

Florida 2-15 Insurance License 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. In Florida, which of the following groups are eligible for group life insurance?
 - A. Only large corporations
 - B. Typically, any type of legitimate group
 - C. Only non-profit organizations
 - D. Only government entities

2. An agreement that provides that upon a business owner's death, surviving owners will purchase the deceased's interest, often with funds from life insurance policies owned by each principal on the lives of all other principals is the:
 - A. Buy-Sell plan
 - B. Inheritance agreement
 - C. Partnership buyout
 - D. Succession agreement

3. Which type of health insurance policy typically requires a primary care physician's referral to see specialists?
 - A. Indemnity Plan
 - B. Preferred Provider Organization (PPO)
 - C. Health Maintenance Organization (HMO)
 - D. High Deductible Health Plan

4. In order to qualify for Medicaid benefits, applicants must be at least age ____, blind or disabled, and meet other eligibility requirements.
 - A. 60
 - B. 62
 - C. 65
 - D. 70

5. What must accompany every sales presentation for an individual variable insurance contract?
- A. Application Form
 - B. Sales Animation
 - C. Prospectus
 - D. Disclosure Statement
6. How does the taxation of a 403(b) distribution compare to an IRA distribution?
- A. 403(b) distributions are tax-free.
 - B. Both are taxed at capital gains rates.
 - C. Both are 100% taxable.
 - D. Only 403(b) distributions are taxed.
7. What method do commercial insurers operate on?
- A. Cost-plus method
 - B. Indemnity method
 - C. Reimbursement method
 - D. Fixed premium method
8. What is the standard time period after which a life insurance policy becomes incontestable?
- A. One year
 - B. Two years
 - C. Three years
 - D. Five years
9. What type of insurance is most frequently used in group life plans?
- A. Whole Life Insurance
 - B. Term Life Insurance
 - C. Annual Renewable Term
 - D. Universal Life Insurance

10. The Statute of Limitations states that a lawsuit must be filed within how many years after Proof of Loss is furnished?
- A. 3 years
 - B. 5 years
 - C. 7 years
 - D. 10 years

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Answers

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

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Explanations

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1. In Florida, which of the following groups are eligible for group life insurance?

- A. Only large corporations
- B. Typically, any type of legitimate group
- C. Only non-profit organizations
- D. Only government entities

The answer is rooted in the principle that group life insurance is designed to provide coverage for a collective group of individuals who share a common bond, not limited to the context of their employment or organizational affiliation. In Florida, an eligible group for group life insurance can comprise various formations, including but not limited to businesses, associations, labor unions, and non-profit organizations. The key requirement is that the group must be legitimate, meaning it must exist for a particular purpose beyond merely obtaining insurance. This flexibility highlights the essential nature of group life policies, which are often more cost-effective and easier to obtain than individual policies, as they spread the risk across a broader membership base. The law does not constrain eligibility strictly to large corporations, non-profits, or government entities—these examples represent only a fraction of possible groups that can secure such insurance. The general acceptance of diverse groups underscores the inclusivity of group life insurance in Florida.

2. An agreement that provides that upon a business owner's death, surviving owners will purchase the deceased's interest, often with funds from life insurance policies owned by each principal on the lives of all other principals is the:

- A. Buy-Sell plan
- B. Inheritance agreement
- C. Partnership buyout
- D. Succession agreement

The correct choice is the buy-sell plan, which is a strategic agreement among business partners or owners. This plan outlines the process that will be followed in the event of an owner's death, disability, or retirement, specifically regarding how the deceased or departing owner's interest in the business will be handled. In a buy-sell plan, the surviving owners agree to purchase the deceased owner's share of the business, which is often funded through life insurance policies that each partner holds on the others. This mechanism ensures that the financial resources needed to execute the purchase are readily available at the time when the buyout occurs, providing liquidity to the deceased owner's estate and securing the business's continuity among the remaining partners. The significance of this plan lies in its ability to prevent potential disputes among heirs who might not share the same vision for the business or who may not possess the necessary background in operating it. Thus, the buy-sell plan serves as a crucial risk management tool for businesses, ensuring smooth transitions and maintaining stability during unexpected changes. Other options, while they may involve aspects of ownership transfer or business continuity, do not specifically encompass the structured and life insurance-backed agreement that a buy-sell plan defines. An inheritance agreement typically deals with how assets are distributed upon death

3. Which type of health insurance policy typically requires a primary care physician's referral to see specialists?

- A. Indemnity Plan
- B. Preferred Provider Organization (PPO)
- C. Health Maintenance Organization (HMO)
- D. High Deductible Health Plan

A Health Maintenance Organization (HMO) policy typically requires a primary care physician's referral to see specialists. This structure is designed to provide coordinated care and manage health expenses effectively. When enrolled in an HMO, members select a primary care physician (PCP) who becomes their main point of contact for health concerns. The PCP is responsible for managing the patient's overall care, which includes providing referrals to specialists when specialized treatment is necessary. This referral requirement helps maintain a centralized approach to healthcare, ensuring that all aspects of a member's health are overseen by the PCP. This model not only facilitates continuity of care but also assists in controlling costs associated with unnecessary or duplicative services. In contrast, other types of health insurance plans, such as indemnity plans or PPOs, offer more flexibility in choosing healthcare providers and usually do not mandate referrals from a primary care physician.

4. In order to qualify for Medicaid benefits, applicants must be at least age _____, blind or disabled, and meet other eligibility requirements.

- A. 60
- B. 62
- C. 65
- D. 70

Medicaid is a program that provides health coverage to individuals with limited income and resources, and it has specific eligibility criteria. One of these criteria is the age requirement. In the context of this question, applicants must be at least 65 years old to qualify for Medicaid benefits. This age threshold aligns with policies in many states, where individuals who are aged 65 or older, as well as those who are blind or disabled, are typically given priority for coverage. This age is significant because it represents the traditional retirement age when many individuals may start to face increased health care needs and may not have sufficient income or resources to cover those expenses without assistance. The other age options—60, 62, and 70—do not meet the requirements defined by the Medicaid program for aged individuals. While it is possible that individuals under 65 could qualify under different categories (like being disabled), the primary eligibility standard for seniors is set at 65. Therefore, 65 is the correct answer for the age criterion specifically mentioned in the context of general Medicaid eligibility for the elderly.

5. What must accompany every sales presentation for an individual variable insurance contract?

- A. Application Form
- B. Sales Animation
- C. Prospectus
- D. Disclosure Statement

In the context of individual variable insurance contracts, a prospectus is a necessary document that provides detailed information about the investment component of the contract. The prospectus outlines important elements such as the risks associated with the investment, the performance history, expenses, and the objectives of the variable product. This is crucial because these insurance contracts are linked to market performance and contain an element of investment risk. Including a prospectus with every sales presentation ensures that potential policyholders are adequately informed about what they are purchasing. It promotes transparency and allows consumers to make informed decisions based on their financial goals and risk tolerance. Regulators mandate the provision of this document to protect consumers from misleading sales practices and to promote an understanding of the products being offered. Other materials, such as an application form or disclosure statement, while also important, do not satisfy the regulatory requirement of providing detailed investment information to the client at the time of the sales presentation. Therefore, having the prospectus is essential to fulfill legal obligations and support informed consumer choices in the variable insurance market.

6. How does the taxation of a 403(b) distribution compare to an IRA distribution?

- A. 403(b) distributions are tax-free.
- B. Both are taxed at capital gains rates.
- C. Both are 100% taxable.
- D. Only 403(b) distributions are taxed.

The correct answer indicates that both 403(b) and IRA distributions are subject to taxation as ordinary income, making them 100% taxable upon distribution. This taxation process reflects how both retirement accounts are designed to provide tax-deferred growth during the accumulation phase, but when funds are withdrawn, they are taxed at the individual's current income tax rate. In the case of a 403(b), which is a retirement plan for certain employees of public schools and tax-exempt organizations, the contributions are generally made pre-tax. As a result, any distributions received after retirement are fully taxable as ordinary income. Similarly, traditional IRA distributions are also taxed as ordinary income when withdrawn. The intent behind both account types is to incentivize saving for retirement, but ultimately, tax obligations come due when distributions are taken. Other options fail to accurately describe the taxation of these distributions: 403(b) distributions are not tax-free; thus, option A does not hold true. The idea that both distributions are taxed at capital gains rates, as suggested by option B, is also misleading because distributions from both 403(b) plans and traditional IRAs are taxed at ordinary income rates, not capital gains rates. Lastly, option D inaccurately implies that only 403(b) distributions incur

7. What method do commercial insurers operate on?

- A. Cost-plus method
- B. Indemnity method
- C. Reimbursement method
- D. Fixed premium method

Commercial insurers primarily operate on the indemnity method. This approach is based on the principle of indemnity, which is designed to restore the insured to the financial position they were in before a loss occurred. Under this method, the insurer pays for covered losses up to the policy limit, ensuring that the insured does not profit from a claim but is instead compensated for their actual loss. The indemnity method helps maintain fairness in the insurance market by discouraging individuals from intentionally causing losses to benefit financially. It emphasizes the need for accurate loss assessments and claims processes, which are critical for the sustainability of insurance operations. The other methods mentioned, such as cost-plus and reimbursement, may apply to specific situations or types of insurance but do not represent the overarching mechanism utilized by commercial insurers. For instance, reimbursement might refer to situations where one party is reimbursed for expenses they've already incurred, which is more typical in healthcare policies than in broader commercial insurance practices. The fixed premium method describes how premiums may be calculated but doesn't reflect the operational approach to claims handling.

8. What is the standard time period after which a life insurance policy becomes incontestable?

- A. One year
- B. Two years
- C. Three years
- D. Five years

A life insurance policy typically becomes incontestable after a period of two years. This means that once the policy has been in force for two years, the insurer cannot contest the validity of the policy based on misrepresentation or concealment of information by the insured, provided the premiums have been paid and the policy is otherwise valid. The rationale behind this two-year period is to provide a level of security for policyholders, allowing them to know that after this time frame, their coverage cannot be called into question based on earlier statements or omissions. This helps to promote stability and confidence in the insurance coverage for the policyholder. In many jurisdictions, including Florida, the two-year incontestability clause is standard practice for life insurance contracts, thereby ensuring policyholders have a definite timeframe after which their policies are secure against certain types of disputes by the insurer.

9. What type of insurance is most frequently used in group life plans?

- A. Whole Life Insurance
- B. Term Life Insurance
- C. Annual Renewable Term
- D. Universal Life Insurance

The most frequently used type of insurance in group life plans is typically Annual Renewable Term. This form of life insurance is designed to provide coverage for a specific term, often one year, with the option to renew at the end of each term without requiring additional medical underwriting. The primary reason for its popularity in group plans is its cost-effectiveness and suitability for covering large groups of individuals, such as employees in a company. Organizations often prefer this type due to lower initial premiums and the simplicity of issuing coverage to a group, which benefits employees without requiring them to qualify for individual policies. Additionally, term insurance aligns well with the needs of many individuals in a group setting, as it provides significant coverage at a lower price compared to whole or universal life insurance options. This allows employers to offer valuable benefits to employees without incurring excessive costs. The other types of insurance mentioned, such as whole life and universal life, generally involve higher premiums and more complexity in terms of benefits and cash value accumulation, making them less practical for group insurance purposes where affordability and straightforward benefits are priorities.

10. The Statute of Limitations states that a lawsuit must be filed within how many years after Proof of Loss is furnished?

- A. 3 years
- B. 5 years
- C. 7 years
- D. 10 years

The correct answer is based on the legal framework that governs insurance contracts in Florida. The Statute of Limitations for filing a lawsuit related to an insurance claim typically states that a lawsuit must be initiated within five years after the Proof of Loss has been submitted to the insurer. This period is designed to provide a reasonable timeframe for both the policyholder and the insurer to resolve disputes related to claims. Understanding this timeframe is essential for policyholders, as it establishes a deadline for pursuing legal action if a claim is denied or not adequately handled. Once this five-year window is exceeded, the policyholder generally loses the right to make a legal claim regarding that specific loss under the policy, regardless of the circumstances surrounding the denial. This time limit is significant because it encourages prompt resolution of claims while also providing an incentive for insurers to process claims efficiently. Awareness of the Statute of Limitations is crucial for anyone involved in insurance, as it impacts both policy holders' rights and insurers' obligations.

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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