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PRACTICE QUESTIONS

CALIFORNIA DEPARTMENT OF INSURANCE

X65XZXB6

CDI Site - Life Examination - Korean

EDITION	QUESTIONS	ISSUED
Demo	9	September 3, 2026

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Before you begin

What this is

9 practice questions for CALIFORNIA DEPARTMENT OF INSURANCE `X65XZXB6`, 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, `X65XZXB6`
- the question number
- the email address on your order

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

Licence

QUESTION 1 MULTIPLE CHOICE

Which of the following are characteristics of term life insurance? (Choose two.)

- **A** **Provides coverage for a specified period of time**
- B Builds cash value over the life of the policy
- **C** **Pays a benefit only if the insured dies during the policy term**
- D Premiums are level and payable for life

ANSWER A · C

WHY Term life insurance provides coverage for a specified period (term) and pays a death benefit only if the insured dies during that term. It does not build cash value (which is a feature of permanent/permanent-cash-value policies), and level-pay-to-age-100 or life-pay premium structures are associated with whole life, not term.

QUESTION 2 MULTIPLE CHOICE

Which of the following are features common to permanent life insurance policies? (Choose two.)

- A Premiums that are always lower than term insurance premiums
- **B** **Coverage that lasts for the insured's entire life as long as premiums are paid**
- **C** **A cash value component that grows on a tax-deferred basis**
- D A fixed policy term of 10, 20, or 30 years

ANSWER B · C

WHY Permanent life insurance is designed to remain in force for the insured's entire life (assuming premiums are paid) and includes a cash value component that grows on a tax-deferred basis. Premiums are not always lower than term premiums (often higher), and permanent policies do not have a fixed multi-year term like term insurance does.

QUESTION 3 SINGLE CHOICE

Under California insurance law, when a life insurance producer delivers a new policy to the policyowner, the producer must provide which of the following documents at the time of delivery?

A A copy of the producer's own appointment contract with the insurer

B A Notice of Information Practices and the outline of coverage or policy summary

C The insurer's most recent annual financial statement

D A copy of the California Insurance Code in full

ANSWER **B**

WHY At policy delivery, California producers are required to provide the policyowner with disclosures such as the Notice of Information Practices and the outline of coverage or policy summary. Producers do not deliver their own appointment contracts, full annual financial statements, or the entire California Insurance Code at delivery.

QUESTION 4 SINGLE CHOICE

A producer is replacing an existing life insurance policy with a new one for the same insured. Under California regulations, which document must the producer present to the policyowner BEFORE the replacement application is completed and submitted?

A A Comparative Information Form comparing the existing and proposed policies

B A signed waiver of the free-look period

C A copy of the producer's own business card only

D An irrevocable beneficiary designation form

ANSWER **A**

WHY California's life insurance replacement regulations require the producer to provide a written comparison (Comparative Information Form) of the existing and proposed coverage to the applicant before the replacement application is completed so the consumer can make an informed decision. A free-look waiver, business card, or beneficiary designation form does not satisfy the pre-replacement disclosure requirement.

QUESTION 5 SINGLE CHOICE

The policy provision that guarantees a life insurance policyowner the right to cancel a newly issued policy within a specified period and receive a full refund of premiums paid is called the:

- A Right of Reinstatement
- **B Free-Look Provision**
- C Incontestability Clause
- D Automatic Premium Loan Provision

ANSWER B

WHY The Free-Look Provision gives the policyowner a short period (typically 10 days in California, though it may vary) following delivery to review the policy and return it for a full refund. Reinstatement restores a lapsed policy, the Incontestability Clause limits the insurer's right to void the policy after it has been in force, and the Automatic Premium Loan provision uses cash value to pay missed premiums.

QUESTION 6 SINGLE CHOICE

In a life insurance policy, a beneficiary designation that allows the policyowner to change the beneficiary at any time without the beneficiary's consent is called a(n):

- **A Revocable beneficiary**
- B Irrevocable beneficiary
- C Primary beneficiary
- D Contingent beneficiary

ANSWER A

WHY A revocable beneficiary designation allows the policyowner to change the beneficiary at any time without the beneficiary's consent. An irrevocable beneficiary generally cannot be changed without that beneficiary's consent. Primary and contingent describe the order of payment, not the revocability of the designation.

QUESTION 7 SINGLE CHOICE

Under federal tax law, life insurance death benefits paid to a named beneficiary are generally:

- A Subject to federal income tax as ordinary income to the beneficiary
- **B Subject to federal estate tax only if the insured's estate is the beneficiary**
- C Always subject to federal gift tax in the year of receipt
- D Fully taxable as capital gain to the beneficiary

ANSWER **B**

WHY Life insurance death benefits paid to a named beneficiary are generally received income-tax-free under IRC Section 101(a). They are, however, included in the gross estate for federal estate tax purposes if the insured's estate is the beneficiary (or otherwise has incidents of ownership under IRC Section 2042). They are not treated as ordinary income, a gift, or capital gain to the beneficiary.

QUESTION 8 SINGLE CHOICE

An annuity contract is best described as:

- A A contract that pays a stated amount only upon the death of the insured
- B A contract designed to liquidate an estate over time
- **C A contract that provides income at regular intervals in exchange for a premium or premiums paid**
- D A contract that guarantees a fixed rate of return with no market risk

ANSWER **C**

WHY An annuity is a contract in which the policyowner makes premium payments to an insurer, and in return the insurer guarantees regular income payments for a specified period or for life. It is not a death-benefit-only contract, nor is it specifically an estate liquidation device, and variable annuities in particular carry market risk.

QUESTION 9 SINGLE CHOICE

A life-only producer licensed in California wishes to also sell variable life insurance and variable annuities. Under California requirements, which of the following is required IN ADDITION to the life-only license?

A A separate property broker-agent license only

B A securities license (such as a Series 6 or 7) and registration, plus a Life-Only Variable Contracts authority on the CDI license

C Only a completion of a single 4-hour state tax course

D No additional requirement, because the life license automatically covers all life products

ANSWER **B**

WHY Because variable life insurance and variable annuities are considered securities under federal law, a producer must hold an appropriate FINRA securities registration (commonly Series 6 or 7 with appropriate state securities registration) AND obtain the Life-Only Variable Contracts authority on the California Department of Insurance license before soliciting, selling, or negotiating these products. The life-only license alone does not cover securities products.