

# North Dakota Crop Insurance Practice Test (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. What does Revenue Protection (RP) insurance primarily protect against?**
  - A. Low prices only**
  - B. Low yields only**
  - C. A combination of low prices and low yields**
  - D. Natural disasters only**
- 2. What does Actual Cash Value represent in terms of property insurance?**
  - A. The cost to completely replace damaged property**
  - B. The cost to replace an item at the time of loss minus depreciation**
  - C. The original purchase price of the item**
  - D. The market value of the property**
- 3. Why might a farmer choose to use crop insurance as a risk management tool?**
  - A. To avoid investing in crop production**
  - B. To support environmental sustainability efforts**
  - C. To protect against financial losses from unforeseen events affecting crops**
  - D. To reduce labor costs on their farm**
- 4. What is the definition of moral hazards in the context of insurance?**
  - A. Causes of loss from natural phenomena**
  - B. Elements that cause accidents through carelessness**
  - C. Dishonesty or lack of integrity**
  - D. Physical conditions that increase risk**
- 5. What is required for coverage in crop insurance regarding the cause of loss for prevented planting?**
  - A. Fully insured causes only**
  - B. Any natural disaster**
  - C. Any market fluctuation**
  - D. Any personal loss**

**6. What determines the Yield/Revenue Guarantee for Actual Production History (APH)?**

- A. Projected price multiplied by acreage**
- B. Approved yield multiplied by coverage level**
- C. Average yield over the past five years**
- D. Revenue multiplied by market trends**

**7. How long is the term for a Commissioner in office for crop insurance regulation?**

- A. 2 years**
- B. 4 years**
- C. 6 years**
- D. 8 years**

**8. What is a loss adjustment in crop insurance terms?**

- A. The process of adjusting crop prices after a harvest**
- B. The review and evaluation of crop yields prior to planting**
- C. The process of evaluating and settling claims after an insured loss occurs**
- D. An analysis of market trends post-harvest**

**9. Which of the following is NOT considered an insured cause for prevented planting?**

- A. Flooding**
- B. Frost**
- C. Lack of proper equipment**
- D. Heavy rainfall**

**10. What is the fee for CAT coverage per crop per county?**

- A. \$150**
- B. \$300**
- C. \$450**
- D. \$600**

## **Answers**

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

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## **Explanations**

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## 1. What does Revenue Protection (RP) insurance primarily protect against?

- A. Low prices only
- B. Low yields only
- C. A combination of low prices and low yields**
- D. Natural disasters only

Revenue Protection (RP) insurance is designed to safeguard farmers against a combination of low prices and low yields, making it a comprehensive option for managing financial risk. This type of insurance provides coverage for the revenue earned from a crop by ensuring that if either the price of the crop falls below a certain level or if the yield is lower than expected, the farmer will receive a payout to make up the difference. The emphasis on both price and yield is crucial because the agricultural market can be affected by various factors. For instance, a good yield may not be enough if market prices collapse, and conversely, a solid price may not compensate for poor yields. By covering both aspects, RP insurance allows farmers to stabilize their income under fluctuating market conditions and unpredictable agricultural results, thus providing a more secure financial framework. This is particularly valuable in the volatile environment of agriculture, where both price and yield can be impacted by numerous factors including climate change, globalization, and market demand shifts. In the context of the other choices, protecting against only low prices would not address losses incurred from a poor harvest. Similarly, exclusive protection against low yields would not account for market price drops. Coverage limited to natural disasters fails to encompass the broader risks of revenue loss due to price.

## 2. What does Actual Cash Value represent in terms of property insurance?

- A. The cost to completely replace damaged property
- B. The cost to replace an item at the time of loss minus depreciation**
- C. The original purchase price of the item
- D. The market value of the property

Actual Cash Value (ACV) is defined as the cost to replace an item at the time of loss minus depreciation. This value takes into account the current worth of the item considering factors like wear and tear, age, and obsolescence. In practice, if an insured item is damaged or destroyed, the insurance payout is based on its ACV, which reflects what the item is worth just before the loss occurred, rather than what it would cost to buy a brand-new replacement. For example, if a five-year-old appliance is lost, the ACV would be derived from the replacement cost of a similar appliance minus a deduction for the depreciation that has accumulated over those five years. This makes ACV significant in property insurance claims, particularly in ensuring that insured parties receive a fair settlement based on the actual value of their possessions at the time of damage. In contrast, the other options describe different principles in property insurance, such as replacement cost (the total cost to replace the item without accounting for depreciation), the original purchase price (which does not account for depreciation or current market trends), and market value (which might reflect current buyer willingness rather than insurance standards). Understanding the nuances of these various values is crucial for effectively managing insurance claims and coverage decisions.

### 3. Why might a farmer choose to use crop insurance as a risk management tool?

- A. To avoid investing in crop production**
- B. To support environmental sustainability efforts**
- C. To protect against financial losses from unforeseen events affecting crops**
- D. To reduce labor costs on their farm**

A farmer may choose to use crop insurance primarily as a risk management tool to protect against financial losses stemming from unforeseen events that can adversely affect their crops. These unforeseen events include natural disasters like droughts, floods, hailstorms, and pest infestations, which can lead to significant reductions in yield or even total crop failure. By having crop insurance, farmers can mitigate the financial impact of these risks, which helps ensure their business remains viable and allows them to continue investing in future crop production. The other options do not directly relate to the core purpose of crop insurance. For example, avoiding investment in crop production does not align with the goals of most farmers, who seek to maximize their yields and returns. Supporting environmental sustainability is also a broad concept that is not the primary goal of crop insurance, even though sustainable practices can be encouraged in conjunction with it. Lastly, reducing labor costs is unrelated to crop insurance, as labor costs are a separate consideration in farming operations and not directly impacted by having insurance coverage for crops.

### 4. What is the definition of moral hazards in the context of insurance?

- A. Causes of loss from natural phenomena**
- B. Elements that cause accidents through carelessness**
- C. Dishonesty or lack of integrity**
- D. Physical conditions that increase risk**

Moral hazard refers to the risk that an insured person may take on higher risks or act dishonestly because they are shielded from the consequences of their actions by insurance coverage. In this context, it emphasizes issues of ethics and integrity, suggesting that individuals may be less careful about preventing loss when they know that any potential losses will be covered by their insurance. This means that the assured party may not act in the same way they would if they were responsible for their losses without insurance. For instance, if a farmer knows that their crop insurance will cover losses from neglecting proper farming practices, they may be less diligent in their efforts to maintain healthy crops. The presence of insurance can thus lead to riskier behavior or decisions, reflecting a lack of accountability that is at the heart of the concept of moral hazard. The other options describe different aspects of risk or types of hazards related to insurance but do not capture the essence of moral hazard, which is fundamentally connected to ethical behavior and integrity in risk management. Causes of loss from natural phenomena, carelessness leading to accidents, and physical conditions that increase risk all pertain to the broader landscape of risk but do not address the moral aspect central to moral hazards.

## 5. What is required for coverage in crop insurance regarding the cause of loss for prevented planting?

- A. Fully insured causes only**
- B. Any natural disaster**
- C. Any market fluctuation**
- D. Any personal loss**

For crop insurance, particularly concerning prevented planting coverage, it is essential to understand that coverage is limited to fully insured causes. This means that only specific events that are explicitly listed in the insurance policy will qualify for coverage. Fully insured causes typically include events such as drought, excessive moisture, or other adverse weather conditions that prevent a farmer from planting their crops in the designated planting window. This emphasis on fully insured causes serves to protect both the insurance provider and the policyholder by defining clear parameters around what circumstances are covered. It ensures that farmers know exactly what events they can rely on for coverage in the event they cannot plant, fostering transparency and understanding of the risk management process inherent in agricultural practices. The other options, such as any natural disaster, any market fluctuation, and any personal loss, do not align with the structured nature of crop insurance as these events are either too broad or do not relate specifically to the agricultural risks that insurance is meant to mitigate. The focus on fully insured causes helps ensure that the coverage is both actionable and predictable, allowing for better management of risks associated with farming.

## 6. What determines the Yield/Revenue Guarantee for Actual Production History (APH)?

- A. Projected price multiplied by acreage**
- B. Approved yield multiplied by coverage level**
- C. Average yield over the past five years**
- D. Revenue multiplied by market trends**

The Yield/Revenue Guarantee for Actual Production History (APH) is determined by multiplying the approved yield by the coverage level. This calculation is foundational in crop insurance as it establishes the level of financial protection provided to the policyholder against crop loss or revenue decline. The approved yield reflects the historical production data for a farmer's specific crop and location, serving as a benchmark for what is considered a typical yield. The coverage level represents the percentage of that approved yield that the policyholder wants insured. By multiplying these two factors, farmers can determine their guarantee amount, which is crucial for managing risk and ensuring financial stability in case of adverse events that affect crop production. Other options may touch on relevant concepts, such as market prices or historical averages, but they do not directly inform the way yield or revenue guarantees are calculated under the APH framework in crop insurance. Thus, focusing on the approved yield and coverage level is essential for understanding how guarantees are structured in this insurance program.

## 7. How long is the term for a Commissioner in office for crop insurance regulation?

- A. 2 years
- B. 4 years**
- C. 6 years
- D. 8 years

The term for a Commissioner in office for crop insurance regulation is indeed four years. This duration is established to provide stability and continuity in the administration of crop insurance programs, allowing the Commissioner to effectively oversee regulations, policies, and industry standards critical for the agricultural sector. A four-year term is also common in various regulatory positions, offering a balance between accountability to the public and the necessary time to implement and assess the impact of policies. Factors such as the need for expertise, the scope of responsibilities associated with regulating crop insurance, and the evolving nature of agricultural practices underscore the importance of having a Commissioner who can serve a sufficient length of time to make informed decisions. This term length supports the goal of maintaining effective crop insurance programs that are responsive to the needs of farmers and the agricultural community.

## 8. What is a loss adjustment in crop insurance terms?

- A. The process of adjusting crop prices after a harvest
- B. The review and evaluation of crop yields prior to planting
- C. The process of evaluating and settling claims after an insured loss occurs**
- D. An analysis of market trends post-harvest

In crop insurance, loss adjustment refers specifically to the process of evaluating and settling claims after an insured loss occurs. This essential function is designed to ensure that policyholders receive fair compensation for losses they have experienced due to various covered events, such as natural disasters or adverse weather conditions. During a loss adjustment, insurance adjusters assess the extent of the damage or loss by examining the affected crops, determining the yield that was expected versus what was actually produced, and reviewing records and documentation provided by the insured party. This comprehensive assessment is critical for determining the payout that the insured will receive based on their insurance policy terms. Understanding loss adjustment helps policyholders navigate the claims process more effectively and ensures that they are adequately compensated for their losses. Other options described, such as adjusting crop prices post-harvest or analyzing market trends, do not pertain to the direct process of evaluating and compensating for losses under a crop insurance policy.

**9. Which of the following is NOT considered an insured cause for prevented planting?**

- A. Flooding**
- B. Frost**
- C. Lack of proper equipment**
- D. Heavy rainfall**

Prevented planting insurance is designed to safeguard farmers against certain risks that may hinder the ability to plant crops on time. The insured causes typically include natural events like flooding, heavy rainfall, and frost, which are recognized as adverse weather conditions that can prevent planting within the necessary window. Lack of proper equipment, however, does not fall under the insured causes for prevented planting. This situation represents a logistical or operational issue rather than an environmental one. Insurance typically covers losses stemming from uncontrollable factors and does not extend to circumstances that arise from a farmer's management decisions or operational capacities. Therefore, while flooding, frost, and heavy rainfall are all considered insured risks that can result in a loss of planting opportunities, the absence of suitable equipment is within the control of the producer and does not qualify for coverage under prevented planting insurance policies. This distinction is critical for understanding the types of risks that insurance is designed to mitigate in agricultural practices.

**10. What is the fee for CAT coverage per crop per county?**

- A. \$150**
- B. \$300**
- C. \$450**
- D. \$600**

The fee for CAT (Catastrophic Risk Protection) coverage is indeed \$300 per crop per county. CAT coverage is a type of subsidized insurance designed to provide a minimal level of protection for farmers at a low cost. This coverage is crucial for producers in areas prone to natural disasters, as it helps safeguard against significant losses. Under this program, producers pay a nominal fee, which is set at \$300, to enroll in CAT coverage for each crop they grow in a particular county. This price is significantly lower than standard crop insurance premiums, making it an accessible option for farmers with tight budgets or those who may not have the financial resources to invest in higher levels of insurance. While there are other levels of coverage and different premium amounts for various insurance policies, the fixed fee of \$300 for CAT coverage stands out as a standardized measure established by the Federal Crop Insurance Corporation (FCIC) to ensure that even those with limited means can have some form of protection against crop losses.

# 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://northdakotacropinsurance.examzify.com>**

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

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