

Virginia Health Insurance Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of questions,

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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. Don't worry about getting everything right, 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, and take breaks to retain information better.

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.

7. Use Other Tools

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!

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Questions

- 1. How is the aggregate claim amount calculated in health insurance?**
 - A. By averaging the total premiums collected**
 - B. By multiplying claim frequency rate by average claim cost**
 - C. By summing all paid claims over a year**
 - D. By estimating future claims based on past data**
- 2. What does a Cost of Living Adjustment (COLA) policy rider do?**
 - A. Increases the policy premium based on the insured's age**
 - B. Automatically improves coverage limits without additional cost**
 - C. Automatically increases the insured's disability income benefits for inflation**
 - D. Adjusts death benefits to reflect the insured's health conditions**
- 3. What type of agreement provides coverage from the application date regardless of insurability?**
 - A. Conditional Receipt**
 - B. Binding Receipt**
 - C. Provisional Receipt**
 - D. Negotiated Receipt**
- 4. What is a characteristic of accumulation units in a variable annuity?**
 - A. The interest rate is fixed**
 - B. They represent ownership in the separate account**
 - C. They provide guaranteed returns**
 - D. They are solely for immediate annuitization**
- 5. Which of the following is an example of a task that might require custodial care?**
 - A. Administering medication**
 - B. Bathing or dressing**
 - C. Performing a physical examination**
 - D. Taking vital signs**

- 6. What do the Activities of Daily Living (ADLs) include?**
- A. Social interaction and community involvement**
 - B. Bathing, dressing, eating, and toileting**
 - C. Professional and occupational tasks**
 - D. Transportation and financial management**
- 7. What is the function of a cash loan in life insurance?**
- A. To draw funds from the primary insurer**
 - B. To borrow against the cash value of the policy**
 - C. To make immediate claims on policies**
 - D. To settle all policy premiums**
- 8. What does the Consideration Clause in a life insurance policy require from the policyowner?**
- A. The insurer must provide benefits at no cost**
 - B. The policyowner must pay a premium**
 - C. The benefits must be paid immediately upon application**
 - D. The policy must be terminated for non-payment**
- 9. In a self-funded group health insurance policy, what is the role of the insurer?**
- A. To underwrite the insurance risks**
 - B. To provide the insurance coverage directly**
 - C. To process claims on behalf of the group**
 - D. To manage the investments of the funds**
- 10. Who benefits from Credit Life Insurance contracts?**
- A. The insured debtor's family**
 - B. The creditor who holds the policy**
 - C. The state where the policy is issued**
 - D. Other insurance companies**

Answers

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

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Explanations

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1. How is the aggregate claim amount calculated in health insurance?

- A. By averaging the total premiums collected**
- B. By multiplying claim frequency rate by average claim cost**
- C. By summing all paid claims over a year**
- D. By estimating future claims based on past data**

The aggregate claim amount in health insurance is calculated by multiplying the claim frequency rate by the average claim cost. This approach provides a clear and systematic way to estimate the total amount that an insurance company might expect to pay out over a specific period based on historical data. Claim frequency rate refers to how often claims are submitted, while the average claim cost represents the average amount paid for those claims. By using this formula, insurers can make informed projections about financial reserves needed to cover expected claims. This method is essential for effective financial planning and risk management within the insurance industry. In contrast, averaging total premiums collected does not directly relate to claims and would misrepresent the costs associated with claims. Summing all paid claims over a year reflects actual historical costs but does not provide a predictive model. Similarly, while estimating future claims based on past data can be useful, it does not directly calculate the aggregate amount in the way that understanding claim frequency and average cost does.

2. What does a Cost of Living Adjustment (COLA) policy rider do?

- A. Increases the policy premium based on the insured's age**
- B. Automatically improves coverage limits without additional cost**
- C. Automatically increases the insured's disability income benefits for inflation**
- D. Adjusts death benefits to reflect the insured's health conditions**

A Cost of Living Adjustment (COLA) policy rider is designed to ensure that the benefits of a disability income policy keep pace with inflation over time. When an insured individual becomes disabled and begins to receive benefits, the purchasing power of those benefits can decrease as the cost of living rises. The COLA rider automatically increases the amount of disability income benefits, usually on an annual basis, to help offset the effects of inflation, ensuring that the benefits maintain their value and provide adequate financial support to the insured as living costs increase. This rider is particularly important for individuals who rely on disability income as their primary source of financial support, as it helps safeguard their financial stability against economic changes over the duration of their disability. By providing this adjustment automatically, the rider enhances the sustainability of the benefits, enabling the insured to manage their expenses more effectively over time.

3. What type of agreement provides coverage from the application date regardless of insurability?

- A. Conditional Receipt**
- B. Binding Receipt**
- C. Provisional Receipt**
- D. Negotiated Receipt**

A binding receipt is a type of agreement that guarantees coverage from the date the applicant submits their application, without requiring further review of insurability at that moment. This means that as soon as the premium is paid along with the application, the insurance company is obligated to provide coverage, effectively treating the application as if it has been approved, regardless of the applicant's health status or any other underwriting criteria that would typically be evaluated later. This type of receipt is particularly beneficial for individuals who may have health concerns or other factors that could affect their insurability, as they receive immediate protection. It's important to note that if the applicant does not ultimately qualify for the policy, the insurer may still refund the premium, but the coverage is in effect immediately upon acceptance of the binding receipt. Other receipt types, such as conditional or provisional receipts, typically involve conditions that must be met regarding the applicant's health or may only provide coverage once certain stipulations are fulfilled. This differentiates them from a binding receipt, which provides that immediate assurance of coverage.

4. What is a characteristic of accumulation units in a variable annuity?

- A. The interest rate is fixed**
- B. They represent ownership in the separate account**
- C. They provide guaranteed returns**
- D. They are solely for immediate annuitization**

Accumulation units in a variable annuity serve as the measure of the contract's value during the accumulation phase and represent the owner's interest in the separate account of the annuity. This means that when a policyholder invests in a variable annuity, the money is allocated to various investment options, such as mutual funds, which are held in a separate account. The value of these accumulation units fluctuates based on the performance of the underlying investments. Therefore, by holding accumulation units, the annuity owner is essentially a part-owner of the investments in the separate account, which reflects their proportional interest in that investment pool. This characteristic contrasts with other aspects of annuities, such as a fixed interest rate or guaranteed returns, which do not apply to the variable structure of these products. Additionally, accumulation units are not solely for the purpose of providing immediate annuitization, as they are primarily established for growth potential before the annuitization phase begins.

5. Which of the following is an example of a task that might require custodial care?

- A. Administering medication**
- B. Bathing or dressing**
- C. Performing a physical examination**
- D. Taking vital signs**

Custodial care refers to supportive services that help individuals with activities of daily living (ADLs) due to chronic illness, disability, or aging. Tasks that fall under custodial care focus on assisting individuals with essential daily tasks that they may no longer be able to perform independently. Bathing or dressing involves helping individuals maintain personal hygiene and get dressed, which are fundamental aspects of daily living. This type of assistance is crucial for those who may have mobility issues, cognitive impairments, or other health conditions that hinder their ability to perform these tasks themselves. In contrast, administering medication, performing a physical examination, and taking vital signs require specific medical training and are typically considered skilled medical care, rather than custodial care. These tasks are usually performed by healthcare professionals and involve a level of medical knowledge and expertise that goes beyond the supportive role of custodial care.

6. What do the Activities of Daily Living (ADLs) include?

- A. Social interaction and community involvement**
- B. Bathing, dressing, eating, and toileting**
- C. Professional and occupational tasks**
- D. Transportation and financial management**

The Activities of Daily Living (ADLs) are fundamental tasks essential for an individual's basic functioning and health. They primarily include personal care tasks that individuals usually perform on a daily basis, such as bathing, dressing, eating, toileting, and transferring (like moving from a bed to a chair). These activities are vital for maintaining one's independence and quality of life. Recognizing ADLs is crucial in health care and insurance contexts, particularly when assessing an individual's level of care needs or the extent of assistance required. Coverage for long-term care or home health services often hinges on an individual's ability (or inability) to perform these basic activities independently. Understanding this framework helps caregivers and healthcare professionals develop appropriate support plans for those who need assistance. The other choices involve important aspects of life and functioning but do not fall under the definition of ADLs. Social interaction and community involvement, professional tasks, and financial management are activities related to higher-level functioning and do not capture the essential personal care tasks encompassed within ADLs.

7. What is the function of a cash loan in life insurance?

- A. To draw funds from the primary insurer
- B. To borrow against the cash value of the policy**
- C. To make immediate claims on policies
- D. To settle all policy premiums

A cash loan in life insurance allows the policyholder to borrow against the cash value that has accumulated in a permanent life insurance policy, such as whole life or universal life insurance. This feature enables the policyholder to access funds for personal needs while still retaining the insurance coverage. The money borrowed does not need to be repaid immediately, and interest is charged, which can affect the policy's death benefit if the loan remains unpaid at the time of the policyholder's death. The key aspect of this function is that it provides financial flexibility to policyholders, allowing them to leverage their investment in the policy without having to surrender it. This means they can use the borrowed funds for various expenses—like education, home purchases, or emergencies—without losing the insurance protection they have. Other options do not accurately reflect the purpose of a cash loan. Drawing funds from the primary insurer does not specify using accumulated cash value, making it less precise. Making immediate claims on policies typically refers to the benefit paid out to beneficiaries and does not relate to loans. Lastly, settling all policy premiums is unrelated to the cash loan function, as premiums are payments for insurance coverage rather than funds accessed by the policyholder.

8. What does the Consideration Clause in a life insurance policy require from the policyowner?

- A. The insurer must provide benefits at no cost
- B. The policyowner must pay a premium**
- C. The benefits must be paid immediately upon application
- D. The policy must be terminated for non-payment

The Consideration Clause in a life insurance policy establishes the exchange of value between the insurer and the policyowner. It specifically requires the policyowner to pay a premium as consideration for the coverage provided by the insurer. This premium creates a binding contract, where the insurance company agrees to provide certain benefits, typically a death benefit, in exchange for the financial contribution made by the policyowner. This clause is crucial as it delineates the mutual responsibilities within the contract: the policyowner pays premiums to maintain the policy, while the insurer agrees to fulfill its obligations once the terms of the policy are met, such as upon the insured's death. Without this exchange, there would be no legal basis for the insurer to provide benefits. Thus, the requirement of the policyowner to pay a premium encapsulates the fundamental principle of consideration in a contract.

9. In a self-funded group health insurance policy, what is the role of the insurer?

- A. To underwrite the insurance risks**
- B. To provide the insurance coverage directly**
- C. To process claims on behalf of the group**
- D. To manage the investments of the funds**

In a self-funded group health insurance policy, the primary role of the insurer is to process claims on behalf of the group. In self-funding, the employer takes on the financial risk for providing health care benefits to employees, meaning they pay the full cost of claims from their own resources rather than purchasing a traditional insurance policy where the insurer assumes all risk. In this arrangement, while the employer is responsible for the payment of covered claims, the insurer may handle the administrative functions associated with the claims process. This includes receiving claims submissions, evaluating them for compliance with the plan's terms, and authorizing payments, thus providing valuable support to the employer without taking on the insurance risk. Other roles such as underwriting the insurance risks, providing coverage directly, or managing investments typically don't apply in a self-funded context; those functions are more characteristic of fully insured plans where the insurer retains the risk and has a direct financial obligation to cover the claims.

10. Who benefits from Credit Life Insurance contracts?

- A. The insured debtor's family**
- B. The creditor who holds the policy**
- C. The state where the policy is issued**
- D. Other insurance companies**

Credit Life Insurance contracts are designed primarily to benefit the creditor who holds the policy. This type of insurance is taken out to repay a debtor's outstanding loans in the event of the debtor's death. The policy is typically purchased by the debtor, but the creditor is the one who ultimately receives the death benefit if the insured debtor passes away. This ensures that the creditor is paid what is owed, which reduces their financial risk if the debtor dies unexpectedly. The key aspect of Credit Life Insurance is its relationship with outstanding debts; the funds are specifically earmarked to settle those debts. The insured person's family does not directly benefit from the payout because the policy is not designed to provide them with financial support in the event of the insured's death. Instead, the intent is to secure the creditor's interests in the loans made to the debtor. This structure makes it clear that the primary beneficiary of the policy is the creditor, fulfilling the purpose of mitigating potential losses when a debtor can no longer meet their financial obligations.

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://vahealthinsurance.examzify.com>

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