

# Florida Life, Health and Variable Annuity 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

- 1. Which scenario applies to a sole proprietor's buy-sell plan?**
  - A. To ensure payment of business debts upon death**
  - B. To allow a partner to buy the business at a discount**
  - C. To provide for continuation of the business after the owner's death**
  - D. To secure a loan against potential business failure**
- 2. What are the three main types of beneficiary designations in life insurance?**
  - A. Primary, Spousal, Charitable**
  - B. Primary, Secondary, Tertiary**
  - C. Direct, Indirect, Tertiary**
  - D. Contingent, Primary, Joint**
- 3. What is the most common type of premium receipt?**
  - A. Conditional receipt.**
  - B. Non-conditional receipt.**
  - C. Full payment receipt.**
  - D. Partial payment receipt.**
- 4. What happens to payments under the joint and full survivor option when one participant dies?**
  - A. The payments cease entirely**
  - B. Payments continue to the survivor for life**
  - C. The payment amount is reduced**
  - D. Payments switch to a lump sum disbursement**
- 5. Who is generally covered by Social Security?**
  - A. Only federal employees**
  - B. Only self-employed individuals**
  - C. Virtually all employed or self-employed Americans**
  - D. Only those who pay additional fees**

- 6. What is a significant limitation of the Guaranteed Insurability rider?**
- A. It is only available until the age of 30**
  - B. It does not exist past age 40**
  - C. It can only be used once every five years**
  - D. It requires proof of good health every time it is exercised**
- 7. What ensures that at least 70% of employees benefit from a group life insurance plan?**
- A. Federal regulations and tax incentives**
  - B. Employer discretion and employee selection**
  - C. Guaranteed enrollment for all employees**
  - D. Exclusion of key employees to lower costs**
- 8. What defines a "nonadmitted" life or health insurance company?**
- A. Companies not regulated by the federal government**
  - B. Companies without a physical presence in Florida**
  - C. Companies not licensed by the Florida office of insurance regulation**
  - D. Companies that only sell group policies**
- 9. Which policy type allows policyholders to share in company profits?**
- A. Group Life Insurance**
  - B. Non-Participating Life Insurance Policy**
  - C. Participating Life Insurance Policy**
  - D. Term Life Insurance**
- 10. What is the main purpose of natural groups in the context of insurance?**
- A. To obtain favorable tax treatment**
  - B. To provide companionship among members**
  - C. To form groups for a purpose other than to obtain insurance**
  - D. To enroll employees in coverage plans**

## **Answers**

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

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## **Explanations**

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**1. Which scenario applies to a sole proprietor's buy-sell plan?**

- A. To ensure payment of business debts upon death
- B. To allow a partner to buy the business at a discount
- C. To provide for continuation of the business after the owner's death**
- D. To secure a loan against potential business failure

In the context of a sole proprietor's buy-sell plan, the primary objective is to ensure the continuity of the business after the owner's death. A buy-sell agreement is a legally binding contract that outlines what happens to a business in the event of an owner's death, disability, or retirement. This agreement allows for a smooth transition of ownership, ensuring that the business can continue operating without interruption. When a sole proprietor passes away, the buy-sell plan facilitates the transfer of ownership to designated beneficiaries or remaining owners, securing the future viability of the business. This is crucial not only for maintaining the business's operations but also for preserving its value and ensuring that it is managed according to the wishes of the deceased. While addressing business debts or securing loans can be important aspects of business planning, a buy-sell plan specifically focuses on ownership transition and continuity of the business, making option C the most relevant in this case.

**2. What are the three main types of beneficiary designations in life insurance?**

- A. Primary, Spousal, Charitable
- B. Primary, Secondary, Tertiary**
- C. Direct, Indirect, Tertiary
- D. Contingent, Primary, Joint

The three main types of beneficiary designations in life insurance are categorized as primary, secondary, and tertiary beneficiaries. The primary beneficiary is the first in line to receive the death benefit from the policy. If the primary beneficiary is deceased or cannot be located at the time of the insured's passing, the secondary beneficiary will receive the benefits. This tiered system ensures that the policy's proceeds are distributed according to the policyholder's wishes, even if circumstances change over time, such as the death of the primary beneficiary. The tertiary beneficiary, while less commonly referred to, serves as a fallback option if both the primary and secondary beneficiaries are unable to claim the benefit. This structure provides a comprehensive plan for the distribution of benefits, ensuring that the policyholder's intentions are honored. In contrast, the other choices either mix categories that do not align with standard beneficiary terminology (as seen in options involving spousal or charitable designations, which are not types but rather specific beneficiary categories) or introduce terms that do not properly reflect the commonly recognized hierarchy of beneficiary designations in life insurance. The use of primary, secondary, and tertiary creates a clear understanding of the order in which beneficiaries are prioritized.

### 3. What is the most common type of premium receipt?

- A. Conditional receipt.**
- B. Non-conditional receipt.**
- C. Full payment receipt.**
- D. Partial payment receipt.**

The most common type of premium receipt is the conditional receipt. This receipt indicates that the insurance company will provide coverage, but the coverage is contingent upon certain conditions being met, typically including the underwriting process and the acceptance of the application. When an applicant pays their premium and receives a conditional receipt, it suggests that the policy will become effective once the application is approved and if the insured is found to be insurable based on the insurer's standards. This practice allows the insured to have some level of risk protection immediately, rather than waiting for the final processing of their application. The conditional receipt serves to both inform the applicant of the temporary coverage and protect the insurance company by holding them to the terms of coverage until they complete their underwriting assessment. In contrast, other types of receipts, such as non-conditional, full payment, or partial payment receipts, may represent different conditions regarding the effectiveness of coverage or the amount remitted. These receipts are less standard and typically do not provide the same immediate assurance of coverage that a conditional receipt does.

### 4. What happens to payments under the joint and full survivor option when one participant dies?

- A. The payments cease entirely**
- B. Payments continue to the survivor for life**
- C. The payment amount is reduced**
- D. Payments switch to a lump sum disbursement**

Under the joint and full survivor option, the structure is designed to provide ongoing income to both participants throughout their lives. When one of the participants passes away, the payments do not cease but rather continue to the surviving participant for the remainder of their life. This feature ensures that the surviving individual continues to receive financial support, which is crucial for long-term financial planning, particularly for couples or partners who share their living expenses. This option highlights the security it offers in ensuring that the surviving participant maintains a steady income stream regardless of the other party's death, thus fulfilling the primary purpose of a joint annuity plan. The payments may remain at the same level as they were when both participants were alive, meaning the survivor receives the full amount without any reduction or change. This is particularly beneficial for survivors who may have relied on that income while the other was alive.

## 5. Who is generally covered by Social Security?

- A. Only federal employees
- B. Only self-employed individuals
- C. Virtually all employed or self-employed Americans**
- D. Only those who pay additional fees

Social Security is designed to provide benefits to a broad range of individuals based on their work history and contributions to the Social Security system. Virtually all employed or self-employed Americans are generally covered by Social Security, encompassing workers from various sectors, including private industry and government employees, as long as they meet certain criteria like earning income and paying Social Security taxes. This inclusive coverage is fundamental to the Social Security program, reflecting its purpose to provide financial assistance to individuals during retirement, disability, or upon the death of a wage earner. The system aims to offer a safety net that supports nearly all workers rather than limiting coverage to specific groups, such as only federal employees or solely self-employed individuals. The other options suggest limited or conditional coverage, which does not align with the comprehensive nature of Social Security. For example, stating that coverage is exclusive to federal employees, self-employed individuals, or those paying additional fees misunderstands the universal principles and eligibility established under the Social Security Act.

## 6. What is a significant limitation of the Guaranteed Insurability rider?

- A. It is only available until the age of 30
- B. It does not exist past age 40**
- C. It can only be used once every five years
- D. It requires proof of good health every time it is exercised

The Guaranteed Insurability rider provides the policyholder with the option to purchase additional insurance coverage at specified times without having to provide evidence of insurability, typically regarding their health status. This rider is particularly beneficial for individuals who may expect their insurance needs to increase over time due to changes in circumstances, such as marriage, childbirth, or significant increases in income. The significant limitation noted in the correct answer is that this rider often does not exist beyond a certain age, commonly around 40. This means that once a policyholder reaches this age, they can no longer utilize the Guaranteed Insurability option to increase their coverage without additional underwriting. This limitation is vital to understand as it impacts financial planning and risk management for those considering long-term life insurance solutions. While there are other constraints associated with the rider — such as how often it can be exercised or requirements for proof of health — the age limitation sharply outlines the temporal nature of the rider's advantages, emphasizing the importance of securing additional coverage sooner rather than later.

**7. What ensures that at least 70% of employees benefit from a group life insurance plan?**

- A. Federal regulations and tax incentives**
- B. Employer discretion and employee selection**
- C. Guaranteed enrollment for all employees**
- D. Exclusion of key employees to lower costs**

The answer focuses on the importance of federal regulations and tax incentives as a means to ensure that at least 70% of employees benefit from a group life insurance plan. In many cases, group life insurance plans are structured to meet specific requirements set forth by governing bodies. These regulations not only guide how the plans are implemented but also establish guidelines that encourage broad participation among employees. Federal regulations may stipulate minimum participation rates to qualify for certain tax benefits. This encourages employers to design their plans in such a way that a majority of their workforce can enroll, thus maximizing the group's purchasing power and providing essential coverage to employees. Tax incentives play a significant role as well. Employers can often deduct the cost of premiums on their taxes if a certain threshold of employee participation is met, which not only benefits the employees but also the employer's financial situation. This creates an environment where ensuring that 70% of employees are covered is advantageous for both parties involved. Other approaches, such as employer discretion with employee selection or guaranteed enrollment, may not effectively achieve the target participation rate since they rely more on individual decisions rather than a structured plan stemming from regulatory requirements. Additionally, excluding key employees might reduce overall costs but could have the opposite effect of limiting the diversity and participation.

**8. What defines a "nonadmitted" life or health insurance company?**

- A. Companies not regulated by the federal government**
- B. Companies without a physical presence in Florida**
- C. Companies not licensed by the Florida office of insurance regulation**
- D. Companies that only sell group policies**

A "nonadmitted" life or health insurance company is specifically defined as one that is not licensed by the Florida office of insurance regulation. This designation means that these companies do not have the same regulatory oversight as admitted companies, which are licensed and operate under state guidelines. Because they are not regulated in the same way, nonadmitted insurers can offer coverages that might not be allowed under state law for licensed insurers, but purchasing policies from them often comes with higher risks for consumers. In the context of Florida's insurance marketplace, a nonadmitted status indicates that while the company may still be able to provide insurance products, they do not have the same consumer protections and regulatory standards guaranteed by the state. This also affects claims handling and dispute resolution processes, which can differ significantly from those associated with admitted companies. The other options do not accurately define the concept of a nonadmitted insurer in this context. For instance, not being regulated by the federal government or lacking a physical presence in Florida does not inherently relate to their admitted status. Selling only group policies does not determine a company's licensing status either. Thus, the defining characteristic is indeed the lack of licensing by the Florida office of insurance regulation.

**9. Which policy type allows policyholders to share in company profits?**

- A. Group Life Insurance**
- B. Non-Participating Life Insurance Policy**
- C. Participating Life Insurance Policy**
- D. Term Life Insurance**

A Participating Life Insurance Policy is designed to allow policyholders to share in the profits of the insurance company. This is achieved through the payment of dividends, which are not guaranteed but may be distributed to policyholders based on the company's financial performance. These dividends can be used in various ways, such as reducing premiums, purchasing additional insurance, or receiving cash. In contrast, non-participating life insurance policies do not offer this benefit; policyholders are not entitled to any dividends or profit sharing. Term life insurance focuses strictly on providing coverage for a specific term and does not include any investment or profit-sharing components. Group life insurance typically provides coverage for a group (such as employees of a business) and does not involve the sharing of profits like participating policies do. Thus, the structure of participating life insurance policies, which emphasizes sharing financial performance outcomes among policyholders, distinctly sets them apart as the correct answer to this question.

**10. What is the main purpose of natural groups in the context of insurance?**

- A. To obtain favorable tax treatment**
- B. To provide companionship among members**
- C. To form groups for a purpose other than to obtain insurance**
- D. To enroll employees in coverage plans**

The primary purpose of natural groups in the context of insurance is indeed to form groups for a purpose other than to obtain insurance. Natural groups typically refer to organizations or communities where the members share a common bond, such as employer-employee relationships or associations based on profession or interest. These groups provide a platform for pooling risks and offering insurance benefits but are not created solely for the purpose of acquiring insurance. By forming a natural group, members can access group insurance policies that might not be available to individuals alone, as these groups often allow for collective bargaining power and can lead to better coverage terms and lower premiums. The commonality among members is what makes it easier to establish insurance coverages based on the collective risk rather than individual assessments. While options about obtaining favorable tax treatment, providing companionship, or enrolling employees are related to insurance practices, they do not encapsulate the broader and more foundational purpose of natural groups as it pertains to their formation in the insurance realm. Natural groups fundamentally are about uniting for broader objectives and benefits, which may include insurance but extend beyond it.

## 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](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://floridalifehealthvariableannuity.examzify.com>**

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