PSI LIFE, ACCIDENT, HEALTH PRACTICE EXAM (SAMPLE)

STUDY GUIDE

SAMPLE STUDY GUIDE WITH LIMITED 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. 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 method is required for notices under any provision of the insurance code?

A. Made by telephone

B. Received by email

C. Sent to mailing notice at residence

D. Prioritized with overnight express

2. Which of the following statements best describes the characteristic of term insurance?

A. It offers a cash value component.

B. It provides coverage for a specific time period.

C. It is always renewable regardless of age.

D. It has a loan value attached to it.

3. Medicare was originally intended for which age group?

A. 60 and over

B. 65 and over

C. 70 and over

D. 75 and over

4. What action must the Insurance Commissioner take if they believe a producer has engaged in unfair competition?

A. Impose a fine on the producer

B. Notify the producer of an investigation

C. Advise the producer that he/she is entitled to a public hearing

D. Revoke the producer's license immediately

5. How long does an employee in a group insurance policy have to exercise the conversion privilege after their employment is terminated?

A. 0 days with no eligible coverage

B. 31 days to begin an individual life insurance policy

C. 90 days to convert to an individual policy

D. 6 months if the employee was ill-treated

6. What is the primary concern of provisions like 'Concurrent Review' in insurance contracts?

A. To validate the necessity of ongoing treatments

B. To limit the number of claims filed

C. To increase premium costs

D. To ensure travel safety

7. Who is the individual entitled to receive any residual benefits after the death of the annuitant?

A. Insurer

B. Beneficiary

C. Policyholder

D. Owner

8. What are assets that exceed an insurer's liability for reported losses and expenses called?

A. Capital stock.

B. Paid-in capital.

C. Capital assets.

D. Excess investment.

9. Which of the following statements is accurate regarding dependent coverage under a group insurance policy?

A. The coverage lasts from birth until age 18

B. The coverage must not exceed 50% of the insured employee's coverage

C. The coverage must not exceed 100% of the insured employee's coverage

D. The coverage is not intended for preexisting medical conditions

10. When is an entity buy-sell agreement plan typically utilized?

A. When settling an estate

B. When the entity buys life insurance on owners

C. When transferring ownership

D. When there is a new investor

Answers

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

Explanations

1. What method is required for notices under any provision of the insurance code?

A. Made by telephone

B. Received by email

C. Sent to mailing notice at residence

D. Prioritized with overnight express

The correct answer is that notices under any provision of the insurance code must be sent to the mailing address of the recipient's residence. This method ensures that all relevant parties receive important information in a reliable and verifiable manner. Utilizing mailing addresses is a standard practice in the insurance industry, as it provides a physical record that can be tracked and serves as proof of delivery. This method aligns with legal requirements that necessitate a formal process for communication, ensuring that recipients cannot claim they did not receive important notices or documentation. By sending notices to a designated mailing address, insurers fulfill their obligation to inform policyholders of critical information, such as changes to their policy, premium payments, or claims procedures. Other methods, such as telephone notifications or emails, may not provide the same level of assurance and traceability as traditional mail, potentially leading to misunderstandings or disputes about whether a notice was actually received or read. Similarly, prioritizing communication methods like overnight express can be unnecessary and more costly than needed for standard notices unless the situation requires urgent attention.

2. Which of the following statements best describes the characteristic of term insurance?

A. It offers a cash value component.

B. It provides coverage for a specific time period.

C. It is always renewable regardless of age.

D. It has a loan value attached to it.

Term insurance is primarily characterized by its provision of coverage for a specific time period, which aligns perfectly with the selected answer. This means that policyholders can choose a term that suits their needs, such as 10, 20, or 30 years, during which they are insured against death. If the insured passes away during this term, the beneficiaries receive the death benefit; if the term expires while the insured is alive, there is no payout and no cash value accumulated. The other aspects mentioned in the choices do not accurately apply to term insurance. For instance, it does not offer a cash value component; that characteristic is typical of whole life or universal life insurance. Although some term policies might be designed to be renewable, it is not universally true that they are always renewable regardless of age, as certain policies may have age limits. Additionally, term insurance does not have a loan value; that feature is typically associated with permanent life insurance policies that accumulate cash value. Understanding these points reinforces the idea that the definitive feature of term insurance is its duration-limited coverage.

3. Medicare was originally intended for which age group?

A. 60 and over

B. 65 and over

C. 70 and over

D. 75 and over

Medicare was originally intended for individuals aged 65 and over. This program was established in 1965 as a federal health insurance program primarily to assist older adults in covering healthcare costs, which have a tendency to increase as one ages. The age of 65 was established based on the average life expectancy and the recognition that many people begin to encounter significant health issues around this age. The other age options provided are not aligned with the original intent of Medicare. For instance, those under 65 are generally not eligible unless they meet specific criteria, such as having certain disabilities. Other options of 60, 70, and 75 are also not the age thresholds set when Medicare was created, making 65 the most significant and accurate choice.

4. What action must the Insurance Commissioner take if they believe a producer has engaged in unfair competition?

A. Impose a fine on the producer

B. Notify the producer of an investigation

C. Advise the producer that he/she is entitled to a public hearing

D. Revoke the producer's license immediately

When the Insurance Commissioner suspects that a producer has engaged in unfair competition, it is essential for due process to be observed. Advising the producer that they are entitled to a public hearing is a key step in ensuring transparency and fairness in the evaluation of the allegations. This process allows the producer to respond to the accusations, present evidence, and defend their actions in a formal setting. The right to a public hearing is part of the legal framework that governs regulatory actions. It not only protects the rights of the producers but also ensures that the proceedings are based upon a thorough investigation and factual hearings. This approach facilitates informed decision-making by the Commissioner, as they must consider all relevant information before determining any penalties or further actions regarding the producer's license or practices. Other options, such as imposing fines, notifying the producer of an investigation, or revoking licenses immediately, may bypass the necessary due process protections that a public hearing provides. Such actions could potentially infringe upon the rights of the producer without affording them an opportunity to contest or clarify the allegations against them. Thus, the requirement to advise the producer of their entitlement to a public hearing is the correct course of action in cases of alleged unfair competition.

5. How long does an employee in a group insurance policy have to exercise the conversion privilege after their employment is terminated?

A. 0 days with no eligible coverage

B. 31 days to begin an individual life insurance policy

C. 90 days to convert to an individual policy

D. 6 months if the employee was ill-treated

An employee under a group insurance policy typically has 31 days to exercise the conversion privilege after their employment is terminated. This provision allows them to convert their group coverage to an individual life insurance policy without having to provide evidence of insurability. The 31-day window is a standard time frame set in many group insurance plans to ensure employees have adequate time to secure continued coverage after they leave their job. This aspect of group policies is crucial because it prevents individuals from losing their life insurance coverage immediately upon termination, which could leave them vulnerable to potential health issues in the future. The conversion must be initiated within this 31-day period for the employee to maintain uninterrupted coverage.

6. What is the primary concern of provisions like 'Concurrent Review' in insurance contracts?

A. To validate the necessity of ongoing treatments

B. To limit the number of claims filed

C. To increase premium costs

D. To ensure travel safety

The primary concern of provisions such as 'Concurrent Review' in insurance contracts is to validate the necessity of ongoing treatments. This provision involves ongoing evaluations of a patient's medical necessity for continued treatment while they are currently under care. It plays a vital role in healthcare management by ensuring that treatments remain appropriate and necessary, thereby helping to avoid unnecessary expenses for both the insurer and the insured. By monitoring the treatment process, insurers can confirm that the care being provided aligns with established medical guidelines and is indeed required for the patient's condition. This approach promotes responsible use of healthcare resources, aiming to maintain quality care while also controlling costs.

7. Who is the individual entitled to receive any residual benefits after the death of the annuitant?

A. Insurer

B. Beneficiary

C. Policyholder

D. Owner

The individual entitled to receive any residual benefits after the death of the annuitant is known as the beneficiary. In an annuity contract, the annuitant is the person on whose life the annuity payments are based, and when that individual passes away, any remaining benefits such as death benefits or residual payments typically go to the designated beneficiary. The role of the beneficiary is crucial as they are specifically named in the annuity contract to receive these benefits, thereby ensuring that the annuity serves a financial purpose not just for the annuitant during their lifetime, but also as a potential legacy for the beneficiary after the annuitant's death. This arrangement helps to provide peace of mind and financial security to families, knowing that there can be a financial payout following the passing of the primary annuitant. Other roles such as the insurer, policyholder, and owner do not have the same entitlement to residual benefits after the death of the annuitant in the context presented, as they may represent different aspects of the contract or relationship with the annuity but do not specifically hold the rights to the remaining benefits in the event of the annuitant's death.

8. What are assets that exceed an insurer's liability for reported losses and expenses called?

A. Capital stock.

B. Paid-in capital.

C. Capital assets.

D. Excess investment.

The assets that exceed an insurer's liability for reported losses and expenses are commonly referred to as "surplus." In the context of insurance, the correct answer, paid-in capital, represents the amount of capital that has been paid into the company by investors or shareholders in exchange for shares of the company. This paid-in capital is a significant component of the insurer's financial structure, as it provides a cushion for potential claims and ensures the company can meet its liabilities. Paid-in capital is essential for maintaining the insurer's solvency and financial strength, allowing the insurer to obligate itself to settle future claims. Unlike other forms of capital such as capital stock, which refers more broadly to the company's equity base, or excess investment, which might imply additional returns on investments rather than a robust financial position, paid-in capital specifically reflects the invested resources that help support ongoing operations and obligations. This level of funding is crucial for financial stability in the insurance industry, particularly in times of high claim activity or unexpected financial challenges.

9. Which of the following statements is accurate regarding dependent coverage under a group insurance policy?

A. The coverage lasts from birth until age 18

B. The coverage must not exceed 50% of the insured employee's coverage

C. The coverage must not exceed 100% of the insured employee's coverage

D. The coverage is not intended for preexisting medical conditions

Dependent coverage under a group insurance policy is designed to provide insurance benefits for the dependents of the insured employee. The key detail in this context is that the amount of coverage allocated for dependents typically corresponds to the coverage limits of the primary insured individual. This means that the group policy may allow for dependent coverage to reach up to the total amount of coverage that the employee holds, which is often 100%. This structure ensures that dependents are provided with adequate security in case of medical costs or losses. Since the coverage limits can vary by policy and provider, having a cap at 100% of the original insured amount allows employers to design a comprehensive health plan that caters to both employees and their families. The other statements fail to accurately reflect the common standards for dependent coverage. For instance, limiting coverage to age 18 is too restrictive, as many policies extend it until dependents are 26 or even up to the age of 30, especially for students or those with disabilities. The stipulation concerning coverage amounts being limited to 50% is also inaccurate, as this would not meet the common practices found in group insurance plans. Lastly, while preexisting conditions may be a point of contention in some individual plans, group policies generally provide coverage regardless of

10. When is an entity buy-sell agreement plan typically utilized?

A. When settling an estate

B. When the entity buys life insurance on owners

C. When transferring ownership

D. When there is a new investor

A buy-sell agreement plan is typically utilized when the entity buys life insurance on owners to ensure a smooth transition of ownership interests upon certain triggering events, such as the death or disability of an owner. This type of plan is designed to protect the interests of the remaining owners and provides a predetermined method for purchasing the deceased owner's share, which helps to minimize potential disputes and financial burden on the family of the deceased. This life insurance funding mechanism ensures that there are adequate funds available at the time of the triggering event to facilitate the buyout of the deceased owner's interest, thus maintaining business continuity and stability. The other scenarios mentioned, while they relate to business ownership or changes in ownership structure, do not specifically encapsulate the primary function of a buy-sell agreement in conjunction with life insurance.

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:

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