

# South Dakota Property and Casualty Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

**This is a sample study guide. To access the full version with hundreds of questions,**

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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. Don't worry about getting everything right, 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, and take breaks to retain information better.**

## **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.**

## **7. Use Other Tools**

**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!**

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## Questions

- 1. According to South Dakota Workers' Compensation Law, compensation is allowed for injury or death due to which of the following?**
  - A. Motor vehicle accidents**
  - B. Occupational illness**
  - C. Intentional acts**
  - D. Natural disasters**
- 2. What is the classification for a producer or surplus lines broker who knowingly makes a false or fraudulent material statement on an insurance document?**
  - A. Class 3 felony**
  - B. Class 2 misdemeanor**
  - C. Class 1 misdemeanor**
  - D. Administrative violation**
- 3. Insurance is an example of which type of risk management technique?**
  - A. Retention of risk**
  - B. Transfer of risk**
  - C. Reduction of risk**
  - D. Avoidance of risk**
- 4. Which of the following describes the policy liability limits that may be applied to either bodily injury or property damage, in any combination?**
  - A. Combined single limits**
  - B. Separate aggregate limits**
  - C. Excess liability limits**
  - D. Standard liability limits**
- 5. Under the Businessowner Policy (BOP), what is the insurer's obligation after a loss when other insurance is written on the same basis?**
  - A. To pay the full amount immediately**
  - B. To cover the loss without regard to other insurance**
  - C. To pay only after the other insurance coverage is exhausted**
  - D. To deny the claim if other insurance exists**



- 6. How many days must a notice of cancellation be mailed before the effective cancellation date?**
- A. 10 days**
  - B. 20 days**
  - C. 30 days**
  - D. 45 days**
- 7. Which term refers to both the premium paid by the insured and the insurer's promise to pay a covered loss?**
- A. Indemnification**
  - B. Consideration**
  - C. Covenant**
  - D. Warranty**
- 8. Which of the following definitions best represents "coverage" in an insurance context?**
- A. The range of services provided by a policy**
  - B. The limitation of risk assumed by the insurer**
  - C. The extent of financial loss that is compensable**
  - D. The protection provided against specific risks**
- 9. In a Commercial Property policy, which coverage would apply to stock held by the insured?**
- A. Business personal property**
  - B. Building coverage**
  - C. Standard property coverage**
  - D. Legal liability coverage**
- 10. The Running Down Clause would cover which of the following claims?**
- A. Damage to the insured's boat**
  - B. Collision damage to another vessel when the insured is liable**
  - C. Loss of cargo on the insured's vessel**
  - D. Injury to a passenger on the insured vessel**

## **Answers**

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

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## **Explanations**

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**1. According to South Dakota Workers' Compensation Law, compensation is allowed for injury or death due to which of the following?**

**A. Motor vehicle accidents**

**B. Occupational illness**

**C. Intentional acts**

**D. Natural disasters**

Under South Dakota Workers' Compensation Law, compensation is provided for injuries or illnesses that arise in the course of employment, which includes occupational illnesses. An occupational illness is defined as a health condition that develops as a result of specific work-related exposures or activities, distinguishing it from general illnesses that may occur outside the work environment. Since occupational illnesses directly relate to the workplace and are tied to an employee's job responsibilities, they qualify for workers' compensation benefits. Motor vehicle accidents can sometimes be compensable if the injury occurred in the course of employment, but it depends on the context and situation. Intentional acts, on the other hand, are generally not covered under workers' compensation since they are seen as actions outside the normal scope of employment or as a result of the employee's own misconduct. Natural disasters may cause injuries while at work, but these situations typically do not fall under the purview of workers' compensation unless they are closely tied to a work-related duty. Therefore, occupational illness is clearly recognized as compensable under the law due to its direct association with workplace activities.

**2. What is the classification for a producer or surplus lines broker who knowingly makes a false or fraudulent material statement on an insurance document?**

**A. Class 3 felony**

**B. Class 2 misdemeanor**

**C. Class 1 misdemeanor**

**D. Administrative violation**

The classification for a producer or surplus lines broker who knowingly makes a false or fraudulent material statement on an insurance document is classified as a Class 1 misdemeanor. This classification reflects the seriousness of the act of submitting false information, which undermines the integrity of the insurance process and can lead to significant financial losses and unethical practices in the industry. In legal terms, a Class 1 misdemeanor typically carries consequences that may include fines and possible jail time, demonstrating that the offense is taken seriously by the regulatory framework governing insurance practices. The classification helps to ensure accountability among producers and brokers, reinforcing the necessity for honesty and transparency in all dealings regarding insurance documentation. Other classifications, such as a Class 3 felony, which would denote a more severe level of crime, or a Class 2 misdemeanor, indicating a less severe offense, do not accurately reflect the nature and intent behind knowingly falsifying information in the insurance context. An administrative violation could suggest a lesser consequence or a regulatory fine rather than criminal charges. Thus, recognizing the act as a Class 1 misdemeanor highlights its seriousness within the legal framework surrounding insurance practices.

**3. Insurance is an example of which type of risk management technique?**

- A. Retention of risk**
- B. Transfer of risk**
- C. Reduction of risk**
- D. Avoidance of risk**

Insurance exemplifies the transfer of risk because it allows individuals and organizations to shift their potential financial losses associated with specific risks to an insurance company. When one purchases insurance, they are paying a premium to the insurer in exchange for the promise that the insurer will cover certain losses or damages that may occur, such as property damage, liability, or medical expenses. This transfer functions by protecting the insured from the financial burden of significant losses, thereby managing their risk exposure effectively. In this context, the policyholder retains their obligation to pay the premium, but the financial risk of certain adverse events is moved away from them to the insurer. The insurance company prepares to absorb these risks, pooling resources from many policyholders to cover the losses that may arise. This overarching principle makes insurance a core example of risk transfer in risk management practices.

**4. Which of the following describes the policy liability limits that may be applied to either bodily injury or property damage, in any combination?**

- A. Combined single limits**
- B. Separate aggregate limits**
- C. Excess liability limits**
- D. Standard liability limits**

The concept of combined single limits in liability insurance refers to a single monetary limit that applies to both bodily injury and property damage claims. This means that the total amount of coverage available can be used to settle either type of claim, allowing for flexibility in managing how the limits are applied as per the circumstances of an incident. For instance, if a policy has a combined single limit of \$500,000, this amount could cover \$300,000 for bodily injury and \$200,000 for property damage, or any other combination that does not exceed that total limit. This structure simplifies the claims process and provides more adaptability in settling claims, which can be particularly advantageous in situations with significant damages. In contrast, other options like separate aggregate limits imply that there are distinct limitations specifically designated for bodily injury and property damage, which would not allow for the same level of flexibility. Excess liability limits typically refer to coverage that kicks in after underlying policy limits are exhausted, and standard liability limits generally pertain to the predetermined amounts specified within a policy without the flexibility of combination. Thus, combined single limits stand out as the most accommodating option for addressing a mixture of claims.

5. Under the Businessowner Policy (BOP), what is the insurer's obligation after a loss when other insurance is written on the same basis?
- A. To pay the full amount immediately
  - B. To cover the loss without regard to other insurance
  - C. To pay only after the other insurance coverage is exhausted**
  - D. To deny the claim if other insurance exists

Under the Businessowners Policy (BOP), the insurer's obligation after a loss when other insurance is written on the same basis is to pay only after the other insurance coverage is exhausted. This principle is commonly referred to as the "excess" coverage provision. When there are multiple insurance policies that cover the same loss, insurers typically coordinate coverage to prevent overlapping payments. In the case of the BOP, if another policy that covers the same loss exists, the BOP will act as an excess insurer. This means that it will not contribute to the loss until the limits of the other insurance policy have been fully utilized. This approach helps manage the overall risk for the insurance company and ensures that the insured does not receive more than the actual loss through overlapping coverages. Therefore, the correct answer highlights that the BOP provides coverage only after any other similar insurance policies are exhausted, reinforcing the concept of liability sharing among insurers.

6. How many days must a notice of cancellation be mailed before the effective cancellation date?
- A. 10 days
  - B. 20 days**
  - C. 30 days
  - D. 45 days

The correct answer is that a notice of cancellation must be mailed 20 days before the effective cancellation date. This timeframe allows for adequate notice to the insured, ensuring that they have sufficient opportunity to address the cancellation or explore options such as reinstating the policy or obtaining new coverage. The 20-day notice requirement is part of ensuring transparency and fairness in the insurance process, allowing policyholders to make informed decisions about their coverage. In practice, this period is important for consumer protection. It provides a buffer during which insured parties can respond to the insurer's notice, potentially avoiding an unintentional lapse in coverage that could leave them vulnerable. Understanding this requirement is crucial for anyone working within the property and casualty insurance fields, as it forms part of the regulatory framework governing underwriting practices and client communications.

**7. Which term refers to both the premium paid by the insured and the insurer's promise to pay a covered loss?**

- A. Indemnification**
- B. Consideration**
- C. Covenant**
- D. Warranty**

The correct term that refers to both the premium paid by the insured and the insurer's promise to pay for a covered loss is "consideration." In insurance contracts, consideration refers to the exchange of value between the parties involved. The insured provides a premium payment, and in return, the insurer promises to compensate the insured for covered losses, fulfilling its obligations under the policy. This mutual exchange is essential for the validity of the insurance contract, as it demonstrates that both parties are providing something of value—one party provides monetary payment, while the other commits to providing financial protection under specified circumstances. Without consideration, an insurance contract would not be enforceable, since there would be no exchange of value. Indemnification refers to the process of compensating for a loss or damage, while a covenant is more related to a formal agreement or promise in a contract. A warranty generally refers to a guarantee on certain conditions or performance, but it does not encompass the entirety of both the premium payment and the insurer's promise like consideration does.

**8. Which of the following definitions best represents "coverage" in an insurance context?**

- A. The range of services provided by a policy**
- B. The limitation of risk assumed by the insurer**
- C. The extent of financial loss that is compensable**
- D. The protection provided against specific risks**

In an insurance context, "coverage" refers to the protection provided against specific risks. This definition emphasizes the role of insurance in offering a safety net for policyholders against particular unforeseen events or damages that may occur within the terms specified in the policy. When an individual purchases insurance, they are essentially acquiring coverage that defines what risks are protected and the circumstances under which they can make a claim. For instance, a homeowner's insurance policy provides coverage for risks such as theft, fire, or liability for accidents that occur on the property. Other options presented relate to different aspects of insurance. The range of services provided by a policy incorporates a broader notion that may include various features beyond just coverage, whereas the limitation of risk assumes a focus more on underwriting processes and insurer liability management. The extent of financial loss that is compensable pertains to the amount that can be recovered after a loss occurs, but this does not fully encompass the nature of "coverage" itself. Thus, while all these concepts are interconnected, the definition of coverage is specifically tied to the protection against specified risks.



**9. In a Commercial Property policy, which coverage would apply to stock held by the insured?**

- A. Business personal property**
- B. Building coverage**
- C. Standard property coverage**
- D. Legal liability coverage**

In a Commercial Property policy, coverage for stock held by the insured is best categorized under business personal property. This type of coverage is designed specifically to protect personal property owned by the business, which includes inventory and stock. Business personal property encompasses not just the physical goods that the company sells but also any items used in the operation of the business that are not attached to a building. Building coverage, on the other hand, pertains to the structure of the physical building itself rather than the contents within or the inventory held therein. Standard property coverage is a broader term that might refer to various included coverages but does not specifically pinpoint stock or inventory. Legal liability coverage addresses the insured's potential liabilities to third parties, which doesn't relate to the coverage of stock. Thus, business personal property is the appropriate designation for the coverage of stock held by the insured in a Commercial Property policy.

**10. The Running Down Clause would cover which of the following claims?**

- A. Damage to the insured's boat**
- B. Collision damage to another vessel when the insured is liable**
- C. Loss of cargo on the insured's vessel**
- D. Injury to a passenger on the insured vessel**

The Running Down Clause is specifically designed to provide coverage in instances where an insured vessel collides with another vessel, and the insured is found to be liable for the damages that result from that collision. This type of coverage is essential in marine insurance as it protects the insured from financial liability arising from such collision incidents. In the context of this question, when the insured is responsible for collision damage to another vessel, the Running Down Clause activates, offering protection against claims that may arise due to the insured party's liability. It covers not only the damages to the other vessel but can also extend to any resulting costs, such as legal fees or settlements incurred from claims brought by the other vessel's owner. The other options focus on different types of losses: damage to the insured's own boat, loss of cargo, and passenger injuries, which fall under different types of coverage in marine insurance and are not within the purview of the Running Down Clause. Thus, option B is the appropriate choice as it directly aligns with the intent and function of the Running Down Clause in maritime liability coverage.

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

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