ARKANSAS LIFE AND HEALTH INSURANCE PRACTICE EXAM (SAMPLE)

STUDY GUIDE

Prepare with structure. Pass with confidence

Notice: Examzify makes every reasonable effort to obtain accurate, complete, and timely information about this product from reliable sources.

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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. What is the primary purpose of the Arkansas Life and Health Insurance Guaranty Association?

A. To regulate unfair trade practices in insurance

B. To provide funding and resources to state insurance departments

C. To ensure compensation for clients of insolvent insurers

D. To set premium rates for insurers

2. In order to convert a term policy to a permanent policy as of the original issue age, which of the following is not required?

A. Meeting the insurability requirements

B. Filing for conversion within the appropriate timeline

C. Paying appropriate conversion premiums

D. The cash values will have to be paid out first before the conversion can be effected

3. Alice finds she no longer is able to pay premiums on her $50,000 Whole Life Policy, but needs that amount of protection for her family. Which Nonforfeiture Option provides this protection?

A. Cash Surrender

B. Extended Term

C. Paid-Up Additions

D. Reduced Paid-Up Insurance

4. 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

5. Which of the following statements regarding HMOs in Arkansas is correct?

A. HMOs are required to cover experimental treatments

B. HMOs do not need to cover preventive services

C. HMOs must have an annual open enrollment period of at least one month

D. HMOs must provide coverage only in urban areas

6. Which of the following individuals is required to pass an insurance licensing exam in order to reinstate their license due to a failure to meet CE requirements?

A. An insurance adjuster

B. A life insurance underwriter

C. A medical examiner

D. An insurance agent

7. Joe has a whole life policy with a guaranteed insurability rider. He was 21 at the time the policy was issued. If he exercises all of the options at the ages specified under the typical rider, how many policies will he end up with?

A. 5

B. 6

C. 7

D. 8

8. Which type of insurance policy component states that the promise to pay benefits is contingent upon the payment of premiums?

A. Benefit Provision

B. Premium Clause

C. Consideration Clause

D. Insuring Clause

9. Under a life insurance policy, the incontestability clause prevents the insurer from:

A. Declaring the policy void after a contestable period due to misrepresentations

B. Denying benefits if the insured commits suicide after the policy is issued

C. Increasing the premium during a specific period

D. Refusing a loan against the policy's cash value

10. Which of the following is NOT an example of an absolute assignment?

A. Assigning a policy to a trust

B. Naming a new beneficiary

C. Transferring ownership to another individual

D. Using a Life Insurance policy as collateral for a loan

Answers

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

Explanations

1. What is the primary purpose of the Arkansas Life and Health Insurance Guaranty Association?

A. To regulate unfair trade practices in insurance

B. To provide funding and resources to state insurance departments

C. To ensure compensation for clients of insolvent insurers

D. To set premium rates for insurers

The correct answer is C. The primary purpose of the Arkansas Life and Health Insurance Guaranty Association is to ensure compensation for clients of insolvent insurers. This association provides a safety net for policyholders in case their insurance company becomes insolvent and is unable to fulfill its financial obligations. This helps to protect consumers and maintain confidence in the insurance industry. Option A is incorrect because the regulation of unfair trade practices in insurance is typically the responsibility of insurance regulatory authorities, not the guaranty association. Option B is incorrect as the guaranty association is focused on providing compensation to policyholders rather than providing funding and resources to state insurance departments. Option D is also incorrect as the guaranty association's role is not to set premium rates for insurers, but rather to protect policyholders in the event of insurer insolvency.

2. In order to convert a term policy to a permanent policy as of the original issue age, which of the following is not required?

A. Meeting the insurability requirements

B. Filing for conversion within the appropriate timeline

C. Paying appropriate conversion premiums

D. The cash values will have to be paid out first before the conversion can be effected

In order to convert a term policy to a permanent policy as of the original issue age, meeting the insurability requirements is not required. This is because the conversion privilege typically allows the policyholder to convert the policy to a permanent one without the need for proof of insurability, regardless of any changes in health or other factors since the original policy was issued. Options B and C are necessary for converting a term policy to a permanent policy within the appropriate timeline and paying the appropriate conversion premiums. Option D is not accurate because cash values do not need to be paid out first before the conversion can be effected. Converting a term policy to a permanent policy usually involves paying the necessary conversion premiums outlined in the policy terms, not cashing out any cash values first.

3. Alice finds she no longer is able to pay premiums on her $50,000 Whole Life Policy, but needs that amount of protection for her family. Which Nonforfeiture Option provides this protection?

A. Cash Surrender

B. Extended Term

C. Paid-Up Additions

D. Reduced Paid-Up Insurance

The correct answer is A. Cash Surrender. Cash surrender allows the policyholder to terminate the policy and receive the cash value amount. In this scenario, Alice can use the cash value from her whole life policy to continue providing the $50,000 protection for her family by using the cash to purchase a term policy. This option provides the needed protection while also allowing Alice to access the accumulated cash in the policy. The other options are incorrect in this scenario because Extended Term, Paid-Up Additions, and Reduced Paid-Up Insurance do not provide the immediate cash needed to purchase a new term policy for the desired protection amount.

4. 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.

5. Which of the following statements regarding HMOs in Arkansas is correct?

A. HMOs are required to cover experimental treatments

B. HMOs do not need to cover preventive services

C. HMOs must have an annual open enrollment period of at least one month

D. HMOs must provide coverage only in urban areas

In Arkansas, Health Maintenance Organizations (HMOs) are required to cover experimental treatments. This means that if a treatment is considered experimental by the medical community but is deemed necessary for a patient's health, the HMO must still provide coverage for it. This ensures that individuals have access to potentially life-saving treatments, even if they are not yet widely accepted by the medical field. The other options are incorrect: B. HMOs are required to cover preventive services to promote and maintain their members' health and well-being. C. HMOs often have specific enrollment periods throughout the year, but there is no specific requirement for the duration of the open enrollment period. D. HMOs are expected to provide coverage in both urban and rural areas to ensure access to healthcare services for all of their members, not just those in urban areas.

6. Which of the following individuals is required to pass an insurance licensing exam in order to reinstate their license due to a failure to meet CE requirements?

A. An insurance adjuster

B. A life insurance underwriter

C. A medical examiner

D. An insurance agent

In Arkansas, an insurance adjuster is required to pass an insurance licensing exam to reinstate their license if they fail to meet Continuing Education (CE) requirements. Insurance adjusters are regulatory licensees who assess insurance claims to determine the extent of the insurance company's liability. Therefore, if an insurance adjuster fails to meet CE requirements, the state regulatory body may require them to pass a licensing exam to ensure they are up-to-date with the latest regulations and best practices in the insurance industry. The other options (B, C, and D) are not typically required to pass an insurance licensing exam for reinstating their license due to a failure to meet CE requirements. Life insurance underwriters assess insurance applications and determine the risk involved in insuring a person's life, while medical examiners perform forensic examinations in cases of suspicious deaths. Insurance agents sell insurance policies to clients and provide advice on insurance matters.

7. Joe has a whole life policy with a guaranteed insurability rider. He was 21 at the time the policy was issued. If he exercises all of the options at the ages specified under the typical rider, how many policies will he end up with?

A. 5

B. 6

C. 7

D. 8

Joe, having purchased a whole life policy with a guaranteed insurability rider at the age of 21, is allowed to increase his coverage at specified ages without providing evidence of insurability. With the typical rider, Joe will be able to exercise his options at specific ages leading to multiple policies. The number of policies Joe will end up with can be calculated as follows: 1. Initial policy at age 21. 2. First increase at age 25 (4 years after the initial policy). 3. Second increase at age 29. 4. Third increase at age 33. 5. Fourth increase at age 37. 6. Fifth increase at age 41. Therefore, if Joe exercises all his options at the specified ages under the guaranteed insurability rider, he will end up with a total of 6 policies, hence option B is incorrect. Option C and D are also incorrect as they do not represent the correct number of policies Joe will end up with.

8. Which type of insurance policy component states that the promise to pay benefits is contingent upon the payment of premiums?

A. Benefit Provision

B. Premium Clause

C. Consideration Clause

D. Insuring Clause

The correct answer is A. Benefit Provision. The Benefit Provision component in an insurance policy states that the promise to pay benefits is contingent upon the payment of premiums. This clause outlines the types of benefits the policyholder is entitled to receive under the policy in exchange for paying the required premiums. The other options are incorrect: B. Premium Clause - The premium clause typically outlines the frequency and amount of premium payments due by the policyholder. C. Consideration Clause - The consideration clause highlights that an insurance contract is based on the exchange of consideration, where the insured pays premiums in exchange for the promise of benefits from the insurer. D. Insuring Clause - The insuring clause sets out the basic agreement between the insurer and the insured, detailing the coverage provided by the policy.

9. Under a life insurance policy, the incontestability clause prevents the insurer from:

A. Declaring the policy void after a contestable period due to misrepresentations

B. Denying benefits if the insured commits suicide after the policy is issued

C. Increasing the premium during a specific period

D. Refusing a loan against the policy's cash value

The correct answer is A. The incontestability clause in a life insurance policy prevents the insurer from declaring the policy void after a contestable period due to misrepresentations made by the insured on the application. This clause provides protection to the policyholder by limiting the amount of time an insurance company can challenge the validity of the policy based on misstatements or omissions made by the insured during the application process. Options B, C, and D are incorrect because they are not related to the incontestability clause. Option B deals with suicide provisions in life insurance policies, option C relates to premium increases which may be subject to policy terms and state regulations, and option D concerns the ability to refuse a loan against the policy's cash value, which is not typically governed by the incontestability clause.

10. Which of the following is NOT an example of an absolute assignment?

A. Assigning a policy to a trust

B. Naming a new beneficiary

C. Transferring ownership to another individual

D. Using a Life Insurance policy as collateral for a loan

Assigning a policy to a trust is not an example of an absolute assignment because it does not fully transfer ownership of the policy. The policy still remains in the control of the insured and can be changed or revoked at any time. Naming a new beneficiary is an example of an absolute assignment because it completely transfers the rights and ownership of the policy to the named beneficiary. Transferring ownership to another individual is also an example of an absolute assignment because it fully transfers all rights and ownership of the policy to the other individual. Using a Life Insurance policy as collateral for a loan is also an example of an absolute assignment because it fully transfers ownership and rights to the lender for the duration of the loan.

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!