

FLORIDA TITLE INSURANCE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



Prepare with structure. Pass with confidence



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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 minimum risk premium that may be charged for a mortgage title policy?**
 - A. \$50
 - B. \$75
 - C. \$100
 - D. \$150
- 2. According to RESPA statement policy 1996-4, if a title insurer provides proforma commitment services to a title insurance agent, what is true regarding the agent's role?**
 - A. The agent performed core title services
 - B. The agent is responsible for title examination
 - C. The agent did not actually perform core title services
 - D. The agent provides legal services as well
- 3. What is required for errors and omissions insurance for a title agency?**
 - A. A minimum of \$100,000 per claim
 - B. A minimum of \$250,000 per claim
 - C. No minimum amount is specified
 - D. A maximum deductible of \$5,000
- 4. What is included in a title insurance commitment regarding existing liens?**
 - A. All liens regardless of recording
 - B. Only those that are recorded
 - C. Only liens disclosed by survey
 - D. No associations with property value
- 5. When may a loan policy be converted to an owner's policy?**
 - A. At any time
 - B. Only at closing
 - C. It may not be converted
 - D. After 1 year

- 6. What must be included in an affiliated business arrangement disclosure under RESPA?**
- A. It must be verbal and informal
 - B. It must detail the relationship between the provider and the person making the referral
 - C. It can be provided at any time during the transaction
 - D. It must only include pricing information
- 7. Coinsurance involves what type of policy arrangement?**
- A. A single policy issued by a single insurer
 - B. Separate but joining policies issued by 2 or more insurers
 - C. Guaranteed replacement cost
 - D. Policyholder's excess coverage
- 8. Which aspect of title insurance helps to define property boundaries?**
- A. Abstract of title
 - B. Metes and bounds description
 - C. Title search
 - D. Public records review
- 9. Which individuals are recommended for initiating wire transfers?**
- A. Initiator
 - B. Verifier
 - C. Validator
 - D. Perpetrator
- 10. What does the revocation of a codicil to a will NOT affect?**
- A. The original will
 - B. The estate distribution
 - C. The guardianship
 - D. The codicil itself

Answers

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

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Explanations

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1. What is the minimum risk premium that may be charged for a mortgage title policy?

- A. \$50
- B. \$75
- C. \$100**
- D. \$150

The minimum risk premium that may be charged for a mortgage title policy is indeed set at \$100. This amount is established to provide a standard baseline for the premium that title insurance companies can charge for insuring a mortgage. The risk premium reflects the insurer's assessment of the potential risks associated with a mortgage, including issues like liens, claims, and ownership disputes. In the context of title insurance, this minimum amount ensures that the insurance provider can adequately cover the risks involved in insuring the title and that they have a viable revenue stream to operate effectively. The minimum premium amount is often regulated to protect consumers and maintain fairness across the industry, helping to ensure that title insurance is accessible while still holding companies accountable for their risk management practices. This baseline is important for both consumers and insurers, facilitating clarity and consistency in the market.

2. According to RESPA statement policy 1996-4, if a title insurer provides proforma commitment services to a title insurance agent, what is true regarding the agent's role?

- A. The agent performed core title services
- B. The agent is responsible for title examination
- C. The agent did not actually perform core title services**
- D. The agent provides legal services as well

In the context of RESPA statement policy 1996-4, when a title insurer provides proforma commitment services to a title insurance agent, it indicates that the agent did not actually perform core title services. The proforma commitment is merely a preliminary step and does not entail the full responsibilities typically associated with core title services, such as conducting a thorough title examination or searching public records. This context helps clarify why the agent's role is limited in this scenario. The agent may work with the information provided but does not engage in the level of analysis and verification that full title service entails. Therefore, the assertion that the agent did not perform core title services aligns with the operational boundaries set forth by the policy, highlighting the distinction between what the insurer provides and what the agent is required to execute in terms of title services.

3. What is required for errors and omissions insurance for a title agency?

- A. A minimum of \$100,000 per claim
- B. A minimum of \$250,000 per claim**
- C. No minimum amount is specified
- D. A maximum deductible of \$5,000

Errors and omissions insurance for a title agency is designed to protect the agency from claims arising out of negligence, errors, or omissions in the services it provides. In Florida, the law specifies that title agencies must maintain errors and omissions insurance with a minimum coverage amount of \$250,000 for each claim. This requirement ensures a substantial level of protection for clients and other parties involved in a transaction, as it helps cover potential financial losses that could arise from mistakes made by the agency. The stipulation of a minimum amount serves to establish a baseline of reliability and responsibility in the title insurance industry, aiming to safeguard consumer interests and maintain trust in the services provided by title agencies. While there might be a maximum deductible requirement or various other policy options, the core requirement is specifically focused on the per-claim coverage limit to ensure adequate protection against potential claims.

4. What is included in a title insurance commitment regarding existing liens?

- A. All liens regardless of recording
- B. Only those that are recorded**
- C. Only liens disclosed by survey
- D. No associations with property value

A title insurance commitment is a crucial document that outlines the terms of the title insurance policy that will be issued. It fundamentally serves to identify any existing liens, encumbrances, or title defects that may affect the ownership of a property. The correct answer indicates that only those liens that are recorded are included in the title insurance commitment. This is significant because recorded liens are officially documented in the public records, making them a matter of public knowledge and legally binding upon subsequent purchasers or interest holders. Typically, the title insurance company conducts a search of public records to identify any such recorded liens that might affect the title, ensuring that the insured party is aware of these encumbrances before a transfer of ownership takes place. Liens that are not recorded do not have the same protections and rights, which is why they are not considered in the title commitment. As a result, understanding that the commitment only reflects recorded liens helps property purchasers ascertain potential financial obligations or claims against the property, providing them with valuable information to make informed decisions. This context plays an essential role in the due diligence process for any real estate transaction, ensuring that buyers are fully informed of all existing claims against the property that are recognized legally, which could impact their ownership rights.

5. When may a loan policy be converted to an owner's policy?

- A. At any time
- B. Only at closing
- C. It may not be converted**
- D. After 1 year

A loan policy, often referred to as a lender's policy, specifically protects the lender's interest in the property until the loan is paid off. This type of policy is tailored for the benefit of the lender and covers the amount of the loan. In contrast, an owner's policy is designed to protect the buyer's or homeowner's equity in the property. The important distinction here is that a loan policy cannot be converted into an owner's policy. While it might seem appealing to think that such a conversion could occur to offer the prospective homeowner some protection, title insurance policies operate independently based on the specific interests and risks related to the lender and the homeowner. Therefore, they serve different purposes and cannot change from one type to another after issuance. Decisions made by insurance companies regarding title insurance policies involve regulations and statutory frameworks that dictate such policies' terms. In the case of a loan policy transitioning to an owner's policy, the insurable interest and coverage scope differ greatly, which is why conversion is not permissible. To elaborate on the other answer options, converting a loan policy to an owner's policy at any time, only at closing, or after a year is not a provision supported by the regulatory framework governing title insurance in Florida. The protections offered by each type of policy

6. What must be included in an affiliated business arrangement disclosure under RESPA?

- A. It must be verbal and informal
- B. It must detail the relationship between the provider and the person making the referral**
- C. It can be provided at any time during the transaction
- D. It must only include pricing information

In an affiliated business arrangement disclosure under the Real Estate Settlement Procedures Act (RESPA), it is essential to detail the relationship between the provider and the person making the referral. This disclosure is intended to ensure transparency in transactions where there may be a potential conflict of interest due to a business relationship between the parties involved. By explicitly outlining the nature of this relationship, consumers are better informed about the affiliations that may influence their choices and the services being offered. This requirement is critical in promoting honesty and integrity in real estate transactions, aiming to prevent any undue influence in decision-making. In contrast, informal or verbal disclosures would not meet legal standards of clarity and protection for consumers. Providing the disclosure at any time could lead to situations where consumers might not have the opportunity to consider the information before making key decisions. Lastly, merely including pricing information without context or relationship details would fail to meet the comprehensive requirements set forth by RESPA, leaving consumers without the necessary understanding of potential conflicts.

7. Coinsurance involves what type of policy arrangement?

- A. A single policy issued by a single insurer
- B. Separate but joining policies issued by 2 or more insurers**
- C. Guaranteed replacement cost
- D. Policyholder's excess coverage

Coinsurance refers to a situation in which two or more insurance companies collaborate to provide coverage for a single policyholder or risk. This arrangement allows insurers to share the risk and associated costs while expanding their coverage capabilities without assuming the full liability individually. In the context of real estate, coinsurance is often employed to divide the risk of insuring valuable properties among different insurers, thus ensuring that the policyholder has adequate coverage without overburdening a single insurer. In this collaborative approach, each insurer involved will issue a separate policy, but collectively, they join together to underwrite the total coverage required. This can be particularly beneficial in large commercial transactions or significant real estate deals where the value exceeds what any single insurer might be willing to cover alone. The other arrangements do not accurately characterize coinsurance. A single policy from one insurer does not involve shared risks, guaranteed replacement cost focuses on replacing a property based on current costs rather than dividing risk, and excess coverage typically relates to additional insurance beyond standard policy limits rather than a coinsurance arrangement. Understanding these distinctions clarifies why the chosen response accurately describes the nature of coinsurance.

8. Which aspect of title insurance helps to define property boundaries?

- A. Abstract of title
- B. Metes and bounds description**
- C. Title search
- D. Public records review

The metes and bounds description is the correct choice as it specifically refers to a system used to define the boundaries of a particular parcel of land. This method relies on detailed descriptions that often include physical features of the geography (like trees, rivers, or roads) and measurements (such as distances and angles) to outline the exact perimeter of a property. This makes it crucial for determining property lines, which is essential for both ownership and development purposes. In contrast, an abstract of title provides a summary of all recorded documents related to a property, but it does not directly detail the boundaries. A title search involves examining these documents to confirm ownership and any encumbrances but is more focused on ownership history rather than delineating property lines. Lastly, a public records review refers to examining various public documents, which may include title documents and land use regulations, but does not focus specifically on the boundaries themselves. Thus, the metes and bounds description stands out for its specific role in identifying and defining property boundaries accurately.

9. Which individuals are recommended for initiating wire transfers?

- A. Initiator
- B. Verifier
- C. Validator
- D. Perpetrator

The initiation of wire transfers is predominantly handled by individuals designated as initiators. These individuals are responsible for starting the transfer process, which involves entering the required transaction details and submitting the wire transfer request. An initiator typically has the knowledge and authority to carry out these transactions, ensuring that funds are accurately transferred from one account to another. This role is essential, as it directly impacts the efficiency and security of the transaction process. The initiator may be an employee or an agent of a financial institution or company who has been trained to execute wire transfers according to established protocols. The other roles mentioned, while related to the process, do not focus on the initiation phase. Verifiers usually serve to confirm or check the transfer details after the initiation has occurred, ensuring that all information is accurate. Validators may be responsible for assessing the legitimacy or security of the transaction, often after the initiator has completed their role. The term perpetrator, however, indicates wrongful or illegal conduct and does not align with the structured, legal process of initiating wire transfers. Therefore, the initiator is the recommended individual for this task, as they play a crucial part in the safe and effective management of wire transfers.

10. What does the revocation of a codicil to a will NOT affect?

- A. The original will
- B. The estate distribution
- C. The guardianship
- D. The codicil itself

The revocation of a codicil to a will does not affect the original will, because the original document remains intact and valid as long as it has not been revoked or changed itself. A codicil serves as an amendment or addition to a will; thus, if a codicil is revoked, the changes it introduced are nullified, but the original will is still operative without the codicil's provisions. The original will maintains its terms, conditions, and asset distributions as originally enacted, unless those terms are altered in some way directly by the will itself. Therefore, even after revocation of a codicil, the original will continues to stand as the governing document regarding the testator's estate, highlighting the independence of the original will from amendments made through codicils.

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://floridatitleinsurance.examzify.com>

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

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