

# Los Angeles Claims Adjuster Property and Causality Practice Exam (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. On what basis are losses to dwelling and other structures paid, as long as the insured carries sufficient insurance?**
  - A. Actual cash value**
  - B. Replacement cost basis**
  - C. Flat rate**
  - D. Aggregate limit**
- 2. In Coverage E - Personal Liability, what is explicitly excluded from being classified as damages?**
  - A. Punitive damages**
  - B. Prejudgment interest**
  - C. Medical payments**
  - D. Legal fees**
- 3. What happens to premiums if the actual business exposure differs from estimates?**
  - A. They are fixed by law**
  - B. They will be adjusted accordingly**
  - C. They remain unchanged**
  - D. They are automatically refunded**
- 4. Who determines the penalties for violating unfair claims settlement practices?**
  - A. Federal Government**
  - B. Insurance Commissioner**
  - C. State Laws**
  - D. Judicial Courts**
- 5. Under what circumstances can an adjuster draft a receipt?**
  - A. When it holds legal binding power**
  - B. Only if it is a general document**
  - C. When filled with factual data only**
  - D. When approved by the insurance company**

**6. Which coverage part of a CGL policy is aimed at protecting against personal and advertising injury?**

- A. CGL Coverage A**
- B. CGL Coverage B**
- C. CGL Coverage C**
- D. General Liability Specific Exclusions**

**7. Which form establishes and defines the causes of loss for which coverage is provided?**

- A. Proof of Loss Form**
- B. Coverage Form**
- C. Cause of Loss Forms**
- D. Claim Form**

**8. What type of application does the NAIC provide for resident and nonresident individuals?**

- A. National Business Entity Application**
- B. Universal Claims Adjuster Application**
- C. Uniform Individual Application**
- D. Individual Licensing Application**

**9. What doctrine allows an insurer to compensate for damages caused by multiple overlapping events?**

- A. Concurrent Causation Doctrine**
- B. Proximate Cause Doctrine**
- C. Subrogation Principle**
- D. Contribution Doctrine**

**10. What must the insured not do without the insurer's permission?**

- A. Make any voluntary claim payment**
- B. Send notifications to third parties**
- C. Provide proof of loss documentation**
- D. Request a policy audit**

## **Answers**

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

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## **Explanations**

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**1. On what basis are losses to dwelling and other structures paid, as long as the insured carries sufficient insurance?**

- A. Actual cash value**
- B. Replacement cost basis**
- C. Flat rate**
- D. Aggregate limit**

Losses to dwelling and other structures are paid on a replacement cost basis, provided the insured carries sufficient insurance coverage. This means that in the event of a loss, the insurer will reimburse the insured for the cost of replacing the damaged property with materials of like kind and quality, without deducting for depreciation. This method provides the insured with a financial benefit because it allows them to restore or replace their property to its original condition without suffering a financial loss due to depreciation. It's important for policyholders to maintain adequate coverage to ensure that they can fully benefit from this provision. In contrast, the actual cash value method takes into account depreciation, which can result in lower compensation and might not cover the full cost of replacement. Other options, like a flat rate or aggregate limit, do not specifically relate to the basis for settling losses and thus are not applicable in this context.

**2. In Coverage E - Personal Liability, what is explicitly excluded from being classified as damages?**

- A. Punitive damages**
- B. Prejudgment interest**
- C. Medical payments**
- D. Legal fees**

In Coverage E - Personal Liability, the explicit exclusion of prejudgment interest is significant because the policy is designed to cover damages that arise from personal liability but does not extend to interest that accrues before a judgment is made. While prejudgment interest can add significant financial obligations to a liable party, it is categorized separately from compensatory damages, which the coverage intends to address. This distinction means that while a policyholder can claim actual damages resulting from their liability in an incident, they cannot claim the interest that accumulates on those damages prior to the court reaching a decision. This is reflective of a broader principle in insurance that seeks to provide a defined scope of liability coverage, ensuring that only direct damages are compensated while excluding costs that fall outside of this defined scope.

**3. What happens to premiums if the actual business exposure differs from estimates?**

- A. They are fixed by law**
- B. They will be adjusted accordingly**
- C. They remain unchanged**
- D. They are automatically refunded**

When actual business exposure deviates from initial estimates, premiums will be adjusted accordingly to align with the reality of the risk covered by the insurance policy. Insurance premiums are typically calculated based on several factors, including the estimated exposure to risk, such as property values, revenue, or the number of employees. If the true exposure is higher or lower than what was estimated, the insurance company will reassess the risk, which can lead to either an increase or decrease in premiums. For example, if a business experiences significant growth that increases its risk—like adding more vehicles or expanding operations—the insurer will adjust the premiums upwards to reflect this new level of risk exposure. Conversely, if a business significantly reduces its operations, leading to lower exposure, the premiums may be adjusted downward. This dynamic nature of premiums ensures that the coverage remains appropriate and fair based on the current risk profile. This principle helps in maintaining the sustainability of the insurance system, ensuring that premiums correlate accurately with the level of risk being insured.

**4. Who determines the penalties for violating unfair claims settlement practices?**

- A. Federal Government**
- B. Insurance Commissioner**
- C. State Laws**
- D. Judicial Courts**

The penalties for violating unfair claims settlement practices are determined primarily by state laws. Each state has its own regulations and statutes that outline the requirements and prohibitions related to insurance claims, including what constitutes unfair claims practices and the penalties associated with those violations. State laws provide a framework for insurance regulators, such as insurance commissioners, to enforce these practices and discipline non-compliant insurance companies. While the insurance commissioner plays a crucial role in enforcing the law and may impose penalties based on violations of these laws, the overarching authority to decide what those penalties are typically resides within the legislative framework established by state laws. This makes it clear why state laws are the correct choice, as they provide the basis for defining unfair claims settlement practices and establishing the associated penalties.

## 5. Under what circumstances can an adjuster draft a receipt?

- A. When it holds legal binding power
- B. Only if it is a general document
- C. When filled with factual data only**
- D. When approved by the insurance company

The correct choice highlights that an adjuster can draft a receipt when it is filled with factual data only. This is important because receipts should provide a clear and straightforward account of a transaction without incorporating subjective interpretations or opinions. By focusing solely on factual data, the receipt serves as an accurate and reliable record of the transaction, which can be crucial during claims processing and when resolving disputes that may arise in the future. When receipts are grounded in factual data, they help ensure transparency and accountability within the claims process. This can also prevent misunderstandings between involved parties regarding what was agreed upon or exchanged. Understanding the necessity for factual accuracy in such documents underscores the broader principle of maintaining clear, factual records within the insurance industry, which is essential for effective claims management and servicing clients' needs efficiently.

## 6. Which coverage part of a CGL policy is aimed at protecting against personal and advertising injury?

- A. CGL Coverage A
- B. CGL Coverage B**
- C. CGL Coverage C
- D. General Liability Specific Exclusions

CGL Coverage B is specifically designed to protect against personal and advertising injury. This type of coverage addresses claims related to non-physical injuries, such as defamation, invasion of privacy, and false advertising. These types of claims can significantly impact a business's reputation and financial standing, making this coverage critical for ensuring that companies are protected in such scenarios. Coverage A, on the other hand, focuses on bodily injury and property damage, which are physical and tangible losses rather than the broader scope of personal or advertising injury. Coverage C relates to medical payments, providing immediate medical expenses for injuries sustained on a business's premises without regard to fault, also not directly related to personal or advertising injury claims. The general liability specific exclusions further detail risks that are not covered by the policy but do not provide any protective coverage related to personal or advertising injuries. Therefore, Coverage B is the essential component of a CGL policy for addressing personal and advertising injury claims.

**7. Which form establishes and defines the causes of loss for which coverage is provided?**

- A. Proof of Loss Form**
- B. Coverage Form**
- C. Cause of Loss Forms**
- D. Claim Form**

The Cause of Loss Forms are key documents in insurance that specifically delineate the perils and events that the policy will cover. These forms are essential for establishing the types of damage or loss that a policyholder can claim under their insurance coverage. By outlining the covered causes of loss, these forms provide clarity to both the insurer and the insured regarding what specific scenarios are eligible for claims, whether that be fire, theft, vandalism, or natural disasters. In the context of property and casualty insurance, understanding the defined causes of loss helps adjusters to assess claims accurately and determine whether a particular claim falls within the scope of coverage. This is critical in the claims process, as it helps both parties identify the extent and limitations of coverage. Other forms, while important in the claims process, do not serve the same primary function. Proof of Loss Forms are used to formally present a claim to the insurer, while Coverage Forms establish the overall limits and types of coverage available but do not define specific causes of loss. The Claim Form is typically used to initiate a claim but again does not detail the causes of loss themselves. Thus, the Cause of Loss Forms play a unique and crucial role in the understanding and management of insurance coverage.

**8. What type of application does the NAIC provide for resident and nonresident individuals?**

- A. National Business Entity Application**
- B. Universal Claims Adjuster Application**
- C. Uniform Individual Application**
- D. Individual Licensing Application**

The correct answer is the Uniform Individual Application, as it is specifically designed for both resident and nonresident individuals seeking to obtain a license in the insurance industry. This application standardizes the licensing process across different states, helping to streamline and simplify the requirements for individuals looking to work in multiple jurisdictions. By utilizing this uniform application, applicants can provide the necessary information, such as their qualifications, background, and any required disclosures, in a consistent format that is accepted nationwide. This is especially beneficial for claims adjusters, as they often operate in more than one state and need to comply with various licensing requirements seamlessly. Other options like the National Business Entity Application focus on business entities, not individual adjusters, and the Universal Claims Adjuster Application does not exist as a recognized form by NAIC. The Individual Licensing Application is a bit vague and does not reference the standardization that the Uniform Individual Application specifically signifies, highlighting its unique purpose and relevance in the insurance licensing process.

**9. What doctrine allows an insurer to compensate for damages caused by multiple overlapping events?**

**A. Concurrent Causation Doctrine**

**B. Proximate Cause Doctrine**

**C. Subrogation Principle**

**D. Contribution Doctrine**

The correct answer is the Concurrent Causation Doctrine. This doctrine is significant in the realm of insurance because it addresses situations where multiple causes contribute to a single loss. When an event can be attributed to more than one cause, the Concurrent Causation Doctrine allows insurers to determine how to assign liability and compensate for the damages. For example, if a property damage claim involves both a storm and faulty construction, resulting in the same damage, the concurrent causation doctrine supports the idea that both factors contributed to the final outcome. Insurers can evaluate the extent of each cause and pay claims accordingly, without needing to isolate a single event as the sole cause of the damages. In contrast, other concepts like the Proximate Cause Doctrine focus on establishing a direct link between the cause and the effect, typically identifying the closest cause that led to the damage, rather than recognizing simultaneous contributing factors. The Subrogation Principle relates to the insurer's right to pursue a third party responsible for the loss after compensating the insured, and the Contribution Doctrine applies when multiple insurers are involved in covering the same risk, addressing how costs are shared among them after a loss occurs. Thus, while all these doctrines have their place in insurance, the Concurrent Causation Doctrine specifically encompasses

**10. What must the insured not do without the insurer's permission?**

**A. Make any voluntary claim payment**

**B. Send notifications to third parties**

**C. Provide proof of loss documentation**

**D. Request a policy audit**

The option identifying that the insured must not make any voluntary claim payment without the insurer's permission is correct because it aligns with standard insurance policy terms. Typically, insurance policies require that insured parties do not assume liability or make any payments in relation to a claim without prior approval from the insurer. This provision exists to protect the insurer's interests and ensure that they can investigate and manage claims effectively. If the insured were allowed to make voluntary payments, it could complicate the claims process, potentially create unnecessary liabilities, or alter the circumstances surrounding the claim in ways the insurer might need to evaluate before deciding on coverage. In terms of the other options, sending notifications to third parties, providing proof of loss documentation, or requesting a policy audit typically would not require the insurer's permission in the same way. These actions are generally part of the standard procedure for handling claims and maintaining policy compliance. Sending notifications is often necessary for informing interested parties, providing proof of loss documentation is essential to substantiate claims, and requesting audits is a right of the policyholder to ensure they are in compliance with the terms of the insurance.

# 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://la-claimsadjesterpropertyandcasuality.examzify.com>**

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

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