

# Texas Funeral Prearrangement License Practice Exam (Sample)

## Study Guide



**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**

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- 1. Under what condition will a conditional receipt provide immediate life insurance protection?**
  - A. When the application is approved**
  - B. Only if the insured is later proven to be insurable**
  - C. Upon payment of the premium**
  - D. After the policy is delivered**
- 2. How can preneed contracts potentially affect Medicaid eligibility?**
  - A. They can increase income levels**
  - B. They can be counted as exempt assets**
  - C. They are disregarded entirely**
  - D. They require additional assets to be reported**
- 3. What must the general price list (GPL) include?**
  - A. The provider's warranty terms**
  - B. The funeral provider's name and address, the effective date, and the caption "General Price List"**
  - C. The list of surviving relatives**
  - D. The average costs of services in the area**
- 4. What would typically happen to a preneed contract if the provider fails?**
  - A. It is voided automatically**
  - B. Consumers may transfer it or request refunds**
  - C. Consumers must purchase a new contract**
  - D. It becomes a government responsibility**
- 5. In a flexible premium deferred annuity, what directly affects the annuity benefit payments?**
  - A. The total investment amount**
  - B. The annuitant's age**
  - C. The market performance**
  - D. The insurance company's rates**

**6. What must preneed funeral providers disclose to consumers?**

- A. Only the total cost of services**
- B. All fees, services included, and any third-party service arrangements**
- C. Just the fees for direct cremation**
- D. The location of the associated funeral home**

**7. What consumer protections are in place for preneed funeral services in Texas?**

- A. Regulations requiring transparency and fair marketing practices**
- B. Comprehensive legal aid for clients**
- C. Free services to low-income families**
- D. Guaranteed pricing for all services**

**8. Making a false statement about another insurance company's solvency can lead to a charge of what?**

- A. Negligence**
- B. Fraud**
- C. Defamation**
- D. Misrepresentation**

**9. What benefit is shared by both an annuity contract and a life insurance policy?**

- A. Guarantee of returns**
- B. Interest accumulation**
- C. Cash value build-up is tax-deferred**
- D. Fixed premiums**

**10. A policy owner can surrender a whole life policy for what amount during the insured's lifetime?**

- A. Face value**
- B. Net cash value**
- C. Sum of all premiums paid**
- D. Replacement value**

## **Answers**

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

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## **Explanations**

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**1. Under what condition will a conditional receipt provide immediate life insurance protection?**

- A. When the application is approved**
- B. Only if the insured is later proven to be insurable**
- C. Upon payment of the premium**
- D. After the policy is delivered**

A conditional receipt provides immediate life insurance protection when certain conditions are met, particularly that the insured is subsequently proven to be insurable. This means that the insurance company agrees to provide coverage as of the date the conditional receipt was issued, but only if the applicant meets the underwriting criteria and is deemed insurable after the application is underwritten. This approach acknowledges that while the conditional receipt initiates a level of coverage, it is contingent on the insurer's acceptance of the risk involved with the individual applying for the policy. Therefore, the receipt doesn't provide full coverage until the underwriting process confirms insurability, ensuring that the insurer can manage the risk based on the applicant's health and other factors. The other conditions listed, such as approval of the application or payment of the premium, are important steps in the insurance process, but they do not trigger immediate coverage as effectively as the requirement of proving insurability after the issuance of the conditional receipt.

**2. How can preneed contracts potentially affect Medicaid eligibility?**

- A. They can increase income levels**
- B. They can be counted as exempt assets**
- C. They are disregarded entirely**
- D. They require additional assets to be reported**

Preneed contracts can potentially affect Medicaid eligibility as they can be classified as exempt assets. In many cases, when individuals apply for Medicaid, certain assets are considered exempt, meaning that they do not count against the asset limits set by Medicaid for eligibility. Preneed funeral contracts typically fall under this exempt category, allowing individuals to set aside funds for funeral expenses without jeopardizing their eligibility for Medicaid benefits. This is crucial for applicants as it enables them to plan for end-of-life costs while still complying with Medicaid's financial requirements. Therefore, recognizing the treatment of these contracts can significantly influence an individual's financial strategy when considering long-term care and Medicaid assistance.

### 3. What must the general price list (GPL) include?

- A. The provider's warranty terms
- B. The funeral provider's name and address, the effective date, and the caption "General Price List"**
- C. The list of surviving relatives
- D. The average costs of services in the area

The general price list (GPL) is a crucial document in the funeral industry, serving to ensure transparency and compliance with regulations. The correct choice states that it must include the funeral provider's name and address, the effective date, and the caption "General Price List." This requirement is set forth by the Federal Trade Commission (FTC) under the Funeral Rule, which mandates that consumers be provided with clear and accessible pricing information. Having the funeral provider's name and address on the GPL is essential for identification and assures consumers they are dealing with a legitimate business. The effective date is critical as it informs clients about the timeframe for which the listed prices are valid, enabling them to understand any potential changes in costs over time. Lastly, the caption "General Price List" clearly labels the document, helping consumers recognize it as the primary source of price information related to funeral services. This document plays a significant role in fostering informed decision-making for families planning funerals, and compliance with these requirements helps protect consumer rights.

### 4. What would typically happen to a preneed contract if the provider fails?

- A. It is voided automatically
- B. Consumers may transfer it or request refunds**
- C. Consumers must purchase a new contract
- D. It becomes a government responsibility

The correct answer is that consumers may transfer it or request refunds if a preneed contract is affected by the provider's failure. This reflects the consumer protection measures in place for preneed contracts. In the event that a provider goes out of business or fails in some manner, regulations often provide consumers with the ability to transfer their contract to another provider that can fulfill the terms of the original agreement. This ensures that individuals who have prearranged their funeral services are not left without options or support during an already difficult time. Additionally, consumers may have the right to request refunds for any unfulfilled services, providing a financial safety net. Understanding this option as a consumer safeguard highlights the importance of protecting individuals' investments in their future funeral arrangements. This provision ensures that people are not disadvantaged by a provider's failure and can continue to make arrangements that align with their wishes. Other choices do not adequately address the protections afforded to consumers in such situations. For example, stating that a contract is automatically voided does not consider the options available for the consumer's benefit. Similarly, asserting that consumers must purchase a new contract overlooks the possibility of transferring or receiving a refund, and the implication that it becomes a government responsibility misrepresents the typical framework of prene

**5. In a flexible premium deferred annuity, what directly affects the annuity benefit payments?**

- A. The total investment amount**
- B. The annuitant's age**
- C. The market performance**
- D. The insurance company's rates**

The annuity benefit payments in a flexible premium deferred annuity are closely tied to the annuitant's age because this factor directly influences the life expectancy calculations used in determining the payout amounts. When an annuitant begins receiving payments, the insurance company assesses various risks, including how long they are expected to live. Older annuitants typically receive higher monthly payments because their life expectancy is shorter compared to younger individuals. While the investment amount, market performance, and the insurance company's rates do play a role in the overall value and potential growth of the annuity, they do not directly dictate the payment amounts once an annuity is activated. The age of the annuitant when the payments begin is a crucial determinant in calculating the annuity benefit payments and ensuring that the payouts are actuarially sound.

**6. What must preneed funeral providers disclose to consumers?**

- A. Only the total cost of services**
- B. All fees, services included, and any third-party service arrangements**
- C. Just the fees for direct cremation**
- D. The location of the associated funeral home**

Preneed funeral providers are required to disclose important information to consumers to ensure transparency and informed decision-making. The correct choice highlights that they must provide details regarding all fees, the services included, and any arrangements with third parties. This comprehensive disclosure is essential because it allows consumers to fully understand what they are paying for, what is included in their preneed arrangements, and any additional costs that may arise from third-party services, such as those from cemeteries or transportation providers. Consumers need to know not just the total cost but also the breakdown of services and associated fees to make informed decisions that best meet their or their loved ones' preferences and financial situations. This thorough approach to disclosure is aligned with consumer protection principles, aiming to prevent any misunderstandings and ensure that families can plan effectively and avoid unexpected charges later on.

**7. What consumer protections are in place for preneed funeral services in Texas?**

- A. Regulations requiring transparency and fair marketing practices**
- B. Comprehensive legal aid for clients**
- C. Free services to low-income families**
- D. Guaranteed pricing for all services**

In Texas, consumer protections for preneed funeral services prominently include regulations requiring transparency and fair marketing practices. These regulations are designed to ensure that consumers receive clear and accurate information about the services being offered, the costs involved, and the terms of any contracts they enter into. This requirement for transparency helps prevent deceptive practices and ensures that individuals making funeral arrangements are fully informed about their choices and the financial commitments they are making. It also facilitates comparison shopping by providing consistency in the presentation of pricing and services, enabling consumers to make choices based on their specific needs and budgets. While other options may touch on relevant social aspects of funeral services, such as legal aid or benefits for low-income families, they do not reflect the core consumer protections specifically mandated in the preneed funeral service context. Guaranteed pricing is also not universally applicable, as pricing structures can vary based on services chosen and market conditions.

**8. Making a false statement about another insurance company's solvency can lead to a charge of what?**

- A. Negligence**
- B. Fraud**
- C. Defamation**
- D. Misrepresentation**

The correct answer is defamation because making a false statement about another company's solvency can harm that company's reputation. Defamation refers specifically to the act of damaging someone's reputation through false statements, which can manifest as either slander (spoken) or libel (written). In the context of insurance companies, falsely claiming that a competitor is not solvent can mislead consumers and impact the competitor's business significantly. Negligence refers to the failure to take reasonable care to avoid causing injury or loss to another person, but it does not specifically address the act of making false statements. Fraud involves intentional deception to secure unfair or unlawful gain, which is broader than just making a statement about solvency and typically includes a more comprehensive scheme. Misrepresentation concerns providing false information, but it does not specifically denote harm to reputation, which is critical in this scenario. Hence, defamation is the most accurate term for describing the consequences of making such false statements about another company.

**9. What benefit is shared by both an annuity contract and a life insurance policy?**

- A. Guarantee of returns**
- B. Interest accumulation**
- C. Cash value build-up is tax-deferred**
- D. Fixed premiums**

Both an annuity contract and a life insurance policy offer the benefit that cash value accumulation is tax-deferred. This means that any growth in cash value within the policy — whether from premiums paid towards a life insurance policy or from investment earnings within an annuity — is not subject to income tax until the funds are withdrawn or paid out. This tax-deferral feature is particularly advantageous for policyholders as it allows their investments to grow without immediate tax implications, enabling potentially larger amounts to accumulate over time. While the other options may seem appealing, they do not apply uniformly to both an annuity and a life insurance policy. For instance, guarantees of returns often pertain only to specific types of annuities and may not apply to all life insurance policies. Interest accumulation might occur in both products, but it is not a core benefit shared between them in the same manner. Fixed premiums may apply to certain life insurance contracts but do not uniformly apply to all annuities, which can have variable premium structures depending on the type and terms of the contract. Thus, the tax-deferred cash value accumulation stands out as a common and significant benefit shared by both financial products.

**10. A policy owner can surrender a whole life policy for what amount during the insured's lifetime?**

- A. Face value**
- B. Net cash value**
- C. Sum of all premiums paid**
- D. Replacement value**

The correct answer is net cash value because this amount represents the accumulated value of the policy that the policy owner can access while the insured is still alive. Whole life insurance policies build cash value over time based on premiums paid and the interest accrued by the insurance company. When a policy owner surrenders a whole life policy, they receive the cash value minus any outstanding loans against the policy. This cash value reflects the savings component of the policy that can be accessed, unlike the face value, which is the amount paid out to beneficiaries upon the insured's death. The sum of all premiums paid does not account for interest earned or any deductions for fees, making it an inaccurate reflection of the accessible amount. Replacement value refers to the cost of replacing the coverage, which is not relevant in the context of surrendering a whole life policy. Thus, net cash value accurately represents the financial benefit a policy owner can receive while the insured is alive.

# 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](mailto: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!**

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