

FLORIDA 2-20 – STATUTES PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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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 conditions allow a policyholder to cancel a policy during the free look period?**
 - A. The policyholder can cancel for any reason without penalty
 - B. The policyholder can only cancel if they are dissatisfied with the coverage
 - C. The policyholder has to provide a written explanation for cancellation
 - D. The policyholder can cancel only if they notify the insurer within 24 hours
- 2. If an insured experiences a total loss, how does the Valued Policy Law apply?**
 - A. Coverage is based on the initial purchase price
 - B. It guarantees the maximum payout as predetermined
 - C. The coverage amount adjusts based on market value
 - D. It does not apply to total losses
- 3. What is a convenience used to provide temporary insurance called?**
 - A. Insurance
 - B. A binder
 - C. Property coverage
 - D. Liability coverage
- 4. What are the steps to obtaining an insurance license?**
 - A. Meet education requirement; pass state exam; fingerprinting; apply for license with OIR.
 - B. Meet education requirement; pass state exam; fingerprinting; apply for license with DFS.
 - C. Meet education requirement; pass state exam; license issued automatically.
 - D. Pass state exam; apply for license with DFS.
- 5. What does MEW stand for in the context of insurance?**
 - A. Medical Education Workers Association
 - B. Marine Environment Workers Association
 - C. Multiple Employer Welfare Arrangement
 - D. Multiple Employer Workers Association

- 6. If an insurer in Florida runs out of money to pay claims, the Department of Financial Services will likely do what?**
- A. Reduce the CEO's pay
 - B. Bail the company out
 - C. Put it in receivership
 - D. Pay claims under FIGA and require the company to repay the funds with interest
- 7. What must happen before an insurance contract can be canceled by an insurer?**
- A. The insurer must pay a cancellation fee
 - B. The insurer must provide proper notice to the policyholder
 - C. The insurer must obtain a court order
 - D. The policyholder must agree to the cancellation
- 8. What role does risk management play in the insurance sector?**
- A. To create marketing strategies for insurance products
 - B. To find and eliminate insurance agents
 - C. To identify, assess, and mitigate potential risks
 - D. To manage financial transactions within the insurance company
- 9. Which of the following is NOT a member of the Financial Service Commission of Florida?**
- A. The Attorney General.
 - B. The Commissioner of Agriculture.
 - C. The Chief Financial Officer.
 - D. The Insurance Commissioner.
- 10. Under ERISA, what was a major goal concerning health plans?**
- A. A single employer to fully self insure a health plan.
 - B. Require at least 2 employers to self insure a health plan.
 - C. Require at least 3 employers to self insure a health plan.
 - D. Require at least 4 employers to self insure a health plan.

Answers

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

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Explanations

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1. What conditions allow a policyholder to cancel a policy during the free look period?

- A. The policyholder can cancel for any reason without penalty**
- B. The policyholder can only cancel if they are dissatisfied with the coverage
- C. The policyholder has to provide a written explanation for cancellation
- D. The policyholder can cancel only if they notify the insurer within 24 hours

The free look period is a specified time frame during which a policyholder can review their newly purchased insurance policy and decide to cancel it without facing any penalties. This provision is designed to protect consumers by allowing them to reconsider their decision after receiving the policy documents. Choosing to cancel during this period can be done for any reason, as the primary objective is to ensure that the policyholder feels comfortable and fully informed about their choice. It encourages an environment of consumer rights where individuals can explore their options more effectively without the fear of losing money already spent on premiums. By highlighting that cancellation can happen for any reason, it reassures policyholders that they are not locked into a decision they may later regret, promoting a transparent and customer-friendly approach in the insurance industry. Other options describing conditions for cancellation, such as requiring dissatisfaction, written explanations, or short notification windows, do not align with the fundamental intent of the free look period, which emphasizes consumer freedom and choice.

2. If an insured experiences a total loss, how does the Valued Policy Law apply?

- A. Coverage is based on the initial purchase price
- B. It guarantees the maximum payout as predetermined**
- C. The coverage amount adjusts based on market value
- D. It does not apply to total losses

The Valued Policy Law is significant in the context of insurance coverage for total losses. This law mandates that specific types of property insurance policies must pay a predetermined amount in the event of a total loss, regardless of the current market value of the insured property at the time of the loss. The law serves to protect the insured by ensuring they receive an agreed-upon sum, which facilitates certainty and security when a complete loss occurs. In this instance, correctly identifying that the law guarantees the maximum payout as predetermined highlights its role in providing financial stability for policyholders. This predetermined coverage amount is established at the time the policy is purchased, which helps avoid disputes over value at the time of a claim. While the other choices point toward alternative interpretations of coverage, they do not align with the core principle of the Valued Policy Law as it specifically pertains to ensuring a guaranteed and fixed payout in the event of a total loss.

3. What is a convenience used to provide temporary insurance called?

- A. Insurance
- B. A binder**
- C. Property coverage
- D. Liability coverage

A binder refers specifically to a temporary agreement that provides immediate insurance coverage until a formal policy can be issued. It serves as a crucial tool in the insurance process, allowing individuals or businesses to have coverage in place while awaiting the completion of underwriting and policy issuance. This is particularly useful in situations where there is a need for immediate protection, such as when closing on a property or during transitional periods for insured events. The other options do not accurately describe temporary insurance. Insurance is a broad term that encompasses all forms of coverage, while property coverage and liability coverage are types of insurance that relate to specific risks – property damage and legal liabilities, respectively. Binders stand out in this context because they are unique instruments designed specifically for the purpose of providing temporary insurance.

4. What are the steps to obtaining an insurance license?

- A. Meet education requirement; pass state exam; fingerprinting; apply for license with OIR.
- B. Meet education requirement; pass state exam; fingerprinting; apply for license with DFS.**
- C. Meet education requirement; pass state exam; license issued automatically.
- D. Pass state exam; apply for license with DFS.

The process of obtaining an insurance license in Florida includes a series of specific steps that ensure prospective agents meet the necessary qualifications to operate within the state. The correct sequence of actions starts with fulfilling the education requirements, which typically involve completing a pre-licensing education course that covers essential insurance principles and state-specific regulations. Following the education component, applicants must pass the state exam, demonstrating their understanding of the material covered in the coursework and their preparedness to operate as licensed agents. This step is crucial, as it verifies that the individual has the requisite knowledge to provide insurance services to the public responsibly. Next, fingerprinting is required as part of the background check process. This is an essential step intended to promote consumer protection and ensure that individuals with criminal backgrounds do not receive licenses that could jeopardize the trust placed in insurance professionals. The final step involves submitting an application for the insurance license to the Department of Financial Services (DFS). This process includes submitting required documentation and fees, after which the DFS reviews the application to ensure all criteria have been met before issuing the license. By following this detailed pathway, applicants ensure compliance with Florida regulations governing insurance licensing, ultimately safeguarding the interests of consumers within the state. Each of the other choices either omits necessary steps or includes incorrect

5. What does MEW stand for in the context of insurance?

- A. Medical Education Workers Association
- B. Marine Environment Workers Association
- C. Multiple Employer Welfare Arrangement**
- D. Multiple Employer Workers Association

In the context of insurance, MEW stands for Multiple Employer Welfare Arrangement. This term refers to a type of employee benefit plan that is maintained by two or more employers to provide welfare benefits, such as health care, to their employees. It is typically used by small businesses that come together to form a group to access benefits they might not be able to afford individually. This arrangement allows economies of scale for employers, reducing costs and providing broader health plans to their employees. It's also significant in terms of compliance and regulatory considerations, as MEWAs may face different regulatory requirements compared to single-employer plans. The other terms presented do not align with this specific definition used in the insurance industry, as they reference organizations or arrangements unrelated to welfare benefits or employee plans.

6. If an insurer in Florida runs out of money to pay claims, the Department of Financial Services will likely do what?

- A. Reduce the CEO's pay
- B. Bail the company out
- C. Put it in receivership**
- D. Pay claims under FIGA and require the company to repay the funds with interest

When an insurer in Florida runs out of money to pay claims, the Department of Financial Services is likely to put the company in receivership. This process involves appointing a receiver to manage the insurer's obligations and assets. The purpose of receivership is to protect policyholders and ensure that claims can be addressed fairly. In receivership, the receiver takes control of the company's operations and financial affairs, allowing them to evaluate the company's financial situation. This process can lead to the restructuring of the company or the liquidation of its assets to pay off outstanding claims. Ensuring that there is a proper protocol in place to safeguard the interests of policyholders is the primary concern of the Department of Financial Services. Other options do not align with the established procedures following an insurer's insolvency. For instance, simply reducing the CEO's pay does not resolve the financial difficulties the insurer is facing. Bailing out the company is not standard practice, as it shifts the burden onto taxpayers and can lead to moral hazard, where companies may take on excessive risks knowing they could be rescued. While FIGA (Florida Insurance Guarantee Association) does have a role in covering claims when an insurer fails, its involvement comes after the insurer is placed in receivership, and it does not require immediate

7. What must happen before an insurance contract can be canceled by an insurer?

- A. The insurer must pay a cancellation fee
- B. The insurer must provide proper notice to the policyholder**
- C. The insurer must obtain a court order
- D. The policyholder must agree to the cancellation

The requirement for an insurer to provide proper notice to the policyholder before canceling an insurance contract is fundamental to the practice of insurance. This principle is based on ensuring that the policyholder is informed about the termination of their coverage, allowing them the opportunity to seek alternative arrangements for insurance. In many states, including Florida, specific statutes dictate the notice period that the insurer must adhere to, thereby protecting the rights of the policyholder. This notice is typically required to give the insured sufficient time to respond or to procure a new policy, thus helping to prevent any undue hardship that might arise from an abrupt cancellation. Prompt and adequate notification supports transparency and fairness in the insurance process, demonstrating the insurer's obligation to communicate with the policyholder clearly and effectively. Other options such as paying a cancellation fee, obtaining a court order, or requiring the policyholder's agreement are not standard practices for the cancellation of an insurance policy, and do not align with the established legal framework governing insurance contracts. The focus on providing proper notice underscores the importance of communication in maintaining a fair relationship between insurers and policyholders.

8. What role does risk management play in the insurance sector?

- A. To create marketing strategies for insurance products
- B. To find and eliminate insurance agents
- C. To identify, assess, and mitigate potential risks**
- D. To manage financial transactions within the insurance company

Risk management is fundamental to the insurance sector as it involves identifying, assessing, and mitigating potential risks that could lead to financial loss for both the insurer and the insured. Effective risk management allows insurance companies to anticipate potential claims and make informed decisions regarding policy underwriting and pricing. By assessing risks, insurers can develop strategies to minimize exposure to those risks, which may include diversifying their portfolios, implementing safety measures for policyholders, and setting appropriate premium rates. This proactive approach not only protects the company's financial health but also helps ensure that policyholders are adequately covered in the event of a loss. The other choices do not encapsulate the core purpose of risk management. While creating marketing strategies and managing financial transactions are important aspects of running an insurance company, they do not directly align with the main objective of risk management. Similarly, eliminating insurance agents is not a function of risk management and does not serve the interests of the insurance sector or its customers. Thus, the role of risk management is central to the operations of an insurance company, making it vital for maintaining its viability and effectiveness in providing coverage.

9. Which of the following is NOT a member of the Financial Service Commission of Florida?

- A. The Attorney General.
- B. The Commissioner of Agriculture.
- C. The Chief Financial Officer.
- D. The Insurance Commissioner.**

The Insurance Commissioner is not an official title within the structure of the Financial Services Commission in Florida. Instead, the Commission includes members such as the Chief Financial Officer, the Attorney General, and the Commissioner of Agriculture as part of its governing body. The Financial Services Commission is responsible for overseeing various financial sectors, including banking and insurance, but it does not designate an individual as the Insurance Commissioner. Instead, the role of overseeing insurance matters falls under the Chief Financial Officer in Florida. This is why identifying the Insurance Commissioner as a member of the Commission is incorrect, while the other choices correctly reflect actual members of the Financial Services Commission.

10. Under ERISA, what was a major goal concerning health plans?

- A. A single employer to fully self insure a health plan.**
- B. Require at least 2 employers to self insure a health plan.
- C. Require at least 3 employers to self insure a health plan.
- D. Require at least 4 employers to self insure a health plan.

The major goal of the Employee Retirement Income Security Act (ERISA) concerning health plans was to provide a framework that ensures accountability, transparency, and financial stability for employee benefit plans, including health insurance. The correct answer highlights the ability for a single employer to fully self-insure a health plan, which reflects one of ERISA's intents. Self-insurance allows employers to take on the responsibility of providing health benefits directly, rather than purchasing a health plan from an insurance company. This approach gives employers greater flexibility in designing their health benefits and control over costs, important aspects of ERISA's objectives. Furthermore, ERISA sets regulatory standards for self-insured plans to protect participants' interests, promote fair treatment, and guarantee that benefits are funded adequately. The emphasis on a single employer being able to self-insure aligns with ERISA's broader goals of promoting employer-sponsored health coverage while also allowing for innovations in plan designs tailored to specific workforce needs. Other choices focus on a requirement for multiple employers to self-insure, which is not consistent with ERISA's governing structure or its primary goals.

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!

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