FLORIDA 2-14 LIFE AND ANNUITY PRACTICE TEST (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.

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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!

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Questions

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1. Variable product investments are held in which account?

A. General account

B. Separate account

C. Investment trust

D. Mutual fund

2. Which entity is responsible for enforcing state insurance laws in Florida?

A. Florida Office of Insurance Regulation

B. State Bar

C. Department of Health

D. Department of Financial Services

3. Which policy is designed to provide coverage for a specified period and may end at age 100?

A. Whole Life

B. Variable Life

C. Term to 100

D. Universal Life

4. What type of insurance provides a death benefit and cash value that can vary based on the investment performance of a separate account?

A. Term Life

B. Variable Universal Life

C. Indexed Universal Life

D. Traditional Whole Life

5. Why must producers maintain records of suitability analyses and advertising in Florida life and annuity sales?

A. To track sales quotas.

B. To demonstrate compliance with truthful advertising and suitability rules.

C. To store client private emails.

D. To compare insurer profits.

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6. What term describes the process by which a death benefit may be paid as a lump sum, installments, or other arrangements?

A. Beneficiary Designation

B. Settlement Options

C. Ownership Clause

D. Nonforfeiture Options

7. How does reinstatement work for a lapsed life insurance policy?

A. It can be reinstated by paying overdue premiums (with interest) and providing evidence of insurability.

B. It is not possible after lapse.

C. It requires evidence of insurability only.

D. It can be reinstated by paying overdue premiums with interest but no evidence of insurability.

8. Which statement reflects a duty to provide clear communication to clients?

A. Provide clear communication

B. Guarantee returns

C. Hide policy terms

D. Ignore regulations

9. If both the primary and contingent beneficiaries are alive at the insured's death, who receives the death benefit?

A. Contingent receives

B. Owner receives

C. Primary receives

D. Insurer pays to the policyholder

10. If a policy is classified as MEC, how are distributions treated for tax purposes?

A. Distributions are tax-free at all times.

B. Distributions are taxed as ordinary income to the extent of gains; withdrawals before recovery of gains may be penalized in other contexts.

C. Distributions are taxed as capital gains.

D. MEC status does not affect distribution taxation.

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Answers

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

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Explanations

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1. Variable product investments are held in which account?

A. General account

B. Separate account

C. Investment trust

D. Mutual fund

Variable product investments are held in a separate account. This separate account is set up specifically to hold the assets backing variable life and variable annuity contracts, keeping them separate from the insurer's general assets. Because of this separation, the contract's values and benefits depend on the performance of the subaccounts chosen by the policyholder and are not guaranteed by the insurer. The general account, by contrast, supports fixed products with guaranteed returns. While subaccounts inside the separate account may resemble mutual funds in how they invest, the assets backing the variable products are what's held in the separate account.

2. Which entity is responsible for enforcing state insurance laws in Florida?

A. Florida Office of Insurance Regulation

B. State Bar

C. Department of Health

D. Department of Financial Services

Florida enforces its insurance laws through the Department of Financial Services, which includes the Office of Insurance Regulation that directly oversees insurers, rate and form filings, and market conduct. The Office of Insurance Regulation operates under the Department of Financial Services, so the DFS is the overarching enforcing body for insurance statutes. The other options do not regulate insurance: the State Bar handles attorney licensing and ethics, and the Department of Health oversees health matters, not insurance regulation.

3. Which policy is designed to provide coverage for a specified period and may end at age 100?

A. Whole Life

B. Variable Life

C. Term to 100

D. Universal Life

A policy designed to provide coverage for a defined period and end at a specific age is a term policy with a set end date. A term to 100 is structured to cover you only until you reach age 100, at which point the coverage ends if not renewed or converted. It pays a death benefit if you die during that term, but it has no cash value and isn't meant to last for your whole life. In contrast, whole life lasts for your entire life and builds cash value; universal life and variable life are also permanent or flexible products with ongoing coverage (and often cash value components or investment features). So the design that fits a fixed period ending at age 100 is the term to 100 policy.

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4. What type of insurance provides a death benefit and cash value that can vary based on the investment performance of a separate account?

A. Term Life

B. Variable Universal Life

C. Indexed Universal Life

D. Traditional Whole Life

The idea being tested is a life insurance product whose cash value and often the death benefit depend on investments in a separate account. This describes Variable Universal Life. In this type, the policy owner can choose investment options in a separate account, and the cash value grows (or shrinks) based on those investment results. The death benefit can also vary accordingly, and premiums are typically flexible. Contrast with term life, which has no cash value at all and provides only a level death benefit for a set term. Traditional whole life has a guaranteed cash value that grows in the insurer's general account with a fixed, level death benefit. Indexed universal life ties credited interest to a market index with a guaranteed floor but doesn't rely on a separate investment account in the same way as variable products. Because only the variable universal life policy uses a separate account whose investment performance directly drives cash value (and potentially the death benefit), it is the best fit for this description.

5. Why must producers maintain records of suitability analyses and advertising in Florida life and annuity sales?

A. To track sales quotas.

B. To demonstrate compliance with truthful advertising and suitability rules.

C. To store client private emails.

D. To compare insurer profits.

Maintaining records of the suitability analysis and advertising is about proving compliance with rules that protect consumers by ensuring recommendations are appropriate and marketing is truthful. The suitability analysis shows how a recommended life or annuity product fits the client's needs, financial situation, objectives, and risk tolerance, including any considerations about replacements or fees. Keeping a written record provides a verifiable trail that the producer based the recommendation on the client's actual circumstances rather than sales pressure. Advertising must be accurate and not misleading, so retaining copies of ads and disclosures helps regulators confirm that what was presented to the public matches the product terms and promises made. These records support oversight, audits, and investigations, and help hold producers accountable for truthful advertising and suitable recommendations. Quotas, private emails, or insurer profits aren't the purpose of this recordkeeping.

6. What term describes the process by which a death benefit may be paid as a lump sum, installments, or other arrangements?

A. Beneficiary Designation

B. Settlement Options

C. Ownership Clause

D. Nonforfeiture Options

Settlement options describe how a life insurance death benefit is paid out after a claim is approved. This term captures the idea that the payout can be delivered as a lump sum, in installments, or through other arrangements such as life income with or without a guaranteed period. Beneficiary designation is about who receives the benefit, ownership clause covers who controls the policy, and nonforfeiture options relate to what happens to any cash value if the policy lapses. Understanding settlement options helps the beneficiary decide the payout structure that best fits their needs and planning.

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7. How does reinstatement work for a lapsed life insurance policy?

A. It can be reinstated by paying overdue premiums (with interest) and providing evidence of insurability.

B. It is not possible after lapse.

C. It requires evidence of insurability only.

D. It can be reinstated by paying overdue premiums with interest but no evidence of insurability.

When a life policy lapses, reinstatement is about bringing the policy back to active status within the allowed period and under the right conditions. The key requirement is to pay the overdue premiums plus interest to bring the policy current. At the same time, you must provide evidence of insurability to verify that you still qualify for coverage, since health conditions can change over time. Some policies also require repayment of any policy loans or other amounts owed. There's usually a time limit on how long reinstatement is available, set by the policy. That combination—settling the back premiums with interest and proving insurability—is what restores the policy. Merely paying overdue premiums (without evidence of insurability) or claiming reinstatement isn't possible, and requiring evidence of insurability without paying back overdue amounts would not meet the typical reinstatement conditions.

8. Which statement reflects a duty to provide clear communication to clients?

A. Provide clear communication

B. Guarantee returns

C. Hide policy terms

D. Ignore regulations

Providing clear communication is essential because it ensures clients understand product features, costs, risks, and terms so they can make informed decisions. Clear, accurate explanations help clients see what a policy covers, what it costs, and any limitations or riders, reducing the chance of misunderstanding or misrepresentation. This duty supports trust and regulatory compliance, which are foundational in Florida life and annuity practice. Other options conflict with ethical and legal duties: guaranteeing returns is misleading and not allowed; hiding policy terms is deceptive; ignoring regulations is illegal and unacceptable.

9. If both the primary and contingent beneficiaries are alive at the insured's death, who receives the death benefit?

A. Contingent receives

B. Owner receives

C. Primary receives

D. Insurer pays to the policyholder

The primary beneficiary receives the death benefit because they are the first in line to receive proceeds if alive at the insured's death. The contingent beneficiary is only next in line if the primary cannot receive the proceeds (for example, if the primary dies before or at the time of the insured's death). So when both are alive, the primary is the recipient.

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10. If a policy is classified as MEC, how are distributions treated for tax purposes?

A. Distributions are tax-free at all times.

B. Distributions are taxed as ordinary income to the extent of gains; withdrawals before recovery of gains may be penalized in other contexts.

C. Distributions are taxed as capital gains.

D. MEC status does not affect distribution taxation.

Distributions from a MEC are taxed as ordinary income to the extent that they represent policy gains. In a MEC, the portion of any withdrawal that equals gains is taxed at your regular income tax rate, not as capital gains. The part that reflects the cost basis (premiums you paid) is returned tax-free. This contrasts with non MEC policies, where gains on distributions are often treated more favorably as capital gains. So the correct choice captures that MEC makes the taxable portion of distributions be ordinary income—the gains portion—while the basis comes back tax-free.

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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://florida0214lifeannuity.examzify.com

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

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