PSI OHIO INSURANCE 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.

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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!

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Questions

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1. **Which of the following plans can be purchased to provide coverage in place of Medicare Parts A and B combined?**

   A. Medicare Assistance Program

   B. Medicare Advantage

   C. Medicare Supplement Plan

   D. Medigap Insurance

2. **Which characteristic of an insurance contract states that the insured should be restored to their financial condition after a loss?**

   A. Contract of Adhesion

   B. Contract of Indemnity

   C. Contractual Obligation

   D. Contract of Guarantee

3. **A company decides to purchase Key Employee Life Insurance for its vice president of operations. Which of the following statements is NOT correct?**

   A. The company names the beneficiary

   B. The insurance covers the vice president's life

   C. The employee names the beneficiary

   D. The policy provides benefits to the company in case of loss

4. **What is a characteristic of an immediate annuity?**

   A. It requires ongoing premium payments.

   B. It is purchased with a single premium.

   C. It has a flexible withdrawal feature.

   D. It accumulates cash value over time.

5. **Which of the following statements about Medicaid is correct?**

   A. It is a private insurance program.

   B. It assists individuals with insufficient income to pay for medical care.

   C. It provides coverage for only the elderly.

   D. It is mandatory for all residents to enroll.

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6. 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

7. Which type of insurance provides the broadest coverage and higher policy maximums than basic policies?

A. Major medical insurance

B. Catastrophic health insurance

C. Short-term health insurance

D. Basic health insurance

8. Why is the accidental death benefit known as double indemnity?

A. It pays twice the premium amount

B. It provides twice the face value for accidental death

C. It is awarded under certain conditions only

D. It includes a funeral expense benefit

9. Which policy type is backed by equity investments and allows the policyholder to adjust the death benefit?

A. Whole life insurance

B. Term life insurance

C. Variable universal life

D. Final expense insurance

10. What is typically true for most comprehensive dental policies?

A. All procedures require coinsurance and deductibles.

B. Emergency dental care is excluded from coverage.

C. Routine care is provided without coinsurance or deductibles.

D. Specialist visits are limited only to urgent cases.

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Answers

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

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Explanations

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1. Which of the following plans can be purchased to provide coverage in place of Medicare Parts A and B combined?

A. Medicare Assistance Program

B. Medicare Advantage

C. Medicare Supplement Plan

D. Medigap Insurance

Medicare Advantage plans, often referred to as Part C, are specifically designed to provide coverage that replaces Medicare Parts A and B. These plans are offered by private insurance companies and must include all the benefits of Medicare Parts A and B but may also offer additional coverage options such as vision, dental, and prescription drug coverage. By combining and enhancing original Medicare coverage, Medicare Advantage plans provide a comprehensive alternative, which can streamline healthcare management for beneficiaries. Additionally, these plans may include a cap on out-of-pocket expenses, something that Medicare Parts A and B do not offer on their own. On the other hand, while Medicare Supplement Plans (also known as Medigap Insurance) are designed to fill in the gaps in coverage left by original Medicare, they do not provide an alternative coverage solution but rather complement it, helping with costs like copayments and deductibles. Therefore, they cannot be seen as a direct substitute for Medicare Parts A and B as Medicare Advantage does.

2. Which characteristic of an insurance contract states that the insured should be restored to their financial condition after a loss?

A. Contract of Adhesion

B. Contract of Indemnity

C. Contractual Obligation

D. Contract of Guarantee

The characteristic of an insurance contract that indicates the insured should be restored to their financial condition after a loss is known as the concept of indemnity. This principle means that the purpose of insurance is to compensate the insured for their loss, thereby preventing them from profiting from the situation. Instead, the goal is to return them to the financial position they occupied before the loss occurred. Indemnity is crucial in insurance because it ensures that the payout does not exceed the actual loss suffered, which helps maintain balance and fairness in the insurance market. This principle supports the idea that all parties in the insurance agreement should act in good faith, promoting ethical behavior and trust among insurers and policyholders. In contrast, a contract of adhesion refers to a contract where one party has significantly more power than the other in drafting the terms, typically seen in insurance policies where the insurer sets the terms. Contractual obligation relates to the duties that the parties have under the contract, while a contract of guarantee involves one party agreeing to cover the debt or obligation of another if that party defaults. None of these concepts encapsulate the restoration of financial condition like the principle of indemnity does.

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3. A company decides to purchase Key Employee Life Insurance for its vice president of operations. Which of the following statements is NOT correct?

A. The company names the beneficiary

B. The insurance covers the vice president's life

C. The employee names the beneficiary

D. The policy provides benefits to the company in case of loss

The statement indicating that the employee names the beneficiary is not correct in the context of Key Employee Life Insurance. In this type of policy, the company typically is the owner of the policy, and as such, it retains the right to name the beneficiary. This beneficiary is usually the company itself, which would receive the death benefit in the event that the key employee passes away. The purpose of Key Employee Life Insurance is to protect the company against the financial impact of losing a key individual crucial to its operations. The life insurance policy covers the life of the key employee, in this case, the vice president of operations. Therefore, the company stands to benefit directly from the insurance, receiving the payout which can help cover lost revenue, recruit a replacement, and maintain stability. Understanding this structure is crucial because it emphasizes that the intention of the policy is to safeguard the company's interests rather than provide a personal benefit to the employee or their family.

4. What is a characteristic of an immediate annuity?

A. It requires ongoing premium payments.

B. It is purchased with a single premium.

C. It has a flexible withdrawal feature.

D. It accumulates cash value over time.

An immediate annuity is characterized by being purchased with a single premium. When an individual buys an immediate annuity, they typically make a one-time payment, which then provides them with a stream of income that starts almost immediately, typically within a month or so. This feature distinguishes immediate annuities from other types of annuities, such as deferred annuities, which may require ongoing premium payments or accumulating cash value over time before providing income. The single premium purchase structure allows for immediate access to the benefits of the annuity, making it an attractive option for those who prefer to start receiving payments right away. This model is particularly useful for retirees or those looking for stable income quickly after their investment.

5. Which of the following statements about Medicaid is correct?

A. It is a private insurance program.

B. It assists individuals with insufficient income to pay for medical care.

C. It provides coverage for only the elderly.

D. It is mandatory for all residents to enroll.

Medicaid serves as a vital public health insurance program designed to aid individuals and families with limited income who struggle to afford necessary medical care. This assistance is essential for those who meet specific income and resource criteria, ensuring that low-income individuals have access to comprehensive health services that they may not otherwise afford. The program is not restricted to any single demographic group; it covers a wide array of individuals, including children, pregnant women, parents, the elderly, and individuals with disabilities, further highlighting its broad scope beyond merely assisting the elderly. As a state and federal partnership, Medicaid programs may vary in design and implementation, but their primary purpose remains consistent: to provide essential health services to vulnerable populations. In contrast, the other statements mischaracterize Medicaid's role; it is not a private insurance program, nor is it mandatory for all residents to enroll, and it certainly does not cater exclusively to the elderly. Thus, the correct assertion showcases Medicaid's foundational objective of aiding those with insufficient income for medical care.

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6. 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.

7. Which type of insurance provides the broadest coverage and higher policy maximums than basic policies?

A. Major medical insurance

B. Catastrophic health insurance

C. Short-term health insurance

D. Basic health insurance

The choice of major medical insurance is accurate because this type of insurance is specifically designed to cover a wide range of medical expenses, offering extensive benefits compared to basic health insurance policies. Major medical insurance typically includes coverage for hospitalization, outpatient services, diagnostic tests, and preventive care, providing a higher level of protection and financial support when faced with significant healthcare costs. Additionally, major medical insurance usually includes higher policy maximums or limits, meaning that it can cover larger claims and, in some cases, might even cover the entirety of significant medical expenses after the deductible is met. This comprehensive nature distinguishes it from other options, which either have more limited coverage or are intended for specific types of situations, such as short-term health insurance, which is generally less comprehensive and more temporary with limited benefits. In contrast, catastrophic health insurance is designed primarily for worst-case scenarios and has a high deductible, focusing on emergency situations rather than providing broad coverage for a range of medical needs. Short-term health insurance offers limited duration and can exclude coverage for certain conditions or services, while basic health insurance typically has lower maximum payout limits and fewer covered services.

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8. Why is the accidental death benefit known as double indemnity?

A. It pays twice the premium amount

B. It provides twice the face value for accidental death

C. It is awarded under certain conditions only

D. It includes a funeral expense benefit

The accidental death benefit is commonly referred to as double indemnity because it pays out twice the face value of the policy if the death of the insured occurs as a result of an accident. This feature is designed to provide greater financial protection to beneficiaries in the tragic event of an accidental death, recognizing the usually unexpected nature of such fatalities. This term emphasizes the additional payout as a benefit specifically associated with accidents, separate from regular death benefits that would be provided for non-accidental causes. It highlights the value of having extra financial support during such difficult circumstances. Other options discuss different aspects of insurance benefits, such as premium amounts, specific conditions, or additional benefits like funeral expenses, but they do not capture the core reason behind the term double indemnity as it relates specifically to the increased payout for accidental deaths.

9. Which policy type is backed by equity investments and allows the policyholder to adjust the death benefit?

A. Whole life insurance

B. Term life insurance

C. Variable universal life

D. Final expense insurance

The policy type that is backed by equity investments and allows the policyholder to adjust the death benefit is variable universal life insurance. This type of policy combines features of both universal life insurance and variable life insurance. With variable universal life insurance, policyholders can invest the cash value in various separate accounts, similar to mutual funds, which can lead to higher potential returns. The equity investments provide a way for the cash value to grow based on market performance. Furthermore, this policy gives the policyholder flexibility in adjusting both the premium payments and the death benefit amount. This adaptiveness can be beneficial as it allows individuals to tailor their coverage and savings according to their changing financial needs and goals over time. In contrast, whole life insurance generally provides a fixed death benefit and a guaranteed cash value but does not allow for adjustments in the same way variable universal life does. Term life insurance is focused solely on providing death benefit protection for a specified period without any cash value accumulation or investment options. Finally, final expense insurance is designed to cover end-of-life expenses and typically has a fixed benefit amount, with no investment or flexibility features.

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10. What is typically true for most comprehensive dental policies?

A. All procedures require coinsurance and deductibles.

B. Emergency dental care is excluded from coverage.

C. Routine care is provided without coinsurance or deductibles.

D. Specialist visits are limited only to urgent cases.

Most comprehensive dental policies are designed to offer a broad range of services while managing costs for both the insurer and the insured. The correct answer highlights the importance of preventive care within these policies. Typically, comprehensive dental plans emphasize the value of routine care by providing it without coinsurance or deductibles. This means that services such as regular check-ups and cleanings are fully covered, encouraging individuals to seek preventive care regularly. This helps in maintaining dental health and prevents more costly procedures down the road by addressing issues before they escalate. Emergency dental care is often included in many policies, rather than excluded, to ensure patients have access to necessary treatments when needed. While many policies do have coinsurances and deductibles, they often strategically plan to remove them for routine care to promote regular visits to the dentist. Additionally, specialist visits may not necessarily be limited to urgent cases; many comprehensive dental plans allow for access to specialists as deemed necessary for ongoing care. Thus, the choice that routine care is provided without coinsurance or deductibles is correct and reflects the goals of comprehensive dental insurance in promoting long-term dental health.

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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!

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