

North Carolina Adjuster 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

- 1. When dealing with a disputed claim, what recourse may be available to the insured?**
 - A. They can pursue direct litigation with the adjuster**
 - B. They can request mediation or arbitration**
 - C. They can cancel their insurance policy immediately**
 - D. They can file a complaint with the insurer's CEO**
- 2. Which of the following could be covered by a homeowners policy?**
 - A. A large home currently under construction**
 - B. Personal property stored in a garage**
 - C. Temporary dwelling while the house is being rebuilt**
 - D. A home used exclusively for rental purposes**
- 3. What information is Scott's auto policy based on during his application?**
 - A. Warranties**
 - B. Representations**
 - C. Affirmations**
 - D. Certifications**
- 4. How should an adjuster treat sensitive information during a claim investigation?**
 - A. With openness and transparency.**
 - B. With confidentiality and in compliance with privacy laws.**
 - C. With urgency to expedite the claims process.**
 - D. With indifference, as it's not crucial to the investigation.**
- 5. In North Carolina, what must an adjuster do if they discover that a claim is fraudulent?**
 - A. Ignore the findings**
 - B. Notify the insurance company and document their findings**
 - C. Conceal the information**
 - D. Advise the claimant to withdraw the claim**

- 6. What is the last step in the claims process after an investigation has been completed?**
- A. Documenting the investigation findings**
 - B. Making a decision on the claim and communicating it to the insured**
 - C. Filing the report with authorities**
 - D. Reviewing previous similar claims**
- 7. What does "actual cash value" (ACV) mean in insurance terms?**
- A. The value based on market price only**
 - B. The replacement cost of an item minus depreciation**
 - C. The cost of the item at the time of the claim**
 - D. The total amount paid in premiums**
- 8. Which type of insurance should Cindy purchase for liability coverage while driving her friend's car?**
- A. Comprehensive Coverage**
 - B. Personal Auto Policy**
 - C. Non-Owner Coverage**
 - D. Rental Coverage**
- 9. Which action is recommended for insurers regarding complaints?**
- A. Ignoring minor complaints**
 - B. Documenting and analyzing complaint records**
 - C. Resolving complaints verbally without records**
 - D. Centralizing complaints for future reference**
- 10. What does it mean if a claim is "closed" by the adjuster?**
- A. The claim has been denied**
 - B. The claim investigation is complete, and a resolution has been reached**
 - C. The claim is currently under review**
 - D. The claim has been transferred to legal services**

Answers

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

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Explanations

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1. When dealing with a disputed claim, what recourse may be available to the insured?

- A. They can pursue direct litigation with the adjuster**
- B. They can request mediation or arbitration**
- C. They can cancel their insurance policy immediately**
- D. They can file a complaint with the insurer's CEO**

The option indicating that the insured can request mediation or arbitration is correct because these are commonly utilized methods for resolving disputes between policyholders and insurance companies. Mediation involves both parties working with a neutral third party to reach a mutually agreeable solution, while arbitration is a more formal process where a neutral party makes a binding decision based on the information presented. Both of these approaches can provide a less adversarial and often more efficient path to resolve claims disputes without resorting to litigation. Mediation and arbitration also offer a means to reach resolution while preserving the relationship between the insured and the insurer, which is often vital in ongoing business contexts. These methods are typically outlined in the policy agreement or as part of the insurer's procedures for handling disputes, emphasizing their legitimacy and applicability in the claims process. By utilizing these processes, the insured can seek a satisfactory resolution to their grievance without having to engage in protracted legal battles.

2. Which of the following could be covered by a homeowners policy?

- A. A large home currently under construction**
- B. Personal property stored in a garage**
- C. Temporary dwelling while the house is being rebuilt**
- D. A home used exclusively for rental purposes**

A homeowners policy typically provides coverage for a range of risks associated with residential properties. In the context of this question, a large home currently under construction can be covered under certain homeowners policies, provided the policy includes provisions for homes being built. Most standard homeowners insurance policies offer provisions for new construction, as they can typically cover the structure itself, provided the homeowner is the one undertaking the construction and they intend to use the property as their primary residence once completed. It is important to note that while homeowners insurance generally covers the structure, personal property, and liability, there may be limitations or exclusions for properties under construction. However, in cases where the homeowner intends to live in the home once construction is completed, many insurance companies will extend coverage to construction sites to protect against perils like fire or theft. In contrast, personal property stored in a garage may or may not be covered depending on specifics of the policy regarding off-premises personal property. A temporary dwelling while the house is being rebuilt often falls under different types of coverage, such as "additional living expenses," and may not be directly covered under a standard homeowners policy. Lastly, a home used exclusively for rental purposes typically does not qualify for homeowners insurance and would require a different type of policy, such as landlord

3. What information is Scott's auto policy based on during his application?

A. Warranties

B. Representations

C. Affirmations

D. Certifications

The information Scott's auto policy is based on during his application is representations. In the context of insurance applications, a representation refers to the statements or disclosures made by the applicant regarding their risk profile, history, and other relevant details. These statements are generally made to the best of the applicant's knowledge and belief at the time of applying for the policy. Representations are critical because they help the insurance company assess risk and determine whether to provide coverage, as well as the terms and premium rates. If a representation is found to be false or misleading, it could potentially lead to a denial of coverage or claims in the future. This principle underscores the importance of honesty in the insurance application process. Warranties, on the other hand, are promises made by the insured that certain conditions will be met or maintained, and deviations from these can have immediate implications on coverage. Affirmations and certifications generally do not pertain specifically to the details provided on an insurance application in the same way representations do. Therefore, representations are the most accurate basis for the information used in Scott's auto policy.

4. How should an adjuster treat sensitive information during a claim investigation?

A. With openness and transparency.

B. With confidentiality and in compliance with privacy laws.

C. With urgency to expedite the claims process.

D. With indifference, as it's not crucial to the investigation.

An adjuster should treat sensitive information during a claim investigation with confidentiality and in compliance with privacy laws. This practice is vital for several reasons. Firstly, confidentiality builds trust between the adjuster and claimants. When individuals share sensitive information, they expect that it will be kept private and protected. Breaching this trust could not only harm the relationship but could also deter individuals from providing necessary information in the future. Secondly, compliance with privacy laws is a legal obligation. Many jurisdictions, including North Carolina, have specific regulations governing how personal information should be handled in insurance claims. These laws are designed to protect consumers from unauthorized access to their data and potential misuse. Furthermore, handling sensitive information appropriately safeguards against fraud and identity theft, which can arise from mishandling personal data. By maintaining confidentiality, the adjuster ensures that the claim investigation is conducted ethically and legally, ultimately leading to a fair and just outcome for all parties involved.

5. In North Carolina, what must an adjuster do if they discover that a claim is fraudulent?

- A. Ignore the findings**
- B. Notify the insurance company and document their findings**
- C. Conceal the information**
- D. Advise the claimant to withdraw the claim**

When an adjuster discovers that a claim is fraudulent in North Carolina, they are required to notify the insurance company and document their findings. This is crucial because fraud not only affects the integrity of the insurance system, but also has legal implications. By reporting the discovery of fraud, the adjuster helps protect the company from financial losses and aids in ensuring that justice is served. Documenting the findings is also vital; it provides a clear record of the investigation which may be necessary for any subsequent legal actions or investigations into the fraudulent claim. This process promotes accountability and transparency within the claims handling process. It is important for adjusters to act ethically and responsibly, adhering to both legal and professional standards, which underscores the reason why notifying the insurance company and documenting the findings is the appropriate course of action in situations involving discovered fraud.

6. What is the last step in the claims process after an investigation has been completed?

- A. Documenting the investigation findings**
- B. Making a decision on the claim and communicating it to the insured**
- C. Filing the report with authorities**
- D. Reviewing previous similar claims**

The last step in the claims process after an investigation has been completed is making a decision on the claim and communicating it to the insured. This step is crucial because it represents the culmination of the entire claims process, where all the gathered information, evidence, and findings from the investigation are analyzed to arrive at a conclusion regarding the claim's validity. After thoroughly evaluating the facts and circumstances of the claim, the adjuster must determine whether the claim should be accepted or denied. This decision is then formally communicated to the insured, ensuring they are informed of the outcome and any next steps. This step is key not only for transparency but also for establishing trust and maintaining good relationships between the insurer and the insured. In this context, while documenting the investigation findings is important for record-keeping and future reference, it is part of the process leading up to the final decision rather than the final step itself. Similarly, filing reports with authorities or reviewing previous similar claims may be part of the investigation or preparation stages, but they do not constitute the final resolution of the claim. The pivotal moment of concluding the process is indeed when the adjuster makes a decision and communicates it to the insured.

7. What does "actual cash value" (ACV) mean in insurance terms?

- A. The value based on market price only**
- B. The replacement cost of an item minus depreciation**
- C. The cost of the item at the time of the claim**
- D. The total amount paid in premiums**

Actual cash value (ACV) in insurance is defined as the replacement cost of an item minus depreciation. This means that when an insurance policy defines a loss based on ACV, the insurer will calculate the value of the damaged or lost item by determining how much it would cost to replace it with a similar item, while also taking into consideration the wear and tear or aging of the item, which is represented by depreciation. For example, if a homeowner has a five-year-old roof that would cost \$10,000 to replace, and its value has depreciated by \$4,000 due to age and wear, the actual cash value would be \$6,000. This method of valuing property ensures that policyholders receive compensation that reflects the current value of their property rather than the original purchase price or the cost of replacing it with brand new materials. In this context, other options do not accurately represent ACV. The first option solely focuses on market price and does not account for depreciation. The third option suggests that ACV is simply the cost of the item at the time of the claim, which fails to include the necessary calculation of depreciation. The fourth option about premiums is irrelevant to the concept of ACV, since it relates to

8. Which type of insurance should Cindy purchase for liability coverage while driving her friend's car?

- A. Comprehensive Coverage**
- B. Personal Auto Policy**
- C. Non-Owner Coverage**
- D. Rental Coverage**

Cindy should consider purchasing Non-Owner Coverage for liability protection while driving her friend's car, as this type of insurance is specifically designed for individuals who drive vehicles that they do not own. Non-Owner Coverage provides liability protection in case of an accident, where the insured driver would be responsible for damages or injuries caused to others. In this scenario, since Cindy does not own the car but needs liability coverage while operating it, Non-Owner Coverage is the appropriate choice. It offers the necessary protection without requiring ownership of the vehicle. This option allows Cindy to comply with state laws regarding insurance and ensures that she is covered in the event of an accident while driving her friend's car. Comprehensive Coverage, on the other hand, protects against non-collision-related incidents (e.g., theft, vandalism), which is not what Cindy needs here. Personal Auto Policy typically covers personal vehicles owned by the insured, making it unsuitable for the situation since she does not own the car she is driving. Rental Coverage applies specifically to rented vehicles, rather than to a car owned by a friend, and therefore would not be applicable in this case.

9. Which action is recommended for insurers regarding complaints?

- A. Ignoring minor complaints
- B. Documenting and analyzing complaint records**
- C. Resolving complaints verbally without records
- D. Centralizing complaints for future reference

Documenting and analyzing complaint records is essential for insurers as it fosters an environment of continuous improvement and enhances customer service. By systematically recording complaints, insurers can identify trends, patterns, and recurring issues that might indicate larger systemic problems within their processes or policies. This data is not only crucial for addressing individual consumer concerns effectively but also serves as a valuable asset for strategic decision-making and risk management. Moreover, analyzing the collected complaint records can help the insurer in identifying areas for improvements in their products or services, thus preventing similar complaints in the future. It also provides evidence of due diligence in handling customer grievances, which can be important in regulatory compliance and maintaining a positive reputation in the industry. In contrast, ignoring minor complaints can lead to dissatisfaction, which might escalate and harm customer relationships. Resolving complaints verbally without documentation misses the opportunity to analyze such data in the future, and centralizing complaints for future reference is less effective without the detailed insights gained from proper documentation and analysis.

10. What does it mean if a claim is "closed" by the adjuster?

- A. The claim has been denied
- B. The claim investigation is complete, and a resolution has been reached**
- C. The claim is currently under review
- D. The claim has been transferred to legal services

When a claim is "closed" by the adjuster, it signifies that the investigation into the claim has been finalized, and a resolution has been reached. This means that all necessary evaluations, inspections, and assessments related to the claim have been completed, and the adjuster has determined the appropriate course of action based on the findings. The closure indicates that the parties involved have come to a conclusion regarding the claim, whether that be a settlement, payment of benefits, or an agreement on the next steps. This process includes not only the gathering of information but also a thorough review of the policy provisions and any documentation provided. By officially closing the claim, the adjuster signifies that there is no further action required on that claim, and it has been resolved according to the terms of the insurance policy. In contrast, the other options represent different statuses that do not reflect closure. For instance, a claim being denied entails that coverage is not provided, while being under review implies that further evaluations are necessary. Additionally, transferring the claim to legal services suggests involvement of legal counsel, which typically indicates ongoing issues related to the claim rather than its closure.

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://ncadjusterprep.examzify.com>

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