

PSI Life, Accident, Health 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

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1. An Essential Health Benefits package provides levels of coverage offered through all health exchanges, excluding which of the following plans?
 - A. Silver
 - B. Gold
 - C. Platinum
 - D. Copper

2. Which of the following is TRUE regarding free insurance offered as an incentive?
 - A. It is permitted with no charge
 - B. It requires a separate charge or fee
 - C. It is prohibited if offered as a guarantee of performance
 - D. It is limited under statute if offered by certain entities

3. What do all long-term care insurers, agents, and brokers owe to the policyholder or prospective policyholder?
 - A. A duty of honesty, good faith, and fair dealing.
 - B. A duty to provide courteous and confidential service.
 - C. A duty to provide the best price available for the coverage.
 - D. A duty of integrity, compassion, and considerate service.

4. Which of the following plans is not eligible for Cal-COBRA?
 - A. Indemnity Policies
 - B. HMO's
 - C. Self-Insured Plans
 - D. PPO's

5. What is NOT a penalty for unlawfully acting as an insurer without a certificate of authority?
 - A. The individual will be fined with a charge for a misdemeanor.
 - B. The individual may be charged a fine not to exceed \$50,000.
 - C. The individual will be banned from practicing insurance for 5 years.
 - D. The individual may be sentenced to county jail for up to one year.

6. Which of the following may insurers use in their underwriting?
- A. Ancestry
 - B. Family medical history
 - C. Genetic characteristics
 - D. National origin
7. What does a term life insurance policy provide?
- A. Whole life coverage
 - B. Coverage for a specified period
 - C. Investment in stocks
 - D. Permanent coverage with cash value
8. What type of insurance would most likely cover injuries incurred during a bus trip?
- A. Health Insurance
 - B. Vehicle Insurance
 - C. Limited Travel Accident Insurance
 - D. Comprehensive Health Coverage
9. Which statement regarding the regulation and use of an agency name is EXCEPT?
- A. The use of the name must not mislead the public.
 - B. The company must file with the commissioner and request approval of the name.
 - C. A name would not be denied if it is too similar to other company names.
 - D. The name may not imply services for which it is not licensed.
10. Mortgage or credit life insurance is typically what type of coverage?
- A. Whole life
 - B. Decreasing term
 - C. Level term
 - D. Universal life

Answers

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

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Explanations

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1. An Essential Health Benefits package provides levels of coverage offered through all health exchanges, excluding which of the following plans?

- A. Silver
- B. Gold
- C. Platinum
- D. Copper

An Essential Health Benefits package includes a set of health care service categories that must be covered by certain plans, particularly those offered through health exchanges under the Affordable Care Act (ACA). The plans that provide these essential benefits are categorized into metal tiers: Bronze, Silver, Gold, and Platinum. The Copper plan, however, is not one of the standard tiers defined under the ACA for Essential Health Benefits. While the Bronze, Silver, Gold, and Platinum tiers correspond to different levels of coverage and cost-sharing, the Copper plan is generally considered outside the framework established for these essential coverage packages. It may not meet the criteria set for minimum essential coverage, which is why it is excluded. Thus, the correct answer is that Copper plans do not align with the Essential Health Benefits requirements mandated for plans sold through exchanges.

2. Which of the following is TRUE regarding free insurance offered as an incentive?

- A. It is permitted with no charge
- B. It requires a separate charge or fee
- C. It is prohibited if offered as a guarantee of performance
- D. It is limited under statute if offered by certain entities

The concept of free insurance as an incentive involves understanding the regulatory framework surrounding insurance products and promotional tactics. Free insurance is typically offered as a marketing tool to attract potential customers, but there are legal stipulations that govern how such offers can be communicated and what they entail. The correct response highlights that free insurance often requires a separate charge or fee in a way that ensures compliance with underwriting rules and consumer protection laws. This means that while the insurance may be marketed as "free," there are generally costs associated with the policies or services that are provided, either overtly or subtly tied to other purchases or stipulations that must be fulfilled by the consumer. For instance, certain promotions might bundle insurance products with another financial product where the overall package incurs a cost, making it clear that the insurance is not entirely devoid of expense. This point ensures that both the insurer and the consumer understand the financial implications involved, preventing misunderstandings about the true nature of the offer. The regulatory context can vary significantly based on jurisdiction and the nature of the products being offered, leading to nuanced understandings of what constitutes "free." Other options might misinterpret the legal limitations or regulatory requirements surrounding these promotional strategies, as observed in their descriptions. However, emphasizing that free insurance often entails other costs

3. What do all long-term care insurers, agents, and brokers owe to the policyholder or prospective policyholder?

- A. A duty of honesty, good faith, and fair dealing.
- B. A duty to provide courteous and confidential service.
- C. A duty to provide the best price available for the coverage.
- D. A duty of integrity, compassion, and considerate service.

The obligation that long-term care insurers, agents, and brokers owe to policyholders or prospective policyholders is a duty of honesty, good faith, and fair dealing. This duty forms the cornerstone of fiduciary relationships in the insurance industry. It ensures that all parties involved conduct business ethically and transparently, fostering trust and accountability. Honesty requires adherence to truthful representations in policy offerings, while good faith demands that all parties act in a manner that upholds the interests of the policyholder. Fair dealing involves treating policyholders fairly in all transactions, guaranteeing that they receive the benefits they expect from their policies without being misled or taken advantage of. This foundational principle helps protect consumers from fraudulent practices and ensures that they receive accurate information when making vital decisions about their long-term care needs. While other duties, such as providing courteous service or competitive pricing, are essential components of customer service and satisfaction, they do not carry the same legal and ethical weight as the duty of honesty, good faith, and fair dealing.

4. Which of the following plans is not eligible for Cal-COBRA?

- A. Indemnity Policies
- B. HMO's
- C. Self-Insured Plans
- D. PPO's

Cal-COBRA extends certain health insurance continuation benefits for employees who have lost their job or have experienced a qualifying event in California. However, not all types of plans are covered under this law. Self-insured plans are typically not eligible for Cal-COBRA because they fall under federal regulations governed by ERISA (Employee Retirement Income Security Act) rather than state law. This means that while Cal-COBRA is designed to provide coverage continuation for individuals in certain situations, self-insured plans often provide their own continuation coverage options and are not bound by the provisions of state laws like Cal-COBRA. On the other hand, indemnity policies, HMOs, and PPOs are types of fully insured plans that usually fall under the coverage of Cal-COBRA, making them eligible for continuation of coverage under this specific program.

5. What is NOT a penalty for unlawfully acting as an insurer without a certificate of authority?

- A. The individual will be fined with a charge for a misdemeanor.
- B. The individual may be charged a fine not to exceed \$50,000.
- C. The individual will be banned from practicing insurance for 5 years.
- D. The individual may be sentenced to county jail for up to one year.

In the context of penalties for unlawfully acting as an insurer without a certificate of authority, the correct choice indicates that an individual will not face a specific consequence associated with a five-year ban from practicing insurance. Typically, penalties for such unlawful actions can include fines, misdemeanor charges, and potential jail time. However, a specific ban for five years is not a standard consequence outlined in regulatory frameworks for this type of violation. The penalties usually involve financial repercussions, such as fines that may be significant, but a direct ban from practicing insurance for a specified duration is not commonly enforced. Most regulatory measures focus on deterring future illegal conduct through fines and potential incarceration rather than outright bans for set periods. This distinction helps clarify why the five-year ban is not considered a standard penalty in this situation.

6. Which of the following may insurers use in their underwriting?

- A. Ancestry
- B. Family medical history
- C. Genetic characteristics
- D. National origin

Insurers may use family medical history in their underwriting processes because it provides valuable insights into an individual's potential health risks and likelihood of developing certain medical conditions. This information helps insurers assess the risk associated with providing coverage to a particular applicant. Family medical history can indicate hereditary conditions that may affect a person's health in the future, allowing insurers to determine appropriate premium rates or to decide on coverage eligibility. While other factors like ancestry, genetic characteristics, and national origin may influence health risks, they are often subject to stricter regulations to prevent discriminatory practices in underwriting. The focus on family medical history is more standardized and widely accepted in the insurance industry, making it a relevant factor for insurers when evaluating an applicant's health profile.

7. What does a term life insurance policy provide?

- A. Whole life coverage
- B. Coverage for a specified period
- C. Investment in stocks
- D. Permanent coverage with cash value

A term life insurance policy is designed to provide coverage for a specified period, often chosen by the policyholder. This type of insurance is typically purchased for a duration of 10, 20, or 30 years, after which the policy expires if the insured individual is still alive. During the term, if the insured dies, the policy pays out a death benefit to the beneficiaries. The key aspect of term life insurance is its simplicity and affordability compared to other forms of life insurance. Unlike whole life or permanent policies, term policies do not accumulate cash value and are purely intended for protection against the risk of death within a predetermined timeframe. This makes them a popular choice for individuals looking to cover specific financial responsibilities, such as a mortgage or educational expenses for children, for the duration that those obligations exist. As for the other options, whole life coverage involves a permanent policy that includes a cash value component, while investment in stocks does not pertain to life insurance at all. Permanent coverage with cash value is another characteristic of whole life insurance, not term life insurance. Thus, the distinctive feature of a term life insurance policy is its provision of coverage for a set period.

8. What type of insurance would most likely cover injuries incurred during a bus trip?

- A. Health Insurance
- B. Vehicle Insurance
- C. Limited Travel Accident Insurance
- D. Comprehensive Health Coverage

Limited Travel Accident Insurance is specifically designed to provide coverage for injuries that occur during travel, such as accidents on a bus trip. This type of insurance typically addresses medical expenses, accidental death, and sometimes additional benefits related to travel mishaps, making it particularly useful for individuals on trips where accidents may occur. While health insurance does offer general coverage for medical expenses, it may not provide the specific accident-related benefits that Limited Travel Accident Insurance would offer during a travel experience. Vehicle insurance generally focuses on damages to vehicles or liability for accidents involving vehicles, and Comprehensive Health Coverage, while robust in its healthcare benefits, is less focused on the specific needs of travelers and may not include benefits tailored for accidents occurring specifically during travel.

9. Which statement regarding the regulation and use of an agency name is EXCEPT?

- A. The use of the name must not mislead the public.
- B. The company must file with the commissioner and request approval of the name.
- C. A name would not be denied if it is too similar to other company names.
- D. The name may not imply services for which it is not licensed.

The focus of this question is on the regulatory requirements concerning agency names in the insurance industry. It is essential for agency names to adhere to specific standards to ensure transparency and integrity in how services are presented to the public. The statement that a name would not be denied if it is too similar to other company names is incorrect within the context of regulatory practices. Regulatory authorities prioritize the avoidance of confusion in the marketplace, which can occur when agency names are overly similar to existing companies. This means that if an agency name is deemed too similar to another registered name, it is likely that approval will be denied to maintain clarity for consumers and to prevent potential fraud or misrepresentation. In contrast, the other statements accurately reflect regulatory principles. The name must not mislead the public, which maintains consumer trust. The company is required to file with the commissioner and request approval to ensure compliance with regulations. Additionally, implying services for which the agency is not licensed could lead to misleading consumers about the qualifications and offerings of the agency, which regulatory bodies actively seek to prevent. Thus, the essence of the correct answer lies in the emphasis on consumer protection and clarity in agency representation within the marketplace.

10. Mortgage or credit life insurance is typically what type of coverage?

- A. Whole life
- B. Decreasing term
- C. Level term
- D. Universal life

Mortgage or credit life insurance is typically classified as decreasing term insurance. This type of coverage is specifically designed to pay off a debt, such as a mortgage, in the event of the policyholder's death. The key characteristic of decreasing term insurance is that the death benefit declines over time, generally in line with the decreasing balance of the mortgage or loan it is intended to cover. As mortgage payments are made, the remaining balance of the loan decreases, and hence, the death benefit is structured to align with that amortization schedule. This means that at the start of the policy, the death benefit will be at its highest, and it will decrease gradually until it reaches zero at the end of the term, reflecting the remaining loan balance. Other types of life insurance, such as whole life, level term, and universal life, do not provide this specific decreasing feature. Whole life insurance provides a permanent death benefit that remains level throughout the insured's life, while level term insurance maintains the same death benefit amount for the duration of the policy term. Universal life insurance offers more flexibility in premiums and death benefits but does not typically correlate with a decreasing debt structure like mortgage insurance does.

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!

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