

SOUTH DAKOTA LIFE AND HEALTH PRACTICE EXAM (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

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THE FULL VERSION STUDY GUIDE**

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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 risk does an individual who purchases a Life annuity protect against?**
 - A. The loss of income
 - B. Outliving their savings
 - C. Inflation
 - D. Market volatility
- 2. Which statement about a Key Employee Life policy is NOT true?**
 - A. The beneficiary is typically the key employee
 - B. The policy is owned by the employer
 - C. It offers financial protection against the loss of key personnel
 - D. The policy helps cover costs associated with finding a replacement
- 3. What is "Medicaid"?**
 - A. A federal tax credit for health insurance.
 - B. A private program offering health policies.
 - C. A joint federal and state program for individuals with limited income.
 - D. A supplemental insurance for Medicare recipients.
- 4. Which factor is essential for determining the suitability of an insurance product?**
 - A. Age of the applicant
 - B. Investment horizon
 - C. Gender identity
 - D. Household size
- 5. Which of the following best defines "Medicare"?**
 - A. A program for uninsured children.
 - B. A federal program primarily for individuals aged 65 and older.
 - C. A state-run program for low-income families.
 - D. A private insurance plan for retirees.
- 6. Which statement regarding Long Term Care insurance is true?**
 - A. Pre-existing conditions are never covered
 - B. Pre-existing conditions must be covered after six months of coverage
 - C. Pre-existing conditions must be disclosed at application
 - D. Pre-existing conditions are covered immediately upon policy issuance

- 7. In the context of Life insurance, what does the term "adhesion" refer to?**
- A. A policy with flexible terms
 - B. A policy with predetermined terms and conditions
 - C. A negotiable policy provision
 - D. A policy created through mutual agreement
- 8. What is one main goal of conducting insurance audits?**
- A. To evaluate the profitability of the insurer
 - B. To refine marketing strategies
 - C. To determine staff performance
 - D. To ensure proper claims handling and compliance
- 9. What amount will a \$100,000 Accidental Death and Dismemberment policy pay if the insured is killed in an accident on a commercial flight?**
- A. \$100,000
 - B. \$200,000
 - C. \$300,000
 - D. \$400,000
- 10. In South Dakota, individual long-term care policies must be renewable for how long?**
- A. For a minimum of 10 years
 - B. For life
 - C. For 20 years
 - D. Until the insured reaches 65

Answers

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

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Explanations

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1. What risk does an individual who purchases a Life annuity protect against?

- A. The loss of income
- B. Outliving their savings**
- C. Inflation
- D. Market volatility

An individual who purchases a life annuity primarily protects against the risk of outliving their savings. Life annuities are designed to provide a steady stream of income for the lifetime of the annuitant, which means that regardless of how long a person lives, they will continue to receive payments. This is particularly beneficial for individuals who are concerned about running out of funds during retirement, as it ensures financial security throughout their lifetime. The other choices may raise valid concerns in various contexts, such as the loss of income during periods of unemployment, inflation affecting the purchasing power of fixed income, and market volatility impacting investments. However, these concerns do not directly address the primary purpose of a life annuity, which specifically counters the risk of longevity - the chance of living longer than one's savings can support. Thus, the key function of a life annuity is to mitigate the impact of outliving one's financial resources, making it an essential tool for retirement planning.

2. Which statement about a Key Employee Life policy is NOT true?

- A. The beneficiary is typically the key employee**
- B. The policy is owned by the employer
- C. It offers financial protection against the loss of key personnel
- D. The policy helps cover costs associated with finding a replacement

In the context of a Key Employee Life policy, it's important to understand the nature of such policies. Typically, the beneficiary of a Key Employee Life policy is not the key employee themselves but rather the employer or the business. This arrangement is designed to ensure that the business receives funds in the event of the employee's untimely death, thus providing the company with financial resources to manage the impact of losing a key individual. The policy is owned by the employer, which means that it is part of the business's risk management strategy. The focus is on mitigating potential financial losses that could arise from the death of an essential employee. This coverage helps the business maintain stability by funding costs related to hiring and training a replacement or covering any operational disruptions caused by the key employee's absence. The policy essentially serves as a safety net, ensuring that the business can navigate through the challenges linked to losing vital personnel. Understanding these details clarifies why the assertion that the key employee is typically the beneficiary is not true within the context of Key Employee Life policies.

3. What is "Medicaid"?

- A. A federal tax credit for health insurance.
- B. A private program offering health policies.
- C. A joint federal and state program for individuals with limited income.**
- D. A supplemental insurance for Medicare recipients.

Medicaid is accurately described as a joint federal and state program designed to provide health coverage for individuals and families with limited income. It serves a vital function in the healthcare system by ensuring that low-income individuals, including children, pregnant women, elderly adults, and individuals with disabilities, have access to necessary medical services. This program is funded by both the federal government and state governments, which allows it to cater to the specific needs of each state's population while adhering to federal guidelines. By covering a broad range of services, including hospital care, physician services, long-term care, and preventive services, Medicaid plays a crucial role in promoting the health and well-being of vulnerable populations. Other options do not accurately reflect the nature of Medicaid. For instance, a federal tax credit for health insurance pertains to financial assistance for purchasing health coverage but is unrelated to the Medicaid program itself. A private program offering health policies indicates a marketplace for health insurance that typically does not involve government funding. Lastly, supplemental insurance for Medicare recipients refers to Medigap plans designed to fill gaps in Medicare coverage, which is distinct from the Medicaid program. This comprehensive understanding of Medicaid's role highlights its importance in the landscape of health care coverage for low-income individuals.

4. Which factor is essential for determining the suitability of an insurance product?

- A. Age of the applicant
- B. Investment horizon**
- C. Gender identity
- D. Household size

Determining the suitability of an insurance product involves assessing how well a particular insurance policy aligns with an individual's specific financial goals, risk tolerance, and time preferences concerning their financial situation. The investment horizon, which refers to the length of time an individual plans to hold an investment before taking the money out, is critical in this assessment. A longer investment horizon may suggest that an individual can take on more risk, potentially opting for policies with higher returns but also higher associated risks. Conversely, a shorter investment horizon typically necessitates more conservative choices, as the individual may require quick access to funds. Therefore, understanding the investment horizon helps in recommending insurance products that best match an individual's financial goals and needs. While other factors like age, gender identity, and household size can provide insights into the applicant's broader context and potential needs, they do not directly relate to evaluating the suitability of an insurance product in the same way that understanding the investment horizon does. Age might affect premium rates or coverage options, gender identity could influence risk assessments, and household size might affect coverage amounts or types needed, but the investment horizon directly influences the strategic approach to selecting an insurance policy that fits an individual's long-term financial strategy.

5. Which of the following best defines "Medicare"?

- A. A program for uninsured children.
- B. A federal program primarily for individuals aged 65 and older.**
- C. A state-run program for low-income families.
- D. A private insurance plan for retirees.

Medicare is best defined as a federal program primarily for individuals aged 65 and older because it was established to provide health insurance coverage to senior citizens, helping them with the costs of medical care. This program plays a crucial role in ensuring that older adults have access to necessary healthcare services without the burden of prohibitive costs. While other programs exist to assist different populations, such as uninsured children or low-income families, Medicare specifically targets the aging population. It includes different parts that cover hospital insurance, medical insurance, and prescription drug coverage, all designed to meet the healthcare needs of seniors. Therefore, defining Medicare in the context of its focus on older adults accurately captures its primary purpose and function within the U.S. healthcare system.

6. Which statement regarding Long Term Care insurance is true?

- A. Pre-existing conditions are never covered
- B. Pre-existing conditions must be covered after six months of coverage**
- C. Pre-existing conditions must be disclosed at application
- D. Pre-existing conditions are covered immediately upon policy issuance

The notion that pre-existing conditions must be covered after a specified period is a fundamental aspect of Long Term Care insurance policies. Insurers often impose a waiting period for coverage of pre-existing conditions, which typically means that if a condition was diagnosed or treated before the issuance of the policy, it would not be covered until a certain period has elapsed, usually around six months. This helps insurance companies manage risk while still providing coverage for new issues that may arise after the policy becomes active. While pre-existing conditions may need to be disclosed during the application process, this does not guarantee coverage; the policy's terms regarding coverage wait times are what establish when treatment for these conditions actually begins. The idea that pre-existing conditions are never covered is overly simplistic, as they can become eligible for coverage after that waiting period. Likewise, stating that they are covered immediately upon policy issuance contradicts the common insurance practice of establishing waiting periods for pre-existing conditions.

7. In the context of Life insurance, what does the term "adhesion" refer to?

- A. A policy with flexible terms
- B. A policy with predetermined terms and conditions**
- C. A negotiable policy provision
- D. A policy created through mutual agreement

In the context of life insurance, "adhesion" refers to the principle that insurance policies are drafted by one party, typically the insurer, and presented to the other party, the insured, on a take-it-or-leave-it basis. This means that the terms and conditions of the policy are predetermined and not negotiable by the insured. The insured can either accept the terms as they are or decline to purchase the insurance. This characteristic reflects the nature of adhesion contracts in which there is an imbalance in bargaining power, and it underscores the fact that the insurer controls the policy's language and provisions. This concept highlights that insurance policies are offered with specific, established terms that the client must adhere to if they decide to enter into the contract. Understanding this principle is essential for recognizing the rights and obligations of both parties in an insurance agreement. Policies created through mutual agreement or that include flexible or negotiable terms do not align with the definition of adhesion contracts in the insurance context.

8. What is one main goal of conducting insurance audits?

- A. To evaluate the profitability of the insurer
- B. To refine marketing strategies
- C. To determine staff performance
- D. To ensure proper claims handling and compliance**

Conducting insurance audits primarily aims to ensure proper claims handling and compliance. This process involves a comprehensive review of the insurer's practices, policies, and procedures to verify that they are in alignment with regulatory requirements and industry standards. By performing these audits, insurers can identify any discrepancies or areas that may need improvement in how claims are processed and handled. This not only helps maintain compliance with laws and regulations but also enhances the overall integrity and efficiency of the claims process, ensuring that policyholders receive the benefits they are entitled to in a timely manner. While evaluating profitability, refining marketing strategies, and determining staff performance are important aspects of managing an insurance business, they do not directly relate to the primary objective of an insurance audit. The focus of an audit is specifically on claims handling practices and adherence to compliance requirements, helping to uphold the insurer's responsibilities to its customers and regulators.

9. What amount will a \$100,000 Accidental Death and Dismemberment policy pay if the insured is killed in an accident on a commercial flight?

- A. \$100,000
- B. \$200,000
- C. \$300,000**
- D. \$400,000

In the context of Accidental Death and Dismemberment (AD&D) insurance, policies often have specific provisions for scenarios involving commercial flights, as air travel is deemed a higher risk environment. Typically, if an insured individual dies from an accident on a commercial airline, the full amount of the coverage is doubled as a result of this provision. Thus, for a policy with a face value of \$100,000, the inherent feature of the policy would provide an additional benefit due to the circumstances of the accident. This means that in the unfortunate event of the insured's death while participating in commercial flight activities, the payout would indeed amount to \$200,000, reflecting this increased benefit from the airline accident provision. Therefore, under these circumstances, the correct amount payable would not be the initial coverage amount but rather double that sum, leading to the final payout.

10. In South Dakota, individual long-term care policies must be renewable for how long?

- A. For a minimum of 10 years
- B. For life**
- C. For 20 years
- D. Until the insured reaches 65

In South Dakota, individual long-term care policies are designed to provide coverage for an extended period to accommodate the needs of policyholders who may require care later in life. The correct requirement states that these policies must be renewable for life. This means that as long as the premiums are paid, the policy cannot be canceled, and coverage remains active regardless of the insured's age or health status at the time of renewal. This is particularly important in long-term care insurance because it provides the insured with the assurance that they will have ongoing financial support for long-term care needs, which can be significant and can arise at any age, especially as individuals grow older or face chronic health challenges. By ensuring that the policy is renewable for life, the state protects consumers from losing their coverage unexpectedly, thereby enhancing stability and security in the insurance process. Renewal requirements that specify a shorter duration, such as 10 or 20 years, or limiting coverage until a specific age like 65, do not offer the same level of protection and assurance to policyholders. The lifetime renewal provision is critical in addressing the unpredictable nature of healthcare needs over a person's lifetime.

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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://sdlifehealth.examzify.com>

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

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