FLORIDA INSURANCE LICENSING 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. In which situation is "self-insured retention" most relevant?

A. When filing for personal injury claims

B. In policies where the insured agrees to pay a portion of claims before coverage kicks in

C. In life insurance policies with health restrictions

D. When the insurance policy is voided due to fraudulent claims

2. What happens to a policy when premiums are not paid on time?

A. The policy is automatically renewed

B. The policy may lapse or be canceled

C. The policy's coverage is enhanced

D. The policy transfers to a new provider

3. Joe borrows Sue's car, has an accident injuring a pedestrian who incurs $22,000 in medical bills. Joe has 10/20/10 limits, and Sue has 15/30/15. How much is paid from Liability?

A. Sue's policy pays $15,000 & Joe's policy pays $7,000

B. Sue's policy pays $11,000 & Joe's policy pays $11,000 (pro-rata)

C. Sue's policy pays $15,000 & Joe's policy pays $10,000

D. Sue's policy pays $7,000 & Joe's policy pays $15,000

4. If an insured is injured by an at-fault driver, and has injuries of $5,000, what amount will PIP pay if he has Florida No-Fault Basic PIP with a $1,000 deductible?

A. $3,000

B. $3,200

C. $4,000

D. $5,000

5. What are key components of a property insurance policy?

A. Coverage, exclusions, limits, and conditions

B. Market trends, business forecasts, and customer relations

C. Claims history, customer demographics, and geographic data

D. Financial objectives, sales targets, and expense reports

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6. What constitutes "fraud" in the insurance industry?

A. Providing accurate information to the insurer

B. Using benefits for purposes not covered under the policy

C. Providing false information to receive benefits or coverage

D. Failing to report changes in risk

7. Which of the following is a common exclusion found in homeowners insurance policies?

A. Theft of personal belongings

B. Flood damage

C. Fire damage

D. Personal liability coverage

8. What kind of data do actuaries primarily analyze?

A. Art and cultural data

B. Human behavior data

C. Demographic and financial data

D. Environmental data

9. What is covered under the Garage Policy?

A. Employee injuries

B. Customer's property under the care, custody and control of the garage

C. Garage location

D. Product recall

10. A loss discovered during the policy period that occurred before the inception of the current policy may be covered by?

A. Discovery Form

B. Loss Sustained Form

C. Outside Premises or Events Insuring Agreement

D. Coverage like this is not available

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Answers

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

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Explanations

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1. In which situation is "self-insured retention" most relevant?

A. When filing for personal injury claims

B. In policies where the insured agrees to pay a portion of claims before coverage kicks in

C. In life insurance policies with health restrictions

D. When the insurance policy is voided due to fraudulent claims

Self-insured retention (SIR) refers to the amount of risk that an insured must retain before the insurance coverage becomes applicable. It is a common feature in liability insurance policies, particularly in situations where businesses might choose to take on a certain level of risk themselves instead of having the insurance company cover every detail of their coverage. In the context of this question, the situation where self-insured retention is most relevant is when the insured agrees to pay a portion of claims before coverage kicks in. This means that the insured has a financial interest in managing and mitigating risks to avoid claims. Self-insured retention can lead to lower insurance premiums since the insurer takes on less risk, as the insured is responsible for covering a set amount initially. The other situations described do not align with the concept of self-insured retention. Personal injury claims typically involve full coverage from insurance policies rather than a portion being retained by the insured. Life insurance policies typically cover death benefits and may have specific exclusions, but they do not operate on the principle of self-insured retention like liability policies do. Additionally, a policy being voided due to fraudulent claims relates more to the validity of the contract and does not incorporate the concept of self-insured retention, which focuses on deductible-style arrangements

2. What happens to a policy when premiums are not paid on time?

A. The policy is automatically renewed

B. The policy may lapse or be canceled

C. The policy's coverage is enhanced

D. The policy transfers to a new provider

When premiums are not paid on time, the likely outcome is that the policy may lapse or be canceled. Insurance policies typically come with a grace period allowing a policyholder to make a payment after the due date without losing coverage. However, if the payment is not made within this grace period, the insurer has the right to terminate the policy, leading to a lapse in coverage. This means that the policy will no longer be active, and the insured will not be protected against risks that the policy would have covered. The option regarding automatic renewal does not apply in this context since automatic renewals typically require payments to be up to date. Enhancing coverage usually involves an increase in premium payments, not a default in payment. Transferring a policy to a new provider would not occur simply due to late payments; such a scenario typically requires the policyholder to apply for new coverage and would not be a direct consequence of unpaid premiums.

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3. Joe borrows Sue's car, has an accident injuring a pedestrian who incurs $22,000 in medical bills. Joe has 10/20/10 limits, and Sue has 15/30/15. How much is paid from Liability?

A. Sue's policy pays $15,000 & Joe's policy pays $7,000

B. Sue's policy pays $11,000 & Joe's policy pays $11,000 (pro-rata)

C. Sue's policy pays $15,000 & Joe's policy pays $10,000

D. Sue's policy pays $7,000 & Joe's policy pays $15,000

Sue's policy will cover up to $15,000 in medical bills for the injured pedestrian as she has 15/30/15 limits. Joe's policy has lower limits of 10/20/10, so once Sue's policy reaches its limit, Joe's policy will cover up to $7,000. The total paid from liability will be $15,000 from Sue's policy and $7,000 from Joe's policy, totaling $22,000 which covers the full medical bills for the injured pedestrian. The other options are incorrect because they either do not add up to cover the full $22,000 in medical bills or have incorrect pro-rata calculations.

4. If an insured is injured by an at-fault driver, and has injuries of $5,000, what amount will PIP pay if he has Florida No-Fault Basic PIP with a $1,000 deductible?

A. $3,000

B. $3,200

C. $4,000

D. $5,000

PIP stands for Personal Injury Protection, which is a type of insurance coverage that helps pay for medical expenses and lost wages after a car accident. In this case, the insured has $5,000 in injuries but also has a $1,000 deductible. This means that the insured will have to pay $1,000 out of pocket first before their insurance coverage kicks in. Therefore, the amount that PIP will pay is $5,000 - $1,000 = $4,000. Option A is incorrect because $3,000 does not take into account the $1,000 deductible. Option C is incorrect because it only covers up to $4,000 in injuries, but the insured has $5,000 in injuries. Option D is incorrect because it assumes that the insured does not have a deductible. Therefore, the correct answer is B, as it takes into account the

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5. What are key components of a property insurance policy?

A. Coverage, exclusions, limits, and conditions

B. Market trends, business forecasts, and customer relations

C. Claims history, customer demographics, and geographic data

D. Financial objectives, sales targets, and expense reports

A property insurance policy is designed to provide protection against various risks associated with property ownership and has specific features that outline its coverage. The key components of a property insurance policy include coverage, exclusions, limits, and conditions. Coverage refers to the specific risks and types of damage the policy will pay for, such as fire, theft, or natural disasters. Exclusions are specific conditions or circumstances that are not covered by the policy, helping to clarify the limitations of the coverage provided. Limits are the maximum amounts the insurer will pay for covered losses, which can vary based on the type of policy or specific endorsements. Conditions are the rules that both the insurer and insured must follow for the policy to remain in effect, including obligations like notifying the insurer of a claim or maintaining property standards. The other options provided in the question focus on elements that are not core to the structure of a property insurance policy. Market trends, business forecasts, and customer relations pertain to the broader field of business strategy rather than the specific terms of insurance contracts. Claims history, customer demographics, and geographic data may be relevant for underwriting or risk assessment but do not define the policy itself. Financial objectives, sales targets, and expense reports deal with the internal financial management of an insurance company rather than

6. What constitutes "fraud" in the insurance industry?

A. Providing accurate information to the insurer

B. Using benefits for purposes not covered under the policy

C. Providing false information to receive benefits or coverage

D. Failing to report changes in risk

Fraud in the insurance industry is fundamentally about the intentional act of deception meant to secure an unlawful benefit or gain. When an individual provides false information to an insurance company, they are attempting to manipulate the insurer into providing benefits or coverage that they would not typically qualify for. This could involve exaggerating claims, lying about health conditions, staging accidents, or misrepresenting income or property values. This definition aligns with the core principles of fraud, which focus on the intent to deceive for personal gain. By presenting false information, the individual disrupts the ethical balance and operational integrity that guide the insurance industry, ultimately leading to increased costs and distrust in insurance services. For clarity, accurate information, such as that referred to in the first choice, does not constitute fraud; rather, it is the foundation of a legitimate insurance relationship. Similarly, while using benefits for purposes not covered may be unethical, it does not specifically denote the act of fraud as defined by trickery or deceit. Lastly, failing to report changes in risk, while it may violate policy terms, does not inherently involve the intent to deceive and thus does not fit the definition of fraud.

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7. Which of the following is a common exclusion found in homeowners insurance policies?

A. Theft of personal belongings

B. Flood damage

C. Fire damage

D. Personal liability coverage

Flood damage is commonly excluded in homeowners insurance policies because it is considered a separate risk that requires specific flood insurance coverage. Standard homeowners policies typically protect against a range of perils such as theft, fire damage, and personal liability, which is why those options are not correct in this context. Homeowners insurance is designed to cover certain types of risks, and while it includes coverage for many incidents, floods are generally not one of them. This is due to the frequency and severity of flood events, which can lead to significant loss for insurers. Consequently, to further protect property owners, flood insurance is often made available through the National Flood Insurance Program (NFIP) or private insurers, allowing them to purchase coverage specifically tailored for flood-related damages.

8. What kind of data do actuaries primarily analyze?

A. Art and cultural data

B. Human behavior data

C. Demographic and financial data

D. Environmental data

Actuaries primarily analyze demographic and financial data as a core component of their work. This type of data is critical for assessing risks and determining appropriate pricing for insurance policies. Demographic data includes statistics about populations such as age, gender, occupation, and health status, all of which help actuaries predict the likelihood of certain events occurring, such as claims or deaths. Financial data, on the other hand, involves economic factors, historical claims data, and various financial metrics that aid in evaluating the financial stability of insurance products over time. By focusing on this specific combination of demographic and financial information, actuaries can build complex models that forecast future claims and guide insurance companies in making informed decisions regarding policy reserves and premium rates. Understanding and analyzing these data sets allows actuaries to contribute significantly to the stability and profitability of insurance operations.

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9. What is covered under the Garage Policy?

A. Employee injuries

B. Customer's property under the care, custody and control of the garage

C. Garage location

D. Product recall

A Garage Policy is specifically designed for businesses that operate a garage, such as auto repair shops, service stations, and car dealerships. It offers a bundle of coverages tailored to the unique risks associated with these types of businesses. The correct coverage under a Garage Policy includes the protection of customer's property while it is in the garage's care, custody, and control. This means that if a customer brings their vehicle in for a service or repair, and that vehicle is damaged while in the garage's possession, the policy provides the necessary coverage for the repair or replacement. By focusing on customer property, the Garage Policy addresses one of the significant risks faced by garages, ensuring that they are protected from liability issues related to damaged vehicles or possessions that they are temporarily holding for service or repair. Thus, option B is a critical aspect of what a Garage Policy covers. In contrast, while employee injuries might suggest the need for worker's compensation insurance, a Garage Policy itself typically does not cover this. Similarly, although the garage location is important for the operation of the business, the policy does not provide coverage simply because of the garage's physical location; it addresses specific liabilities and risks inherent to garage operations instead. Product recall, while a concern for manufacturers, is also generally

10. A loss discovered during the policy period that occurred before the inception of the current policy may be covered by?

A. Discovery Form

B. Loss Sustained Form

C. Outside Premises or Events Insuring Agreement

D. Coverage like this is not available

A loss discovered during the policy period that occurred before the inception of the current policy may be covered by the Discovery Form. This is because the Discovery Form provides coverage for losses that are discovered during the policy period, even if the loss actually occurred before the policy was in effect. The Loss Sustained Form, on the other hand, provides coverage for losses that occurred during the policy period. The Outside Premises or Events Insuring Agreement does not apply in this situation because it only provides coverage for losses that occur within the premises or events described in the policy. Option D is not correct because there are insurance policies that do provide coverage for losses that occurred before the current policy period.

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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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