

Arizona Life and Health Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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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.

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!

Questions

- 1. If a policyowner submits proof of loss after canceling their insurance, how will the insurer respond?**
 - A. The claim is automatically denied**
 - B. The claim must be paid after proof of loss is received**
 - C. The insurer can charge a penalty**
 - D. The claim is subject to additional review**
- 2. Wyatt is shopping for life insurance and is mainly concerned with the policy's death benefit. Which index should he be looking at when making comparisons?**
 - A. Cash Value Accumulation Index**
 - B. Surrender Value Cost Index**
 - C. Net Payment Cost Index**
 - D. Projected Benefit Index**
- 3. When must the notice of application practices be provided to the applicant?**
 - A. Within 30 days of application submission**
 - B. At least one week before the application is submitted**
 - C. No later than the application date**
 - D. On the policy delivery date**
- 4. Which type of life insurance policy has premiums that are paid at specific intervals for a limited time?**
 - A. Whole life insurance**
 - B. Term life insurance**
 - C. Limited pay life insurance**
 - D. Universal life insurance**
- 5. What information is specifically highlighted as requiring a notice when collected by insurers?**
 - A. Medical history from hospitals**
 - B. Personal information from non-public records**
 - C. Financial information from credit agencies**
 - D. Employment records from past employers**

- 6. What do the HIPAA portability rules primarily address?**
- A. Assigning beneficiaries to insurance policies**
 - B. Reducing health care costs for employers**
 - C. Changing premiums for individuals with prior conditions**
 - D. Eliminating pre-existing conditions under new plans**
- 7. What clause allows insurers to review claims based on pre-existing conditions for a specified period?**
- A. Exclusion Clause**
 - B. Limitation Clause**
 - C. Condition Clause**
 - D. Suspension Clause**
- 8. Who typically selects the beneficiary of a life insurance policy?**
- A. The insured**
 - B. The insurance agent**
 - C. The policyowner**
 - D. The insurer**
- 9. What does a policyowner receive if a whole life policy is surrendered before its maturity date?**
- A. The Death Benefit**
 - B. The Cash Value**
 - C. The Premium Refund**
 - D. The Accrued Interest**
- 10. In terms of insurable interest, how is one's own life regarded legally?**
- A. Generally limited**
 - B. Generally unlimited**
 - C. Generally contingent**
 - D. Not applicable**

Answers

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

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Explanations

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1. If a policyowner submits proof of loss after canceling their insurance, how will the insurer respond?

- A. The claim is automatically denied**
- B. The claim must be paid after proof of loss is received**
- C. The insurer can charge a penalty**
- D. The claim is subject to additional review**

When a policyowner submits proof of loss after canceling their insurance, the correct response from the insurer is to review the evidence provided to determine if there remains a valid obligation to pay. In many cases, a claim can still be honored if it pertains to a loss that occurred while the policy was still in force, even if the policy was canceled afterward. Insurers typically evaluate the timing and details of the claim in relation to the effective coverage dates and may indeed process the claim if it meets these criteria. This practice reflects the principle that coverage applies to losses incurred while the policy was active. Therefore, if proper proof of loss is submitted, and if the incident leading to the claim arose while the policy was active, the insurer is generally obligated to fulfill the claim, honoring the policy terms that were in place at the time of the loss.

2. Wyatt is shopping for life insurance and is mainly concerned with the policy's death benefit. Which index should he be looking at when making comparisons?

- A. Cash Value Accumulation Index**
- B. Surrender Value Cost Index**
- C. Net Payment Cost Index**
- D. Projected Benefit Index**

When assessing life insurance policies with a focus on the death benefit, the appropriate metric to consider is the Net Payment Cost Index. This index specifically evaluates the cost of the policy in relation to the death benefit provided, thereby allowing potential policyholders to make informed comparisons between different policies based on what will ultimately be paid out to beneficiaries upon death. The Net Payment Cost Index helps Wyatt understand how the premiums he pays will translate into death benefits over the life of the policy, giving him a clear picture of the financial implications of choosing one policy over another. It's particularly useful for comparing the value received in terms of the death benefit against the costs incurred throughout the policy's lifespan. In contrast, the Cash Value Accumulation Index focuses on the cash value accumulation of the policy, which is not Wyatt's primary concern. The Surrender Value Cost Index pertains to the costs associated with surrendering a policy before the death benefit is paid, which may not be relevant to someone primarily focused on the death benefit. Lastly, the Projected Benefit Index is not a standard measure in evaluating the cost in relation to death benefits, which further supports why the Net Payment Cost Index is the most suitable choice in this scenario.

3. When must the notice of application practices be provided to the applicant?

- A. Within 30 days of application submission**
- B. At least one week before the application is submitted**
- C. No later than the application date**
- D. On the policy delivery date**

The correct answer is that the notice of application practices must be provided no later than the application date. This requirement ensures that the applicant is fully informed about the practices related to their application when they are submitting it. Providing this notice at this time allows the applicant to understand how their information may be used and what to expect during the application process. This aligns with regulatory standards intended to promote transparency and protect consumer rights. By ensuring that applicants receive this important information at the time of application submission, it helps them make informed decisions about their insurance needs. In contrast, the other options suggest timelines that do not align with the requirement for transparency at the point of application. For instance, providing the notice after the application date would not allow applicants the opportunity to consider the practices beforehand. Similarly, offering the notice one week in advance or during policy delivery does not fulfill the regulatory intent of ensuring the applicant is informed at the critical point of submitting their application.

4. Which type of life insurance policy has premiums that are paid at specific intervals for a limited time?

- A. Whole life insurance**
- B. Term life insurance**
- C. Limited pay life insurance**
- D. Universal life insurance**

Limited pay life insurance is characterized by its structure of requiring premiums to be paid for a predetermined period while providing lifetime coverage. In this type of policy, the policyholder pays premiums for a limited number of years, such as 10, 15, or 20 years, after which no further premiums are required, yet the policy remains in force for the insured's lifetime. This can be particularly appealing for individuals who wish to secure a lifelong policy but do not want financial obligations extending into retirement years. In contrast, whole life insurance involves premiums being paid for the lifetime of the insured, creating a savings component along with the death benefit. Term life insurance offers coverage for a specific period without a savings element and typically doesn't involve a limited payment schedule. Universal life insurance features flexible premiums and can vary in terms of payment duration, making it less predictable regarding the timeframe of premium payments. Thus, limited pay life insurance specifically aligns with the requirement of having premiums paid at specific intervals for a limited time while maintaining coverage for the indefinite future.

5. What information is specifically highlighted as requiring a notice when collected by insurers?

- A. Medical history from hospitals**
- B. Personal information from non-public records**
- C. Financial information from credit agencies**
- D. Employment records from past employers**

The correct answer emphasizes the need for notice when collecting personal information from non-public records. This is particularly important because non-public personal information can include sensitive data that is not easily obtained and might significantly impact an individual's privacy. Insurance companies are required to inform policyholders and applicants about the collection of this type of information to ensure transparency and compliance with privacy laws. Insurers have a responsibility to protect consumer information, especially when it involves data that could be misused if not safeguarded properly. The notice given to consumers usually outlines what information is being collected, the purpose of the collection, and how that information will be used or shared. This aligns with the regulatory requirements designed to protect consumers' privacy. While medical history, financial information, and employment records are also sensitive and subject to various regulations, the specific requirement for notification when dealing with non-public records is particularly highlighted in laws like the Gramm-Leach-Bliley Act. This law emphasizes the consumer's right to be aware and informed about the handling of their private information, enhancing consumer protection measures overall.

6. What do the HIPAA portability rules primarily address?

- A. Assigning beneficiaries to insurance policies**
- B. Reducing health care costs for employers**
- C. Changing premiums for individuals with prior conditions**
- D. Eliminating pre-existing conditions under new plans**

The HIPAA portability rules primarily address the issue of pre-existing conditions by ensuring that individuals who change health insurance plans do not face penalties or exclusions based on their prior health status. These rules were established to help individuals maintain continuous health coverage and protect them from discrimination based on their medical history when they move from one plan to another. By eliminating the application of pre-existing condition exclusions under new plans, HIPAA allows individuals greater freedom and security in seeking new coverage without the fear of being denied benefits for conditions that existed before they enrolled in a different plan. This is pivotal in promoting health care access and reducing the potential gaps in coverage that could arise from switching jobs or insurance providers. The other options pertain to different aspects of health insurance that are not directly associated with the portability rules of HIPAA. Assigning beneficiaries and changing premiums typically involve different regulations and considerations outside of the scope of HIPAA.

7. What clause allows insurers to review claims based on pre-existing conditions for a specified period?

- A. Exclusion Clause**
- B. Limitation Clause**
- C. Condition Clause**
- D. Suspension Clause**

The correct choice pertains to the "Exclusion Clause." This clause is critical in insurance contracts because it specifically outlines situations or conditions that are not covered by the policy. In the context of health insurance, the exclusion clause often addresses pre-existing conditions, allowing insurers to deny coverage for health issues that existed before the policy was in effect. This means that if a policyholder files a claim related to a pre-existing condition, the insurer can review and potentially deny that claim based on the terms laid out in the exclusion clause. Insurers utilize this clause to manage risk and maintain the financial viability of their coverage offerings, as pre-existing conditions can lead to higher claims costs. While other terms might imply limitations or certain conditions of coverage, the exclusion clause distinctly outlines the areas where coverage is not applicable, particularly in regard to pre-existing health conditions. Understanding this clause is crucial for both insurers and policyholders to navigate their rights and responsibilities within the insurance contract.

8. Who typically selects the beneficiary of a life insurance policy?

- A. The insured**
- B. The insurance agent**
- C. The policyowner**
- D. The insurer**

The policyowner typically selects the beneficiary of a life insurance policy. This is because the policyowner has the rights to determine how the death benefit will be distributed in the event of their passing. The beneficiary designation is a crucial aspect of the policy because it ensures that the proceeds are directed to the individual or entity of the policyowner's choice. The insured, while they may be the policyowner, does not have the exclusive rights to select the beneficiary if they are not the owner of the policy. The insurance agent acts as an advisor and facilitator in the process but does not have authority over the beneficiary selection. The insurer is responsible for issuing the policy and paying the benefits but does not possess the authority to dictate who the beneficiary will be. Thus, the policyowner retains the primary responsibility for selecting the beneficiary within the framework established by the insurance contract.

9. What does a policyowner receive if a whole life policy is surrendered before its maturity date?

- A. The Death Benefit**
- B. The Cash Value**
- C. The Premium Refund**
- D. The Accrued Interest**

When a whole life insurance policy is surrendered before its maturity date, the policyowner is entitled to receive the cash value of the policy. Whole life insurance policies are designed to build cash value over time, which accumulates on a tax-deferred basis. This cash value is a significant feature of such policies, making them not only a death benefit coverage but also a form of savings. When a policy is surrendered, the policyowner gives up the death benefit and any future coverage under the policy, but in return, they receive the cash value that has accrued based on the policy's terms and duration. This cash value can be influenced by factors such as the amount of premiums paid and the length of time the policy has been in force. Receiving the cash value rather than the death benefit, premium refund, or accrued interest reflects the nature of a whole life policy. Surrendering the policy means relinquishing the life insurance coverage, so the death benefit would no longer be applicable. Premium refunds and accrued interest are not typical outcomes in this context, as they do not align with the specific rights of a policyowner upon surrender.

10. In terms of insurable interest, how is one's own life regarded legally?

- A. Generally limited**
- B. Generally unlimited**
- C. Generally contingent**
- D. Not applicable**

In legal terms, one's own life is regarded as having insurable interest generally unlimited. This means that an individual is always considered to have an insurable interest in their own life. The rationale behind this is straightforward: a person has a vested interest in their continued existence, as their life impacts not only their well-being but also their financial obligations, dependents, and numerous other aspects of their life. When it comes to issuing life insurance policies, insurers recognize that the person taking out the policy on their own life has something to lose financially if they were to pass away, which justifies the insurable interest. This legal principle ensures that the individual can secure coverage without facing scrutiny regarding the legitimacy of their relationship to the life insured, as is required when insuring another person's life. In contrast, the other options suggest limitations or contingencies on insurable interest, which do not apply when it comes to one's own life. Therefore, the recognition of the unlimited nature of insurable interest in this context solidifies the rationale for why individuals can take out life insurance policies on themselves without additional conditions.

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://arizonalifeandhealth.examzify.com>

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