

PSI OHIO INSURANCE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



Prepare with structure. Pass with confidence



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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. A group conversion option may be used in all the following instances EXCEPT?**
 - A. Life-changing event, such as marriage, divorce, or childbirth
 - B. Termination of employment
 - C. Reduction in work hours
 - D. Retirement from a company
- 2. What provides for the continuance of life insurance coverage on a juvenile in case of the death or disability of the premium payer?**
 - A. Beneficiary Provision
 - B. Payor Clause
 - C. Premium Waiver
 - D. Juvenile Rider
- 3. Upon the issuance of a conditional receipt for a renewal when the premium is paid after the time granted by the insurer, what is the maximum amount of time for reinstatement of the policy?**
 - A. 15 days
 - B. 30 days
 - C. 60 days
 - D. 90 days
- 4. How are proceeds from a life insurance policy distributed according to the per capita rule?**
 - A. Equally among all beneficiaries regardless of relationship
 - B. Based on the share specified in the policy
 - C. Equally among living primary beneficiaries
 - D. By age, favoring older beneficiaries
- 5. How does a Health Maintenance Organization (HMO) differ from a traditional insurer?**
 - A. Provides unlimited coverage for all services.
 - B. Manages care through a primary care physician.
 - C. Offers worldwide coverage on all policies.
 - D. Has no restrictions on specialist visits.

- 6. A Basic Hospital Policy pays which of the following expenses?**
- A. Outpatient surgical costs
 - B. Hospital room and board
 - C. Emergency room visits
 - D. Physician's fees
- 7. What is it called when a life insurance policy pays a multiple of the coverage amount when certain types of accidents occur?**
- A. Multiple indemnity
 - B. Single indemnity
 - C. Double payout
 - D. Accidental benefit
- 8. Which statement about federal taxation of life insurance premiums is true?**
- A. Premiums are fully tax-deductible.
 - B. Premiums are not tax-deductible and paid with after-tax dollars.
 - C. Premiums are exempt from income tax only.
 - D. Premiums are only partially deductible.
- 9. In a level term life policy, what aspect of the policy remains unchanged throughout the term?**
- A. Premium payments
 - B. Death benefit
 - C. Coverage period
 - D. Investment options
- 10. Which type of dental policy typically pays a portion of the usual and customary charges for covered procedures?**
- A. Comprehensive (non-scheduled)
 - B. Scheduled Dental Plans
 - C. Basic Dental Plans
 - D. Major Dental Coverage

Answers

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

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Explanations

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1. A group conversion option may be used in all the following instances EXCEPT?

- A. Life-changing event, such as marriage, divorce, or childbirth**
- B. Termination of employment
- C. Reduction in work hours
- D. Retirement from a company

A group conversion option allows individuals covered by a group insurance policy to convert their group coverage to an individual policy under certain circumstances without having to provide evidence of insurability. The correct choice indicates that life-changing events such as marriage, divorce, or childbirth are generally not valid instances for utilizing a group conversion option. In the context of insurance policies, life-changing events might impact family status or the necessity for additional coverage, but they do not typically trigger the right to convert group insurance to individual insurance. The group conversion option is specifically designed to address situations that result in the loss of coverage, such as the termination of employment, reduction in work hours, or retirement. These events directly affect the individual's group insurance status and grant them the opportunity to maintain insurance coverage by converting to an individual plan, which is why they are valid instances for exercising this option.

2. What provides for the continuance of life insurance coverage on a juvenile in case of the death or disability of the premium payer?

- A. Beneficiary Provision
- B. Payor Clause**
- C. Premium Waiver
- D. Juvenile Rider

The payor clause is specifically designed to address scenarios where the premium payer, typically a parent or guardian, is unable to continue payments due to death or disability. When a juvenile life insurance policy includes a payor clause, it ensures that the coverage remains in force even if the primary premium payer can no longer contribute. This clause protects the interests of the insured minor by guaranteeing that they will continue to be covered, thereby providing financial security and maintaining the policy without the burden of premium payments on a potentially vulnerable juvenile until they are old enough or capable of maintaining the policy. Other options, while related to insurance, do not specifically address the issue of premium payment in the event of the payer's death or disability.

3. Upon the issuance of a conditional receipt for a renewal when the premium is paid after the time granted by the insurer, what is the maximum amount of time for reinstatement of the policy?

- A. 15 days
- B. 30 days**
- C. 60 days
- D. 90 days

A conditional receipt is a temporary coverage agreement provided by an insurer when the premium payment is received but before the policy is officially reinstated. For a renewal policy, if the premium is paid after the grace period has expired, the insurer typically allows a period during which the policy can be reinstated. In Ohio, the time allowed for reinstatement when a conditional receipt has been issued is a maximum of 30 days. This period gives the policyholder a reasonable timeframe to complete the necessary conditions for reinstatement after a lapse in coverage due to late payment. This practice helps protect consumers and ensures they have access to coverage even if there is a delay in premium payment. Understanding the reinstatement period is crucial for both insurers and policyholders, as it outlines the expectations regarding policy continuity and the conditions under which coverage remains in effect. Thus, knowing that 30 days is the correct answer reflects an awareness of consumer rights and insurance regulations in Ohio.

4. How are proceeds from a life insurance policy distributed according to the per capita rule?

- A. Equally among all beneficiaries regardless of relationship
- B. Based on the share specified in the policy
- C. Equally among living primary beneficiaries**
- D. By age, favoring older beneficiaries

Under the per capita rule, the proceeds from a life insurance policy are distributed equally among all living primary beneficiaries. This means that if there are multiple primary beneficiaries and some of them have passed away, the share that would have gone to the deceased beneficiaries is divided among the survivors. For example, if a policy has three primary beneficiaries and one passes away, the proceeds will be shared equally between the remaining two, rather than passing down the deceased's share to their heirs. This distribution approach emphasizes fairness among the living beneficiaries and ensures that all currently designated primary beneficiaries receive an equal benefit, regardless of how many beneficiaries are named in total. It contrasts with other methods of distribution that may not take into account the current status of the beneficiaries or might distribute based on predetermined percentages or by age.

5. How does a Health Maintenance Organization (HMO) differ from a traditional insurer?

- A. Provides unlimited coverage for all services.
- B. Manages care through a primary care physician.**
- C. Offers worldwide coverage on all policies.
- D. Has no restrictions on specialist visits.

A Health Maintenance Organization (HMO) is designed to deliver comprehensive health care services to its members while controlling costs and improving care management. One of the key features of an HMO is that it requires members to select a primary care physician (PCP). The primary care physician acts as a gatekeeper responsible for managing the patient's overall care, coordinating referrals to specialists, and ensuring that the patient receives appropriate services. This structure allows HMOs to efficiently manage their resources and ensure that care is provided in a more organized manner, focusing on preventive care and reducing unnecessary specialist visits or tests. By having a primary care provider oversee care, HMOs aim to improve health outcomes and reduce costs associated with fragmented care. In contrast, traditional insurers may allow more flexibility in choosing specialists and generally do not require a PCP for every service. Therefore, the primary care physician's role in managing care is a distinctive characteristic of HMOs that sets them apart from traditional insurers.

6. A Basic Hospital Policy pays which of the following expenses?

- A. Outpatient surgical costs
- B. Hospital room and board**
- C. Emergency room visits
- D. Physician's fees

A Basic Hospital Policy primarily covers expenses associated with the actual use of hospital facilities, specifically focusing on hospital room and board. This type of insurance is designed to provide financial assistance for patients who require inpatient care, ensuring that they can cover the costs of being admitted to a hospital, including their stay and meals during that time. While outpatient surgical costs, emergency room visits, and physician's fees may be related to an overarching medical treatment plan, they typically fall under different types of policies or additional coverage. Basic Hospital Policies do not generally encompass these expenses; they emphasize inpatient services rather than outpatient or ancillary services. Therefore, the focus on hospital room and board is a key aspect of what a Basic Hospital Policy is structured to cover.

7. What is it called when a life insurance policy pays a multiple of the coverage amount when certain types of accidents occur?

- A. Multiple indemnity**
- B. Single indemnity
- C. Double payout
- D. Accidental benefit

The term used when a life insurance policy pays a multiple of the coverage amount due to certain types of accidents is known as multiple indemnity. This feature is specifically designed to provide additional financial protection for beneficiaries if the policyholder dies as a result of an accident that meets the policy's criteria. Multiple indemnity typically applies to specific circumstances, such as accidental death, where the insurer pays out more than the standard death benefit. For example, a policy might pay double or triple the amount of coverage in the event of accidental death. This feature reflects the heightened risk associated with untimely death due to accidents and aims to provide extra support to beneficiaries in such tragic scenarios. The significance of this provision underscores the insurance industry's role in addressing the financial impact of unexpected events. The other options do not accurately represent the multiple payout aspect of accidental death benefit provisions. Single indemnity does not involve any multiplicative payout. Double payout and accidental benefit are not standard terms in insurance terminology. Thus, multiple indemnity correctly encapsulates the concept of enhanced benefit payouts in situations involving accidental death.

8. Which statement about federal taxation of life insurance premiums is true?

- A. Premiums are fully tax-deductible.
- B. Premiums are not tax-deductible and paid with after-tax dollars.**
- C. Premiums are exempt from income tax only.
- D. Premiums are only partially deductible.

The statement that premiums are not tax-deductible and paid with after-tax dollars is accurate. In the context of federal taxation in the United States, the premiums paid for personal life insurance policies are considered personal expenses. Therefore, they are not deductible from taxable income. This means the premiums must be paid with income that has already been taxed. This understanding is essential for individuals considering life insurance as part of their financial planning. Moreover, recognizing that premiums are not tax-deductible helps clarify the potential future tax implications associated with the death benefit. Typically, the death benefit received by beneficiaries is income-tax-free, which further highlights the favorable tax treatment concerning the proceeds of life insurance compared to the treatment of the premiums themselves. This distinction is important for policyholders to understand, as it influences their budgeting and expectation regarding tax liability related to their insurance investments.

9. In a level term life policy, what aspect of the policy remains unchanged throughout the term?

- A. Premium payments
- B. Death benefit**
- C. Coverage period
- D. Investment options

In a level term life policy, the aspect that remains unchanged throughout the term is the death benefit. This means that regardless of when the policyholder passes away during the specified term, the designated beneficiaries will receive the same amount of coverage stated in the policy. This fixed amount provides peace of mind to policyholders and their beneficiaries, as it ensures that their financial obligations will be met regardless of fluctuations in their circumstances. Other elements of a level term policy can vary. For example, premium payments may change in other types of policies but are typically fixed in level term policies, making them stable and predictable. The coverage period is predefined; however, in the context of different kinds of insurance, it could vary among different policy types. Investment options are generally not applicable in a pure term life insurance policy, as these policies do not accumulate cash value like whole or universal life insurance policies. Thus, the stability of the death benefit is a key feature that defines the level term life policy.

10. Which type of dental policy typically pays a portion of the usual and customary charges for covered procedures?

- A. Comprehensive (non-scheduled)**
- B. Scheduled Dental Plans
- C. Basic Dental Plans
- D. Major Dental Coverage

A comprehensive (non-scheduled) dental policy is designed to provide broader coverage for dental services. This type of policy typically pays a portion of the usual and customary charges for various procedures, which means it covers a wide range of dental care, from preventive services like check-ups and cleanings to more extensive treatments such as fillings and root canals, often at a percentage of the total cost. The flexibility of a comprehensive policy allows insured individuals to select any dentist, as opposed to scheduled plans that offer more limited benefits and may require the use of specific providers. This characteristic makes comprehensive policies particularly appealing, as they are designed to accommodate different treatment needs and preferences, reflecting a more inclusive approach to dental care.

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!

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