

# Florida Insurance Claims Adjuster License Practice Exam (Sample)

## Study Guide



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**SAMPLE**

## **Questions**

- 1. What businesses does the Garage Coverage Form insure?**
  - A. Businesses engaged in agricultural activities**
  - B. Businesses engaged in international trade**
  - C. Businesses engaged in selling, servicing, repairing, parking, or storing autos**
  - D. Businesses engaged in manufacturing autos**
- 2. What does Mechanical Breakdown Coverage insure?**
  - A. Only accident-related vehicle repairs**
  - B. Repairs to any vehicle part after an accident**
  - C. Repairs to mechanical parts of a vehicle, including non-accident related events**
  - D. Routine vehicle maintenance**
- 3. What determines how the policy will respond to an incident?**
  - A. The Coverage Trigger**
  - B. The Premium Payment**
  - C. The Declaration Page**
  - D. The Incident Report**
- 4. Other property under the Valuation clause is valued at the lesser of what two values?**
  - A. Market value or cost to repair**
  - B. Actual replacement cost or cost to repair**
  - C. Purchase price or actual replacement cost**
  - D. None of the above**
- 5. What does Commercial Property Insurance cover?**
  - A. Direct and indirect losses for personal dwellings**
  - B. Losses for properties other than one to four family dwellings and farm properties**
  - C. Theft by employees**
  - D. Contractual obligations in construction**

- 6. What does Value Reporting in insurance typically refer to?**
- A. An agreement to fulfill a construction contract**
  - B. Coverage for employee theft**
  - C. Setting coverage limits higher than expected peak values**
  - D. Providing comprehensive health services for a fee**
- 7. The Residual Market that is a source for persons who are unable to purchase auto insurance through normal channels is:**
- A. A. FRPCJUA**
  - B. B. FWUA**
  - C. C. FWCJUA**
  - D. D. FAJUA**
- 8. All of the following are components of negotiating EXCEPT?**
- A. A. The issue should be negotiable**
  - B. B. There must be an exchange of value for value**
  - C. C. The parties should trust each other**
  - D. D. The claimant must be satisfied**
- 9. Which of the following is NOT a threshold of the No-Fault Law?**
- A. Significant and permanent loss of a conscience**
  - B. Significant and permanent loss of a bodily function**
  - C. Permanent injury other than scarring and disfigurement**
  - D. Death**
- 10. How much will an insured's HO Policy pay for damage to a fence, gazebo, and tool shed under an HO-3 Policy?**
- A. \$10,000**
  - B. No coverage**
  - C. \$25,000**
  - D. \$20,000**

## **Answers**

SAMPLE

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

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## **Explanations**

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**1. What businesses does the Garage Coverage Form insure?**

- A. Businesses engaged in agricultural activities**
- B. Businesses engaged in international trade**
- C. Businesses engaged in selling, servicing, repairing, parking, or storing autos**
- D. Businesses engaged in manufacturing autos**

The Garage Coverage Form insures businesses engaged in selling, servicing, repairing, parking, or storing autos. Option A is incorrect because it specifically mentions "agricultural activities," which are not related to autos. Option B is incorrect because it mentions "international trade," which is a different type of business activity. Option D is incorrect because it specifically mentions "manufacturing autos," which is also a different type of business activity than those covered by the Garage Coverage Form. Therefore, option C is the correct answer as it accurately describes the businesses that are covered by this insurance form.

**2. What does Mechanical Breakdown Coverage insure?**

- A. Only accident-related vehicle repairs**
- B. Repairs to any vehicle part after an accident**
- C. Repairs to mechanical parts of a vehicle, including non-accident related events**
- D. Routine vehicle maintenance**

Mechanical Breakdown Coverage insures against non-accident related events that cause damage to mechanical parts of a vehicle. Option A is incorrect because it only covers accident-related repairs. Option B is incorrect because it only covers repairs for vehicle parts after an accident, whereas Mechanical Breakdown Coverage covers repairs for non-accident related events as well. Option D is incorrect because it does not cover repairs at all, but rather routine maintenance.

**3. What determines how the policy will respond to an incident?**

- A. The Coverage Trigger**
- B. The Premium Payment**
- C. The Declaration Page**
- D. The Incident Report**

The correct answer is A, the Coverage Trigger. This is because the Coverage Trigger sets out the event or circumstance that must occur in order for the policy to respond and provide coverage. Option B, the Premium Payment, is incorrect because it only affects the active status of the policy, but has no bearing on how the policy will respond in the event of an incident. Option C, the Declaration Page, is incorrect because it is simply a summary of the policy and does not determine how it will respond to an incident. Option D, the Incident Report, is incorrect because it is a document filed after an incident occurs and does not dictate the policy's response.

**4. Other property under the Valuation clause is valued at the lesser of what two values?**

- A. Market value or cost to repair**
- B. Actual replacement cost or cost to repair**
- C. Purchase price or actual replacement cost**
- D. None of the above**

According to the Valuation clause, other property is valued at the lesser of two values actual replacement cost or cost to repair. This means that if the cost to repair the property is less than the actual replacement cost, that lower value will be used for valuation. It is not the market value or purchase price that is used for valuation, as these values may not accurately reflect the true cost of repair or replacement. Choosing option B, actual replacement cost and cost to repair, is the best option as it encompasses both potential values that may be relevant to the valuation of other property. Options A and C are incorrect as they only consider one of the two values, while option D is incorrect as it states that none of the options are correct when in fact option B is the correct answer.

**5. What does Commercial Property Insurance cover?**

- A. Direct and indirect losses for personal dwellings**
- B. Losses for properties other than one to four family dwellings and farm properties**
- C. Theft by employees**
- D. Contractual obligations in construction**

Commercial Property Insurance covers losses sustained by businesses on properties other than one to four family dwellings and farm properties. Options A, C, and D are incorrect because they do not cover the scope of Commercial Property Insurance. Option A specifically mentions personal dwellings rather than commercial properties. Option C does not refer to property insurance, but rather employee theft insurance. And option D only covers contractual obligations in construction, not the overall protection of commercial properties. Therefore, B is the correct answer as it covers the specific scope of Commercial Property Insurance.

**6. What does Value Reporting in insurance typically refer to?**

- A. An agreement to fulfill a construction contract**
- B. Coverage for employee theft**
- C. Setting coverage limits higher than expected peak values**
- D. Providing comprehensive health services for a fee**

Value Reporting in insurance typically refers to setting coverage limits that are higher than expected peak values. This means that the insurance policy will cover losses and damages up to a certain amount, even if the estimated value of those losses exceeds the usual or expected amount. The other options are not relevant to Value Reporting in insurance. Option A pertains to construction contracts, option B is about coverage for employee theft, and option D is about providing health services for a fee.

**7. The Residual Market that is a source for persons who are unable to purchase auto insurance through normal channels is:**

- A. A. FRPCJUA**
- B. B. FWUA**
- C. C. FWCJUA**
- D. D. FAJUA**

The Residual Market, also known as the FAJUA, is a source for individuals who are unable to secure auto insurance through traditional means. The other options (FRPCJUA, FWUA, FWCJUA) are incorrect because they either do not exist or do not serve as alternatives for individuals who are unable to purchase auto insurance through normal channels. The FAJUA serves as the last resort for these individuals as it provides them with access to the required coverage.

**8. All of the following are components of negotiating EXCEPT?**

- A. A. The issue should be negotiable**
- B. B. There must be an exchange of value for value**
- C. C. The parties should trust each other**
- D. D. The claimant must be satisfied**

Negotiation is a process of bargaining and communication between two or more parties in order to reach a mutually beneficial agreement. Components of negotiating include ensuring that the issue at hand is negotiable, exchanging value for value, and building trust between the parties. Therefore, the incorrect option in this question is D because the satisfaction of the claimant is not a necessary component for a successful negotiation. While it is ideal for all parties to be satisfied with the outcome, it is not a requirement for the process of negotiation.

**9. Which of the following is NOT a threshold of the No-Fault Law?**

- A. Significant and permanent loss of a conscience**
- B. Significant and permanent loss of a bodily function**
- C. Permanent injury other than scarring and disfigurement**
- D. Death**

Option A is not a threshold to qualify for benefits under the No-Fault Law because it pertains to a loss of consciousness, not conscience. Option B is a correct threshold as it refers to a permanent physical impairment. Option C is also a valid threshold, as it involves a permanent injury that is not related to scarring or disfigurement. Option D, death, is also a threshold under the No-Fault Law as it entitles the deceased person's family to compensation.

**10. How much will an insured's HO Policy pay for damage to a fence, gazebo, and tool shed under an HO-3 Policy?**

**A. \$10,000**

**B. No coverage**

**C. \$25,000**

**D. \$20,000**

An HO-3 policy typically covers both the dwelling and other structures on the property, such as fences, gazebos, and tool sheds. However, the amount of coverage for these other structures is usually limited to a percentage of the coverage for the dwelling. In this case, the HO-3 policy would cover up to \$20,000 for damage to the fence, gazebo, and tool shed. Option A is incorrect because it is too low of a coverage amount. Option B is incorrect because there is coverage, but it is limited. Option C is incorrect because it is too high of a coverage amount.