

FLORIDA LIFE, HEALTH AND VARIABLE ANNUITY PRACTICE EXAM (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

**VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE**

<https://floridalifehealthvariableannuity.examzify.com>



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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 is the primary purpose of ERISA?

- A. To increase social security benefits
- B. To protect the rights of workers in employer-sponsored plans
- C. To regulate investment funds
- D. To administer Medicare and Medicaid

2. In what situation is back dating an insurance policy advantageous?

- A. When insurance costs are lower if signed earlier
- B. When more coverage options are available
- C. When the applicant desires a later effective date
- D. When applicants must prove health status

3. How does the Mortality Factor affect insurance premiums?

- A. It increases the premium based on age and health.
- B. It lowers premiums for healthier individuals.
- C. It directly increases payout amounts for beneficiaries.
- D. It has no effect on premium calculations.

4. What is the primary shift in investment risk associated with variable annuities?

- A. The insurer retains all investment risks
- B. The risks are shared between the insurer and insured
- C. The investment risks are transferred to the insured
- D. There is a guarantee of investment performance

5. What occurs during the enrollment period for group insurance?

- A. Employees must wait a specified time before enrolling
- B. Employees sign up for a group coverage
- C. Employees receive benefits immediately
- D. Employees convert to individual plans

6. What factors determine the amount of an annuity payment?

- A. Insurance premiums and beneficiary designations
- B. Starting principal, interest, and income period
- C. Market conditions and investment strategies
- D. Premiums paid by policyholders each month

7. What is another name for Whole Life Insurance?

- A. Term insurance
- B. Permanent insurance
- C. Convertible insurance
- D. Variable insurance

8. What does the assignment provision allow policyholders to do?

- A. Cancel the policy whenever they wish
- B. Transfer ownership of the policy to another individual
- C. Change the premium payment schedule
- D. Modify the death benefit amount unilaterally

9. What is the primary consequence for a creditor in a collateral assignment?

- A. The creditor becomes the policyholder
- B. The creditor receives payment from the policy proceeds
- C. The creditor gains control over the policy management
- D. The creditor can alter the beneficiary designation

10. 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

Answers

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

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Explanations

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1. What is the primary purpose of ERISA?

- A. To increase social security benefits
- B. To protect the rights of workers in employer-sponsored plans**
- C. To regulate investment funds
- D. To administer Medicare and Medicaid

The primary purpose of the Employee Retirement Income Security Act (ERISA) is to protect the rights of workers in employer-sponsored benefit plans. ERISA establishes standards for the administration of pension and health plans, ensuring that employees receive the benefits they are entitled to under these plans. It requires plans to be transparent, allowing workers to understand their rights, and mandates that plans provide certain information to participants and beneficiaries. Additionally, it enforces fiduciary responsibilities, compelling plan sponsors to make decisions in the best interests of the participants. This focus on protecting employees is a significant distinguishing factor of ERISA, as it sets minimum standards for participation, vesting, benefit accrual, and funding to safeguard participants against mismanagement or loss of funds.

2. In what situation is back dating an insurance policy advantageous?

- A. When insurance costs are lower if signed earlier**
- B. When more coverage options are available
- C. When the applicant desires a later effective date
- D. When applicants must prove health status

Backdating an insurance policy can be advantageous in situations where insurance costs are lower if signed earlier. This is particularly relevant because insurance premiums can be based on the applicant's age at the time the policy is issued. When a person is backdated to a time when they were younger, their premium amount may decrease, reflecting a lower risk assessment from the insurance company. This can lead to significant savings over the life of the policy, allowing the insured to lock in lower rates that would otherwise increase as they age. The other options mention different scenarios that could be relevant to insurance policies, but they do not align with the primary financial benefit associated with backdating. For example, backdating does not necessarily mean that more coverage options are available, or that a later effective date is needed, both of which do not drive the financial advantage of locking in lower premiums. Likewise, while proving health status remains an essential aspect of the underwriting process, it is not directly tied to the benefits of backdating policy costs. Therefore, the correct choice highlights the specific financial reasoning behind backdating an insurance policy.

3. How does the Mortality Factor affect insurance premiums?

- A. It increases the premium based on age and health.**
- B. It lowers premiums for healthier individuals.
- C. It directly increases payout amounts for beneficiaries.
- D. It has no effect on premium calculations.

The Mortality Factor plays a crucial role in determining insurance premiums because it assesses the risk of death for an individual based on various factors, primarily age and health status. Insurance companies use mortality tables to predict the likelihood of policyholders passing away within a certain time frame. As individuals age, the risk of death typically increases, which in turn raises the cost of premiums. Similarly, individuals with health issues may also face higher premiums due to their increased risk. By considering both age and health, insurers can more accurately price their products to reflect the anticipated costs associated with providing coverage. Consequently, premiums are generally higher for those who fall into higher-risk categories based on that mortality assessment. This risk management approach ensures that the insurance company can cover its future liabilities to policy beneficiaries while remaining financially viable.

4. What is the primary shift in investment risk associated with variable annuities?

- A. The insurer retains all investment risks
- B. The risks are shared between the insurer and insured
- C. The investment risks are transferred to the insured**
- D. There is a guarantee of investment performance

In the context of variable annuities, the primary shift in investment risk occurs because the investment risks are transferred to the insured. This means that unlike traditional fixed annuities where the insurer typically bears the investment risk and guarantees a minimum return, variable annuities allow the policyholder to choose investment options from a range of portfolios, such as stocks and bonds. As a result, the performance of these investments directly impacts the value of the annuity and any payouts received upon annuitization or withdrawal. If the selected investments perform well, the insured may benefit from substantial growth; however, if they perform poorly, the insured assumes the risk of potentially lower returns or even loss of principal. This transfer of investment responsibility underscores the main characteristic of variable annuities—the policyholder engages actively with their investment choices, taking on the associated risks and rewards. This structure encourages policyholders to be more involved in their investment decisions and aligns their interests more closely with market performance.

5. What occurs during the enrollment period for group insurance?

- A. Employees must wait a specified time before enrolling
- B. Employees sign up for a group coverage**
- C. Employees receive benefits immediately
- D. Employees convert to individual plans

During the enrollment period for group insurance, employees sign up for group coverage. This period is specifically designated for eligible employees to enroll in the insurance plan offered by their employer. It is an essential time frame that allows employees to consider their insurance options and make decisions regarding their coverage. Group insurance plans are typically provided through an employer, and during this enrollment phase, employees usually have the opportunity to review benefits, ask questions, and select coverage that best suits their needs and circumstances. While there may be certain waiting periods associated with the coverage for pre-existing conditions or other factors, this does not fundamentally define the enrollment period itself. Thus, the focus on employees actively enrolling in a plan highlights the importance of participation during this designated time.

6. What factors determine the amount of an annuity payment?

- A. Insurance premiums and beneficiary designations
- B. Starting principal, interest, and income period**
- C. Market conditions and investment strategies
- D. Premiums paid by policyholders each month

The amount of an annuity payment is primarily determined by the starting principal, interest rate, and income period. The starting principal refers to the initial amount of money that has been invested or saved to purchase the annuity. This principal accumulates interest over time, which is a key factor in determining how much income the annuity can generate. The interest rate applied to the principal affects the growth of the investment, with higher rates resulting in larger eventual payments. Additionally, the income period, which can be based on the annuitant's life expectancy or a specified number of years, directly influences how payments are structured. A longer income period generally leads to smaller payments over time since the total amount is spread out over a more extended duration. The correct selection emphasizes these critical components that directly impact the calculation of annuity payments, highlighting the financial mechanics at play in determining how much an individual can expect to receive from their annuity over time.

7. What is another name for Whole Life Insurance?

- A. Term insurance
- B. Permanent insurance**
- C. Convertible insurance
- D. Variable insurance

Whole Life Insurance is often referred to as Permanent Insurance because it provides coverage for the entire lifetime of the insured, as long as premiums are paid. This type of insurance does not expire, unlike Term Insurance, which only offers coverage for a specified period. Permanent Insurance, including Whole Life, combines a death benefit with a cash value component that grows over time, making it a lifelong financial product. The other options, such as Term Insurance, Convertible Insurance, and Variable Insurance, represent different types of life insurance products that do not capture the enduring nature and cash value aspect of Whole Life Insurance. By using the term "Permanent Insurance," it highlights the fundamental characteristic of Whole Life: its lasting coverage and accumulation of cash value.

8. What does the assignment provision allow policyholders to do?

- A. Cancel the policy whenever they wish
- B. Transfer ownership of the policy to another individual**
- C. Change the premium payment schedule
- D. Modify the death benefit amount unilaterally

The assignment provision in an insurance policy allows policyholders to transfer ownership of the policy to another individual or entity. This means that the new owner assumes all rights, privileges, and responsibilities associated with the policy, including the right to make changes, access benefits, and control any assignments or claims. It is essential for policyholders to understand this provision because it provides flexibility in managing their policies, whether it's for estate planning purposes, financial needs, or personal circumstances. The ability to transfer ownership can be beneficial in various situations, such as when the original policyholder wishes to gift the policy to someone else, include it in a trust, or accommodate changes in their personal life circumstances. The assignment effectively allows the policyholder to make their life insurance or annuity more adaptable to their needs and the needs of their beneficiaries.

9. What is the primary consequence for a creditor in a collateral assignment?

- A. The creditor becomes the policyholder
- B. The creditor receives payment from the policy proceeds**
- C. The creditor gains control over the policy management
- D. The creditor can alter the beneficiary designation

In a collateral assignment, the primary consequence for a creditor is that the creditor receives payment from the policy proceeds. This arrangement allows the creditor to have a secured interest in the life insurance policy as collateral for a loan or obligation. If the policyholder defaults, the creditor can collect the amount owed directly from the insurance proceeds, ensuring that they have a way to recover their lent funds. The other choices do not accurately depict the nature of a collateral assignment. A creditor does not become the policyholder; they merely have a claim against the policy proceeds. Additionally, they do not gain control over the management of the policy itself but rather a right to payment. Finally, a creditor cannot alter the beneficiary designation through collateral assignment; the original policyholder retains the right to designate beneficiaries unless they explicitly transfer that authority. Therefore, the focus of a collateral assignment is primarily on ensuring that the creditor receives the proceeds from the policy in the event of claim, validating the selection of that answer.

10. 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.

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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