

# FLORIDA ADJUSTER LICENSING PRACTICE EXAM (SAMPLE)

## STUDY GUIDE



## SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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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. When Harry's equipment was damaged in a fire, how is the cost to replace it classified?**
  - A. A peril.
  - B. An occurrence.
  - C. A direct loss.
  - D. An indirect loss.
  
- 2. What could be a reason for Robert's Crop-Revenue claim denial after a low yield?**
  - A. Failure to notify the insurer prior to the harvest.
  - B. Failure to hire enough farm employees.
  - C. Failure to use state-of-the-art farming equipment.
  - D. Failure to use the required amount of fertilizer.
  
- 3. Which coverage type under ABC's garagekeepers policy would split the cost of the loss with Jim's own insurer without placing blame on ABC Garage?**
  - A. Comprehensive Coverage
  - B. Liability Coverage
  - C. Direct Excess Coverage
  - D. Direct Primary Coverage
  
- 4. Which of the following is NOT a risk management technique?**
  - A. Risk retention
  - B. Risk equality
  - C. Risk avoidance
  - D. Risk reduction
  
- 5. Which type of risk is always related to uncertainty of loss?**
  - A. Speculative risk
  - B. Pure risk
  - C. Economic risk
  - D. Non-insurable risk

- 6. Six Stars Development Company decided against purchasing properties due to perceived financial risk. This is an example of:**
- A. Risk transference
  - B. Risk reduction
  - C. Risk retention
  - D. Risk avoidance
- 7. What is the primary role of a public adjuster hired by a policyholder?**
- A. To represent the insurance company's interests.
  - B. To adjust the claim independently of the insurer.
  - C. To provide legal advice to the policyholder.
  - D. To sell additional coverage to the policyholder.
- 8. What must be included in a commercial policy for it to fully cover recent construction according to its stipulations?**
- A. Maintaining at least 70% of the property's value
  - B. Maintaining at least 80% of the property's replacement cost
  - C. Maintaining liability insurance
  - D. None of the above
- 9. In the claim process, at what stage is Stephanie currently working when she is interviewing a witness?**
- A. Acknowledgement
  - B. Investigation
  - C. Negotiation
  - D. Evaluation
- 10. Which of the following best defines the principle of indemnity?**
- A. Both parties to an insurance contract must contribute something of value.
  - B. After a loss, the insured should be restored to his approximate financial condition before the loss.
  - C. In order to be legally binding, a contract must have agreement, consideration, competent parties, and legal purpose.
  - D. In exchange for a premium, the insurer grants peace of mind by reducing the insured's insecurity about the future.

## **Answers**

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

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## **Explanations**

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**1. When Harry's equipment was damaged in a fire, how is the cost to replace it classified?**

- A. A peril.
- B. An occurrence.
- C. A direct loss.**
- D. An indirect loss.

*When examining the classification of the cost to replace Harry's equipment after it was damaged in a fire, it is classified as a direct loss. A direct loss refers to the actual physical damage to property resulting from a peril, such as fire, which directly impacts the value and usability of that property. In this scenario, the fire is the peril that caused direct damage to the equipment, necessitating the replacement and incurring costs. In insurance terms, this classification is crucial because it determines how claims are assessed and compensated. Since the cost to replace the damaged equipment arises directly from the incident, it aligns with the criteria of a direct loss, suitable for claims made under a property insurance policy. The other classifications, such as peril or occurrence, relate more to the events leading to the loss rather than the financial impact of that loss itself. Indirect loss often refers to losses incurred as a consequence of the direct loss, like loss of income due to the equipment being out of commission. Therefore, the classification of the cost to replace the equipment as a direct loss underscores its immediate connection to the incident itself.*

**2. What could be a reason for Robert's Crop-Revenue claim denial after a low yield?**

- A. Failure to notify the insurer prior to the harvest.
- B. Failure to hire enough farm employees.
- C. Failure to use state-of-the-art farming equipment.
- D. Failure to use the required amount of fertilizer.**

*The denial of Robert's Crop-Revenue claim after a low yield can be attributed to the failure to use the required amount of fertilizer. In agricultural insurance, especially crop insurance, there are specific guidelines and requirements that need to be adhered to in order for a claim to be valid. These guidelines often stipulate that policyholders must employ standard agricultural practices, which include the appropriate use of fertilizers as recommended for maximizing crop yield. If Robert did not use the required amount of fertilizer, it could be viewed as negligence in following best practices for crop production. This negligence likely led to the poor yield, which then becomes a point of contention when processing a claim. Insurers typically require evidence that farmers have adhered to industry standards, and falling short in this area can serve as a legitimate basis for denying a claim. Other factors listed, such as notifying the insurer prior to the harvest or hiring enough farm employees, may not directly influence crop yield in the same way that adherence to fertilization requirements would. While these other elements might be important in different contexts or could affect other types of claims, the specific agricultural practices that lead directly to maintaining crop health and yield are critical for ensuring coverage eligibility under crop-revenue policies.*

**3. Which coverage type under ABC's garagekeepers policy would split the cost of the loss with Jim's own insurer without placing blame on ABC Garage?**

- A. Comprehensive Coverage
- B. Liability Coverage
- C. Direct Excess Coverage
- D. Direct Primary Coverage**

*Direct Primary Coverage is designed to provide immediate insurance coverage without needing to determine fault between parties involved in an incident. In the context of a garagekeepers policy, this means that if a loss occurs while a vehicle is in the custody of ABC Garage, the policy would cover the damages directly, allowing for claims to be made without first seeking reimbursement from Jim's own insurer. This option is particularly beneficial because it enables ABC Garage to handle claims directly with its insurance, without the complexities of sharing blame or liability for the loss. This segmented approach to coverage helps ensure that the insured parties can get prompt restitution for the loss incurred, while also maintaining a smoother claims process. In contrast, options like Comprehensive Coverage, Liability Coverage, and Direct Excess Coverage have different structures and functions. Comprehensive Coverage typically provides protection for non-collision related incidents, like theft or fire, which would not align with splitting costs in this context. Liability Coverage, on the other hand, addresses damages that ABC Garage might be liable for, which would require an assessment of blame. Direct Excess Coverage would only kick in after other insurance policies have been exhausted, complicating the process further. In summary, Direct Primary Coverage is tailored to provide straightforward and immediate coverage, making it the appropriate choice for sharing costs*

**4. Which of the following is NOT a risk management technique?**

- A. Risk retention
- B. Risk equality**
- C. Risk avoidance
- D. Risk reduction

*The answer highlights that "risk equality" is not recognized as a standard risk management technique. Risk management involves various strategies that help individuals and organizations understand, assess, and address risks. Risk retention refers to the acceptance of the risk and the decision to bear the financial consequences, either by self-insuring or maintaining a reserve to cover potential losses. This technique is often employed when the costs of insuring against a risk are higher than the potential losses. Risk avoidance involves taking steps to eliminate activities or exposures that lead to risk, thus preventing any risk from occurring. This technique is used when the risk is deemed too high or unacceptable, making it prudent to avoid any engagement that puts parties at risk. Risk reduction focuses on minimizing the impact of risks through various means, such as implementing safety measures, using protective equipment, or enhancing training programs. This approach aims to lessen the probability and severity of potential losses. In contrast, "risk equality" does not define a recognized method in risk management. It does not represent a strategy used to manage potential risks or losses effectively. Rather, it may indicate a misunderstanding of how risks should be analyzed or treated within a management framework. Understanding established methods such as retention, avoidance, and reduction can enhance one's ability to navigate through*

## 5. Which type of risk is always related to uncertainty of loss?

- A. Speculative risk
- B. Pure risk**
- C. Economic risk
- D. Non-insurable risk

*The type of risk that is always related to the uncertainty of loss is pure risk. Pure risk involves situations where there are only two outcomes: a loss or no loss. This is distinct from speculative risk, which encompasses scenarios that can result in a gain, a loss, or no change at all. In pure risk, the focus is strictly on potential negative outcomes, making it directly connected to the uncertainty of loss. Understanding pure risk is vital in fields such as insurance and risk management, as it is the primary concern for insurers. They aim to assess and underwrite pure risks, which include events such as natural disasters, accidents, and health-related issues. Each of these can lead to financial loss but no opportunity for gain, emphasizing the essential link between pure risk and uncertainty of loss. This concept underpins the rationale for insurance coverage, as these risks can be quantified and transferred to the insurer.*

## 6. Six Stars Development Company decided against purchasing properties due to perceived financial risk. This is an example of:

- A. Risk transference
- B. Risk reduction
- C. Risk retention
- D. Risk avoidance**

*The decision made by Six Stars Development Company to forgo purchasing properties because of perceived financial risk is an example of risk avoidance. In risk management, avoidance refers to strategies that eliminate the risk entirely. By choosing not to enter into potentially risky property purchases, the company effectively avoids any financial losses that could arise from those investments. This action reflects a proactive stance in risk management, where the organization recognizes a potential threat to its financial well-being and decides that the best course of action is to steer clear of the associated risks altogether. It emphasizes a careful evaluation of risk factors and choosing to not take on any exposure that could lead to unwanted consequences. Understanding risk avoidance is crucial for adjusters as it highlights the importance of assessing risks and making informed decisions in both individual and organizational contexts.*

## 7. What is the primary role of a public adjuster hired by a policyholder?

- A. To represent the insurance company's interests.
- B. To adjust the claim independently of the insurer.**
- C. To provide legal advice to the policyholder.
- D. To sell additional coverage to the policyholder.

*The primary role of a public adjuster hired by a policyholder is to adjust the claim independently of the insurer. Public adjusters are professionals who work on behalf of the policyholder, helping them navigate the claims process to ensure that they receive a fair and accurate settlement from their insurance company. They assess the damage, document the loss, and negotiate with the insurer on behalf of the policyholder to advocate for their best interests. Unlike other types of adjusters who may work directly for insurance companies, public adjusters focus solely on the needs and rights of the insured. This independent stance allows them to provide an objective evaluation of the claim and ensures that the policyholder receives the full benefits to which they are entitled according to their policy. By doing this, public adjusters play a crucial role as advocates for policyholders during the often complex and contentious claims process.*

**8. What must be included in a commercial policy for it to fully cover recent construction according to its stipulations?**

- A. Maintaining at least 70% of the property's value
- B. Maintaining at least 80% of the property's replacement cost**
- C. Maintaining liability insurance
- D. None of the above

*To fully cover recent construction, a commercial policy must include maintaining at least 80% of the property's replacement cost. This requirement ensures that the insured amount is sufficient to rebuild or repair the property in the event of a loss. The principle behind this is to provide adequate coverage to meet the current costs of materials, labor, and other factors involved in constructing a similar property today. If the coverage falls below this threshold, the policy may not pay out the full value of a loss according to the terms of the insurance agreement, potentially leading to a situation where the policyholder faces significant out-of-pocket expenses after a claim. This coverage requirement fosters a fair balance between premiums and potential payouts, ensuring both the insurer and the insured meet their obligations in the event of loss. Maintaining a value of 70% or liability insurance alone does not suffice for this type of comprehensive property protection, as neither addresses the necessary coverage level for recent construction.*

**9. In the claim process, at what stage is Stephanie currently working when she is interviewing a witness?**

- A. Acknowledgement
- B. Investigation**
- C. Negotiation
- D. Evaluation

*When Stephanie is interviewing a witness, she is in the investigation stage of the claim process. This stage focuses on gathering comprehensive information relevant to the claim, which includes collecting statements from witnesses, examining evidence, and obtaining any necessary documentation. By engaging with witnesses, Stephanie can gather crucial insights that can aid in determining the validity of the claim, understanding the circumstances surrounding the incident, and making informed decisions as the claim progresses. The investigation stage is essential for building a clear picture of what occurred, which is vital for the subsequent steps in the claims process, such as evaluation and negotiation. In contrast, other stages like acknowledgment involve notifying the involved parties of the claim, negotiation pertains to discussions on settlement amounts, and evaluation involves analyzing the claim to determine its value or merit. Each of these stages has distinct objectives, making the act of interviewing a witness a clear indication that the investigation phase is underway.*

**10. Which of the following best defines the principle of indemnity?**

- A. Both parties to an insurance contract must contribute something of value.
- B. After a loss, the insured should be restored to his approximate financial condition before the loss.**
- C. In order to be legally binding, a contract must have agreement, consideration, competent parties, and legal purpose.
- D. In exchange for a premium, the insurer grants peace of mind by reducing the insured's insecurity about the future.

*The principle of indemnity is a fundamental concept in insurance that ensures the insured is restored to their approximate financial condition prior to a loss, without profiting from the event. This principle prevents the insured from receiving more compensation than the actual loss incurred. The aim is to maintain fairness and prevent moral hazard, where a person might take excessive risks if they could profit from an insurance payout. Understanding this principle is crucial for adjusters, as it guides the claims process and helps establish the appropriate compensation based on the actual loss. This aligns with the concept of insurance being a financial safety net rather than a profit-generating tool. The other options touch on different aspects of insurance but do not accurately capture the essence of the principle of indemnity itself. For example, while the first option discusses the requirement of mutual contribution in a contract, it does not specifically relate to loss recovery or indemnity principles.*

## 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://floridaadjuster.examzify.com>

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

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