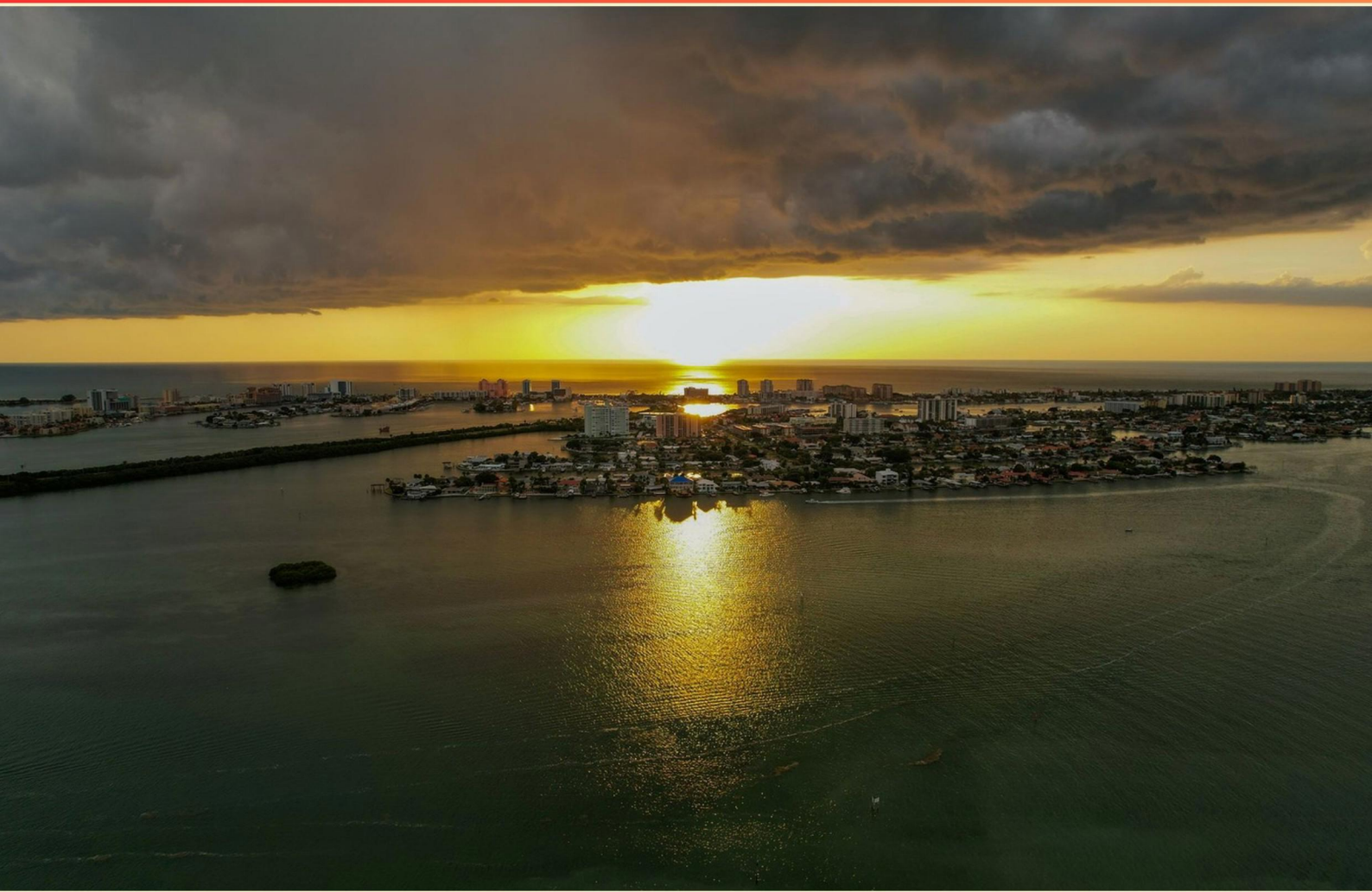


FLORIDA 3-20 PUBLIC ADJUSTERS STATE PRACTICE TEST (SAMPLE)

STUDY GUIDE



Prepare with structure. Pass with confidence



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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 term refers to the combination of potential losses an insurance company faces?**
 - A. Underwriting Risk
 - B. Policy Exposure
 - C. Insurance Liability
 - D. Claim Exposure
- 2. What must a public adjuster avoid when entering into contracts regarding repair work?**
 - A. Providing written estimates
 - B. Accepting a power of attorney granting repair selection authority
 - C. Charging a commission on repairs
 - D. Contracting with the lowest bidder
- 3. How are insurance contracts typically structured in relation to the policy owner?**
 - A. Negotiable basis
 - B. Take it or leave it basis
 - C. Customizable basis
 - D. Open-ended basis
- 4. What term describes factual statements upon which an insurance policy is based?**
 - A. Warranty
 - B. Representations
 - C. Disclosures
 - D. Exclusions
- 5. Which percentage can a public adjuster charge for claims based on events during a state of emergency?**
 - A. 15%
 - B. 20%
 - C. 10%
 - D. 30%

- 6. What does the term "negligence" imply in insurance?**
- A. Intentional harm causing a loss
 - B. Failure to exercise reasonable care
 - C. Accidental damage to property
 - D. Deliberate misconduct
- 7. What does a binder provide in the context of insurance?**
- A. Permanent Coverage
 - B. Temporary Coverage
 - C. Refunds
 - D. Policy Updates
- 8. What legal concept holds a person accountable for damages caused by their actions or products, regardless of fault?**
- A. Negligence
 - B. Strict Liability
 - C. Vicarious Liability
 - D. Comparative Fault
- 9. What percentage of the dwelling coverage is paid for "loss of use" under a dwelling broad or special form?**
- A. 15%
 - B. 20%
 - C. 25%
 - D. 30%
- 10. Which of the following is not typically included in a representations section of an insurance policy?**
- A. Policyholder's statement
 - B. Declined claims history
 - C. Details about past loss history
 - D. General contractor references

Answers

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

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Explanations

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1. Which term refers to the combination of potential losses an insurance company faces?

- A. Underwriting Risk
- B. Policy Exposure**
- C. Insurance Liability
- D. Claim Exposure

The correct term that refers to the combination of potential losses an insurance company faces is policy exposure. This term encapsulates the risks associated with the total amount of insurance policies that a company has underwritten. Policy exposure considers various factors such as the type of coverage, the nature of the insured risks, and the overall concentration of risks. Understanding policy exposure is critical for insurance companies as it influences their pricing, risk management strategies, and overall financial stability. This collective assessment of potential losses assists insurers in determining the appropriate reserves to maintain and enables them to address any looming financial impact from claims that may arise. Other terms like underwriting risk, insurance liability, and claim exposure have specific meanings related to the insurance industry, but they do not encompass the broader concept of potential losses from all policies combined in the same manner that policy exposure does. Underwriting risk specifically pertains to the risk an insurer assumes from issuing policies, while insurance liability refers to the insurer's legal obligation to compensate policyholders for valid claims. Claim exposure deals with the anticipated volume of claims that may be filed.

2. What must a public adjuster avoid when entering into contracts regarding repair work?

- A. Providing written estimates
- B. Accepting a power of attorney granting repair selection authority**
- C. Charging a commission on repairs
- D. Contracting with the lowest bidder

In the context of public adjusters entering contracts regarding repair work, avoiding acceptance of a power of attorney that grants them repair selection authority is crucial. This is because a public adjuster must maintain a clear boundary between their role as an advocate for the insured and the interests of the contractors doing the repairs. When a public adjuster takes on authority to select repair options, it can create a conflict of interest, as their professional responsibilities should focus solely on negotiating claims on behalf of clients rather than engaging in decisions regarding the repair process. By eliminating the power to select repairs, public adjusters ensure they adhere to professional standards and regulations, which aim to uphold transparency and prevent any potential ethical dilemmas. This distinction is vital for fostering trust with clients and preserving the integrity of the adjustment process.

3. How are insurance contracts typically structured in relation to the policy owner?

- A. Negotiable basis
- B. Take it or leave it basis**
- C. Customizable basis
- D. Open-ended basis

Insurance contracts are typically structured on a take it or leave it basis, commonly referred to as a "contract of adhesion." This means that the insurer provides the terms and conditions of the policy, and the policy owner must accept these terms as they are presented. The policy owner generally does not have the power to negotiate the language, conditions, or coverage limits of the contract, which results in a standard format that is uniform for all policyholders. This structure reflects the nature of insurance as a product where the insurer holds more bargaining power, given their expertise and the resources at their disposal to create such contracts. As a result, policy owners often have limited flexibility in changing the terms to fit their specific needs or circumstances, reinforcing the notion that they must either accept the entire policy as is or forgo purchasing it altogether. In contrast, the other options suggest some level of flexibility or negotiation that is not characteristic of standard insurance contracts. For instance, a negotiable basis implies terms can be altered, which typically isn't the case; a customizable basis suggests that policyholders can tailor their coverage extensively, which is generally not provided within the standard offerings of most insurers; and an open-ended basis would indicate that terms can be indefinitely changed or revised, which does not

4. What term describes factual statements upon which an insurance policy is based?

- A. Warranty
- B. Representations**
- C. Disclosures
- D. Exclusions

The term that describes factual statements upon which an insurance policy is based is "representations." In the context of insurance, representations are the statements made by the applicant for insurance during the underwriting process. These statements are relied upon by the insurer when deciding whether to issue a policy and under what terms. Representations must be truthful and accurate, as they form the foundation upon which the insurance contract is built. If a representation is found to be false or misleading, it could potentially affect the validity of the policy or lead to denial of a claim. It is crucial for policyholders to provide complete and honest information regarding the risks being insured, as this ensures mutual trust between the policyholder and the insurer. Warranties, on the other hand, are promises that something is or will be true in the future and can lead to a breach of the contract if not upheld. Disclosures refer to the act of making known certain information, which is broader than just the factual statements upon which a policy is based. Exclusions pertain to specific conditions or circumstances that are not covered by the policy, which is different from the factual basis of the policy itself. Therefore, the correct term is representations, as these are the precise statements that influence the insurance contract.

5. Which percentage can a public adjuster charge for claims based on events during a state of emergency?

- A. 15%
- B. 20%
- C. 10%**
- D. 30%

The correct answer to the question regarding the percentage a public adjuster can charge for claims based on events during a state of emergency is 10%. This limit is established under Florida law to protect consumers during times of crisis, ensuring that adjusters do not exploit vulnerable policyholders who may be facing significant losses. The rationale behind this regulation is grounded in the understanding that during a state of emergency, individuals may be experiencing increased stress and urgency as they navigate the claims process following a disaster or emergency situation. By capping the fees at 10%, the law seeks to create a balance that prevents excessive charges while allowing public adjusters to be compensated for their services. Other percentages mentioned, such as 15%, 20%, and 30%, exceed the allowed maximum set by Florida regulations, making them inappropriate choices in the context of this question.

6. What does the term "negligence" imply in insurance?

- A. Intentional harm causing a loss
- B. Failure to exercise reasonable care**
- C. Accidental damage to property
- D. Deliberate misconduct

The term "negligence" in insurance refers specifically to the failure to exercise reasonable care. This concept arises when an individual or entity does not act with the level of care that a reasonably prudent person would exercise in a similar situation, resulting in harm or loss to another party. In the context of insurance, negligence can be the grounds for a claim when it has caused damage or loss, as it demonstrates a breach of the duty of care owed to others. Understanding negligence is crucial within the insurance industry because it determines liability. For instance, if a property owner neglects necessary maintenance, leading to a hazardous condition that injures someone, that owner's negligent behavior may result in a valid liability claim. Therefore, recognizing negligence as a failure to act with reasonable care is foundational for assessing risks and liabilities in various insurance scenarios.

7. What does a binder provide in the context of insurance?

- A. Permanent Coverage
- B. Temporary Coverage**
- C. Refunds
- D. Policy Updates

A binder in the context of insurance serves as a temporary agreement between the insurer and the insured. It provides immediate coverage for a specific period, typically until the actual insurance policy is formally issued. This means that in situations where there is a need for coverage to begin right away, a binder ensures that the insured is protected while the full policy is being prepared and finalized. The temporary nature of a binder is crucial because it indicates that while there is coverage in place, full terms and conditions will be outlined in the formal policy document that is issued later. This is particularly useful in various scenarios, such as when someone is purchasing a home and needs coverage to start before the closing date, or when new vehicles need to be insured immediately. In contrast, other concepts like permanent coverage refer to policies that last throughout the life of the insured or until they choose to cancel. Refunds pertain to financial returns to the insured under certain circumstances, and policy updates involve changes made to an already existing insurance policy. A binder specifically emphasizes the provision of temporary coverage, making it a vital component of the insurance process during transitions.

8. What legal concept holds a person accountable for damages caused by their actions or products, regardless of fault?

- A. Negligence
- B. Strict Liability**
- C. Vicarious Liability
- D. Comparative Fault

The concept that holds a person accountable for damages caused by their actions or products, regardless of fault, is known as strict liability. This legal doctrine applies particularly in cases involving defective products or hazardous activities, where an individual or entity can be held responsible for any harm caused, even if they did not intend to cause harm or were not negligent. In strict liability cases, the focus is on the nature of the act or product rather than the intent or care taken by the individual responsible. For instance, a manufacturer can be held liable for injuries caused by a defective product, despite demonstrating that they followed all safety protocols during production. This principle aims to protect consumers and ensure they have recourse for injuries that arise from inherently dangerous activities or defective items, promoting accountability in production and service delivery. Understanding strict liability is crucial for public adjusters as they often deal with insurance claims related to property damage or liability issues, where the principles of liability can significantly influence claim handling and outcomes.

9. What percentage of the dwelling coverage is paid for "loss of use" under a dwelling broad or special form?

- A. 15%
- B. 20%**
- C. 25%
- D. 30%

The correct percentage for "loss of use" coverage under a dwelling broad or special form is indeed 20%. This coverage, also known as additional living expenses, is designed to support policyholders who cannot reside in their homes due to a covered loss. In a dwelling broad or special form policy, a standard provision allows the insured to receive compensation for necessary costs incurred while their home is uninhabitable. This typically includes expenses such as temporary housing, meals, or other related costs. The 20% figure is significant because it provides a clear understanding of the limits on benefits available for loss of use. This coverage is crucial for homeowners, as it assures them that they can manage their living expenses during the repair period without enduring financial hardship. The specified percentage reflects a common standard in the insurance industry, which is often used to help policyholders determine how much coverage they need based on their property's insured value. Understanding this standard helps adjusters and policyholders effectively navigate claims related to loss of use and ensures that individuals are adequately compensated for their reliance on this crucial insurance feature during claims processing.

10. Which of the following is not typically included in a representations section of an insurance policy?

- A. Policyholder's statement
- B. Declined claims history
- C. Details about past loss history
- D. General contractor references**

In an insurance policy, the representations section typically includes information that reflects the risk being insured and the insured's history, which helps the insurer assess the risk associated with the policyholders. This section often contains details such as a policyholder's statements regarding their insurability, their past claims history, any losses they have experienced, and relevant references that substantiate their credibility or viability. General contractor references, however, do not fall under the typical information found in a representations section. This information is more related to the operational aspects of a contracting business and not a direct representation of the risk that the insurer is underwriting. Therefore, it is not a necessary component when an insurance company evaluates the policyholder's risk based on their claims and loss history. Instead, it may be more relevant in contexts like construction contracts or other agreements involving contractor performance rather than insurance underwriting. In summary, general contractor references do not relate to the core representations about the risk associated with the insurance policy and are thus excluded from that section.

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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