

Florida Laws and Rules Pertinent to Insurance Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of 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. 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!

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Questions

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- 1. A Multiple Employer Welfare Arrangement (MEWA) is designed to provide what type of benefits?**
 - A. Retirement plans**
 - B. Health insurance**
 - C. Investment opportunities**
 - D. Disability benefits**
- 2. Which of the following acts is an agent NOT authorized to do on behalf of an insurer?**
 - A. Authorize claim payments**
 - B. Collect premiums from policyholders**
 - C. Provide policy information to clients**
 - D. Submit claims on behalf of clients**
- 3. What is the definition of "controlled business" in insurance?**
 - A. Insurance business written for a company's employees**
 - B. Insurance business on the agent's own life, property, or interests**
 - C. Insurance business with a limited market**
 - D. Insurance business in a foreign market**
- 4. Which of the following accurately describes a Group Life insurance policy?**
 - A. It must have at least 5 insureds**
 - B. There is no minimum number of insureds**
 - C. It is only for corporate clients**
 - D. It covers only the policyholder**
- 5. Within how many days can a Medicare Supplement policy be returned for a full refund?**
 - A. 15 days**
 - B. 30 days**
 - C. 45 days**
 - D. 60 days**

6. What defines an admitted mail order insurance company in Florida?

- A. It must hire licensed agents for solicitation**
- B. It may solicit insurance business by mail without a licensed agent**
- C. It is only allowed to sell to existing clients**
- D. It requires a physical office in the state**

7. What is the primary reason for the regulation of the insurance industry?

- A. Enhance customer service standards**
- B. Increase competition among insurers**
- C. Maintain the solvency of insurance companies**
- D. Lower insurance premiums**

8. Who must receive a long-term care lapse notice according to Florida law?

- A. The insurance company only**
- B. Only the applicant**
- C. Applicant and secondary addressee**
- D. The insurance commissioner**

9. If a business owner decides to let their Group Life policy lapse, what must be done regarding employee notification?

- A. Only the insurance company needs to notify employees**
- B. Employees must be notified by the employer or the insurance company**
- C. Notification is optional if the policy is canceled**
- D. Employees will be informed automatically by the policy system**

10. What is the maximum dollar amount for advertising gifts that can be given by an agent to a prospective client?

- A. \$50**
- B. \$25**
- C. \$10**
- D. \$100**

Answers

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

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Explanations

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1. A Multiple Employer Welfare Arrangement (MEWA) is designed to provide what type of benefits?

- A. Retirement plans**
- B. Health insurance**
- C. Investment opportunities**
- D. Disability benefits**

A Multiple Employer Welfare Arrangement (MEWA) is specifically established to provide health insurance benefits to employees of multiple employers that may be part of the same industry or trade. This allows smaller employers to band together to offer health coverage that they may not be able to provide independently due to cost or regulatory constraints. Each employer can participate in the MEWA, allowing for a pooling of risk which can lead to lower premium costs and increased bargaining power with health insurance providers. In contrast, retirement plans, investment opportunities, and disability benefits are not the primary focus of a MEWA. While some arrangements may include ancillary benefits, the central aim of a MEWA is to deliver health insurance coverage, making it a vital tool for employers looking to ensure their employees have access to adequate healthcare.

2. Which of the following acts is an agent NOT authorized to do on behalf of an insurer?

- A. Authorize claim payments**
- B. Collect premiums from policyholders**
- C. Provide policy information to clients**
- D. Submit claims on behalf of clients**

An agent is not typically authorized to authorize claim payments on behalf of an insurer because this authority is usually reserved for the insurer itself or designated claims adjusters. Authorizing claim payments involves a significant level of decision-making and risk assessment that insurers prefer to retain within their own operational structure. This is to ensure consistency in how claims are evaluated and paid, as well as to maintain compliance with internal policies and state laws governing claims handling. In contrast, collecting premiums from policyholders, providing policy information to clients, and submitting claims on behalf of clients are generally accepted tasks for an insurance agent. Agents can act as intermediaries, facilitating communications between the insurer and policyholders and handling various administrative tasks. This operational role enhances customer service while ensuring that the insurer's procedures are followed correctly.

3. What is the definition of "controlled business" in insurance?

- A. Insurance business written for a company's employees
- B. Insurance business on the agent's own life, property, or interests**
- C. Insurance business with a limited market
- D. Insurance business in a foreign market

The term "controlled business" in insurance specifically refers to the insurance policies that an agent writes for their own life, property, or interests. This definition reflects a situation where the insurance producer has a significant personal financial interest in the policies they are securing. The reason this definition is important is that it helps to identify potential conflicts of interest; agents could prioritize their own needs over their clients' best interests. Controlled business is regulated in many jurisdictions, including Florida, to ensure that agents do not exploit their position for personal gain, which could be detrimental to customer service and ethical considerations in insurance practice. This regulatory framework aims to maintain fairness and professionalism within the industry, ensuring that agents are primarily serving the needs of their clients rather than solely focusing on their own interests. The other choices do not accurately capture the essence of what constitutes controlled business. For instance, insurance written for a company's employees pertains to group policies rather than the personal interests of the agent. Similarly, limited market and foreign market situations refer to the geographical or market scope rather than to the agent's personal interests in their policies.

4. Which of the following accurately describes a Group Life insurance policy?

- A. It must have at least 5 insureds
- B. There is no minimum number of insureds**
- C. It is only for corporate clients
- D. It covers only the policyholder

A Group Life insurance policy is characterized by its flexibility regarding the number of insured individuals. Unlike individual life insurance, which covers a single person, a Group Life insurance policy provides coverage to a group of people under a single master policy, usually issued to an employer, association, or other entity. While there are often common practices regarding group size, there is no specific minimum number of insureds mandated by law for a policy to be classified as a Group policy, allowing for greater adaptability to various situations and organizations. This flexibility enables various organizations, regardless of their size, to provide Life insurance benefits to members or employees, which is beneficial for both the insurer and the policyholders. Therefore, the absence of a minimum requirement for the number of insureds highlights the inclusive nature of Group Life insurance policies, making this the most accurate description among the options provided.

5. Within how many days can a Medicare Supplement policy be returned for a full refund?

- A. 15 days**
- B. 30 days**
- C. 45 days**
- D. 60 days**

A Medicare Supplement policy can be returned for a full refund within 30 days of its delivery. This provision is designed to give policyholders the opportunity to review their coverage and ensure it meets their needs without financial risk. It's essential for individuals purchasing these policies to feel secure in their decision, knowing that they have a 30-day window to reevaluate their choice. This period is often referred to as the "free look" period, during which the insured can cancel the policy for any reason and receive a complete refund of any premiums paid. This consumer protection not only aids in buyer confidence but also encourages individuals to make informed decisions regarding their healthcare coverage.

6. What defines an admitted mail order insurance company in Florida?

- A. It must hire licensed agents for solicitation**
- B. It may solicit insurance business by mail without a licensed agent**
- C. It is only allowed to sell to existing clients**
- D. It requires a physical office in the state**

An admitted mail order insurance company in Florida is defined primarily by its ability to solicit insurance business through mail without the necessity of hiring a licensed agent for that purpose. This distinction allows such companies to efficiently market their insurance products to a broader audience by utilizing postal services, rather than being confined to traditional, in-person sales methods or the necessity of physical presence in the state through licensed agents. It facilitates direct-to-consumer transactions, promoting ease of access to insurance options for consumers. The concept of a mail order insurance company bypassing the requirement for on-site agents is significant in the context of regulatory frameworks governing insurance sales. While policies regarding hiring licensed agents and having physical offices are common for many insurers, the unique characteristics of mail order companies distinguish them within the Florida insurance landscape. This flexibility in approaching potential clients through mail without traditional onsite agency compliance is crucial to their operational model.

7. What is the primary reason for the regulation of the insurance industry?

- A. Enhance customer service standards**
- B. Increase competition among insurers**
- C. Maintain the solvency of insurance companies**
- D. Lower insurance premiums**

The primary reason for the regulation of the insurance industry is to maintain the solvency of insurance companies. Solvency ensures that insurers have the necessary financial resources to meet their policyholder's claims and obligations. It is crucial that these companies remain financially stable because they are entrusted with large sums of money through premiums collected from policyholders. Without regulation, there could be a significant risk of insurance companies becoming insolvent, which would ultimately harm policyholders who depend on their coverage during times of need. Regulatory measures involve requiring insurers to maintain certain levels of reserves and surplus, undergo regular financial examinations, and adhere to strict accounting principles. These actions help safeguard the interests of consumers, ensure that claims can be paid when due, and promote trust in the insurance system. While enhancing customer service standards, increasing competition, and lowering premiums may be important aspects of the insurance market, they are not the primary reasons for regulation. These objectives can arise from a healthy, solvent insurance market but do not address the critical concern of ensuring that insurance companies remain capable of fulfilling their financial obligations to policyholders.

8. Who must receive a long-term care lapse notice according to Florida law?

- A. The insurance company only**
- B. Only the applicant**
- C. Applicant and secondary addressee**
- D. The insurance commissioner**

Under Florida law, when an insured or policyholder is at risk of having their long-term care insurance policy lapse due to non-payment of premiums, a notice must be sent to both the applicant and a designated secondary addressee. This requirement is intended to ensure that the policyholder is made aware of the potential lapse in coverage and provides a safeguard by informing an additional person, who can assist or intervene on behalf of the policyholder if needed. By notifying both parties, Florida law aims to protect consumers, particularly elderly or vulnerable individuals who may depend on long-term care services. It ensures that there is a support system in place to help maintain necessary coverage during critical times when the insured may be unable to respond, such as due to health issues or cognitive decline. This dual notification requirement enhances consumer protection and promotes better communication regarding policy status and potential lapses.

9. If a business owner decides to let their Group Life policy lapse, what must be done regarding employee notification?

- A. Only the insurance company needs to notify employees**
- B. Employees must be notified by the employer or the insurance company**
- C. Notification is optional if the policy is canceled**
- D. Employees will be informed automatically by the policy system**

The correct choice emphasizes the responsibility of the employer to ensure that employees are notified when a Group Life policy lapses. This requirement is important because employees have vested interests in their life insurance coverage, which is often a significant part of their benefits package. Under Florida law, employers must inform employees about changes to their insurance coverage, including policy cancellations or lapses. Without this notification, employees may be left unaware of the loss of their life insurance protections, which could have serious implications for their financial planning and security. The option that states that only the insurance company needs to notify employees overlooks the employer's obligation to communicate directly with their staff, which is vital for ensuring transparency and trust. The choice indicating that notification is optional misrepresents the necessity of communication regarding benefits changes, which is a standard practice. Lastly, suggesting that employees will be informed automatically by the policy system underestimates the importance of proactive communication from the employer. Employers play a crucial role in ensuring that their employees are well-informed about their benefits, including any changes or lapses in insurance coverage.

10. What is the maximum dollar amount for advertising gifts that can be given by an agent to a prospective client?

- A. \$50**
- B. \$25**
- C. \$10**
- D. \$100**

The correct answer of \$25 aligns with Florida insurance regulations which limit the value of advertising gifts that an insurance agent may provide to prospective clients. This regulation is designed to prevent any undue influence on a client's decision-making process when purchasing insurance. By imposing a cap on the dollar amount, the law ensures that the gifts remain nominal and do not create an appearance of impropriety or coercion. This balance promotes ethical practices within the industry while still allowing agents to engage with potential clients in a friendly, promotional manner.

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://fllawsrulespertinenttoinsurance.examzify.com>

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

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