

Texas Funeral Prearrangement License Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of 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. Don't worry about getting everything right, 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, and take breaks to retain information better.

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.

7. Use Other Tools

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

- 1. What can impact the transferability of preneed contracts?**
 - A. The contract's flexibility in terms**
 - B. Changes in the regulations governing the industry**
 - C. The consent of both parties involved**
 - D. The financial status of the original provider**
- 2. If both primary and contingent beneficiaries are living when the insured dies, who receives the proceeds?**
 - A. Contingent beneficiary**
 - B. Both beneficiaries equally**
 - C. Charitable organization**
 - D. Primary beneficiary only**
- 3. Which type of life insurance policy is known for cash value accumulation?**
 - A. Term life insurance**
 - B. Whole life insurance**
 - C. Universal life insurance**
 - D. Renewable term life insurance**
- 4. What is required of a funeral prearrangement life insurance agent when handling consumer inquiries?**
 - A. Offer discounts only**
 - B. Provide an emotional support service**
 - C. Offer the general price list**
 - D. Encourage immediate purchase decisions**
- 5. What type of authority is explicitly detailed in the agent's contract with the insurance company?**
 - A. Implied authority**
 - B. Express authority**
 - C. Inherent authority**
 - D. Presumed authority**

- 6. During a sales presentation, what is considered an unfair trade practice?**
- A. Providing a detailed policy analysis**
 - B. Omitting a material fact when describing a policy**
 - C. Offering a money-back guarantee**
 - D. Offering discounts on premiums**
- 7. What must be included on the general price list regarding its validity?**
- A. The provider's operating hours**
 - B. The effective date of the list**
 - C. The last update date of the list**
 - D. The list of available discounts**
- 8. What type of service options should be clearly communicated to clients?**
- A. Only those offered by competitors**
 - B. All available services including third-party options**
 - C. Emergency services only**
 - D. Services that could be provided at a discount**
- 9. What wording must be used in the required disclosures for the general price list (GPL)?**
- A. Free choice as per agent discretion**
 - B. Identical wording as mandated in the FTC Funeral Rule**
 - C. Generic terms acceptable in the industry**
 - D. Standard terms commonly used in sales**
- 10. What does “guaranteed pricing” imply in preneed funeral contracts?**
- A. Prices can be adjusted at any time**
 - B. Prices will not increase from contract signing until services are performed**
 - C. Prices are dependent on inflation rates**
 - D. Prices must be paid upfront in full**

Answers

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

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Explanations

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1. What can impact the transferability of preneed contracts?

- A. The contract's flexibility in terms**
- B. Changes in the regulations governing the industry**
- C. The consent of both parties involved**
- D. The financial status of the original provider**

The transferability of preneed contracts can be significantly influenced by the consent of both parties involved. When a preneed contract is created, it often stipulates specific terms that require the agreement or approval from both the purchaser and the provider for any transfer to occur. If one party does not consent, the contract's transferability can be legally challenged or rendered impossible. This underscores the importance of mutual agreement in the handling of preneed contracts, as the rights and obligations of both parties are directly tied to their willingness to cooperate in any transfer or modification of the contract. The other options point to factors that might affect the overall functioning or context of a preneed contract but do not directly address the necessity of both parties' consent for transferability. For instance, the flexibility of the contract's terms may allow more room for negotiation or modifications but does not guarantee that a transfer can occur without consent. Changes in regulations could impact how contracts are structured or enforced but would not override the need for consent in transferring a preneed contract. Lastly, the financial status of the original provider could affect the viability of the contract but, again, does not negate the legal requirement of party consent for a transfer to be valid.

2. If both primary and contingent beneficiaries are living when the insured dies, who receives the proceeds?

- A. Contingent beneficiary**
- B. Both beneficiaries equally**
- C. Charitable organization**
- D. Primary beneficiary only**

When both the primary and contingent beneficiaries are living at the time of the insured's death, the proceeds are directed to the primary beneficiary only. This hierarchy is established in most insurance policies, where primary beneficiaries are given priority to receive the death benefit. In this scenario, the primary beneficiary is the first entitled individual to claim the benefits from the policy, which is why they will receive the full proceeds. The contingent beneficiary serves as a backup in cases where the primary beneficiary has predeceased the insured or is otherwise ineligible to receive the benefit. Hence, if the primary beneficiary is living when the insured dies, they will receive the policy proceeds exclusively.

3. Which type of life insurance policy is known for cash value accumulation?

- A. Term life insurance**
- B. Whole life insurance**
- C. Universal life insurance**
- D. Renewable term life insurance**

Whole life insurance is recognized for its cash value accumulation feature, which distinguishes it from other types of life insurance policies. This type of policy not only provides a death benefit to the beneficiaries upon the insured's passing, but it also has a savings component that builds cash value over time. The cash value is a living benefit that policyholders can access through loans or withdrawals during their lifetime, adding a layer of financial flexibility. As premium payments are made, a portion is allocated towards the cash value, which grows at a guaranteed rate set by the insurer. This accumulation process continues throughout the life of the policy, allowing policyholders to build an asset that can provide additional financial security. Whole life insurance is often viewed as a long-term financial strategy, as it helps with financial planning beyond just providing a death benefit. The guaranteed cash value growth and long-term nature of this policy are significant reasons for its popularity among individuals looking for security and savings along with life insurance coverage.

4. What is required of a funeral prearrangement life insurance agent when handling consumer inquiries?

- A. Offer discounts only**
- B. Provide an emotional support service**
- C. Offer the general price list**
- D. Encourage immediate purchase decisions**

The requirement for a funeral prearrangement life insurance agent when handling consumer inquiries is to offer the general price list. Providing the general price list is essential because it ensures that consumers have access to transparent and accurate pricing information about the funeral services and products available to them. This not only helps consumers make informed decisions but also aligns with regulatory standards that require funeral service providers to present their prices in a clear manner. Access to the price list empowers consumers to compare costs and understand the various options available, which is a critical aspect of ethical and professional service in the funeral industry. Additionally, providing this information fosters trust and encourages a more open dialogue between the consumer and the agent. While the other options may involve aspects of customer service or marketing tactics, they do not fulfill the specific regulatory obligation to provide essential pricing information that consumers need when considering prearrangement options.

5. What type of authority is explicitly detailed in the agent's contract with the insurance company?

- A. Implied authority**
- B. Express authority**
- C. Inherent authority**
- D. Presumed authority**

The correct answer is express authority, which refers to the specific powers granted to an agent through a formal agreement or contract with the insurance company. This authority is clearly outlined in the contract, detailing what the agent is allowed to do, such as selling policies, collecting premiums, and submitting claims on behalf of the insurance company. Express authority is significant because it provides a clear framework within which the agent operates, ensuring that all actions taken are within the agreed parameters set forth in the contract. This type of authority facilitates accountability and transparency between the agent and the insurance provider. Implied authority, on the other hand, refers to powers that are not explicitly stated in the contract but are necessary to fulfill the duties that are specified. Inherent authority pertains to the authority that an agent has simply by virtue of their position, while presumed authority usually relates to assumptions made by third parties about an agent's powers based on their actions or the business context. However, since express authority is the only type that is expressly detailed within the legal framework of the contract, it is the most accurate choice for this question.

6. During a sales presentation, what is considered an unfair trade practice?

- A. Providing a detailed policy analysis**
- B. Omitting a material fact when describing a policy**
- C. Offering a money-back guarantee**
- D. Offering discounts on premiums**

Omitting a material fact when describing a policy is deemed an unfair trade practice because it can mislead potential clients regarding the true nature, benefits, or limitations of the policy. Transparency is essential in the sales process, especially in areas like funeral prearrangement, where consumers are making long-term decisions based on the information provided by a salesperson. By failing to disclose crucial information, such as exclusions, limitations, or conditions that could affect the policy's performance, the salesperson not only undermines trust but also violates ethical standards that govern fair practices in the industry. Ensuring that clients receive complete and accurate information empowers them to make informed decisions.

7. What must be included on the general price list regarding its validity?

- A. The provider's operating hours**
- B. The effective date of the list**
- C. The last update date of the list**
- D. The list of available discounts**

The effective date of the general price list is essential because it provides clarity on when the prices are applicable and ensures that consumers are aware of the current pricing structures. This date helps to avoid confusion regarding whether the prices reflect current market conditions, regulatory changes, or updates in service offerings. Including the effective date promotes transparency and allows clients to make informed decisions based on the most accurate and relevant financial information. In the context of funeral prearrangement, having an accurate effective date is crucial for both the provider and the consumer to establish trust and clarity in the services being offered. It also aligns with regulatory requirements, which stress the importance of providing clients with up-to-date information about pricing. While aspects such as operating hours, last update dates, and available discounts are relevant details that may enhance the list, they do not carry the same level of regulatory importance as the effective date. The effective date specifically signifies the moment when the pricing is legitimate, reinforcing the integrity of the transaction and service.

8. What type of service options should be clearly communicated to clients?

- A. Only those offered by competitors**
- B. All available services including third-party options**
- C. Emergency services only**
- D. Services that could be provided at a discount**

Communication of all available services, including third-party options, is crucial in the prearrangement of funerals. When clients are fully informed about every service available to them, they can make well-rounded decisions that reflect their preferences and needs. This transparency helps build trust between the funeral service provider and clients, ensuring that families are aware of their choices rather than being limited to only certain offerings. By including third-party options, clients can also explore a broader range of services that might better suit their desires, financial situations, or cultural practices. This holistic approach empowers clients and respects their autonomy in arranging meaningful memorial services.

9. What wording must be used in the required disclosures for the general price list (GPL)?

A. Free choice as per agent discretion

B. Identical wording as mandated in the FTC Funeral Rule

C. Generic terms acceptable in the industry

D. Standard terms commonly used in sales

The required disclosures for the general price list (GPL) need to adhere to the identical wording mandated in the FTC Funeral Rule. This requirement is in place to ensure transparency and standardization across the funeral industry, thereby allowing consumers to make informed choices without ambiguity. The FTC Funeral Rule establishes clear guidelines that protect consumers by mandating that funeral providers disclose pricing and related information in a manner that is uniform and easily understandable. By using the mandated wording, funeral providers can ensure compliance with federal regulations, which helps to establish trust with consumers. This standardization also facilitates the comparison of services and prices between different providers, empowering consumers to make better-informed decisions regarding their funeral arrangements. The other options do not align with these federal requirements and could lead to misunderstandings or non-compliance with regulatory standards, impacting the integrity of the information provided to potential clients.

10. What does “guaranteed pricing” imply in preneed funeral contracts?

A. Prices can be adjusted at any time

B. Prices will not increase from contract signing until services are performed

C. Prices are dependent on inflation rates

D. Prices must be paid upfront in full

Guaranteed pricing in preneed funeral contracts means that the costs outlined in the contract will remain unchanged from the time the agreement is signed until the actual services are rendered. This provides consumers with financial security, ensuring that they will not face any price increases due to inflation, changes in the market, or other external factors before the services are needed. Essentially, it locks in the prices for the services and products specified in the contract, protecting the purchaser from unexpected future costs and enabling better financial planning. The other options do not accurately reflect the concept of guaranteed pricing. Adjustability of prices or dependence on inflation rates implies uncertainty, which is contrary to the premise of guaranteed pricing. Furthermore, requiring payment upfront in full is a separate aspect of financial terms and does not relate directly to the assurance that prices will not change.

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://texasfuneralprearrangement.examzify.com>

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