

SOUTH CAROLINA ADJUSTER LICENSING 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 bond provides coverage for all employees of the insured against dishonest acts without naming individuals?**
 - A. Blanket Position Bond
 - B. Fidelity Bond
 - C. General Liability Bond
 - D. Commercial Liability Bond
- 2. What factor reduces premiums when loss experience exceeds expectations?**
 - A. Risk factor
 - B. Experience rating
 - C. Experience modification factor
 - D. Premium adjustment factor
- 3. Which coverage expands automatic coverage for insured and family while driving vehicles not owned by the insured?**
 - A. Extended reporting period
 - B. Extended nonowned coverage
 - C. Comprehensive coverage
 - D. Liability coverage
- 4. What term refers to the duty owed by one person to another in an insurance context?**
 - A. Liability
 - B. Degree of care
 - C. Responsibility
 - D. Negligence
- 5. What does the assignment condition refer to in an insurance policy?**
 - A. The transfer of a policy to another person without consent
 - B. The ability of an insurer to sell a policy to another company
 - C. The requirement of written consent for policy transfer
 - D. The acceptance of new policyholders at renewal

- 6. Which term best defines the purpose of the ocean marine insurance category?**
- A. Export protection
 - B. High-value property coverage
 - C. Trading risk management
 - D. Cargo loss prevention
- 7. What type of insurance provides coverage for organizations and their employees against wrongful employment practices?**
- A. Equipment breakdown protection coverage
 - B. Errors and omissions insurance
 - C. Employment practices liability insurance
 - D. Excess insurance
- 8. How does indemnity affect the insured's potential recovery?**
- A. Limits recovery to only out-of-pocket expenses
 - B. Ensures profits can be generated
 - C. Focuses on restoring a financial condition
 - D. Allows for decreased coverage limits
- 9. What is one type of liability covered under a commercial package policy?**
- A. Auto liability
 - B. Employment-related practices liability
 - C. Homeowners liability
 - D. Personal injury liability
- 10. What is available only by endorsement for an extra charge in the context of ERP?**
- A. Basic ERP
 - B. Extended ERP
 - C. Supplemental ERP
 - D. Unlimited claims period

Answers

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

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Explanations

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1. What type of bond provides coverage for all employees of the insured against dishonest acts without naming individuals?

- A. Blanket Position Bond**
- B. Fidelity Bond
- C. General Liability Bond
- D. Commercial Liability Bond

The type of bond that provides coverage for all employees of the insured against dishonest acts without naming individuals is known as a Blanket Position Bond. This type of bond offers broad protection by covering all employees in specific positions, which means that it does not list individual employees but rather applies to a defined group. This is particularly beneficial for businesses as it simplifies the process of ensuring that all employees are covered under the bond without the need for constant updates to the bond's specifics when new employees are hired or when roles change. In the context of fidelity and commercial liability, a Fidelity Bond is indeed related to employee dishonesty but usually names specific individuals or positions rather than encompassing all employees. A General Liability Bond and a Commercial Liability Bond serve different purposes, focusing on liability coverage rather than employee dishonesty. Hence, the Blanket Position Bond precisely fits the description provided in the question, ensuring comprehensive protection against dishonest acts by covered employees without the need for individual naming.

2. What factor reduces premiums when loss experience exceeds expectations?

- A. Risk factor
- B. Experience rating
- C. Experience modification factor**
- D. Premium adjustment factor

The experience modification factor plays a critical role in adjusting insurance premiums based on a business's past loss experience. Specifically, it is a numerical representation that reflects the claim history of a business compared to its industry average. When a business incurs fewer claims than expected, it results in a lower experience modification factor, thereby reducing the premium. Conversely, if a business has higher-than-expected claims, the factor would increase, leading to higher premiums. This system is particularly beneficial for businesses that maintain good safety records, as it rewards them with lower insurance costs. By using this factor, insurance companies can more accurately align the cost of coverage with the actual risk posed by the insured entity, making the premiums fairer and based on real performance rather than simply general industry standards. Other factors, while related to the insurance and premium calculation processes, do not provide the same direct mechanism for adjusting premiums based on historical loss data as the experience modification factor does.

3. Which coverage expands automatic coverage for insured and family while driving vehicles not owned by the insured?

- A. Extended reporting period
- B. Extended nonowned coverage**
- C. Comprehensive coverage
- D. Liability coverage

The correct answer is tied to the concept of providing protection for individuals and family members when using vehicles that they do not own. This specific coverage, known as extended nonowned coverage, is essential in situations where the insured or their family drives a vehicle that belongs to someone else but still requires insurance coverage during that use. Extended nonowned coverage expands the protection beyond merely owned vehicles, ensuring that the insured is covered while driving other people's cars, rental vehicles, or vehicles used temporarily. This is particularly important in cases where the primary insurance does not extend to such usage, providing peace of mind to the insured that they are financially protected against liabilities that may arise from accidents involving nonowned vehicles. Other types of coverage mentioned do not specifically address this scenario. For instance, an extended reporting period is more focused on providing additional time to report claims after a policy has been canceled. Comprehensive coverage generally covers damage to your own vehicle from non-collision events, such as theft or natural disasters, while liability coverage primarily pertains to injury or damage done to others in an accident where the insured is at fault.

4. What term refers to the duty owed by one person to another in an insurance context?

- A. Liability
- B. Degree of care**
- C. Responsibility
- D. Negligence

The term that refers to the duty owed by one person to another in an insurance context is indeed "degree of care." This concept encapsulates the expectations of how an individual or an entity should act toward others, particularly in terms of the precautions they should take to avoid causing harm. In the realm of insurance, recognizing the degree of care required can determine whether a party has fulfilled their obligations and whether an insurance claim should be honored based on whether the duty was met. For instance, in professional liability insurance, the degree of care refers to the standard of care that a professional is required to uphold, which is often judged against what a reasonable professional in the same field would do. If they fail in this duty and cause harm as a result, it may lead to a claim of negligence, which is a failure to meet the required degree of care. Understanding the concept of degree of care is crucial for adjusters as it aids in assessing claims and understanding the responsibilities both the insured and the insurer hold in the process.

5. What does the assignment condition refer to in an insurance policy?

- A. The transfer of a policy to another person without consent
- B. The ability of an insurer to sell a policy to another company
- C. The requirement of written consent for policy transfer**
- D. The acceptance of new policyholders at renewal

The assignment condition in an insurance policy refers specifically to the requirement of obtaining written consent from the insurer before transferring the policy to another party. This condition is crucial because it protects the insurer's interests by allowing them to evaluate the risk associated with the new policyholder and ensure that they are willing to underwrite that individual's coverage. When a policyholder wishes to assign their policy to another person or entity, the insurer needs to approve this transition to maintain control over who is covered under the policy. This requirement helps to prevent unauthorized parties from receiving benefits without the insurer's knowledge or approval, thereby safeguarding the terms of the contract and the insurer's obligations. In essence, the assignment condition emphasizes the relationship and mutual agreement between the insurer and policyholder, ensuring that all changes to the policy's ownership are made transparently and with the necessary approvals.

6. Which term best defines the purpose of the ocean marine insurance category?

- A. Export protection
- B. High-value property coverage
- C. Trading risk management**
- D. Cargo loss prevention

The best definition of the purpose of the ocean marine insurance category is centered around trading risk management. Ocean marine insurance is specifically designed to protect maritime interests and manage the risks associated with the transportation of goods over water. This type of insurance covers various perils that ships and cargo may face during transit, including storms, piracy, collision, and other events that could lead to loss or damage. The focus on trading risk management highlights the need for businesses involved in maritime trade to safeguard their financial investments while transporting goods internationally. This is crucial for companies that depend on the smooth operation of global supply chains, as any disruption could lead to significant financial losses. Other options, while related to specific aspects of maritime operations, do not capture the broader purpose as effectively. For instance, export protection and cargo loss prevention are important elements of maritime operations, but they are more specific in nature and do not encompass the full spectrum of trading risks that ocean marine insurance addresses. High-value property coverage is also relevant but does not exclusively reflect the comprehensive nature of risk management within the context of maritime trade. Thus, the correct option aptly describes ocean marine insurance's overarching role in mitigating risks associated with international trade.

7. What type of insurance provides coverage for organizations and their employees against wrongful employment practices?

- A. Equipment breakdown protection coverage
- B. Errors and omissions insurance
- C. Employment practices liability insurance**
- D. Excess insurance

Employment practices liability insurance (EPLI) specifically protects organizations and their employees from claims related to wrongful employment practices. This type of coverage addresses issues such as wrongful termination, discrimination, harassment, and other employment-related disputes. EPLI is essential for businesses to mitigate financial risks associated with legal actions brought by employees or former employees regarding employment practices. Understanding the significance of EPLI is crucial for organizations as they navigate the complexities of labor laws and employee relations. With the rise of workplace claims and the potential for costly litigation, having this type of insurance allows organizations to defend against these claims and cover any settlements or judgments that may arise. In contrast, options like equipment breakdown protection coverage focus on insuring against mechanical failures, errors and omissions insurance relates to professional liability and services rendered, while excess insurance provides additional coverage beyond the limits of other policies. These types of insurance do not specifically address the employment-related claims that EPLI is designed to cover.

8. How does indemnity affect the insured's potential recovery?

- A. Limits recovery to only out-of-pocket expenses
- B. Ensures profits can be generated
- C. Focuses on restoring a financial condition**
- D. Allows for decreased coverage limits

Indemnity is a fundamental principle in insurance that aims to restore an insured individual to the financial position they were in prior to a loss, without allowing them to profit from the situation. This principle ensures that the compensation provided to the insured covers only the actual loss experienced, thereby focusing on restoring their financial condition. When an insured experiences a loss, the insurance policy should compensate them in a way that reflects their pre-loss condition. This means that factors like the value of the lost property, repair costs, or other associated expenses are considered to calculate the recovery amount. The objective is to make the insured "whole" again, not to provide them with a windfall or allow them to benefit financially from the loss. Understanding the effect of indemnity is crucial for adjusters. It guides how claims should be assessed and the amount of compensation that can be disbursed to ensure compliance with the principle of indemnity. This ensures fairness and upholds the integrity of the insurance system.

9. What is one type of liability covered under a commercial package policy?

- A. Auto liability
- B. Employment-related practices liability**
- C. Homeowners liability
- D. Personal injury liability

A commercial package policy, often referred to as a CPP, consolidates various coverages into a single policy to provide liability protection tailored specifically for businesses. One of the significant types of liability covered under such a policy is employment-related practices liability. This type of liability protects businesses against claims arising from employment-related practices, including wrongful termination, discrimination, and harassment claims made by employees against their employers. This coverage is critical for organizations to mitigate financial risks associated with legal actions stemming from employment practices and ensure compliance with labor laws while protecting their reputation and financial stability. Other types of liability, such as auto liability or personal injury liability, typically fall under specialized policies or separate endorsements rather than being integral components of a commercial package policy. Therefore, understanding the specific coverages under a CPP is essential for businesses to ensure they have the necessary protection in place.

10. What is available only by endorsement for an extra charge in the context of ERP?

- A. Basic ERP
- B. Extended ERP
- C. Supplemental ERP**
- D. Unlimited claims period

In the context of Business Interruption insurance, the Supplemental Extended Reporting Period (ERP) is an additional coverage that can be added to existing policies through an endorsement for an extra charge. This option allows policyholders to extend the reporting period for claims beyond what is typically offered in the policy, providing additional time for claims to be made after the initial reporting period has expired. This provision serves to enhance the flexibility and security of coverage, ensuring that businesses have adequate time to address potential financial losses resulting from interruptions. Other types of ERPs, such as Basic ERP and Extended ERP, are usually included within the primary policy and are predefined in their terms without requiring extra costs or endorsements. The Unlimited Claims Period is more of a policy feature than an endorsement and is generally not available as an option that incurs an additional charge. Thus, Supplemental ERP stands out as the only option available solely through endorsement and at an extra expense, providing tailored coverage based on the specific needs of the insured business.

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:

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

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