

01	☐ A	☐ B	☐ C	☒ D	☐ E
02	☒ A	☐ B	☐ C	☐ D	☐ E
03	☒ A	☐ B	☐ C	☐ D	☐ E
04	☒ A	☐ B	☐ C	☐ D	☐ E
05	☐ A	☐ B	☐ C	☐ D	☒ E
06	☐ A	☐ B	☐ C	☒ D	☐ E
07	☐ A	☐ B	☐ C	☒ D	☐ E
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12	☐ A	☐ B	☐ C	☒ D	☐ E
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14	☐ A	☒ B	☐ C	☐ D	☐ E
15	☐ A	☐ B	☐ C	☐ D	☒ E
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24	☒ A	☐ B	☐ C	☐ D	☐ E
25	☐ A	☐ B	☐ C	☐ D	☒ E
26	☐ A	☐ B	☐ C	☐ D	☒ E

27	☐ A	☐ B	☐ C	☒ D	☐ E
28	☒ A	☐ B	☐ C	☐ D	☐ E
29	☒ A	☐ B	☐ C	☐ D	☐ E
30	☒ A	☐ B	☐ C	☐ D	☐ E
31	☐ A	☐ B	☒ C	☐ D	☐ E
32	☐ A	☒ B	☐ C	☐ D	☐ E
33	☐ A	☐ B	☐ C	☐ D	☒ E
34	☐ A	☐ B	☒ C	☐ D	☐ E
35	☒ A	☐ B	☐ C	☐ D	☐ E
36	☒ A	☐ B	☐ C	☐ D	☐ E
37	☐ A	☒ B	☐ C	☐ D	☐ E
38	☐ A	☐ B	☐ C	☐ D	☒ E
39	☐ A	☐ B	☐ C	☐ D	☒ E

PRACTICE QUESTIONS

CALIFORNIA DEPARTMENT OF INSURANCE

HRX6USYQ

CA PSI Site - Public Insurance Adjuster Examination

EDITION

Demo

QUESTIONS

9

FORMAT

Limited Edition PDF

Before you begin

What this is

9 practice questions for CALIFORNIA DEPARTMENT OF INSURANCE **HRX6USYQ**, each with its answer key and an explanation. Answer a question before you read its key — the explanation is worth more once you have committed.

If something looks wrong

Send us three things and we will check it:

- the exam code, **HRX6USYQ**
- the question number
- the email address on your order

Write to **support@mometrix.net**. We reply within one business day.

QUESTION 1

SINGLE CHOICE

Under the California Insurance Code, a public insurance adjuster is best defined as any person who, for compensation or any other thing of value, acts on behalf of or aids an insured in negotiating the settlement of which type of claim?

- ☐ A A workers' compensation claim filed by an employee
- ☒ B A first-party property insurance claim made by an insured
- ☐ C A liability claim brought against the insured by a third party
- ☐ D A health insurance claim submitted by a policyholder

ANSWER B

WHY California Insurance Code §1507 defines a public insurance adjuster as someone who, for compensation, acts on behalf of or aids an insured in negotiating the settlement of a first-party insurance claim. Workers' comp, third-party liability, and health claims fall outside this definition.

QUESTION 2

SINGLE CHOICE

Which of the following is required before an applicant can be licensed as a public insurance adjuster by the California Department of Insurance?

- ☒ A Completion of a pre-licensing education course approved by the Department
- ☐ B A current California real estate license
- ☐ C U.S. citizenship as a condition of licensure
- ☐ D Five years of prior claims-handling experience at an insurer

ANSWER A

WHY California requires applicants for a public insurance adjuster license to complete a Department-approved pre-licensing education course and pass the licensing examination. Citizenship, real estate licensing, and a five-year insurer experience requirement are not statutory qualifications.

QUESTION 3

SINGLE CHOICE

A public insurance adjuster may NOT do which of the following?

- ☐ A Solicit business through general advertising directed to the public
- ☒ B Charge or receive a fee for services before a covered loss has occurred
- ☐ C Provide a written contract to the insured before the adjuster performs any work
- ☐ D Report changes in business address to the Commissioner within 30 days

ANSWER **B**

WHY California Insurance Code §1509 and related regulations prohibit a public insurance adjuster from charging or receiving any fee, commission, or other valuable consideration for services until a covered loss actually occurs. The other actions listed are either permitted or required.

QUESTION 4

SINGLE CHOICE

For how long must a California-licensed public insurance adjuster retain records, including contracts and account records, relating to each insured?

- ☐ A At least 1 year after the date of loss
- ☐ B At least 3 years after the contract is signed
- ☒ C At least 5 years after the date of loss or 3 years after final payment, whichever is later
- ☐ D Until the next license renewal cycle

ANSWER **C**

WHY California regulations require public insurance adjusters to maintain records of transactions for at least five years after the date of loss or three years after the final settlement payment is made, whichever period ends later. Shorter retention periods do not satisfy the rule.

QUESTION 5

SINGLE CHOICE

A public insurance adjuster who refers an insured to a specific attorney, contractor, or restoration company in exchange for a fee or other thing of value from that referral is engaging in which of the following?

- ☐ A A permissible referral arrangement
- ☒ B An illegal referral fee practice prohibited under the Insurance Code
- ☐ C A standard co-marketing agreement
- ☐ D A required disclosure to the insurer

ANSWER B

WHY California Insurance Code §1509 prohibits public insurance adjusters from accepting any thing of value in exchange for referring an insured to a particular attorney, contractor, repair facility, or similar party. Such kickback-style arrangements are illegal regardless of how they are labeled.

QUESTION 6

SINGLE CHOICE

In a typical first-party property claim, how does the role of a public insurance adjuster differ from that of the insurer's staff adjuster?

- ☐ A The public adjuster is paid by the insurer to confirm coverage
- ☒ B The public adjuster represents the insured's interests in negotiating the settlement
- ☐ C The public adjuster has authority to issue the policy
- ☐ D The public adjuster acts as an independent arbitrator

ANSWER B

WHY A public insurance adjuster is retained by and represents the insured, helping negotiate and settle the claim with the insurer. The insurer's staff or independent adjuster represents the insurer's interests. Public adjusters do not issue policies and are not arbitrators.

QUESTION 7

SINGLE CHOICE

Which of the following is a permissible ground on which the California Insurance Commissioner may suspend, revoke, or refuse to renew a public insurance adjuster's license?

- ☐ A Charging a fee that is lower than that of competing adjusters
- ☒ B Demonstrating untrustworthiness or incompetence in the conduct of business
- ☐ C Working in a geographic area where the licensee does not reside
- ☐ D Filing a complaint on behalf of an insured with the Department

ANSWER B

WHY California Insurance Code §1509 gives the Commissioner authority to suspend, revoke, or deny renewal for causes including fraud, misrepresentation, untrustworthiness, incompetence, or any violation of the Insurance Code. Pricing competitively, geographic location, and legitimate advocacy for an insured are not disciplinary grounds.

QUESTION 8

SINGLE CHOICE

A California-licensed public insurance adjuster who changes his or her business or residence address must notify the Department of Insurance within what period?

- ☐ A Within 10 days of the change
- ☒ B Within 30 days of the change
- ☐ C Within 90 days of the change
- ☐ D Only at the next license renewal

ANSWER B

WHY California Insurance Code §1509 and Department regulations require licensees to report changes in business or residence address to the Commissioner within 30 days of the change. Reporting only at renewal or after 90 days does not satisfy this obligation.

QUESTION 9

MULTIPLE CHOICE

Which of the following are general qualifications that an applicant must satisfy before the California Insurance Commissioner will issue a public insurance adjuster license? (Choose two.)

- ☐ A Be a resident of California
- ☒ B Be at least 18 years of age
- ☐ C Hold a current California real estate license
- ☒ D Be trustworthy and competent

ANSWER B • D

WHY Under the public insurance adjuster licensing statute, an applicant must be at least 18 years of age and must be trustworthy and competent. California residency and possession of a real estate license are not stated qualifications for this license.