

NORTH CAROLINA ADJUSTER PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

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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. What type of fraud is Ian committing by collecting money without paying claims?**
 - A. Policy fraud
 - B. Insurer fraud
 - C. Claim fraud
 - D. Consumer fraud
- 2. If an insurer broadens a coverage without an increase in premium, what clause allows such changes to apply to existing policies?**
 - A. Liberalization clause
 - B. Assignment clause
 - C. Premium adjustment clause
 - D. Coverage extension clause
- 3. Which of the following best describes the job of an insurance adjuster during a claim?**
 - A. To conduct sales seminars
 - B. To provide legal representation
 - C. To evaluate and settle claims
 - D. To underwrite insurance applications
- 4. What could be a consequence if an adjuster does not comply with state regulations?**
 - A. A warning from the insurance company.
 - B. Increased responsibilities in their role.
 - C. Suspension or revocation of their license.
 - D. A promotion in their position.
- 5. Which valuation method is typically used by an insurer under a MH (F) policy?**
 - A. Replacement Cost
 - B. Actual Cash Value (ACV)
 - C. Market Value
 - D. Agreed Value

- 6. Which element may enhance the problem of insurance fraud?**
- A. Strict penalties for insurance fraud.
 - B. High visibility of fraud cases.
 - C. Low detection rates of fraudulent activities.
 - D. High insurance premiums.
- 7. The Miscellaneous Vehicle Coverage endorsement does what under a personal auto policy?**
- A. Excludes motorcycles from coverage
 - B. Adds coverage for classic cars
 - C. Allows coverage for motorcycles and motor homes
 - D. Only covers recreational vehicles
- 8. Which of the following insurers is not engaging in an Unfair Claims Settlement Practice?**
- A. Insurer that employs repair shop staff
 - B. Insurer that denies claims without explanation
 - C. Insurer that fails to investigate claims
 - D. Insurer that delays payment without reason
- 9. Why was Jared's claim for hail damage to his sailboat denied?**
- A. The boat was not insured
 - B. The damage was not reported in time
 - C. The boat was not inside a building during the storm
 - D. The sailboat was over the weight limit
- 10. What is the term for the legal process where claim disputes are legally settled?**
- A. Negotiation
 - B. Litigation
 - C. Mediation
 - D. Settlement

Answers

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

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Explanations

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1. What type of fraud is Ian committing by collecting money without paying claims?

- A. Policy fraud
- B. Insurer fraud**
- C. Claim fraud
- D. Consumer fraud

Ian is committing insurer fraud by collecting money without paying claims. This type of fraud typically involves a violation of an insurer's duty to pay valid claims. When an individual or entity collects premiums or funds but fails to fulfill the obligation to settle claims, it undermines the trust and reliability of the insurance system. This behavior harms not only the policyholders who expect their claims to be honored but also the overall integrity of the insurance industry. In this context, insurer fraud specifically refers to actions taken by an individual or organization that exploit the insurance process for financial gain while neglecting their responsibilities towards policyholders. The other choices reflect different types of fraud, which do not apply to Ian's actions in this scenario.

2. If an insurer broadens a coverage without an increase in premium, what clause allows such changes to apply to existing policies?

- A. Liberalization clause**
- B. Assignment clause
- C. Premium adjustment clause
- D. Coverage extension clause

The liberalization clause is a provision in insurance policies that enables insurers to automatically apply certain changes in coverage to existing policies without requiring an additional premium payment. This means that if an insurer decides to enhance or broaden coverage for a particular peril or circumstance, that enhancement automatically applies to all current policyholders who might benefit from it. This helps to ensure that policyholders receive the most favorable terms and coverage without the need for them to actively renew or modify their individual policies. In contrast, the assignment clause relates to the policyholder's ability to assign or transfer their policy rights to another party, which is not directly related to coverage changes. The premium adjustment clause deals with changes in premium amounts due to various factors, rather than changes in coverage itself. The coverage extension clause may outline how coverage can expand in specific scenarios, but it doesn't necessarily ensure automatic application to existing policies as the liberalization clause does. Thus, the liberalization clause is specifically designed to benefit policyholders by ensuring they receive the newest coverage enhancements without additional cost or effort.

3. Which of the following best describes the job of an insurance adjuster during a claim?

- A. To conduct sales seminars
- B. To provide legal representation
- C. To evaluate and settle claims**
- D. To underwrite insurance applications

The role of an insurance adjuster primarily involves evaluating and settling claims. This includes investigating the circumstances surrounding a claim, assessing damages, and determining the liability of the insurance company in relation to the claim. Adjusters need to be thorough in their evaluations, gathering evidence, interviewing witnesses, and reviewing any relevant documentation to make informed decisions. Settling claims often entails negotiating with policyholders or third parties to arrive at a fair settlement that aligns with the terms of the insurance policy and the damages incurred. While conducting sales seminars, providing legal representation, and underwriting insurance applications are important functions within the insurance industry, they fall outside the core responsibilities of an insurance adjuster. Adjusters are specifically focused on the claims process, ensuring that claims are processed efficiently and accurately, which directly supports policyholders during their time of need.

4. What could be a consequence if an adjuster does not comply with state regulations?

- A. A warning from the insurance company.
- B. Increased responsibilities in their role.
- C. Suspension or revocation of their license.**
- D. A promotion in their position.

If an adjuster fails to comply with state regulations, one significant consequence is the potential suspension or revocation of their license. This outcome underscores the importance of adherence to the laws and regulations governing insurance practices. Each state has specific guidelines set forth for insurance adjusters to ensure that they conduct their work ethically and fairly, protecting the interests of policyholders and the insurance industry as a whole. When adjusters operate outside these established regulations, they jeopardize not only their professional credibility but also the trust placed in the insurance system. Regulatory bodies monitor compliance and have the authority to take prescriptive actions, such as suspension or revocation of licenses, to uphold the integrity of the insurance profession. This measure serves as a deterrent, reinforcing the necessity for adjusters to remain compliant with all applicable laws and regulations governing their work. In contrast, the other choices, such as receiving a warning from the insurance company, assuming increased responsibilities, or being promoted, are generally not direct consequences of non-compliance. Instead, these alternatives may suggest a lack of serious repercussions, which does not align with the strict practices enforced by regulatory agencies.

5. Which valuation method is typically used by an insurer under a MH (F) policy?

- A. Replacement Cost
- B. Actual Cash Value (ACV)**
- C. Market Value
- D. Agreed Value

The correct choice, Actual Cash Value (ACV), is commonly used by insurers under a Manufactured Home (F) policy due to the nature of the coverage and how depreciation is considered in such policies. ACV takes into account the replacement cost of the property minus depreciation, which reflects the current market value of the property after its wear and tear over time. This method provides a fair assessment of the home's worth at the time of the loss, aligning with how claims are typically settled in the context of mobile and manufactured homes. Replacement Cost differs from ACV as it does not factor in depreciation, providing the cost to replace the item with a new one of similar kind and quality. This method is often more advantageous for policyholders but is not the standard for MH (F) policies. Market Value is a measure of the price a property would sell for on the open market, which can fluctuate significantly based on external conditions. While it offers insight into the property's worth, insurers generally do not base their payout structures primarily on market value in the case of manufactured homes. Agreed Value is a predetermined value set by the insurer and the insured before any loss occurs. While it can benefit situations where the value of items is hard to determine after a loss, this

6. Which element may enhance the problem of insurance fraud?

- A. Strict penalties for insurance fraud.
- B. High visibility of fraud cases.
- C. Low detection rates of fraudulent activities.**
- D. High insurance premiums.

The element that may enhance the problem of insurance fraud is low detection rates of fraudulent activities. When fraudulent actions are not easily identified or detected, it creates an environment where individuals might feel emboldened to commit fraud, believing they are less likely to face consequences. In contexts where detection rates are low, there is often a perceived lack of oversight or regulation, which can lead to an increase in attempts at fraud. This lack of accountability diminishes the effectiveness of deterrents like strict penalties or high visibility of cases, as potential fraudsters may not fear discovery. Overall, the connection between low detection rates and increased fraudulent behavior makes this element particularly influential in exacerbating the problem of insurance fraud.

7. The Miscellaneous Vehicle Coverage endorsement does what under a personal auto policy?

- A. Excludes motorcycles from coverage
- B. Adds coverage for classic cars
- C. Allows coverage for motorcycles and motor homes**
- D. Only covers recreational vehicles

The Miscellaneous Vehicle Coverage endorsement is designed to extend coverage under a personal auto policy to encompass vehicles that are typically not covered by standard personal auto policies. This includes motorcycles and motor homes, allowing policyholders to ensure they have appropriate coverage for these types of vehicles, which often require different liability and collision considerations than standard cars. By adding this endorsement, the policy provides broader protection, catering to the needs of individuals who own various types of vehicles beyond just passenger cars. The endorsement generally includes coverage for motorcycles, which are often excluded in basic personal auto policies, ensuring that riders have the necessary insurance while on the road. Additionally, motor homes, which serve as both transportation and living quarters, are included, as they fall outside the typical definition of a personal vehicle. The endorsement does not limit coverage only to recreational vehicles or classic cars, instead focusing on a wider array of vehicles including those mentioned, making it an essential option for anyone with diverse transportation needs.

8. Which of the following insurers is not engaging in an Unfair Claims Settlement Practice?

- A. Insurer that employs repair shop staff**
- B. Insurer that denies claims without explanation
- C. Insurer that fails to investigate claims
- D. Insurer that delays payment without reason

The reason an insurer that employs repair shop staff is not engaging in an Unfair Claims Settlement Practice is that having a repair shop staff integrated into the insurer's operations is a common and acceptable practice within the industry. This can enhance efficiency and customer service, as having in-house repair personnel can facilitate quicker assessments and repairs, ultimately benefiting policyholders. In contrast, the other options illustrate practices that would typically be considered unfair. An insurer denying claims without explanation lacks transparency and can frustrate policyholders, as they are left without clear reasons for the denial. Similarly, failing to investigate claims undermines the integrity of the claims process and can lead to unjust outcomes for policyholders. Lastly, delaying payment without reason disrupts the timely resolution of claims and can create unnecessary hardship for policyholders awaiting their funds. Each of these actions contradicts the principles of fair treatment and efficiency expected in claims handling.

9. Why was Jared's claim for hail damage to his sailboat denied?

- A. The boat was not insured
- B. The damage was not reported in time
- C. The boat was not inside a building during the storm**
- D. The sailboat was over the weight limit

The reason Jared's claim for hail damage to his sailboat was denied is that the boat was not inside a building during the storm. Many insurance policies have specific coverage terms that can include stipulations about the location of the insured property during certain events. In many cases, physical protection from severe weather conditions, such as hailstorms, is a requirement for coverage to apply. If the policy clearly states that the sailboat needed to be stored in a sheltered area to qualify for coverage during hail events, then being outside during the storm would render the damage outside of the policy's covered scenarios. Other possible factors that can influence claims, such as whether the boat was insured, whether the damage was reported in a timely manner, or compliance with weight limits, may not directly relate to the specific cause of denial in this particular situation. The focus here is on the location and protection of the sailboat during the hailstorm, which is crucial in determining eligibility for the claim.

10. What is the term for the legal process where claim disputes are legally settled?

- A. Negotiation
- B. Litigation**
- C. Mediation
- D. Settlement

The term for the legal process where claim disputes are legally settled is litigation. This process involves the formal judicial resolution of disputes, typically taking place in a court setting. In litigation, the parties involved present their cases, along with evidence and legal arguments, to a judge or jury who then makes a binding decision. Litigation is often pursued when other methods of dispute resolution, such as negotiation or mediation, have failed to produce a satisfactory outcome. It is characterized by its structured and procedural nature, adhering to legal rules and statutes governing courtroom conduct. Other terms, such as negotiation and mediation, refer to alternative dispute resolution methods that aim to resolve conflicts outside of the courtroom, but they do not carry the same legal weight or procedural rigor as litigation. Settlement generally refers to an agreement reached between parties to resolve a dispute, often before litigation progresses, but it is not itself a legal procedure. Ultimately, litigation is the most formalized and legally binding method for resolving claim disputes.

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!

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