

Arkansas Health Insurance 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. Continuous 24-hour care provided by licensed medical professionals under the direct supervision of a physician is called:**
 - A. Home health care**
 - B. Skilled nursing care**
 - C. Assisted living care**
 - D. Palliative care**
- 2. Which of the following is NOT categorized as advertising in health insurance?**
 - A. A.M Best company ratings**
 - B. Brochures about coverage options**
 - C. Online promotional campaigns**
 - D. Television commercials**
- 3. The Federal Employees Benefit Program includes which type of health plans?**
 - A. Fee-for-service and health maintenance organization**
 - B. Fee-for-service and preferred provider organization**
 - C. Fee-for-service and prepaid**
 - D. Fee-for-service and indemnity**
- 4. Under health insurance regulations, what is required for an insured to maintain their coverage after termination of employment?**
 - A. Reapplication for coverage**
 - B. Payment of full premium**
 - C. Immediate reinstatement**
 - D. Proof of continued employment**
- 5. To which risk classification does a nonsmoker, in excellent health and average weight belong?**
 - A. Standard**
 - B. Preferred**
 - C. Substandard**
 - D. High risk**

- 6. In contrast to a guaranteed renewable policy, a noncancellable policy:**
- A. Can raise premiums after a certain period**
 - B. May never raise premiums**
 - C. Allows cancellation at any time**
 - D. Does not cover pre-existing conditions**
- 7. What factor is primarily considered when underwriting life insurance policies?**
- A. Agent's recommendation**
 - B. Applicant's credit score**
 - C. Applicant's health status**
 - D. Policy premiums**
- 8. In a health insurance policy, what is the term for the maximum amount an insurer will pay for a covered loss?**
- A. Deductible**
 - B. Policy limit**
 - C. Coinsurance**
 - D. Premium**
- 9. Which of the following is NOT permitted for an insurance producer in Arkansas?**
- A. Acting on behalf of an authorized insurer**
 - B. Acting as producer for a company unauthorized to do business in Arkansas**
 - C. Representing multiple insurance companies**
 - D. Providing insurance policy information to clients**
- 10. What provision allows an insurer to deduct unpaid insurance premiums from a claim payment?**
- A. Claims provision**
 - B. Late payment provision**
 - C. Unpaid provision**
 - D. Claim adjustment provision**

Answers

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

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Explanations

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1. Continuous 24-hour care provided by licensed medical professionals under the direct supervision of a physician is called:

- A. Home health care**
- B. Skilled nursing care**
- C. Assisted living care**
- D. Palliative care**

Skilled nursing care is defined as continuous 24-hour care that is provided by licensed medical professionals, such as registered nurses or licensed practical nurses, under the direct supervision of a physician. This type of care is typically required for patients who have complex medical conditions or need monitoring and assistance that exceeds basic custodial care. Skilled nursing care includes services like wound care, administering medications, physical therapy, and other specialized medical treatments that require professional training and licensure. The presence of continuous oversight by a physician ensures that the care provided is aligned with the patient's medical needs and any necessary adjustments to treatment can be made promptly. In contrast, home health care usually refers to less intensive services provided in a patient's home, which may not require 24-hour supervision or skilled medical professionals. Assisted living care focuses more on providing assistance with daily living activities rather than intensive medical care, while palliative care targets improving the quality of life for patients with serious illnesses, but it does not specifically encompass the continuous medical supervision that characterizes skilled nursing care.

2. Which of the following is NOT categorized as advertising in health insurance?

- A. A.M Best company ratings**
- B. Brochures about coverage options**
- C. Online promotional campaigns**
- D. Television commercials**

A.M. Best company ratings are not categorized as advertising in health insurance because they serve a different purpose. They are a form of independent rating that evaluates the financial strength and stability of insurance companies. These ratings provide valuable information to consumers about the insurer's ability to meet its financial obligations. Unlike advertising, which aims to promote specific products or services to encourage consumers to make purchases, A.M. Best ratings are informative and analytical, helping potential policyholders assess the reliability of an insurance provider. Brochures about coverage options, online promotional campaigns, and television commercials all fall under advertising as they actively promote specific health insurance products or services and aim to attract consumer interest.

3. The Federal Employees Benefit Program includes which type of health plans?

- A. Fee-for-service and health maintenance organization**
- B. Fee-for-service and preferred provider organization**
- C. Fee-for-service and prepaid**
- D. Fee-for-service and indemnity**

The Federal Employees Benefit Program (FEHB) includes various types of health plans designed to provide comprehensive health coverage to federal employees and their dependents. The correct answer identifies that this program offers fee-for-service plans alongside prepaid plans. Fee-for-service plans allow beneficiaries to choose healthcare providers and services without requiring referrals. Typically, these plans involve a deductible and coinsurance, enabling the insured to pay for services as needed. Conversely, prepaid plans, commonly associated with health maintenance organizations (HMOs), operate on a system where members pay a set premium for access to a network of doctors and facilities, promoting preventive care and simplicity in planning health expenses. By recognizing that the FEHB includes both fee-for-service and prepaid health plans, it's clear that beneficiaries can choose between flexibility in provider selection and more structured prepayment models, catering to a wide range of healthcare needs and preferences. This combination is indicative of the program's aim to provide diverse healthcare options to federal employees.

4. Under health insurance regulations, what is required for an insured to maintain their coverage after termination of employment?

- A. Reapplication for coverage**
- B. Payment of full premium**
- C. Immediate reinstatement**
- D. Proof of continued employment**

Maintaining health insurance coverage after termination of employment typically requires the payment of the full premium. This is often part of a provision in COBRA (Consolidated Omnibus Budget Reconciliation Act) which allows employees and their families to continue their group health insurance coverage for a limited time after employment ends, provided they meet certain conditions. The insured must pay the full premium, which includes both the employee's and the employer's previous contributions, plus an administrative fee, to retain their benefits. This option is essential because it ensures that individuals can sustain their healthcare coverage despite losing their job, allowing them continuity of care during transitions. Other processes, like reapplication for coverage or proof of continued employment, are not typically necessary under COBRA for maintaining coverage after employment ends, and immediate reinstatement is not a standard requirement in most health insurance policies.

5. To which risk classification does a nonsmoker, in excellent health and average weight belong?

A. Standard

B. Preferred

C. Substandard

D. High risk

A nonsmoker who is in excellent health and maintains an average weight generally falls into the preferred risk classification. This classification is designated for individuals who exhibit lower risk factors for health issues, which can lead to a reduced likelihood of making claims on insurance policies. Insurance companies evaluate applicants based on their lifestyle, health metrics, and overall well-being, among other criteria. Given that this individual does not smoke, has an excellent health status, and has an average weight, they demonstrate a significantly lower risk compared to average individuals. Preferred risk classifications often come with lower premiums because they present a reduced risk to the insurer, encouraging individuals to seek such classifications through healthy behaviors. In contrast, the other classifications typically involve factors that contribute to increased health risks: standard individuals might be considered average risk, substandard individuals have higher health risks due to certain factors, and high risk pertains to those with multiple significant risk factors. Therefore, recognizing a nonsmoker in excellent health and average weight as preferred aligns well with how these classifications are structured within the insurance industry.

6. In contrast to a guaranteed renewable policy, a noncancellable policy:

A. Can raise premiums after a certain period

B. May never raise premiums

C. Allows cancellation at any time

D. Does not cover pre-existing conditions

A noncancellable policy is designed to provide a high level of certainty for the policyholder regarding premium rates and the ability to renew the coverage. Specifically, a noncancellable policy guarantees that the insurer cannot raise the premiums for the life of the policy as long as the insured continues to pay the premiums on time. This feature offers significant peace of mind, as policyholders can budget their expenses without worrying about unexpected increases in insurance costs. The characteristic of never allowing premium increases is a fundamental aspect of noncancellable policies, distinguishing them from guaranteed renewable policies. While guaranteed renewable policies also require the insurer to renew coverage, they do not have the same stringent requirement concerning the stability of premiums. In contrast, a guaranteed renewable policy can allow premium increases based on age or other factors after a specified period. This clarity in premium stability is why option B is the most accurate in describing noncancellable policies. It reflects the essential feature that differentiates them from other types of insurance policies, providing a cornerstone of security for the insured. Other options do not correctly represent the essential characteristics of a noncancellable policy, reinforcing why option B is the right choice.

7. What factor is primarily considered when underwriting life insurance policies?

- A. Agent's recommendation**
- B. Applicant's credit score**
- C. Applicant's health status**
- D. Policy premiums**

When underwriting life insurance policies, the primary factor considered is the applicant's health status. Underwriting involves evaluating the risk associated with insuring an individual, and a key component of that evaluation is the applicant's overall health and medical history. Insurers assess factors such as age, pre-existing conditions, lifestyle choices (like smoking), and any significant medical treatments that may indicate a higher likelihood of premature death. Health status provides critical insight into the applicant's life expectancy, which directly impacts the insurer's risk assessment and decision-making process. A healthier applicant usually poses a lower risk to the insurer, resulting in more favorable terms and lower premiums. In contrast, applicants with significant health issues may face higher premiums or even denial of coverage. Other factors, while relevant in different contexts, do not carry the same weight in underwriting a life insurance policy. An agent's recommendation might influence an application but does not fundamentally change the risk associated with the applicant's health. An applicant's credit score can be a factor for some insurers but is not as crucial as health in life insurance underwriting. Policy premiums are a result of the underwriting process rather than a deciding factor in the underwriting itself. Understanding health status allows the insurer to make informed decisions that balance risk and financial viability.

8. In a health insurance policy, what is the term for the maximum amount an insurer will pay for a covered loss?

- A. Deductible**
- B. Policy limit**
- C. Coinsurance**
- D. Premium**

The maximum amount an insurer will pay for a covered loss is referred to as the policy limit. This limit is established in the terms of the insurance policy and plays a crucial role in the coverage provided to the insured. It essentially caps the insurer's financial responsibility for claims made under the policy. Understanding policy limits is vital as they help individuals ascertain the maximum financial protection in various situations, whether it be a specific dollar amount for medical expenses, a limit per occurrence, or an annual limit. Knowing the policy limit allows insured individuals to make informed decisions when selecting insurance plans, as it directly impacts their out-of-pocket expenses and the extent of their coverage in the event of a significant health issue or emergency. In contrast, other terms like deductible refer to the amount the insured must pay before the insurer's payment kicks in, coinsurance involves sharing the costs of a claim between the insured and insurer after the deductible has been met, and premium is the amount paid periodically to maintain the health insurance policy. Each of these terms represents a different aspect of the insurance framework, but the policy limit specifically defines the insurer's maximum obligation for a covered loss.

9. Which of the following is NOT permitted for an insurance producer in Arkansas?

- A. Acting on behalf of an authorized insurer**
- B. Acting as producer for a company unauthorized to do business in Arkansas**
- C. Representing multiple insurance companies**
- D. Providing insurance policy information to clients**

An insurance producer is an individual or business entity that is authorized to sell, solicit, or negotiate insurance on behalf of insurers. In Arkansas, as in many other states, producers must operate within the regulatory framework established by state law. Acting as a producer for a company that is unauthorized to do business in Arkansas is not permitted. Insurance companies must be licensed in the state where they wish to operate. This protects consumers by ensuring that the companies are financially stable and follow the state's regulations, which are designed to safeguard the public interest. On the other hand, acting on behalf of an authorized insurer is a primary function of a producer, as is representing multiple authorized insurance companies. Additionally, providing clients with insurance policy information is a standard practice that enhances transparency and assists clients in making informed decisions. These activities are not only permitted but are integral components of the insurance producer's role in the marketplace. Therefore, the restriction against working with unauthorized companies highlights the importance of compliance with state insurance regulations aimed at maintaining a protected and trustworthy insurance environment.

10. What provision allows an insurer to deduct unpaid insurance premiums from a claim payment?

- A. Claims provision**
- B. Late payment provision**
- C. Unpaid provision**
- D. Claim adjustment provision**

The correct answer refers to a provision that specifically addresses the situation where an insurer can deduct unpaid premiums from any claim payment. This provision allows the insurer to ensure that they are compensated for any premiums that have not been paid by the policyholder before the claim can be fully settled. By including this provision, the insurer protects itself from financial loss related to unpaid premiums while still addressing the claims made by the policyholder. This is a common practice in insurance agreements, ensuring that policyholders are aware of their financial responsibilities even at the time of making a claim. Ultimately, it establishes a clear connection between the status of premium payments and the insurer's obligation to pay claims. In contrast, the other choices do not specifically define the allowance to deduct unpaid premiums from claims. The claims provision generally refers to the terms and conditions under which claims are processed, while the late payment provision typically relates to the consequences of not paying premiums on time, without specifically addressing deduction from claim payments. The claim adjustment provision deals with altering or settling the amount of a claim itself but does not include stipulations regarding past due premiums.

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://arhealthinsurance.examzify.com>

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