ARIZONA LIFE AND HEALTH PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Table of Contents

Copyright 1

Table of Contents 2

Introduction 3

How to Use This Guide 4

Questions 5

Answers 8

Explanations 10

Next Steps 16

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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. What is an example of personal information an insurer might collect?

A. Social security number

B. Company registration details

C. Business credit score

D. Publicly available legal documents

2. How are health insurance premiums paid by each partner in a partnership treated for tax purposes?

A. 50% Tax deductible

B. 75% Tax deductible

C. 100% Tax deductible

D. Not Tax deductible

3. In group health insurance, how do premium costs generally compare with individual health insurance?

A. They are usually higher

B. They are usually the same

C. They are usually lower

D. They vary based on age

4. Which of the following represents a scenario limiting contact in life insurance policies?

A. Lapsing a policy

B. Contesting for two years

C. Renewing a policy

D. Assigning benefits to a third party

5. Which statement about universal life insurance is NOT true?

A. It offers flexible premium payments.

B. It usually includes a minimum guaranteed cash value for the policy duration.

C. Its death benefit can be adjusted by the policyholder.

D. It accumulates cash value based on current interest rates.

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6. What is typically a requirement for health insurers in Arizona regarding the proof of loss?

A. Must provide it within 30 days

B. Must offer it only on request

C. Must provide it within 15 days

D. Must not provide unless formally requested

7. Inpatient psychiatric care is covered under Part A of Medicare for how many days?

A. 60 days

B. 120 days

C. 190 days

D. Unlimited duration

8. Under Federal law, what must John do to engage in insurance transactions given his felony conviction involving dishonesty?

A. Enroll in a rehabilitation program

B. Obtain a state license for insurance

C. Gain written consent from the state insurance regulatory agency

D. Complete a background check

9. What improvement does an individual expect when purchasing a modified life insurance policy?

A. Lower premium costs

B. An increase in death benefits

C. An improvement in future income

D. Immediate cash access

10. In the context of life annuities, where do funds for additional benefit payments primarily come from?

A. Investments made by the insurer

B. Premiums of current policyholders

C. Funds not distributed to life annuitants who died before life expectancy

D. Government grants

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Answers

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

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Explanations

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1. What is an example of personal information an insurer might collect?

A. Social security number

B. Company registration details

C. Business credit score

D. Publicly available legal documents

An insurer collects personal information to assess risk, verify identity, and determine appropriate coverage for individuals seeking insurance. A social security number is a key piece of personal information that insurers collect as it helps in verifying the identity of the applicant and is often used for background checks, ensuring that the information provided is accurate, and managing claims. This number is unique to individuals and serves as a primary identifier in various financial and legal transactions, making it highly relevant for personal insurance policies. In contrast, company registration details and business credit scores pertain more to businesses rather than individual applicants, and publicly available legal documents do not represent personal information in the same way that a social security number does. Personal information is distinctly related to individual identity and privacy, which emphasizes the role of the social security number in this context.

2. How are health insurance premiums paid by each partner in a partnership treated for tax purposes?

A. 50% Tax deductible

B. 75% Tax deductible

C. 100% Tax deductible

D. Not Tax deductible

In a partnership, health insurance premiums paid for partners can be deducted as a business expense. For tax purposes, if a partnership pays the premiums, these costs are generally considered a deductible expense. This means that 100% of the health insurance premiums paid for the partners can typically be written off by the partnership, provided that the partners meet certain criteria related to having self-employment income. This deduction is available as long as the health insurance premiums are not paid through a salary, and the partners must report this amount as income on their individual tax returns. However, they can also deduct the premiums from their taxable income, effectively allowing them to benefit from the full deduction. Thus, choosing the option that indicates 100% of these premiums are tax-deductible accurately reflects the tax treatment under current law related to health insurance premiums paid by partnerships.

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3. In group health insurance, how do premium costs generally compare with individual health insurance?

A. They are usually higher

B. They are usually the same

C. They are usually lower

D. They vary based on age

In group health insurance, premium costs are generally lower compared to individual health insurance due to several factors. One major reason is that group policies pool the risk among a larger number of insured individuals. This diversification reduces the overall risk to the insurer, allowing them to offer lower premiums. Additionally, employers often contribute to the premium costs for their employees, further decreasing the financial burden on individual participants. Furthermore, group plans can leverage economies of scale, meaning that they can negotiate better terms with providers and have lower administrative costs per member. Individual health insurance, on the other hand, tends to have higher premiums because the risk is concentrated on the individual, and insurers have less leverage in cost negotiations as they are dealing with a single policyholder. Thus, the dynamic of risk-sharing and employer contributions plays a significant role in leading to lower costs in group health insurance policies.

4. Which of the following represents a scenario limiting contact in life insurance policies?

A. Lapsing a policy

B. Contesting for two years

C. Renewing a policy

D. Assigning benefits to a third party

The scenario that represents a limitation on contact in life insurance policies involves the contestability period of two years. During this time, insurers have the right to investigate and deny claims based on misstatements made by the policyholder. If a policyholder attempts to make a claim within this two-year period, the insurer can contest the claim for any discrepancies or issues revealed upon review. This effectively limits contact because it establishes a time frame during which the insurer is scrutinizing claims more rigorously and can deny them based on the initial application. In contrast, lapsing a policy refers to a status where the policy is no longer active due to non-payment but does not inherently limit contact regarding claims once the policy is reinstated or if you're trying to appeal a claim. Renewing a policy pertains to extending coverage and usually allows for continued interaction rather than limitation. Assigning benefits to a third party is a process that entails transferring the benefits of a life insurance policy but does not impose limits on contact; rather, it alters who receives the benefits without affecting the insurer's engagement with the original policyholder.

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5. Which statement about universal life insurance is NOT true?

A. It offers flexible premium payments.

B. It usually includes a minimum guaranteed cash value for the policy duration.

C. Its death benefit can be adjusted by the policyholder.

D. It accumulates cash value based on current interest rates.

The statement that is not true about universal life insurance is that it usually includes a minimum guaranteed cash value for the policy duration. Universal life insurance is designed to provide flexibility in both premium payments and death benefits. While it does accumulate cash value, which is influenced by current interest rates, it typically does not guarantee a cash value that is set for the entire duration of the policy. Instead, the cash value can vary based on the performance of the policy's investments and can fluctuate over time. The options regarding flexible premium payments, the ability of the policyholder to adjust the death benefit, and accumulation of cash value based on interest rates accurately reflect the characteristics of universal life insurance. This flexibility and variability are key features that distinguish universal life from whole life insurance, which typically offers a guaranteed cash value.

6. What is typically a requirement for health insurers in Arizona regarding the proof of loss?

A. Must provide it within 30 days

B. Must offer it only on request

C. Must provide it within 15 days

D. Must not provide unless formally requested

In Arizona, health insurers are typically required to provide proof of loss within a specific timeframe to ensure that claims are processed efficiently and beneficiaries receive their entitled benefits in a timely manner. The requirement to provide proof of loss within 15 days aligns with standard practices in the insurance industry, where expeditious communication helps maintain trust and reliability between insurers and policyholders. This timeline is designed to facilitate the claim process, allowing for faster resolution and payment. Choosing the option that states a 15-day requirement reflects adherence to these legal expectations in the state, ensuring that insurers fulfill their contractual obligations promptly. The principle behind this requirement is to minimize delays in benefits being disbursed to the policyholder or their beneficiaries, which is crucial in managing health-related expenses effectively.

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7. Inpatient psychiatric care is covered under Part A of Medicare for how many days?

A. 60 days

B. 120 days

C. 190 days

D. Unlimited duration

Inpatient psychiatric care under Part A of Medicare is covered for a total of 190 days during a patient's lifetime. This benefit is specifically designed for individuals who require significant psychiatric care in a hospital setting. The 190 days are distinct from coverage for other types of inpatient hospital stays, which may have different limits or criteria. It's important to note that while Medicare Part A provides coverage for psychiatric hospitalizations, this coverage is limited to the set number of days to encourage efficient use of resources and ensure that individuals receive appropriate care during their treatment. After the initial 190 days, further inpatient psychiatric care can lead to substantial out-of-pocket costs unless a patient qualifies for other types of insurance or assistance. Other choices do not reflect the actual coverage limit established by Medicare regulations, as they either exceed or fall short of the designated number of covered days for inpatient psychiatric services.

8. Under Federal law, what must John do to engage in insurance transactions given his felony conviction involving dishonesty?

A. Enroll in a rehabilitation program

B. Obtain a state license for insurance

C. Gain written consent from the state insurance regulatory agency

D. Complete a background check

To engage in insurance transactions after a felony conviction involving dishonesty, John is required to gain written consent from the state insurance regulatory agency. This requirement exists because insurance regulators are tasked with ensuring that individuals involved in the insurance industry meet certain ethical and legal standards. A felony conviction, particularly one related to dishonesty, raises significant concerns regarding trustworthiness and integrity. Gaining written consent from the regulatory agency allows for an assessment of John's circumstances, including the nature of the felony and evidence of rehabilitation or changes in behavior since the conviction. This process helps maintain consumer protection and the overall reliability of professionals operating in the insurance sector. While rehabilitation programs, state licensing, and background checks are also relevant components of the overall regulatory framework, they do not specifically address the requirement for written consent that directly acknowledges and evaluates John's eligibility to participate in insurance transactions post-conviction.

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9. What improvement does an individual expect when purchasing a modified life insurance policy?

A. Lower premium costs

B. An increase in death benefits

C. An improvement in future income

D. Immediate cash access

When an individual purchases a modified life insurance policy, they expect an improvement in future income due to the policy's structure. Modified life insurance is designed to provide lower initial premiums for the first few years, which then increase to a set amount thereafter. This arrangement allows individuals to free up funds in the early years to meet other financial obligations or invest. The key benefit is that, as premiums increase in the long run, the policy accumulates cash value, which the policyholder can access later, potentially providing a source of income. Additionally, over time, as the policy matures, individuals may benefit from dividends or interest, further enhancing their financial situation in the future. Other options may offer different benefits, such as lower premium costs initially, but do not directly correlate with an expectation of improved future income in the same manner. Similarly, while death benefits might be a consideration, they are generally not the primary expectation linked to modified life policies compared to the financial planning aspect related to income over time. Immediate cash access is also not typically associated with modified life insurance, as this type usually focuses on longer-term benefits rather than short-term liquidity.

10. In the context of life annuities, where do funds for additional benefit payments primarily come from?

A. Investments made by the insurer

B. Premiums of current policyholders

C. Funds not distributed to life annuitants who died before life expectancy

D. Government grants

In the context of life annuities, the funds for additional benefit payments primarily come from amounts that are not distributed to life annuitants who have died before reaching their expected life expectancy. When an individual purchases a life annuity, they essentially exchange a lump sum for regular income payments over the course of their lifetime. If the annuitant dies before reaching the anticipated life span, the insurer retains the unutilized funds, which can then be used to help satisfy additional benefit payments to other annuitants. This mechanism works on the principles of pooled risk and mortality assumptions, which are fundamental to how insurance and annuity products operate. The premiums collected from policyholders and the investment income generated by the insurer contribute to the overall financial health of the annuity product, but the specific source for funds allocated to additional benefit payments primarily comes from these retained amounts. Understanding this helps illuminate the financial dynamics of life annuities, where the pooling of funds and risk-sharing among participants plays a crucial role in ensuring that benefits can be sustained for those who live longer than the average life expectancy.

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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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