

# INDIANA ADJUSTER'S LICENSE 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. Which of the following best represents the term “insurance fraud”?**
  - A. Unintentional errors in claim filings
  - B. Deliberate misrepresentation to receive benefits
  - C. Minor inaccuracies in policy applications
  - D. Exaggeration of damages in claims
- 2. What is the role of an insurance underwriter?**
  - A. To investigate theft claims
  - B. To determine the risks of insuring applicants
  - C. To manage customer service inquiries
  - D. To process claim payments
- 3. Under which condition would a policyholder most likely receive a replacement of damaged property instead of cash value?**
  - A. When using Actual Cash Value coverage
  - B. When the coverage is written on a Replacement Cost basis
  - C. If the policyholder has a low deductible
  - D. When the claim is less than \$500
- 4. What must an insurance adjuster do after assessing a claim?**
  - A. Immediately deny the claim
  - B. Make recommendations for policy changes
  - C. Submit a report detailing the findings
  - D. Inform the public about the claim
- 5. Which of the following is NOT true of the Company’s Options provision in the standard fire policy?**
  - A. It mandates that the insurer notify the claimant of its choices within 30 days of receiving required proof of loss.
  - B. It requires the insurer to settle the claim in whichever manner it chooses within 30 days of receiving notice of the claim.
  - C. It states that the insurer may choose whether to take all or part of the damaged property at the agreed or appraised value.
  - D. It allows the insurer the choice of whether to repair, rebuild, or replace damaged property.

- 6. What should Christopher do after lengthy negotiations with the insurer about the value of his garage?**
- A. Issue an answer for the policyholder.
  - B. Issue a judgment.
  - C. Issue a complaint against the policyholder.
  - D. Issue a reservation of rights.
- 7. When would a claims adjuster refer a case to the legal department?**
- A. When there are no disputes in the claim
  - B. If there are potential legal ramifications
  - C. After the adjustment process is complete
  - D. When the claim is denied
- 8. To what does "actual cash value" (ACV) refer?**
- A. The value before depreciation
  - B. The replacement cost minus depreciation
  - C. The total value of the property with market adjustments
  - D. The estimated future value of the property
- 9. What type of adjustment occurs when repair costs surpass the policy limit?**
- A. A complete claim adjustment
  - B. A partial claim adjustment
  - C. A total loss adjustment
  - D. A reserve adjustment
- 10. What is the statute of limitations for property damage claims in Indiana?**
- A. One year from the date of loss
  - B. Two years from the date of loss
  - C. Three years from the date of loss
  - D. Five years from the date of loss

## **Answers**

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

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## **Explanations**

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## 1. Which of the following best represents the term “insurance fraud”?

- A. Unintentional errors in claim filings
- B. Deliberate misrepresentation to receive benefits**
- C. Minor inaccuracies in policy applications
- D. Exaggeration of damages in claims

*The term “insurance fraud” is best represented by the deliberate misrepresentation to receive benefits. Insurance fraud involves actions taken with the intent to deceive the insurer for the purpose of wrongfully obtaining funds or benefits that one is not entitled to receive. This typically includes scenarios where individuals fabricate or exaggerate information related to a claim, such as injuries, damages, or losses, to sway the insurer’s decision in their favor. Understanding this definition clarifies how intentional misrepresentation is crucial to establishing insurance fraud. The act distinguishes itself from unintentional errors, inaccuracies, or exaggerations that lack the intent to deceive. For instance, unintentional errors in claim filings or minor inaccuracies in applications can happen in good faith and do not involve the intent to mislead, thus they do not fit the definition of fraud. Similarly, while exaggeration of damages can signal fraudulent behavior, it must be linked to intent to defraud, which is encompassed in the broader understanding of deliberate misrepresentation.*

## 2. What is the role of an insurance underwriter?

- A. To investigate theft claims
- B. To determine the risks of insuring applicants**
- C. To manage customer service inquiries
- D. To process claim payments

*The role of an insurance underwriter primarily involves assessing and determining the risks associated with insuring applicants. Underwriters evaluate applications for insurance coverage, analyzing applicants’ financial stability, health history, property conditions, and other relevant factors. This assessment helps the underwriter decide whether to accept or reject an application and the terms of coverage that should be offered, including premiums and policy limits. By accurately assessing risk, underwriters play a crucial role in ensuring that the insurance company remains financially viable while providing coverage that meets the needs of policyholders. The ability to evaluate risks accurately also supports the overall stability of the insurance market by balancing the costs of claims with the premiums collected. Other roles such as investigating theft claims, managing customer service inquiries, and processing claim payments are carried out by other professionals within the insurance industry, such as claims adjusters, customer service representatives, and claims processors, rather than underwriters.*

**3. Under which condition would a policyholder most likely receive a replacement of damaged property instead of cash value?**

- A. When using Actual Cash Value coverage
- B. When the coverage is written on a Replacement Cost basis**
- C. If the policyholder has a low deductible
- D. When the claim is less than \$500

*A policyholder is most likely to receive a replacement of damaged property instead of cash value when the coverage is written on a Replacement Cost basis. This type of coverage means that the insurer agrees to pay for the cost to repair or replace the property with a new item of similar quality and functionality, without deducting for depreciation. This is particularly beneficial for the policyholder, as they will receive the full amount necessary to replace the damaged item. In contrast, Actual Cash Value coverage, which involves depreciation, would provide the policyholder with only the depreciated value of the damaged property, not funding for a complete replacement. The amount of the deductible does not directly influence whether the payment will be cash value or replacement cost; it simply affects how much the policyholder must pay out of pocket at the time of a claim. Similarly, the monetary threshold of a claim, such as being less than \$500, does not inherently change the nature of the coverage type, thus it doesn't affect what the policyholder would receive in terms of replacement versus cash value. Therefore, having coverage on a Replacement Cost basis is the defining factor for receiving property replacement rather than its cash value.*

**4. What must an insurance adjuster do after assessing a claim?**

- A. Immediately deny the claim
- B. Make recommendations for policy changes
- C. Submit a report detailing the findings**
- D. Inform the public about the claim

*The requirement for an insurance adjuster to submit a report detailing the findings after assessing a claim is a crucial step in the claims process. This report serves several important purposes. Firstly, it provides a documented account of the adjuster's evaluation, including the facts gathered during the investigation, observations made regarding the situation, and any conclusions drawn about the validity of the claim. This documentation is essential for the insurance company to make informed decisions regarding coverage and payments. The report becomes part of the claims file, which can be referenced in future claims or disputes, and it also holds significance if there is a need for further investigation or legal proceedings. This methodical approach helps ensure that all aspects of the claim are properly evaluated, communicated to the relevant parties, and recorded for accountability. Other options do not encapsulate the essential duties of an insurance adjuster post-assessment. For instance, immediately denying a claim is not a standard procedure and can lead to misunderstandings and potential liability for the insurer. Making recommendations for policy changes and informing the public may relate to broader discussions within the insurance company but are not direct responsibilities immediately following the assessment of a specific claim. Thus, submitting a detailed report is the accurate and necessary action after evaluating a claim.*

**5. Which of the following is NOT true of the Company's Options provision in the standard fire policy?**

- A. It mandates that the insurer notify the claimant of its choices within 30 days of receiving required proof of loss.
- B. It requires the insurer to settle the claim in whichever manner it chooses within 30 days of receiving notice of the claim.**
- C. It states that the insurer may choose whether to take all or part of the damaged property at the agreed or appraised value.
- D. It allows the insurer the choice of whether to repair, rebuild, or replace damaged property.

*The Company's Options provision in the standard fire policy establishes the ways in which an insurer can respond to a claim. The correct response pertains to the false statement regarding the insurer's obligations. The assertion that it requires the insurer to settle the claim in whatever manner it pleases within 30 days of receiving notice of the claim is not accurate. Instead, the provision dictates that the insurer must act within the established time frames and with certain considerations in mind, particularly regarding the claimant's interests and the specifics of the loss. Insurers are typically required to conduct their investigation and reach a settlement based on the proof of loss submitted, rather than simply choosing any manner of settlement without consideration of the policy terms or the specifics of the claim. In contrast, the true aspects of the other options include the requirement for the insurer to notify the claimant of its choices regarding the claim after receiving the necessary proof of loss and the acknowledgement that the insurer has the flexibility to decide whether to take possession of all or part of the damaged property. The provision also allows an insurer to choose between repairing, rebuilding, or replacing the damaged property based on their assessment of a claim. These processes are all governed by specific terms that ensure fair treatment of the insured while still granting the insurer some latitude in*

**6. What should Christopher do after lengthy negotiations with the insurer about the value of his garage?**

- A. Issue an answer for the policyholder.
- B. Issue a judgment.
- C. Issue a complaint against the policyholder.**
- D. Issue a reservation of rights.

*In the scenario involving Christopher's lengthy negotiations with the insurer regarding the value of his garage, it's important to focus on the appropriate next steps for an adjuster. The best action following prolonged negotiations would typically involve the adjustment of the claim in a way that reflects the insurer's stance, rather than issuing a complaint against the policyholder. Issuing a reservation of rights is common when an insurer wants to investigate a claim further while preserving the right to deny the claim later if it turns out there is no coverage under the policy. This allows the insurer to inform the policyholder that they are covering the claim for now, while maintaining the flexibility to deny coverage based on future findings or more information. In this context, instead of issuing a complaint, which would typically indicate that there is a serious issue or grievance with the policyholder's actions, Christopher should focus on addressing the negotiations and findings regarding the value of the garage. This might include drafting a reservation of rights, which documents any uncertainties or potential disputes regarding how the claim will be handled or the applicable policy terms. Understanding this process highlights the adjuster's responsibility to remain neutral and professional while navigating disputes between the policyholder and the insurer, ensuring that all communications and actions taken are aligned with the best practices and*

## 7. When would a claims adjuster refer a case to the legal department?

- A. When there are no disputes in the claim
- B. If there are potential legal ramifications**
- C. After the adjustment process is complete
- D. When the claim is denied

A claims adjuster would refer a case to the legal department if there are potential legal ramifications. This situation typically arises when complex legal issues are involved, such as assessing liability, understanding policy coverage that may not be clear-cut, or identifying risky exposures that could lead to legal action against the insurer. By involving the legal department, the adjuster ensures that the claim is handled in compliance with applicable laws and regulations, and that any potential legal disputes are proactively addressed. Referring a case solely based on the absence of disputes or after the adjustment process is complete does not warrant legal input, as these scenarios do not necessarily involve legal complexities. Additionally, while a denied claim could lead to legal considerations if challenged, it is the presence of potential legal ramifications that primarily triggers the need for legal consultation.

## 8. To what does "actual cash value" (ACV) refer?

- A. The value before depreciation
- B. The replacement cost minus depreciation**
- C. The total value of the property with market adjustments
- D. The estimated future value of the property

Actual cash value (ACV) refers specifically to the replacement cost of an item minus any depreciation that has occurred since the item was last purchased. This means that when calculating ACV, one would assess how much it would cost to replace the item today, then reduce that amount by the wear and tear or decrease in utility that the item has experienced over time. This concept is crucial in the insurance industry, as it provides a more accurate reflection of an item's worth at the time of a loss, rather than its original purchase price or its potential future value. The focus on replacement cost minus depreciation aligns with the practical needs of insurance claims, which aim to restore the insured party to their pre-loss financial position without providing a profit or windfall. Understanding ACV helps both policyholders and adjusters navigate property valuation accurately in the event of a claim.

## 9. What type of adjustment occurs when repair costs surpass the policy limit?

- A. A complete claim adjustment
- B. A partial claim adjustment**
- C. A total loss adjustment
- D. A reserve adjustment

When repair costs surpass the policy limit, a partial claim adjustment is applicable because the insurance company will only reimburse up to the maximum limit stated in the policy. In situations where the cost of repairs exceeds this limit, the policyholder may receive compensation for the amount covered, but they will have to absorb the remaining costs out of pocket. This is indicative of a situation where the total loss is not applicable since a total loss adjustment refers to damages that completely exhaust the policy limit when the value of the insured property is significantly diminished or destroyed. In contrast, a complete claim adjustment would imply that the claim is fully settled with the maximum benefits being paid out as defined in the policy, which is not the case when repair costs exceed the limits. A total loss adjustment relates specifically to claims where the entire insured value is claimed due to total destruction or loss of the property. Meanwhile, a reserve adjustment deals with the management of funds set aside for future claim payouts, which doesn't directly refer to the situation of repair costs exceeding policy limits. Thus, a partial claim adjustment effectively captures the essence of the scenario wherein the repair exceeds what the insurer is obligated to pay.

**10. What is the statute of limitations for property damage claims in Indiana?**

- A. One year from the date of loss
- B. Two years from the date of loss**
- C. Three years from the date of loss
- D. Five years from the date of loss

*The statute of limitations for property damage claims in Indiana is indeed two years from the date of loss. This time frame is critical as it establishes the maximum period in which a claimant can file a lawsuit after a property damage incident occurs. Understanding this timeframe is important for both claimants and adjusters, as it dictates how long individuals have to pursue legal action in response to damage that has occurred to their property. The two-year timeline ensures that claims are brought to court while evidence is still fresh and witnesses can reliably recount events. If a claim is not filed within this period, the court typically will dismiss it, meaning the claimant may lose the right to seek compensation for damages suffered. Adjusters and individuals involved in property claims must be vigilant about adhering to this statute of limitations to protect their rights and interests. Thus, awareness of the two-year limitation is essential for effectively navigating property damage claims in Indiana.*

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## 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:

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

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