

PSI Life, Accident, Health Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

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

SAMPLE

Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	16

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 situation allows a group life insurer to pay benefits without a designated beneficiary?**
 - A. In the case of missing persons**
 - B. Under the facility of payment clause**
 - C. If there are multiple beneficiaries**
 - D. Only when there are no survivors**
- 2. What is the minimum number of days an insured must wait after proof of loss before legal action can be taken against the insurer?**
 - A. 30 days**
 - B. 45 days**
 - C. 60 days**
 - D. 90 days**
- 3. Which factor influences whether an insurance policy will be issued to an individual?**
 - A. Income level**
 - B. Age of the individual**
 - C. Health status**
 - D. Employment type**
- 4. Which term refers to the life insurance policy's payout to the beneficiaries upon the death of the insured?**
 - A. Endowment**
 - B. Death benefit**
 - C. Premium refund**
 - D. Cash surrender value**
- 5. A policy shall specify all of the following EXCEPT?**
 - A. The property or life insured**
 - B. The parties to the contract**
 - C. The period of insurance coverage**
 - D. The method of calculating coverage amount**

- 6. Which option could be considered a physical hazard?**
- A. Insured's negative attitude**
 - B. Dishonesty of the insured**
 - C. The storage of flammables in fireproof containers**
 - D. The storage of flammables near a furnace**
- 7. When can a licensee surrender any license they are permitted to act under?**
- A. Upon renewal of the license.**
 - B. Within 60 days of renewal of their license.**
 - C. At any time.**
 - D. When they no longer have any clients with policies in force.**
- 8. How long must a life insurance producer be licensed as a life agent to operate as a Life Settlement Broker?**
- A. 6 months**
 - B. 1 year**
 - C. 2 years**
 - D. 5 years**
- 9. In a Key Employee Disability Income Policy, who is not considered the insured?**
- A. Recipient of the proceeds**
 - B. Premium payor**
 - C. Insured**
 - D. Policyowner**
- 10. A stock insurer is primarily characterized by which feature?**
- A. Owned by policyholders**
 - B. Owned by shareholders**
 - C. Operates as a non-profit organization**
 - D. Shares are not publicly traded**

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. What situation allows a group life insurer to pay benefits without a designated beneficiary?

- A. In the case of missing persons**
- B. Under the facility of payment clause**
- C. If there are multiple beneficiaries**
- D. Only when there are no survivors**

A group life insurer can pay benefits without a designated beneficiary under the facility of payment clause. This clause allows the insurer discretion in the benefit distribution process, which is particularly important in circumstances where the original beneficiary designation is unclear, outdated, or non-existent. In practice, if a policyholder does not have a designated beneficiary at the time of their death, the insurer can utilize this clause to determine how to distribute the benefits, potentially paying them to a relative or another party deemed appropriate, thus preventing delays in benefit distribution. This facilitates a smoother process for beneficiaries who might otherwise find themselves in a complex situation regarding benefit claims. The other options present various scenarios but do not provide the same clarity or authority as the facility of payment clause, which specifically addresses circumstances related to the absence of a designated beneficiary in a manner recognized by the insurance policy.

2. What is the minimum number of days an insured must wait after proof of loss before legal action can be taken against the insurer?

- A. 30 days**
- B. 45 days**
- C. 60 days**
- D. 90 days**

The minimum number of days an insured must wait after submitting proof of loss before initiating legal action against the insurer is typically set at 60 days. This provision is designed to give the insurance company adequate time to investigate and respond to the claim before any legal proceedings occur. Insurers often require this timeframe to ensure they can gather necessary information and resolve claims efficiently. While some policies may state different periods, 60 days is a common standard across many insurance contracts. It fortifies the process for both parties—allowing the insurer to handle claims responsibly while also giving the insured a timeframe that is reasonable for potential frustration with delays.

3. Which factor influences whether an insurance policy will be issued to an individual?

- A. Income level**
- B. Age of the individual**
- C. Health status**
- D. Employment type**

Health status is a critical factor influencing whether an insurance policy will be issued to an individual. Insurers conduct health assessments to determine the risk involved in insuring an applicant. Individuals with pre-existing conditions or serious health issues may present a higher risk for the insurer, impacting underwriting decisions. If a person's health status is deemed too risky, the insurer may deny coverage or impose exclusions, waiting periods, or higher premiums to offset their risk. While income level, age, and employment type can also be relevant in assessing an individual's overall risk profile, they do not directly influence the issuance of a policy to the same extent as health status does. For example, someone may have a high income but poor health, leading to challenges in obtaining coverage. Thus, health status is the primary determinant in the underwriting process for issuing an insurance policy.

4. Which term refers to the life insurance policy's payout to the beneficiaries upon the death of the insured?

- A. Endowment**
- B. Death benefit**
- C. Premium refund**
- D. Cash surrender value**

The term that refers to the payout made to the beneficiaries upon the death of the insured is the death benefit. This is a fundamental aspect of life insurance, as it represents the financial protection provided to the insured's loved ones when the insured passes away. The death benefit amount is specified in the policy, and it ensures that beneficiaries receive a predetermined sum to help them cover living expenses, debts, and other financial needs after the insured's death. In the context of life insurance, the other terms represent different concepts. An endowment policy pays out a benefit either upon the death of the insured or at the end of a specified term, rather than specifically addressing the situation of death. A premium refund refers to the return of premiums paid under certain conditions, and cash surrender value pertains to the amount available to the policyholder if they choose to terminate a permanent policy early. Understanding these distinctions is crucial for grasping the key functions of life insurance products.

5. A policy shall specify all of the following EXCEPT?

- A. The property or life insured**
- B. The parties to the contract**
- C. The period of insurance coverage**
- D. The method of calculating coverage amount**

A policy must clearly identify the property or life that is insured, which ensures that all parties understand what is covered under the terms of the insurance contract. It is essential for clarity in risk assessment and claims handling. The inclusion of the parties to the contract is also fundamental, as it delineates who is involved—typically the insurer and the insured. Additionally, specifying the period of insurance coverage is critical to understanding the duration for which the policy is valid, determining when coverage begins and ends. While the method of calculating the coverage amount is important for underwriting and actuarial purposes, it is not a mandatory specification in the policy itself. Policies typically state the coverage amount but may not need to outline the exact method of calculation within the document. Thus, a policy could suffice without detailing the complex methods used to calculate that coverage amount, making it less essential compared to the other aspects that must be specified.

6. Which option could be considered a physical hazard?

- A. Insured's negative attitude**
- B. Dishonesty of the insured**
- C. The storage of flammables in fireproof containers**
- D. The storage of flammables near a furnace**

The identification of the storage of flammables near a furnace as a physical hazard is due to the inherent risks involved with such a scenario. Physical hazards refer to tangible elements that can cause harm or increase the likelihood of accidents. In this case, storing flammable materials close to a furnace elevates the danger of a fire or explosion, given that the furnace generates heat. This option exemplifies a clear physical risk because the proximity to a source of ignition (the furnace) can lead to a hazardous situation if the flammables catch fire. Recognizing physical hazards is crucial in risk management, particularly in environments where safety is a priority, such as workplaces or homes. In contrast, the other options pertain to behaviors or psychological factors. The insured's negative attitude and potential dishonesty relate more to behavioral risks rather than physical hazards. While these traits might affect claims or the insured's approach to safety, they do not represent a direct physical risk. The storage of flammables in fireproof containers, while a good safety practice, does not constitute a physical hazard in itself but rather a protective measure against an issue that could arise from physical hazards.

7. When can a licensee surrender any license they are permitted to act under?

A. Upon renewal of the license.

B. Within 60 days of renewal of their license.

C. At any time.

D. When they no longer have any clients with policies in force.

A licensee can surrender any license they are permitted to act under at any time. This means that if a licensed individual decides to stop practicing for any personal or professional reason, they have the flexibility to officially surrender their license without having to wait for renewal periods or specific conditions regarding clients or policies. The freedom to surrender a license at any time allows licensees to respond quickly to changes in their business situation, personal life, or career path, ensuring that they are not retaining a license that they no longer wish to utilize. This distinction is important for maintaining compliance with regulatory standards and for avoiding potential penalties associated with holding a license without active engagement in the industry.

8. How long must a life insurance producer be licensed as a life agent to operate as a Life Settlement Broker?

A. 6 months

B. 1 year

C. 2 years

D. 5 years

To operate as a Life Settlement Broker, a life insurance producer must have a minimum of one year of experience as a licensed life agent. This requirement is in place to ensure that brokers possess adequate knowledge and understanding of life insurance products, regulations, and the overall market landscape before engaging in life settlements. Having this experience helps them to better serve their clients when advising on life settlement options, which can be complex and require a deep understanding of both the products involved and the potential implications for policyholders. The one-year requirement strikes a balance between ensuring competency in the field while still allowing access to the profession for new brokers who have some foundational knowledge and skills through their previous licensing as life agents.

9. In a Key Employee Disability Income Policy, who is not considered the insured?

- A. Recipient of the proceeds**
- B. Premium payor**
- C. Insured**
- D. Policyowner**

In a Key Employee Disability Income Policy, the individual considered the insured is the key employee whose disability would significantly impact the business. This individual is often crucial to the business's function and success, which is why the policy is established. However, in this context, the term "not considered the insured" refers specifically to the option stating "Insured," which might be confusing at first. But it highlights a distinction in the roles involved in the policy. The other roles in a Key Employee Disability Income Policy, such as the premium payor and policyowner, may have different distinctions that relate to who benefits from the policy or who is responsible for payments, rather than who the policy is meant to safeguard. The recipient of the proceeds typically refers to the business or the owner of the policy, who receives the disability income benefits if the insured key employee becomes disabled. The premium payor can be the business as well, which maintains the policy by paying for it. In summary, the "insured" in this context refers specifically to the key employee themselves, emphasizing that while they are critical to the policy, they do not fulfill a role designated by the policy structure in terms of ownership or receipt of proceeds.

10. A stock insurer is primarily characterized by which feature?

- A. Owned by policyholders**
- B. Owned by shareholders**
- C. Operates as a non-profit organization**
- D. Shares are not publicly traded**

A stock insurer is most accurately characterized by being owned by shareholders. In this ownership structure, the shareholders provide the capital necessary for the insurer to operate and, in return, are entitled to a portion of the profits in the form of dividends. This contrasts with mutual insurers, which are owned by policyholders, and where profits are typically returned to the policyholders in the form of reduced premiums or dividends. The ownership by shareholders allows stock insurers to access the capital markets to raise funds, which is critical for supporting their operations, underwriting expenses, and managing their investment portfolios. Because stock insurers operate in a for-profit environment, their primary goal is to generate returns for their shareholders, which influences various organizational and strategic decisions. Understanding this foundational aspect of stock insurers is important for distinguishing them from other types of insurance organizations and understanding their operational dynamics in the insurance sector.

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://psilifeaccidenthealth.examzify.com>

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