ARKANSAS LIFE AND HEALTH INSURANCE PRACTICE EXAM (SAMPLE)

STUDY GUIDE

SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Table of Contents

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. 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

2. The Life and Health Insurance Guarantee Association:

A. Protects non-resident policyowners and beneficiaries in case a domestic insurer becomes insolvent

B. Protects non-resident policyowners and beneficiaries in case a foreign insurer becomes insolvent

C. Protects resident policyowners and beneficiaries in case a domestic insurer becomes insolvent

D. Protects resident policyowners and beneficiaries in case a foreign insurer becomes insolvent

3. 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

4. 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

5. Which provision allows an insurer to borrow from the cash value of a policy in order to pay premiums due and prevent a lapse in coverage?

A. Accelerated Benefits

B. Automatic Premium Loan

C. Extended Term Insurance

D. Waiver of Premium

6. **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

7. **What is a common feature of term life insurance?**

A. Builds cash value

B. Provides coverage for a specific period

C. Premium remains constant until maturity

D. Has investment component

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

A. HMO

B. PPO

C. POS

D. HDHP

9. **Which of the following best describes an insurance premium?**

A. Contract terms

B. Cost of coverage

C. Policy exclusions

D. Underwriting criteria

10. **In the state of Arkansas, long-term care insurance policies:**

A. Must accept all applicants

B. Must allow policyholders to decrease their benefits as needed

C. Must offer insureds covered under a group insurance policy the opportunity to either continue or convert their coverage

D. Must provide coverage for life

Answers

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

Explanations

1. 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.

2. The Life and Health Insurance Guarantee Association:

A. Protects non-resident policyowners and beneficiaries in case a domestic insurer becomes insolvent

B. Protects non-resident policyowners and beneficiaries in case a foreign insurer becomes insolvent

C. Protects resident policyowners and beneficiaries in case a domestic insurer becomes insolvent

D. Protects resident policyowners and beneficiaries in case a foreign insurer becomes insolvent

The Life and Health Insurance Guarantee Association is an organization that protects policyowners and beneficiaries in the event that an insurance company becomes insolvent. In the context of non-residents, this coverage is provided when a domestic insurer (an insurer within the policyholder's home state) becomes insolvent. This association does not typically cover policyholders affected by insolvency of foreign insurers, whether they are residents or non-residents. Therefore, option A is the correct choice as it accurately reflects the role and function of the Life and Health Insurance Guarantee Association.

3. 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.

4. 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.

5. Which provision allows an insurer to borrow from the cash value of a policy in order to pay premiums due and prevent a lapse in coverage?

A. Accelerated Benefits

B. Automatic Premium Loan

C. Extended Term Insurance

D. Waiver of Premium

The correct answer is Automatic Premium Loan. This provision allows an insurer to borrow from the cash value of a policy to pay premiums due and prevent a lapse in coverage. Accelerated Benefits allow the policyholder to receive a portion of the death benefit early if certain conditions are met, such as a terminal illness. Extended Term Insurance allows the policyholder to use the cash value of a life insurance policy to purchase term insurance for the same face amount as the original policy for a specific period. Waiver of Premium is a provision that waives premium payments if the policyholder becomes totally disabled.

6. 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.

7. What is a common feature of term life insurance?

A. Builds cash value

B. Provides coverage for a specific period

C. Premium remains constant until maturity

D. Has investment component

Term life insurance is known for providing coverage for a specific period, typically ranging from 1 to 30 years. Unlike whole life insurance, term life insurance does not build cash value or have an investment component. The premium for term life insurance is based on factors such as the insured's age, health, and coverage amount, and it is usually lower compared to permanent life insurance policies. Therefore, the common feature of term life insurance is that it provides coverage for a specific period of time without accumulating cash value or having an investment component.

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. 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.

10. In the state of Arkansas, long-term care insurance policies:

A. Must accept all applicants

B. Must allow policyholders to decrease their benefits as needed

C. Must offer insureds covered under a group insurance policy the opportunity to either continue or convert their coverage

D. Must provide coverage for life

In the state of Arkansas, long-term care insurance policies must accept all applicants. This requirement ensures that individuals seeking long-term care insurance cannot be denied coverage based on any preexisting conditions or other factors. This rule helps to promote access to long-term care insurance for all residents of Arkansas, regardless of their health status. It is an important consumer protection measure that enhances the availability of long-term care coverage in the state. The other options are incorrect because: - Long-term care insurance policies do not have to allow policyholders to decrease their benefits as needed. Typically, policyholders may have the option to adjust their benefits but are not required to do so. - Long-term care insurance policies are not required to provide coverage for life. Policies may have specific terms, such as coverage up to a certain age or for a certain number of years. - While long-term care insurance policies may offer insureds covered under a group insurance policy the opportunity to continue or convert their coverage, this is not a mandatory requirement as stated in the question.

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!