

Arkansas Life and 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. Who must submit written notice of address change to the state insurance office promptly?**
 - A. Insurance adjuster**
 - B. Insurance agent**
 - C. Insurance producer**
 - D. Licensed business entity**
- 2. Which of the following types of health insurance policies pays a lump sum benefit for a specified illness?**
 - A. Dread disease insurance**
 - B. Hospital indemnity insurance**
 - C. Disability income insurance**
 - D. Major medical insurance**
- 3. Which provision requires the application, the contract itself and any riders to be attached to establish a complete contract?**
 - A. Entire Contract Provision**
 - B. Incontestable Clause**
 - C. Misstatement of Age Provision**
 - D. Policy Reinstatement Provision**
- 4. In general, which of the following Medicare plans does not require an additional premium?**
 - A. Medicare Part A**
 - B. Medicare Part B**
 - C. Medicare Part C**
 - D. Medicare Part D**
- 5. What must an insurer do when they make a change that affects the provision of an insurance contract?**
 - A. Communicate the change to the Insurance Commissioner**
 - B. Notify all policyholders**
 - C. Request approval from the policyholders**
 - D. Wait at least 60 days before implementing the change**

- 6. All of the following are risks to the life settlement purchaser, EXCEPT:**
- A. The insured isn't as healthy as they claimed**
 - B. The insured lives longer than expected**
 - C. The insurer refuses to pay the claim**
 - D. The policy lapses due to nonpayment of premium**
- 7. Which of the following generally involves periodic payments starting at a specified date for the rest of the annuitant's life?**
- A. Deferred Annuity**
 - B. Immediate Annuity**
 - C. Lump-Sum Distribution**
 - D. Variable Annuity**
- 8. Which of the following health plans will only cover losses by an approved provider?**
- A. HMO**
 - B. PPO**
 - C. POS**
 - D. HDHP**
- 9. What is the maximum fine that may be applied to any person who violates a provision of the Arkansas Insurance Code?**
- A. \$1,000 per violation**
 - B. \$500 per violation**
 - C. \$5,000 per violation**
 - D. \$2,000 per violation**
- 10. When it comes to small group health insurance, what is a class defined as?**
- A. All employees of large companies**
 - B. A type of individual health plan**
 - C. A distinct grouping of small employers as shown on an insurer's records**
 - D. Any group policy with fewer than 50 participants**

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. Who must submit written notice of address change to the state insurance office promptly?

- A. Insurance adjuster**
- B. Insurance agent**
- C. Insurance producer**
- D. Licensed business entity**

Insurance adjusters are required to promptly submit written notice of address change to the state insurance office. This is because insurance adjusters typically work on numerous claims and handle sensitive information that needs to be communicated promptly and accurately to the appropriate authorities. It is important for insurance adjusters to keep their contact information up to date to ensure that communication channels remain open and that state regulations are followed. The other options are incorrect because insurance agents, producers, and licensed business entities have different reporting requirements based on their roles and responsibilities in the insurance industry.

2. Which of the following types of health insurance policies pays a lump sum benefit for a specified illness?

- A. Dread disease insurance**
- B. Hospital indemnity insurance**
- C. Disability income insurance**
- D. Major medical insurance**

Dread disease insurance typically pays a lump sum benefit upon the diagnosis of a specific illness listed in the policy, such as cancer or a heart attack. This type of policy is designed to provide financial assistance to cover expenses associated with the specified illness. In contrast, hospital indemnity insurance pays a daily, weekly, or monthly benefit while the insured is confined in a hospital. Disability income insurance provides periodic payments to replace income lost due to a disabling injury or illness. Major medical insurance covers a significant portion of medical expenses after a deductible has been met.

3. Which provision requires the application, the contract itself and any riders to be attached to establish a complete contract?

- A. Entire Contract Provision**
- B. Incontestable Clause**
- C. Misstatement of Age Provision**
- D. Policy Reinstatement Provision**

In order for a contract to be considered complete, the entire contract provision requires that the application, the contract itself, and any riders be attached. This provision ensures that all documents are considered together and there are no missing pieces that may affect the terms of the contract. Option B, the incontestable clause, pertains to the contestability period of a life insurance policy and has no relevance to this question. Option C, the misstatement of age provision, addresses the consequences of a misstatement of age on a policy. Option D, the policy reinstatement provision, outlines the procedures for reinstating a lapsed policy, and has no relevance to the contract being considered complete.

4. In general, which of the following Medicare plans does not require an additional premium?

A. Medicare Part A

B. Medicare Part B

C. Medicare Part C

D. Medicare Part D

Medicare Part A is the only Medicare plan that does not require an additional premium. Medicare Part B, Part C, and Part D all require participants to pay a monthly premium. Medicare Part C, also known as Medicare Advantage plans, may also have additional costs such as copayments, deductibles, and coinsurance. Medicare Part D, which covers prescription drugs, also has a monthly premium and may have additional out-of-pocket costs. Medicare Part A is typically funded through payroll taxes and is available at no additional cost to most people. However, there may be certain situations where an individual may have to pay a premium for Medicare Part A, such as if they do not have enough work credits or if they choose to enroll in Part A before they are eligible. Therefore, A is the correct answer as it is the only Medicare plan that does not require an additional premium in most cases.

5. What must an insurer do when they make a change that affects the provision of an insurance contract?

A. Communicate the change to the Insurance Commissioner

B. Notify all policyholders

C. Request approval from the policyholders

D. Wait at least 60 days before implementing the change

When an insurer makes a change that impacts the provision of an insurance contract, they are required to communicate this change to the Insurance Commissioner. This is essential to ensure transparency and regulatory compliance. By informing the Insurance Commissioner, the insurer is following proper protocol and keeping the regulatory body informed of any alterations to insurance contracts. Options B, C, and D are incorrect because while it is important for policyholders to be notified of changes to their insurance contracts, the primary responsibility lies with the insurer to inform the Insurance Commissioner. Policyholders should be updated on changes, but they do not need to approve them, and there is no specific waiting period like 60 days outlined in the regulations.

6. All of the following are risks to the life settlement purchaser, EXCEPT:

- A. The insured isn't as healthy as they claimed**
- B. The insured lives longer than expected**
- C. The insurer refuses to pay the claim**
- D. The policy lapses due to nonpayment of premium**

In a life settlement transaction, the purchaser is concerned about various risks. One of the risks that a life settlement purchaser typically faces is that the insured lives longer than expected, which means they have to continue paying premiums and may receive a lower return on investment. However, the risk of the insured not being as healthy as claimed is not a significant risk for the purchaser because the purchaser is not the one insuring the individual; they are purchasing an existing policy. The other options are risks for the life settlement purchaser: the insurer refusing to pay the claim can lead to financial loss, and the policy lapsing due to nonpayment of the premium means the purchaser might not receive any benefits from the policy.

7. Which of the following generally involves periodic payments starting at a specified date for the rest of the annuitant's life?

- A. Deferred Annuity**
- B. Immediate Annuity**
- C. Lump-Sum Distribution**
- D. Variable Annuity**

A deferred annuity involves payments that begin at a future date, not immediately. An immediate annuity, on the other hand, starts periodic payments soon after the contract is purchased, usually within a year. Lump-sum distribution refers to taking the entire amount out at once, which is not periodic payments. Variable annuities involve investment risks and do not guarantee fixed payments for life. Therefore, the correct option is a deferred annuity, where payments start at a specified date for the rest of the annuitant's life.

8. Which of the following health plans will only cover losses by an approved provider?

A. HMO

B. PPO

C. POS

D. HDHP

An HMO (Health Maintenance Organization) is a health plan that will only cover losses by an approved provider. HMOs usually require members to choose a primary care physician (PCP) from a network of doctors and to get referrals from their PCP to see specialists. This system helps control costs and ensures that members receive care from approved providers within the network. The other options: - PPO (Preferred Provider Organization) allows members to see both in-network and out-of-network providers, with different levels of coverage for each. - POS (Point of Service) plans offer lower costs for using in-network providers but still provide some coverage for out-of-network providers, giving members more flexibility. - HDHP (High Deductible Health Plan) is a type of health insurance plan with higher deductibles and lower premiums than traditional insurance plans. While HDHPs may have preferred provider networks, they do not restrict coverage to only approved providers within the network.

9. What is the maximum fine that may be applied to any person who violates a provision of the Arkansas Insurance Code?

A. \$1,000 per violation

B. \$500 per violation

C. \$5,000 per violation

D. \$2,000 per violation

The maximum fine that may be applied to any person who violates a provision of the Arkansas Insurance Code is \$1,000 per violation. This amount is set by the Arkansas Insurance Code as the penalty for non-compliance. It is essential for insurance professionals to adhere to the rules and regulations outlined in the Insurance Code to avoid such fines and maintain ethical practices in the industry. In comparison: - Option B, \$500 per violation, is lower than the correct answer. - Option C, \$5,000 per violation, is higher than the correct answer. - Option D, \$2,000 per violation, is higher than the correct answer as well.

10. When it comes to small group health insurance, what is a class defined as?

A. All employees of large companies

B. A type of individual health plan

C. A distinct grouping of small employers as shown on an insurer's records

D. Any group policy with fewer than 50 participants

In small group health insurance, a class is defined as all employees of large companies. This is because in the small group market, a class is typically made up of employees of small employers, rather than employees of large companies. Classes are used to categorize individuals within a group to assess risk and determine insurance premiums. Options B, C, and D are incorrect: - Option B is wrong because a class in small group health insurance is not a type of individual health plan. - Option C is incorrect because a class does not refer to a distinct grouping of small employers as shown on an insurer's records. - Option D is inaccurate as a class is not any group policy with fewer than 50 participants.

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!