PSI Ohio Insurance Practice Exam (Sample)

Study Guide

BY EXAMZIFY

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

1. **Which type of rider provides benefits for additional coverage in case of accidental death?**
   - **A. Accidental death benefit rider**
   - **B. Disability income rider**
   - **C. Child term rider**
   - **D. Long-term care rider**

2. **What is a common characteristic of term life insurance?**
   - **A. It builds cash value over time.**
   - **B. It provides coverage for a specific period of time.**
   - **C. It is more expensive than whole life insurance.**
   - **D. It requires medical exams for all applicants.**

3. **Who is typically responsible for notifying the company of a death claim?**
   - **A. The beneficiary**
   - **B. The insured**
   - **C. The producer**
   - **D. The insurance policyholder**

4. **Which of the following is an example of a moral hazard?**
   - **A. Filing a false insurance claim.**
   - **B. Neglecting home maintenance to increase insurance claims.**
   - **C. Not securing property properly.**
   - **D. Choosing higher deductibles to save on premiums.**

5. **Which disadvantage is NOT associated with annually renewable term life policies?**
   - **A. The premiums increase each year**
   - **B. The coverage amount may decrease**
   - **C. The policy can become expensive over time**
   - **D. The living benefits decrease over time**

6. What is the name for the amount that an insured must pay out-of-pocket before the insurer begins to pay?

A. Co-payment

B. Deductible

C. Premium

D. Out-of-pocket maximum

7. Common exclusions from accident and health policies include all of the following except?

A. Intentional acts

B. Pre-existing conditions

C. Loss of income from disability

D. War-related injuries

8. Which of the following features differentiates Universal Life Insurance from other forms of Whole Life Insurance?

A. Fixed premiums

B. Payout at death only

C. Premium schedules

D. Guaranteed cash value

9. What does an impairment rider specify in an insurance policy?

A. Additional premium charges

B. Exclusions for certain conditions

C. Policy renewal terms

D. Claim submission deadlines

10. When do dependent children's benefits for Social Security disability payments typically end?

A. When the dependent reaches age 18

B. When the dependent reaches age 19 if still in high school

C. When the dependent graduates from college

D. When the dependent turns 21

Answers

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

Explanations

1. Which type of rider provides benefits for additional coverage in case of accidental death?

A. Accidental death benefit rider

B. Disability income rider

C. Child term rider

D. Long-term care rider

The rider that provides additional benefits specifically in the event of accidental death is the accidental death benefit rider. This type of rider is designed to increase the death benefit payable to beneficiaries if the insured dies as a result of an accident, providing an extra layer of financial security. This is particularly important for individuals who want to ensure that their loved ones are better protected in the event of an unforeseen and accidental loss of life. In contrast, other riders serve different purposes. The disability income rider provides a source of income if the insured becomes disabled and unable to work. The child term rider offers coverage for the insured's children for a specified period but does not relate to accidental deaths. The long-term care rider is intended for individuals needing assistance with daily living activities due to chronic illness or disability, having no direct connection to death benefits. Understanding these distinctions allows for a clearer grasp of how different insurance riders function and their respective benefits.

2. What is a common characteristic of term life insurance?

A. It builds cash value over time.

B. It provides coverage for a specific period of time.

C. It is more expensive than whole life insurance.

D. It requires medical exams for all applicants.

A defining feature of term life insurance is that it offers coverage for a specific period, typically ranging from one year to 30 years. This means that the policyholder is insured for that designated timeframe, and if the insured passes away during this term, their beneficiaries receive the death benefit. If the term expires and the individual is still alive, the coverage ends unless the policy is renewed or converted to a permanent policy. In contrast, cash value components are associated with permanent life insurance policies, not term life policies. Additionally, term life insurance is usually more affordable than whole life insurance because it does not include savings or investment components. While some term policies may require medical exams, many are available without undergoing such screenings, particularly lower coverage amounts or policies guaranteed to issue. Thus, the focus of term life insurance is solely on providing a death benefit for a set time period, highlighting why that characteristic is central to understanding this type of insurance.

3. Who is typically responsible for notifying the company of a death claim?

A. The beneficiary

B. The insured

C. The producer

D. The insurance policyholder

The responsibility for notifying the insurance company of a death claim usually falls to the beneficiary. The beneficiary is the individual designated to receive the life insurance proceeds upon the death of the insured. This person is typically in the best position to know about the death and will have a vested interest in ensuring that the claim is processed in order to receive the benefits. The insured, being the person whose life is covered, is not responsible for notifying the insurer after their death. The insurance policyholder may be the same person as the insured or someone else altogether, but in either case, they would not be able to notify the insurer posthumously. The producer, or insurance agent, may assist in the claims process, but it is generally the beneficiary's duty to make the initial notification to the company regarding a death claim.

4. Which of the following is an example of a moral hazard?

A. Filing a false insurance claim.

B. Neglecting home maintenance to increase insurance claims.

C. Not securing property properly.

D. Choosing higher deductibles to save on premiums.

A moral hazard refers to a situation where one party engages in risky behavior or unethical practices because they do not have to bear the full consequences of that behavior, often due to the protection provided by insurance. Filing a false insurance claim exemplifies moral hazard, as the individual is attempting to take advantage of the insurance system without facing the financial loss that would otherwise discourage such dishonest behavior. This action demonstrates a shift in an individual's behavior due to the feeling that they are insulated from the repercussions of their actions, primarily because they believe their loss will be covered by insurance. The other scenarios, such as neglecting home maintenance, not securing property properly, or choosing higher deductibles, may represent risky behavior or sound financial decisions, but they do not illustrate moral hazard in the same way. Neglecting maintenance and not securing property may result from carelessness rather than an intent to exploit insurance. Choosing higher deductibles is a legitimate financial strategy to lower premium costs and does not involve a deceptive or opportunistic motivation regarding insurance payouts.

5. Which disadvantage is NOT associated with annually renewable term life policies?

A. The premiums increase each year

B. The coverage amount may decrease

C. The policy can become expensive over time

D. The living benefits decrease over time

The choice indicating that living benefits decrease over time is not a commonly associated disadvantage with annually renewable term life policies. Typically, annually renewable term life insurance provides a death benefit that remains constant throughout the term of the policy, as long as premiums are paid. The living benefits, which refer to options like accelerated death benefits or cash value, are often not a feature of term life policies and instead are more relevant to permanent life insurance policies that accumulate cash value or provide other living benefits. In contrast, the other options highlight real disadvantages of annually renewable term policies. Premiums generally increase each year based on the insured's increasing age, and the overall cost of maintaining the policy can become quite high as the insured ages. Additionally, while the coverage amount does not typically decrease in the same way a permanent policy might, any potential conversion or living benefits available usually do not apply in the same way, making option D a statement that does not reflect a primary concern with this type of insurance.

6. What is the name for the amount that an insured must pay out-of-pocket before the insurer begins to pay?

A. Co-payment

B. Deductible

C. Premium

D. Out-of-pocket maximum

The term that refers to the amount an insured must pay out-of-pocket before the insurer starts to cover costs is known as the deductible. This is a critical component in many insurance policies, as it sets a threshold that must be met before the insurance benefits kick in. For example, if a policy has a deductible of $1,000, the insured would need to pay for the first $1,000 of their medical expenses out-of-pocket. After reaching this amount, the insurance provider would begin paying for additional expenses according to the terms of the policy. Understanding deductibles is important in managing personal finances related to healthcare or other insurance services, as it affects how much the insured must budget for potential out-of-pocket costs. The other terms provided, such as copayment and premium, refer to different aspects of insurance costs—copayments are fixed fees for specific services, and premiums are the regular payments made to maintain the insurance policy, rather than amounts paid out-of-pocket before they receive benefits. The out-of-pocket maximum refers to the most the insured would pay in total during a policy period, which is a separate concept from a deductible.

7. Common exclusions from accident and health policies include all of the following except?

A. Intentional acts

B. Pre-existing conditions

C. Loss of income from disability

D. War-related injuries

Loss of income from disability is not typically excluded from accident and health policies, which makes it the correct choice in this context. These policies are designed to provide benefits for disabilities that prevent an individual from working, thus compensating for lost income. This type of coverage is a fundamental aspect of many health insurance policies, as they aim to support individuals during times of illness or injury that hinder their ability to earn a living. In contrast, the other exclusions listed—intentional acts, pre-existing conditions, and war-related injuries—are common within many accident and health insurance policies. Intentional acts refer to injuries or illnesses that result from the policyholder's own deliberate actions, which insurance usually does not cover. Pre-existing conditions are medical situations that existed prior to the start of coverage; these are often excluded to control risk for insurers. Lastly, injuries resulting from war-related activities are frequently excluded because of the unpredictable and extreme nature of such events, which insurance companies typically aim to avoid covering due to high potential costs. Overall, understanding these distinctions is crucial in recognizing what aspects of coverage are included in accident and health policies.

8. Which of the following features differentiates Universal Life Insurance from other forms of Whole Life Insurance?

A. Fixed premiums

B. Payout at death only

C. Premium schedules

D. Guaranteed cash value

Universal Life Insurance is characterized by its flexible premium payment structure, allowing policyholders to adjust the amount and timing of their premium contributions within certain limits. This contrasts with traditional Whole Life Insurance, which typically requires fixed premiums throughout the life of the policy. While fixed premiums, payouts at death, and guaranteed cash value are common features in many insurance policies, including Whole Life Insurance, the ability to modify premium payments is what distinctly sets Universal Life apart. This flexibility can be appealing to policyholders who may experience fluctuating financial circumstances or wish to vary their investments in the policy over time. Therefore, the option highlighting premium schedules accurately reflects a key differentiator of Universal Life Insurance compared to traditional Whole Life policies.

9. What does an impairment rider specify in an insurance policy?

A. Additional premium charges

B. Exclusions for certain conditions

C. Policy renewal terms

D. Claim submission deadlines

An impairment rider in an insurance policy specifically outlines exclusions for certain pre-existing conditions or impairments that may affect the policyholder's coverage. This rider is typically attached to a health or life insurance policy when the insurer determines that the insured has a condition that significantly increases risk. By including an impairment rider, the insurer clarifies which specific health issues will not be covered, defining the boundaries of the policy's coverage. The presence of an impairment rider informs the insured about limitations related to their existing health status, allowing them to be aware of any gaps in coverage. This is crucial for both the insurer and the insured, as it helps manage expectations regarding what is financially protected under the policy. Other options, such as additional premium charges, policy renewal terms, or claim submission deadlines, do not specifically address the nature of an impairment rider and its function within the context of pre-existing conditions in the insured's health profile.

10. When do dependent children's benefits for Social Security disability payments typically end?

A. When the dependent reaches age 18

B. When the dependent reaches age 19 if still in high school

C. When the dependent graduates from college

D. When the dependent turns 21

Dependent children's benefits for Social Security disability payments typically end when the dependent reaches age 19 if they are still enrolled in high school. This allowance is made to continue providing support for young individuals who are pursuing their education. The key factor here is the enrollment in high school; as long as the dependent is actively attending high school, they can continue to receive benefits until either they graduate or reach the age of 19, whichever comes first. Once the dependent graduates from high school or turns 19, the benefits would generally cease, regardless of their subsequent education plans. This rule reflects an understanding of the transitional period from adolescence to adulthood, aligning with support for education rather than providing indefinite benefits without regard to educational status.

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://psi-ohio.examzify.com

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