ARKANSAS LIFE AND HEALTH INSURANCE 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. An application for health insurance was submitted on November 1 with the initial premium and a conditional receipt was provided. Due to an existing medical condition, the underwriter requested an Attending Physician Statement, medical exam, and MIB report. After reviewing all sources of insurability, the insurer issued the policy as substandard with a surcharge. The policy was delivered by the producer on December 1 after explaining the coverage and surcharge, obtaining the statement of good health, and collecting the premium. Coverage became effective as of the date the:

A. Agent explained the policy coverage, surcharge, and collected the additional premium

B. Application was submitted

C. Attending Physician Statement was received

D. Medical exam was completed

2. Which of the following statements regarding nonforfeiture provisions in life insurance policies is true?

A. An insurer may defer payouts for up to 3 months

B. An insurer may defer payments of any cash surrender value for up to 6 months

C. Nonforfeiture benefits are only available if the policy has lapsed

D. Only term life insurance includes nonforfeiture provisions

3. Insurers include provisions in contracts to help reduce unnecessary claims and the overpayment of claims. Which of the following is not one of those provisions?

A. Exclusions

B. Consideration Clause

C. Elimination Period

D. Waiting Period

4. Which statement is FALSE regarding Nonforfeiture Options?

A. They ensure that cash value is not forfeited if the policy lapses

B. They provide options like extended term insurance or reduced paid-up insurance

C. They are used when the insured lives to the endowment date of the policy or at the insured's death

D. They include the cash surrender value option

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5. Which entity is primarily engaged in charitable and benevolent activities and is usually organized as a non-profit?

A. Fraternal Benefit Society

B. Health Maintenance Organization

C. Preferred Provider Organization

D. Risk Retention Group

6. What is the primary purpose of state insurance departments?

A. Establish insurance commissions

B. Protect the interests of insurance companies

C. Regulate insurance contracts and companies

D. Set premium rates

7. Which of the following statements regarding the temporary insurance license is correct?

A. Temporary licenses are valid for up to 1 year

B. Temporary licenses require passing an exam

C. Temporary licenses may be granted without an exam

D. Temporary licenses cannot be renewed

8. Which of the following best describes an insurance premium?

A. Contract terms

B. Cost of coverage

C. Policy exclusions

D. Underwriting criteria

9. If the insured is receiving regular disability income payments, the insurer can require notice of continuance of claim every _____ months.

A. 3

B. 6

C. 9

D. 12

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10. When an insurer uses an applicant's medical history to classify risk, what is this process called?

A. Underwriting

B. Accreditation

C. Certification

D. Managing

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Answers

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

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Explanations

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1. An application for health insurance was submitted on November 1 with the initial premium and a conditional receipt was provided. Due to an existing medical condition, the underwriter requested an Attending Physician Statement, medical exam, and MIB report. After reviewing all sources of insurability, the insurer issued the policy as substandard with a surcharge. The policy was delivered by the producer on December 1 after explaining the coverage and surcharge, obtaining the statement of good health, and collecting the premium. Coverage became effective as of the date the:

A. Agent explained the policy coverage, surcharge, and collected the additional premium

B. Application was submitted

C. Attending Physician Statement was received

D. Medical exam was completed

The correct answer is A because this is when the entire process for obtaining and finalizing the policy was completed. The application was initially submitted on November 1, but the underwriter requested additional information due to an existing medical condition. The policy was issued on December 1, and then delivered by the producer after explaining the details and collecting the additional premium. This is the final step in the process and the effective date of coverage. Options B, C, and D are incorrect because they occur before the policy was actually issued and delivered.

2. Which of the following statements regarding nonforfeiture provisions in life insurance policies is true?

A. An insurer may defer payouts for up to 3 months

B. An insurer may defer payments of any cash surrender value for up to 6 months

C. Nonforfeiture benefits are only available if the policy has lapsed

D. Only term life insurance includes nonforfeiture provisions

The correct answer is A because it is true that an insurer may defer payouts for up to 3 months. This ensures that the insurance company has a reasonable timeframe to process and distribute the funds to the policyholder, especially in situations where there might be administrative delays or verification processes required. Nonforfeiture provisions are designed to protect the policyholder's interests in cases where the policy lapses, ensuring that some benefits are still available even if the premium payments cease. Options B, C, and D are incorrect. Option B is incorrect because the insurer cannot defer payments of any cash surrender value for up to 6 months. Option C is incorrect because nonforfeiture benefits are available before the policy lapses. Option D is incorrect because nonforfeiture provisions are not exclusive to term life insurance; they are also found in other types of life insurance policies.

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3. Insurers include provisions in contracts to help reduce unnecessary claims and the overpayment of claims. Which of the following is not one of those provisions?

A. Exclusions

B. Consideration Clause

C. Elimination Period

D. Waiting Period

Insurers include provisions in contracts to help reduce unnecessary claims and the overpayment of claims. Exclusions are not one of these provisions because they actually limit coverage, rather than reducing claims or preventing overpayment. Exclusions are specific situations or circumstances that are not covered by the policy. These could include pre-existing conditions, risky activities, or certain types of treatment. The other options, including the consideration clause, elimination period, and waiting period, are all provisions that are designed to help reduce unnecessary claims and prevent overpayment. They may do so by requiring certain conditions to be met before coverage begins, such as a waiting period or elimination period, or by outlining specific guidelines for what is covered and what is not, such as the consideration clause. Therefore, they are all considered important provisions in an insurance contract.

4. Which statement is FALSE regarding Nonforfeiture Options?

A. They ensure that cash value is not forfeited if the policy lapses

B. They provide options like extended term insurance or reduced paid-up insurance

C. They are used when the insured lives to the endowment date of the policy or at the insured's death

D. They include the cash surrender value option

Nonforfeiture options are features of life insurance policies that protect the policyholder from losing the cash value of the policy if it lapses due to non-payment of premiums. These options provide alternatives such as extended term insurance or reduced paid-up insurance, allowing the policyholder to maintain some form of coverage even if they can no longer afford to pay premiums. Option A is the FALSE statement because nonforfeiture options specifically ensure that the policy's cash value is not forfeited if the policy lapses; therefore, it is incorrect to state that nonforfeiture options do not serve this purpose. Options B, C, and D are true statements regarding nonforfeiture options, highlighting the different choices available to policyholders in case of policy lapse or surrender.

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5. Which entity is primarily engaged in charitable and benevolent activities and is usually organized as a non-profit?

A. Fraternal Benefit Society

B. Health Maintenance Organization

C. Preferred Provider Organization

D. Risk Retention Group

A fraternity benefit society shares similarities with other types of commercial insurance companies, such as health maintenance organizations and preferred provider organizations, as they aim to provide financial protection and healthcare services to their members. However, the main difference is that a fraternal benefit society is primarily focused on charitable and benevolent activities, while the others are primarily for-profit entities. Additionally, a risk retention group is not a non-profit organization and is usually formed for the purpose of providing liability insurance to its members. Therefore, it is primarily engaged in insurance activities rather than charitable and benevolent activities.

6. What is the primary purpose of state insurance departments?

A. Establish insurance commissions

B. Protect the interests of insurance companies

C. Regulate insurance contracts and companies

D. Set premium rates

The correct answer is not A (Establish insurance commissions). State insurance departments do not primarily exist to establish insurance commissions. The primary purpose of state insurance departments is to regulate insurance contracts and companies, which ensures that insurance practices are fair, ethical, and in compliance with state laws and regulations. This oversight helps to protect policyholders and ensure the stability of the insurance marketplace.

7. Which of the following statements regarding the temporary insurance license is correct?

A. Temporary licenses are valid for up to 1 year

B. Temporary licenses require passing an exam

C. Temporary licenses may be granted without an exam

D. Temporary licenses cannot be renewed

The correct statement regarding the temporary insurance license is that temporary licenses are valid for up to 1 year. Temporary licenses are generally issued to individuals who are awaiting the results of their licensing exam or in certain other specific circumstances, such as when an agent is temporarily replacing another agent. Temporary licenses typically expire after a period of one year, giving the individual enough time to obtain their permanent license. Regarding the other options: - Option B is incorrect because temporary licenses are issued precisely for situations where individuals have not yet passed the required exam. - Option C is incorrect as temporary licenses are usually granted in emergency or transitional situations, but not without a specified reason or in cases where an exam is required for the permanent license. - Option D is incorrect because in many cases, temporary licenses can be renewed, especially if the individual is still in the process of obtaining their permanent license.

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8. Which of the following best describes an insurance premium?

A. Contract terms

B. Cost of coverage

C. Policy exclusions

D. Underwriting criteria

An insurance premium is best described as the cost of the coverage. This is the amount of money an individual or business pays for an insurance policy to be covered against specified risks. Premiums can vary based on factors such as the type of coverage, the insured's age, health status, occupation, and other risk factors. Premiums are paid periodically (usually monthly, quarterly, or annually) to keep the insurance policy in force. The other options are not correct: - Contract terms (Option A) refers to the specific conditions and provisions outlined in the insurance policy. - Policy exclusions (Option C) are the situations, conditions, or circumstances not covered by the insurance policy. - Underwriting criteria (Option D) are the factors insurance companies consider when determining whether to provide insurance coverage and at what price.

9. If the insured is receiving regular disability income payments, the insurer can require notice of continuance of claim every _____ months.

A. 3

B. 6

C. 9

D. 12

If the insured is receiving regular disability income payments, the insurer can require notice of continuance of claim every 3 months. This helps the insurer stay informed about the insured's ongoing disability status and ensures that the payments are being made correctly. Regular updates are necessary to verify that the insured is still eligible for the benefits being received. This practice helps prevent any potential fraud or issues related to the disability claims. The other options (B. 6, C. 9, D. 12) are not correct in this context. In the case of regular disability income payments, the standard practice is to request a notice of continuance of claim more frequently than every 6, 9, or 12 months to ensure timely and accurate processing of the claim.

10. When an insurer uses an applicant's medical history to classify risk, what is this process called?

A. Underwriting

B. Accreditation

C. Certification

D. Managing

When an insurer uses an applicant's medical history to classify risk, this process is called underwriting. Underwriting involves assessing the risk associated with insuring an individual based on factors such as age, health status, lifestyle, and medical history. By analyzing this information, insurers can determine the appropriate premium to charge and the coverage to provide to the applicant. This process is crucial for insurers to ensure they are pricing their policies accurately and managing risk effectively. Options B, C, and D are incorrect: - Accreditation typically refers to a certification process for insurance professionals or companies to meet certain standards set by regulatory bodies. - Certification is a process by which individuals or companies are recognized as meeting specific requirements or standards in the insurance industry but is not related to assessing risk based on an applicant's medical history. - Managing, in the context of insurance, generally refers to the overall process of overseeing risk, claims, and operations within an insurance company, rather than specifically assessing an individual applicant's risk based on medical history.

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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://arkansaslifehealthinsurance.examzify.com

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

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