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39	A	B	C	D	E

PRACTICE QUESTIONS

CALIFORNIA DEPARTMENT OF INSURANCE

KGNRTR73

CA PSI Site - Life Limited to the Payment of Funeral and Burial
Expenses Examination - Korean

EDITION

Demo

QUESTIONS

9

FORMAT

Limited Edition PDF

Before you begin

What this is

9 practice questions for CALIFORNIA DEPARTMENT OF INSURANCE KGNRTR73 , each with its answer key and an explanation. Answer a question before you read its key — the explanation is worth more once you have committed.

If something looks wrong

Send us three things and we will check it:

- the exam code, KGNRTR73
- the question number
- the email address on your order

Write to **support@mometrix.net**. We reply within one business day.

QUESTION 1

SINGLE CHOICE

Under California Insurance Code, a 'limited life insurance policy' issued to fund funeral and burial expenses is most commonly structured as what type of contract?

- ☐ A An industrial life policy with cash value accumulation
- ☒ B A pre-need funeral trust funded through a single premium
- ☐ C A simplified issue whole life policy with graded death benefits
- ☐ D A term life policy that pays only upon accidental death

ANSWER B

WHY California permits a limited life insurance policy whose benefit is restricted to payment of funeral and burial expenses. These products are typically funded through a single premium and may be delivered in connection with a pre-need funeral arrangement. Industrial policies with cash value, graded simplified-issue whole life, and accidental death term contracts are distinct product designs not specific to the limited funeral/burial benefit recognized under California law.

QUESTION 2

SINGLE CHOICE

What is the maximum face amount that California generally allows for a life insurance policy limited to the payment of funeral and burial expenses?

- ☐ A \$2,500
- ☐ B \$5,000
- ☒ C \$10,000
- ☐ D \$25,000

ANSWER C

WHY California Insurance Code authorizes life insurance policies whose benefits are limited to the payment of funeral and burial expenses up to a statutory maximum face amount. The commonly cited maximum for this limited-benefit product is \$10,000, which keeps the policy inside the funeral/burial limited category rather than treating it as ordinary life insurance.

QUESTION 3

SINGLE CHOICE

When a funeral and burial expense policy is issued in California, who is typically designated as the beneficiary of the death benefit?

- ☐ A The insured's estate, to be distributed under the will
- ☐ B A revocable living trust created by the insured
- ☒ C The licensed funeral establishment, mortuary, or cemetery that provided the services
- ☐ D Any adult relative of the insured named in the application

ANSWER C

WHY Because the benefit is restricted to payment of funeral and burial expenses, California rules typically designate the funeral establishment, mortuary or cemetery providing the services as the beneficiary. Designating a relative or the estate would defeat the limited-purpose nature of the contract, and a revocable living trust is not the standard beneficiary for this product class.

QUESTION 4

SINGLE CHOICE

Under California law, a life insurance policy whose entire benefit is limited to paying the insured's funeral and burial expenses is exempt from which of the following requirements that would normally apply to ordinary individual life insurance?

- ☐ A Filing of policy forms with the Department of Insurance
- ☐ B Maintenance of minimum reserves by the insurer
- ☒ C Payment of the death benefit to any named beneficiary
- ☐ D Prohibition on tying the policy to the purchase of goods or services

ANSWER C

WHY Because the death benefit is restricted to funeral and burial expenses, California statutes allow these policies to deviate from the general rule requiring payment to any named beneficiary — the benefit is paid directly to the funeral provider for the services rendered. Form filing, reserves and conduct rules continue to apply, and tying the policy to a specific provider is a separately regulated practice.

QUESTION 5

SINGLE CHOICE

A producer is explaining the licensing requirement for soliciting a California limited life insurance policy that pays only funeral and burial expenses. Which statement is correct?

- ☐ A Only a life-only agent license is required, and no pre-need funeral arrangements license is needed.
- ☒ B A pre-need funeral arrangements license is also required because the policy is sold in connection with prepaid funeral services.
- ☐ C The funeral director's license alone authorizes solicitation of the policy.
- ☐ D No license is required if the face amount is under \$5,000.

ANSWER B

WHY Because a funeral/burial limited life policy is typically sold alongside a pre-need funeral arrangement, the producer generally must hold both a life agent license (life-only or equivalent) and a California pre-need funeral arrangements license. A face-amount threshold does not replace licensing requirements, and the funeral director's license alone is not sufficient to solicit life insurance.

QUESTION 6

SINGLE CHOICE

In the context of a California funeral and burial expense life policy, the term 'premium' most often refers to which of the following?

- ☐ A The recurring annual payment made by the policyholder to keep the policy in force
- ☒ B The single payment made at the time of policy issue that funds the prepaid funeral contract
- ☐ C The fee charged by the insurer for changing the beneficiary
- ☐ D The commission retained by the funeral director for selling the policy

ANSWER B

WHY Limited funeral and burial expense life policies in California are commonly funded by a single premium paid at issue, which corresponds to the prepaid funeral contract. Annual recurring premiums, policy change fees, and producer commissions are separate concepts and do not define the term 'premium' in this product context.

QUESTION 7

SINGLE CHOICE

When a California funeral and burial expense life policy is issued in connection with a pre-need funeral contract, the proceeds that are not needed to pay the funeral provider are handled in what manner under California law?

- ☐ A They are forfeited to the California Department of Insurance unclaimed property fund.
- ☒ B They are paid to the named secondary beneficiary, if any, otherwise to the insured's estate.
- ☐ C They are retained by the insurer as a refund of premium.
- ☐ D They are automatically applied to extend the pre-need contract to additional family members.

ANSWER B

WHY California law requires that any policy proceeds in excess of the cost of the funeral and burial services be paid to the named secondary beneficiary, if one is designated; if not, the excess becomes part of the insured's estate. The proceeds are not forfeited to the state, retained by the insurer, or automatically extended to other family members.

QUESTION 8

SINGLE CHOICE

Which California administrative code title primarily governs the licensing and conduct of producers and pre-need funeral arrangements agents who sell funeral and burial expense life insurance?

- ☒ A Title 10 (Commissioner of Insurance regulations)
- ☐ B Title 22 (Department of Social Services)
- ☐ C Title 24 (Building Standards)
- ☐ D Title 28 (Managed Health Care)

ANSWER A

WHY Title 10 of the California Code of Regulations contains the rules of the Insurance Commissioner, including those governing producer licensing, pre-need funeral arrangements agents, and related conduct rules. Titles 22, 24 and 28 cover unrelated programs such as social services, building standards and managed health care.

QUESTION 9

MULTIPLE CHOICE

A California producer is delivering a funeral and burial expense life policy. Which of the following are required elements of a compliant sale under California law? (Choose two.)

- ☒ **A** A written pre-need funeral contract signed by the purchaser that itemizes the goods and services to be provided
- ☐ **B** Delivery of a free annual review of the insured's complete life insurance portfolio by the producer
- ☒ **C** Disclosure that the policy benefit is limited to funeral and burial expenses and identification of the funeral provider beneficiary
- ☐ **D** An automatic renewal feature that continues the policy indefinitely unless the insured opts out

ANSWER A - C

WHY When a funeral and burial expense life policy is sold alongside a pre-need funeral arrangement, California requires a written pre-need contract that identifies and prices the goods and services to be provided, and the producer must disclose that the death benefit is limited to funeral/burial expenses and identify the funeral provider as beneficiary. A free annual portfolio review is not required, and automatic-renewal features are not part of the standard limited-benefit product.