

Florida 2-20 - Statutes Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain from reliable sources accurate, complete, and timely information about this product.

SAMPLE

Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	6
Answers	9
Explanations	11
Next Steps	17

SAMPLE

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. Don't worry about getting everything right, 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, and take breaks to retain information better.

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.

7. Use Other Tools

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!

SAMPLE

Questions

SAMPLE

- 1. Under which market condition is fraudulent activity by unauthorized insurers more likely to occur?**
 - A. Hard Markets**
 - B. Soft Markets**
 - C. Medium Markets**
 - D. Average Markets**

- 2. Which of the following contributes to the financial integrity of insurance operations?**
 - A. Selective underwriting practices**
 - B. Keeping premiums low regardless of risk**
 - C. Reducing claim processing times regardless of accuracy**
 - D. High advertising expenditures**

- 3. Tammy says her inventory was stolen by local bandits. The insurance company asks her to file a proof of loss form with supporting evidence. What is likely to happen next?**
 - A. Tammy will sue the insurance company for unfair claims practices.**
 - B. The insurance company will deny the claim because there is no evidence that a loss actually occurred.**
 - C. The insurance company will pay whatever Tammy says the amount of the loss was.**
 - D. The insurance company will investigate the local bandits and attempt to capture them.**

- 4. What is 'insurance premium tax' in Florida?**
 - A. A tax levied on insurance premiums collected by insurers**
 - B. A fee for underwriting insurance policies**
 - C. A penalty for late payment of insurance premiums**
 - D. A tax on claims processed by insurance companies**

- 5. The role of the Commissioner in Florida's insurance regulation primarily involves:**
 - A. Legislative approval of insurance rates.**
 - B. Regulation of healthcare providers.**
 - C. Oversight of insurer rates and policy forms.**
 - D. Appointment of insurance agents.**

- 6. What is it called when the insured fails to reveal a known fact that affects the policy?**
- A. Waiver**
 - B. Concealment**
 - C. Warranty**
 - D. Misrepresentation**
- 7. Which responsibility does the Office of Insurance Regulation NOT hold?**
- A. Legislation regarding insurance**
 - B. Adjudication of matters regarding insurance**
 - C. Regulation, compliance and enforcement of laws related to insurance**
 - D. Managing licensed entities in insurance**
- 8. How do statutory policies primarily differ from non-statutory policies?**
- A. Low premiums.**
 - B. Defined by state laws.**
 - C. Written by private companies.**
 - D. Offer broader coverage options.**
- 9. How many days does a licensee have to notify the Department of Insurance after changing their name or address?**
- A. 10 days**
 - B. 30 days**
 - C. 45 days**
 - D. 90 days**
- 10. How long must an agent maintain records of an insurance policy in their office?**
- A. 3 years**
 - B. 5 years**
 - C. 10 years**
 - D. 30 days**

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. Under which market condition is fraudulent activity by unauthorized insurers more likely to occur?

- A. Hard Markets**
- B. Soft Markets**
- C. Medium Markets**
- D. Average Markets**

Fraudulent activity by unauthorized insurers is more likely to occur in hard markets. A hard market is characterized by increased premiums and a reduction in the availability of insurance coverage due to a higher frequency of losses or claims. In these conditions, consumers may feel pressured to seek out coverage from any available source, which can include unauthorized or unlicensed insurers. These unauthorized insurers may take advantage of individuals looking for insurance solutions when traditional, authorized providers are unable or unwilling to offer coverage at competitive rates. In contrast, during soft markets, there is an oversupply of insurance coverage with lower premiums, which generally reduces the necessity for consumers to seek out unauthorized options. This environment can lead to less fraudulent activity because the legitimate market is more accessible and attractive. Medium or average markets typically exhibit characteristics that don't strongly align with the risk factors that lead to fraud; hence, fraudulent activities are not as pronounced in these scenarios. Thus, the conditions of a hard market create a perfect storm for unauthorized insurers to exploit consumers, leading to an increased likelihood of fraudulent activity.

2. Which of the following contributes to the financial integrity of insurance operations?

- A. Selective underwriting practices**
- B. Keeping premiums low regardless of risk**
- C. Reducing claim processing times regardless of accuracy**
- D. High advertising expenditures**

Selective underwriting practices contribute to the financial integrity of insurance operations by ensuring that insurers evaluate the risks associated with potential policyholders carefully. By assessing the likelihood of claims accurately, an insurer can set premiums that reflect the actual risk involved. This practice helps maintain the insurer's financial stability, as it minimizes the chances of incurring losses from higher-than-expected claims costs. By engaging in selective underwriting, insurers can attract business while also ensuring they do not take on excessive risk that could jeopardize their financial health. This careful selection process ultimately supports the sustainability and profitability of the insurance operation.

3. Tammy says her inventory was stolen by local bandits. The insurance company asks her to file a proof of loss form with supporting evidence. What is likely to happen next?
- A. Tammy will sue the insurance company for unfair claims practices.
 - B. The insurance company will deny the claim because there is no evidence that a loss actually occurred.**
 - C. The insurance company will pay whatever Tammy says the amount of the loss was.
 - D. The insurance company will investigate the local bandits and attempt to capture them.

The insurance company requesting a proof of loss form with supporting evidence indicates that they are taking Tammy's claim seriously and require substantiation before proceeding. In the context of insurance claims, if the evidence provided by Tammy does not adequately demonstrate that a theft occurred—such as police reports, inventory records, or witness statements—the insurance company is likely to question the validity of the claim. If they find the evidence lacking, it is plausible that they would deny the claim due to insufficient proof of loss. This response aligns with standard insurance practices where insurers must verify claims thoroughly to prevent fraudulent activities. Without credible evidence confirming that a loss took place, it stands to reason that the company could deny the claim, ensuring they protect themselves against paying for non-existent claims.

4. What is 'insurance premium tax' in Florida?

- A. A tax levied on insurance premiums collected by insurers**
- B. A fee for underwriting insurance policies
- C. A penalty for late payment of insurance premiums
- D. A tax on claims processed by insurance companies

The concept of 'insurance premium tax' in Florida refers specifically to a tax imposed on the premiums that insurance companies collect from policyholders. This tax is an essential revenue source for the state and is generally calculated as a percentage of the premiums written by insurers within the state. Insurance companies are responsible for remitting this tax to the state government, which contributes to funding various public services and programs. Understanding the nature of this tax is crucial for those in the insurance industry, as it influences pricing and financial reporting for insurance products. The other options do not accurately define insurance premium tax, as they pertain to different aspects of insurance operations such as underwriting fees, penalties for late payments, and taxes related to claims rather than the primary focus of premiums collected.

5. The role of the Commissioner in Florida's insurance regulation primarily involves:

- A. Legislative approval of insurance rates.**
- B. Regulation of healthcare providers.**
- C. Oversight of insurer rates and policy forms.**
- D. Appointment of insurance agents.**

The role of the Commissioner in Florida's insurance regulation primarily involves oversight of insurer rates and policy forms. This oversight is crucial because it ensures that insurance companies operate fairly and maintain adequate financial reserves to meet policyholder obligations. The Commissioner is responsible for approving or disapproving insurance rates to protect consumers from unjustified price hikes and confirming that policy forms comply with Florida law. In addition to the oversight of rates and policy forms, the Commissioner's role includes enforcement of state insurance laws, ensuring that insurers are financially stable, and providing consumer protection from fraudulent practices. This regulation helps maintain a well-functioning insurance market and fosters public confidence in the insurance system. The other options do not accurately describe the Commissioner's primary role. Legislative approval of insurance rates is generally handled by legislative bodies rather than the Commissioner. The regulation of healthcare providers falls under different regulatory authorities and is not the main responsibility of the Commissioner. While the appointment of insurance agents may involve regulatory oversight, it is not a defining function of the Commissioner's role in the overall regulation of the insurance industry.

6. What is it called when the insured fails to reveal a known fact that affects the policy?

- A. Waiver**
- B. Concealment**
- C. Warranty**
- D. Misrepresentation**

The situation where the insured fails to disclose a known fact that could impact the insurance policy is referred to as concealment. This term indicates that there is an active withholding of information that could affect the insurer's decision to provide coverage or the terms thereof. In the context of insurance, concealment can lead to significant ramifications, including the denial of claims or cancellation of the policy, as it undermines the principle of utmost good faith that governs the insurance contract. Understanding concealment is essential because it highlights the responsibilities of the insured to provide complete and accurate information to the insurer. It is a critical concept in insurance law where the insurer relies on the disclosures of the insured in evaluating risk and determining premium rates. This failure to disclose can occur either knowingly or from negligence, but the key aspect is that the insured has not revealed facts that are material to the underwriting process or the coverage agreement. In contrast, the other terms represent different concepts in insurance. For instance, waiver pertains to the voluntary relinquishment of a known right, while warranty implies a promise made by the insured regarding certain conditions of the policy. Misrepresentation involves providing false information or altering the truth, rather than simply failing to disclose it. Understanding these distinctions helps to grasp the broader implications of insured and

- 7. Which responsibility does the Office of Insurance Regulation NOT hold?**
- A. Legislation regarding insurance**
 - B. Adjudication of matters regarding insurance**
 - C. Regulation, compliance and enforcement of laws related to insurance**
 - D. Managing licensed entities in insurance**

The Office of Insurance Regulation (OIR) is primarily tasked with overseeing and enforcing the laws and regulations related to insurance in Florida. This includes responsibilities such as ensuring that insurance companies comply with state regulations, conducting financial examinations, and protecting consumer interests. The option indicating adjudication of matters regarding insurance is not a responsibility of the OIR. While OIR may play a role in regulatory hearings and rulemaking, the actual adjudication of disputes or enforcement actions is typically handled by administrative law judges or other judicial entities, not by the OIR itself. Therefore, the correct answer highlights the distinction between regulatory oversight and the judicial processes involved in adjudicating matters related to insurance. The other options accurately reflect the roles of the OIR: they engage in legislation related to the insurance industry, ensure compliance and enforcement of laws, and manage the activities of licensed insurance entities operating within the state.

- 8. How do statutory policies primarily differ from non-statutory policies?**
- A. Low premiums.**
 - B. Defined by state laws.**
 - C. Written by private companies.**
 - D. Offer broader coverage options.**

Statutory policies are primarily defined by state laws, which means that they must adhere to specific regulations and standards set forth by the state's legislative framework. These policies are often created to offer a minimum level of protection or coverage that is mandated to meet the public's interests, such as workers' compensation or certain liability insurance types. In contrast, non-statutory policies are typically created by private companies and can vary widely. They are not bound by the same legal requirements, allowing insurers greater flexibility in drafting the terms, coverage limits, and conditions of these policies. This distinction emphasizes the regulatory nature of statutory policies, ensuring they align with legal requirements designed to protect consumers and maintain fairness in the insurance market.

9. How many days does a licensee have to notify the Department of Insurance after changing their name or address?

- A. 10 days
- B. 30 days**
- C. 45 days
- D. 90 days

A licensee is required to notify the Department of Insurance within 30 days after changing their name or address. This requirement is set to ensure that the Department maintains accurate and up-to-date records, which is vital for effective communication and administration of licensing matters. Timely notification helps avoid issues related to missed communications, legal notices, and other important correspondences that may be sent to a former name or address. Failing to notify the Department within this timeframe can result in administrative complications or potential penalties, as maintaining current and accurate contact information is essential for compliance with state regulations.

10. How long must an agent maintain records of an insurance policy in their office?

- A. 3 years
- B. 5 years**
- C. 10 years
- D. 30 days

The correct duration for which an agent must maintain records of an insurance policy in their office is five years. This aligns with the standards set forth in the Florida statutes governing insurance practices. Maintaining records for this length of time ensures that agents can respond to any inquiries or audits regarding policies, provide necessary documentation for policyholders when needed, and comply with regulatory requirements. Retention of records for less than five years may not be sufficient to handle potential disputes or claims, as insurance matters can often extend beyond the time frame immediately associated with policy active periods. Therefore, five years is established as a reasonable period that balances the needs for documentation and compliance with regulatory standards. This timeframe also supports good business practices by helping ensure that historical records are readily available for reference.

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://fl220statutes.examzify.com>

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