FLORIDA 2-14 LIFE INSURANCE LICENSE (214 LICENSE) PRACTICE EXAM (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. Which of these is NOT relevant when determining the amount of personal life insurance needed?

A. Family Income Requirements

B. Local Unemployment Rate

C. Existing Debt Obligations

D. Future Education Expenses

2. A variable annuity is characterized by which of the following?

A. Fixed interest rate

B. Underlying equity investments

C. Immediate payouts

D. Guaranteed returns

3. A stock life insurance company that issues both participating and nonparticipating policies is doing business on:

A. A mixed plan

B. A mutual plan

C. A variable plan

D. A fixed plan

4. What component of a life insurance contract is required before the policy can be issued?

A. The beneficiary's signature

B. Applicant's signature on application

C. A medical exam

D. A credit check

5. What retirement plan can a sole proprietor use, provided their employees are included?

A. Traditional IRA

B. Roth IRA

C. Keogh Pension Plan

D. 401(k) Plan

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6. Upon delivery of a rated insurance policy, what must the producer NOT obtain from the client?

A. A signed application form

B. A signed HIPAA disclosure

C. A signed statement of good health

D. A premium deposit

7. What are adjustable rates for life policy loans in Florida based on?

A. The Federal Reserve Rate

B. Moody's Corporate Bond Index

C. The Life Insurance Industry Index

D. The Dow Jones Industrial Average

8. Which policy requires an agent to register with the National Association of Securities Dealers (NASD) before selling?

A. Term Life Policy

B. Whole Life Policy

C. Variable Life Policy

D. Fixed Life Policy

9. Which type of insurance company allows their policyowners to elect a governing body?

A. Stock Companies

B. Mutual Companies

C. Fraternal Organizations

D. Nonprofit Organizations

10. What is the underlying concept regarding level premiums?

A. Premiums will decrease over time

B. Premiums are based on the insured's age at purchase

C. The early years are charged more than needed

D. Premiums are adjusted after the policy matures

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Answers

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

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Explanations

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1. Which of these is NOT relevant when determining the amount of personal life insurance needed?

A. Family Income Requirements

B. Local Unemployment Rate

C. Existing Debt Obligations

D. Future Education Expenses

When determining the amount of personal life insurance needed, the focus is primarily on factors that directly impact an individual's or a family's financial security and obligations following the insured's death. The relevant aspects include family income requirements, existing debt obligations, and future education expenses, as these elements play a critical role in assessing the financial needs of dependents after the insured's passing. Family income requirements help to determine how much financial support is needed to maintain a family's lifestyle and cover ongoing expenses. Existing debt obligations such as mortgages or loans reflect liabilities that would need to be covered to avoid financial burden on surviving family members. Future education expenses are also significant, as they represent the future financial commitments that would benefit children's educational needs. In contrast, the local unemployment rate does not directly influence the individual's specific life insurance needs. While a high unemployment rate might suggest broader economic instability, it doesn't impact the unique financial obligations of the policyholder or their dependents. Hence, it is not a relevant factor in calculating personal life insurance needs, making it the correct answer for what is not relevant in this context.

2. A variable annuity is characterized by which of the following?

A. Fixed interest rate

B. Underlying equity investments

C. Immediate payouts

D. Guaranteed returns

A variable annuity is characterized by underlying equity investments, which is why the chosen answer is correct. Unlike fixed annuities that provide a guaranteed interest rate and fixed payouts, variable annuities allow the policyholder to allocate funds among various investment options, typically including stocks, bonds, and mutual funds. The value of the annuity is subject to the performance of these underlying investments, which means the payouts can vary based on market fluctuations. This investment flexibility is a crucial feature of variable annuities, as it allows individuals to potentially achieve higher returns compared to fixed-rate products. However, because these returns are tied to market performance, they come with greater risk, which distinguishes them from annuities that offer guaranteed returns or fixed interest rates.

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3. A stock life insurance company that issues both participating and nonparticipating policies is doing business on:

A. A mixed plan

B. A mutual plan

C. A variable plan

D. A fixed plan

A stock life insurance company that issues both participating and nonparticipating policies operates on a mixed plan. This is because a mixed plan involves a combination of both types of policies. Participating policies allow policyholders to receive dividends based on the insurer's performance, essentially sharing in the profits. In contrast, nonparticipating policies do not pay dividends and are often considered to provide guaranteed benefits without the potential for profit-sharing. In this context, the classification of the company as a mixed plan reflects its ability to offer a diverse range of products to meet different customer needs. This approach enables the insurer to cater to a broader market by providing options for those looking for profit-sharing through participating policies as well as those who prefer the stability and predictability of nonparticipating policies. Understanding this distinction is important for insurance professionals, as it highlights how insurers can adapt their offerings and respond to market demands, while also illustrating the fundamental differences between the participating and nonparticipating policy structures.

4. What component of a life insurance contract is required before the policy can be issued?

A. The beneficiary's signature

B. Applicant's signature on application

C. A medical exam

D. A credit check

The requirement for the applicant's signature on the application is crucial before issuing a life insurance policy. This signature indicates that the applicant has provided accurate information to the insurer and agrees to the terms of the policy. It serves as a binding agreement and reflects the applicant's consent to proceed with the insurance process. Additionally, the signature also affirms that the applicant has understood the policy details and conditions related to coverage. While other components, such as medical exams or credit checks, may be part of the underwriting process, they are not universally mandatory for every policy. Some policies can be issued without these steps, particularly those that are simpler or involve lower coverage amounts. The beneficiary's signature is also not a standard requirement for the policy to be issued immediately, as the beneficiary can often be designated later. Hence, the applicant's signature stands as a fundamental requirement in the life insurance contract process, ensuring the application can be formally processed and the policy can be issued.

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5. What retirement plan can a sole proprietor use, provided their employees are included?

A. Traditional IRA

B. Roth IRA

C. Keogh Pension Plan

D. 401(k) Plan

A Keogh Pension Plan, also known as a HR10 plan, is specifically designed for self-employed individuals and sole proprietors, allowing them to contribute towards their retirement while also including their employees in the plan. This type of plan offers high contribution limits, enabling business owners to save a significant amount for retirement, and it can be either defined contribution or defined benefit in nature. For a sole proprietor looking to provide retirement benefits to themselves and their employees, the Keogh Plan allows for a structured retirement savings vehicle that aligns with this objective. It includes certain tax advantages, such as tax-deductible contributions, which further incentivize saving for retirement. While traditional and Roth IRAs are options for individual retirement savings, they do not provide the same opportunity for employer contributions or for including employees in the plan effectively as a Keogh Plan does. A 401(k) Plan is typically suited for businesses with multiple employees and can be quite complicated in terms of setup and administrative requirements compared to the Keogh option. Therefore, the Keogh Pension Plan stands out as the most appropriate solution for a sole proprietor who wants to include their employees in a retirement plan.

6. Upon delivery of a rated insurance policy, what must the producer NOT obtain from the client?

A. A signed application form

B. A signed HIPAA disclosure

C. A signed statement of good health

D. A premium deposit

In the context of delivering a rated insurance policy, it is not necessary for the producer to obtain a signed HIPAA disclosure from the client. The HIPAA (Health Insurance Portability and Accountability Act) disclosure is primarily concerned with the privacy of medical information and is not typically required at the point of delivering a rated policy. On the other hand, obtaining other documents, such as a signed application form, a signed statement of good health, or a premium deposit, serves important purposes. The signed application form is crucial for confirming the client's information and ensuring that the application is complete and accurate. The signed statement of good health is often needed to verify that the client's health status has not changed since the application was submitted, particularly when there have been delays. Lastly, collecting a premium deposit is standard practice to ensure that the policy becomes effective as soon as it is delivered. Thus, the correct answer highlights that the HIPAA disclosure does not play a critical role in the delivery of a rated insurance policy, making it the item the producer does not need to obtain at that time.

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7. What are adjustable rates for life policy loans in Florida based on?

A. The Federal Reserve Rate

B. Moody's Corporate Bond Index

C. The Life Insurance Industry Index

D. The Dow Jones Industrial Average

Adjustable rates for life policy loans in Florida are primarily based on the Moody's Corporate Bond Index. This index acts as a benchmark that reflects the average yield on corporate bonds rated by Moody's Investors Service. Insurance companies utilize this index to determine the interest rates applied to policy loans, allowing them to offer competitive and market-responsive rates for borrowers. Using the Moody's Corporate Bond Index helps ensure that the rates associated with loans on life insurance policies align with prevailing market conditions and provide borrowers with an equitable cost of borrowing. This method ensures a degree of predictability and fairness for policyholders. The Federal Reserve Rate, while influential in overall economic conditions, does not specifically dictate adjustable rates for life insurance policy loans. Similarly, the Life Insurance Industry Index and the Dow Jones Industrial Average focus on different aspects of financial markets, which do not directly correlate with the interest rates charged on loans against life insurance policies in Florida.

8. Which policy requires an agent to register with the National Association of Securities Dealers (NASD) before selling?

A. Term Life Policy

B. Whole Life Policy

C. Variable Life Policy

D. Fixed Life Policy

A Variable Life Policy is unique because it combines features of life insurance with investment components, allowing policyholders to allocate a portion of their premiums to various investment options. Due to this investment aspect, the sale of Variable Life Policies is regulated as a securities transaction. As a result, an agent must register with the National Association of Securities Dealers (NASD), also known as the Financial Industry Regulatory Authority (FINRA), to ensure compliance with applicable securities laws and regulations. This registration provides agents with the necessary training and ethical guidelines to sell products that are considered financial investments. In contrast, Term Life Policies, Whole Life Policies, and Fixed Life Policies do not incorporate investment elements in the same way. These policies focus mainly on providing death benefits without the complexities associated with investment accounts, thereby not requiring the agent to register with securities regulatory bodies.

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9. Which type of insurance company allows their policyowners to elect a governing body?

A. Stock Companies

B. Mutual Companies

C. Fraternal Organizations

D. Nonprofit Organizations

Mutual companies are structured to allow policyowners to participate in the governance of the company. This means that the policyowners have the right to elect a board of directors, making decisions that can directly impact the management and policies of the company. One of the defining characteristics of a mutual company is that it is owned by its policyholders, who are also its customers. As a result, any profits made by the mutual company may be returned to the policyholders in the form of dividends or reduced premiums. In contrast, stock companies are owned by shareholders. These shareholders do not necessarily have to be policyholders, and they typically elect their own board of directors to oversee the company. Fraternal organizations often operate similarly to mutual companies but are specifically designed for members of a particular group or society. Nonprofit organizations don't typically sell insurance directly but may provide insurance as a secondary service, and they do not usually involve policyowners in governance in the same way that mutual companies do. The governance structure of mutual companies is designed to ensure that the interests of the policyholders are prioritized, distinguishing them from other types of insurance organizations.

10. What is the underlying concept regarding level premiums?

A. Premiums will decrease over time

B. Premiums are based on the insured's age at purchase

C. The early years are charged more than needed

D. Premiums are adjusted after the policy matures

The concept of level premiums is founded on the idea that, although the actual insurance costs may vary over time, the premium charged to the policyholder remains constant throughout the life of the policy. In many cases, particularly with whole life insurance, the premiums in the early years are designed to be higher than the cost of the insurance protection for that period in order to build cash value and ensure that the premium remains level as the insured ages. This means that in the later years, the amounts paid contribute towards maintaining coverage rather than covering the entire insurance cost, as the insured may be older and at a higher risk. This structure allows for a stable payment that makes budgeting easier for policyholders, but it also means that in the initial stages, the premiums collected exceed the immediate cost of insurance. Therefore, the answer is rooted in how level premiums are structured over the duration of the policy, ensuring affordability and predictability for the insured.

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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:

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

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