

SOUTH DAKOTA PROPERTY AND CASUALTY 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 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

- 2. Which of the following best defines short-rate cancellation?**
 - A. The insured maintains the full unearned premium
 - B. The insured will receive less than the full amount of the unearned premium
 - C. Cancellations are only permissible on a policy halfway through the term
 - D. Short-rate cancellation refunds the full premium amount

- 3. What does the Personal Liability Supplement to the Dwelling policy provide?**
 - A. The supplement provides coverage for claim expenses
 - B. The supplement covers personal property damage
 - C. The supplement increases physical damage coverage
 - D. The supplement provides theft protection

- 4. All of the following are considered uninsured motor vehicles, except:**
 - A. A vehicle that is being used as a residence
 - B. A vehicle owned by an insured
 - C. A vehicle whose insurance has lapsed
 - D. A vehicle registered in another state

- 5. Which of the following is considered a valid defense against unfair claims practices?**
 - A. Intransigence on the part of the claimant
 - B. Providing timely explanations for claim denials
 - C. Pressure from third-party observers
 - D. Ignoring communication from the claimant

- 6. What type of coverage applies to personal property while being transported?**
- A. Liability coverage
 - B. Property coverage
 - C. Equipment coverage
 - D. Inland marine coverage
- 7. Which is a benefit of joint reinsurance for insurers?**
- A. Increased profit margins
 - B. Shared financial risk
 - C. Less regulatory oversight
 - D. Higher individual premiums
- 8. Which of the following is not an element of a temporary total disability?**
- A. The employee can work while recovering
 - B. The injury prevents work
 - C. The employee requires medical treatment
 - D. The disability is expected to be temporary
- 9. What action can lead to a Class 1 misdemeanor charge for insurance agents?**
- A. Failing to issue a policy on time
 - B. Leaving an address undefined
 - C. Submitting a fraudulent statement in an insurance document
 - D. Offering discounts without proper authority
- 10. Which factor is most important when determining an individual's life insurance premium?**
- A. The applicant's credit score
 - B. The applicant's age and health status
 - C. The applicant's occupation only
 - D. The applicant's hobbies

Answers

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

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Explanations

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1. 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.

2. Which of the following best defines short-rate cancellation?

- A. The insured maintains the full unearned premium
- B. The insured will receive less than the full amount of the unearned premium**
- C. Cancellations are only permissible on a policy halfway through the term
- D. Short-rate cancellation refunds the full premium amount

Short-rate cancellation is defined as the process where an insured who cancels their insurance policy receives a refund that is less than the full amount of the unearned premium. This adjustment typically reflects a penalty for canceling the policy before the end of the policy term. In a short-rate cancellation, the insurer calculates the return premium based on the remaining time on the policy but reduces the amount paid back to account for the administrative costs and potential increased risk to the insurer. This means that the insured does not receive the entirety of their unearned premium, recognizing that they are opting out of the coverage before the term is completed. On the contrary, options hint at misunderstandings of the concept. For instance, stating that the insured maintains the full unearned premium misrepresents the financial implications of a short-rate cancellation. Similarly, imposing a condition that cancellations are only permissible halfway through the term is inaccurate since cancellation can occur at any time, though the refund amount will vary. Finally, the assertion that a short-rate cancellation refunds the full premium amount contradicts the fundamental principle of short-rate calculations, which inherently involve a deduction from the unearned premium.

3. What does the Personal Liability Supplement to the Dwelling policy provide?

- A. The supplement provides coverage for claim expenses**
- B. The supplement covers personal property damage
- C. The supplement increases physical damage coverage
- D. The supplement provides theft protection

The Personal Liability Supplement to a Dwelling policy primarily provides coverage for claim expenses. This includes costs associated with defending against lawsuits regarding personal liability, medical payments to others, and any legal fees that might arise from such claims. The intention of this supplement is to protect the policyholder from financial loss due to liability claims for bodily injury or property damage for which they may be held responsible. Coverage for personal property damage, increases in physical damage coverage, or theft protection are generally not the focus of this supplement, as those aspects are typically covered under different sections of a property insurance policy or separate endorsements. The Personal Liability Supplement is specifically designed to address the legal and financial aspects of personal liability, ensuring that policyholders have resources to effectively respond to and manage potential claims against them.

4. All of the following are considered uninsured motor vehicles, except:

- A. A vehicle that is being used as a residence**
- B. A vehicle owned by an insured
- C. A vehicle whose insurance has lapsed
- D. A vehicle registered in another state

An uninsured motor vehicle typically refers to a vehicle that does not have liability insurance coverage that meets state minimum requirements. The option that is correct indicates that a vehicle being used as a residence does not fall into the category of uninsured motor vehicles because such vehicles are often excluded from the definition. Vehicles used as residences, such as RVs or mobile homes, may carry specialized insurance policies tailored for residential use and are not classified in the same way as typical motor vehicles in terms of liability coverage. Consequently, while they may not have traditional auto insurance, their classification is not aligned with the concept of being "uninsured" for the purpose of motor vehicle liability. In contrast, a vehicle owned by an insured would typically be covered under that individual's auto insurance policy. A vehicle whose insurance has lapsed is classified as uninsured because it no longer has valid liability coverage. Additionally, a vehicle registered in another state could still be categorized as uninsured if it does not meet that state's insurance requirements.

5. Which of the following is considered a valid defense against unfair claims practices?

- A. Intransigence on the part of the claimant
- B. Providing timely explanations for claim denials**
- C. Pressure from third-party observers
- D. Ignoring communication from the claimant

Providing timely explanations for claim denials serves as a valid defense against unfair claims practices because it demonstrates transparency and fair dealing on the part of the insurer. By offering clear and prompt communication outlining the reasons for the denial, the insurer shows that it has acted in good faith and follows proper protocols. This practice helps to build trust with the claimant and is a key aspect of fair claims handling, emphasizing the importance of communication in managing expectations and responsibilities. In contrast, intransigence on the part of the claimant could indicate a refusal to cooperate, but it does not provide a legitimate defense for the insurer's claims handling. Similarly, pressure from third-party observers does not justify any failure in the insurer's responsibilities to process claims fairly or promptly. Ignoring communication from the claimant outright is detrimental to the claims process, undermining the insurer's duty to engage with clients and address their concerns professionally. These alternative actions typically reflect poor claims practices rather than valid defenses.

6. What type of coverage applies to personal property while being transported?

- A. Liability coverage
- B. Property coverage
- C. Equipment coverage
- D. Inland marine coverage**

Inland marine coverage is specifically designed to protect personal property that is in transit or transportation over land. This type of insurance provides coverage for goods such as personal belongings, equipment, or other valuable items while they are being moved from one location to another. This distinguishes it from other types of coverage which may not extend to property during transit. This type of coverage originated to address the need for insuring goods that were transported over water (hence the term "marine"), but has evolved to include land transportation as well, encompassing scenarios like shipping goods across roads or railways. Inland marine policies often cover risks associated with theft or damage that can occur while property is not stored at a fixed location. While liability coverage focuses on protecting against claims of third-party damages or injuries, property coverage generally pertains to items stored at a specific location. Equipment coverage usually relates to specialized tools and machinery but may not specifically cater to personal property during transit. Therefore, inland marine coverage is the most relevant and comprehensive option for protecting personal belongings while they are in transit.

7. Which is a benefit of joint reinsurance for insurers?

- A. Increased profit margins
- B. Shared financial risk**
- C. Less regulatory oversight
- D. Higher individual premiums

Joint reinsurance is a strategy used by insurers to share the risks associated with large policies or significant claims. By participating in joint reinsurance arrangements, multiple insurers collaborate to cover a specific risk, which allows them to spread their exposure. This pooling of risks is crucial because it helps to stabilize individual insurer's financial performance, especially in the face of large loss events. The primary benefit of joint reinsurance lies in its ability to mitigate potential financial impacts by allowing insurers to share the burdens of claims. This collaborative approach helps prevent any single insurer from becoming overly exposed to catastrophic losses, thereby protecting their financial stability and capacity to underwrite additional business. It fosters a more resilient insurance market, where the risks are distributed among several companies instead of concentrated within one. This mechanism helps insurers manage their capital more effectively, allowing them to maintain solvency while providing coverage to their policyholders. It also enhances the overall capacity of the insurance market, enabling insurers to take on larger or more difficult risks that they might avoid independently. Therefore, shared financial risk is the fundamental advantage provided by joint reinsurance arrangements, leading to greater security for both the insurers and their insureds.

8. Which of the following is not an element of a temporary total disability?

- A. The employee can work while recovering**
- B. The injury prevents work
- C. The employee requires medical treatment
- D. The disability is expected to be temporary

In the context of temporary total disability, one key aspect is the inability of the employee to work due to an injury. For an individual to qualify for temporary total disability, it must be demonstrated that the injury prevents them from performing any type of work while they are recovering. This encompasses both physical and mental impairments that temporarily hinder the employee's ability to engage in their regular employment duties. Additionally, the requirement for medical treatment is crucial since it confirms that the injury is serious enough to necessitate professional care, further validating the claim of temporary total disability. Furthermore, the expectation that the disability will be temporary is essential, as it indicates that the employee is anticipated to return to work once they have sufficiently healed. Therefore, the statement regarding the employee being able to work while recovering does not align with the classification of temporary total disability, making it the correct choice for what is not an element of this type of disability.

9. What action can lead to a Class 1 misdemeanor charge for insurance agents?

- A. Failing to issue a policy on time
- B. Leaving an address undefined
- C. Submitting a fraudulent statement in an insurance document**
- D. Offering discounts without proper authority

Submitting a fraudulent statement in an insurance document can indeed lead to a Class 1 misdemeanor charge for insurance agents. This type of action is taken very seriously within the insurance industry, as it undermines the integrity of the insurance system, misleads consumers, and can result in financial harm to policyholders and insurers alike. Fraudulent statements could include falsifying information about a client's eligibility, misrepresenting the terms of coverage, or providing inaccurate information about claims. Given the regulatory environment surrounding insurance, providing false information can not only lead to criminal charges but also disciplinary actions, including the potential loss of the agent's license. Other actions mentioned, such as failing to issue a policy on time or leaving an address undefined, do not carry the same legal implications as committing fraud. They may result in administrative repercussions, but they typically do not rise to the level of criminality that would warrant a misdemeanor charge. Offering discounts without proper authority could also lead to disciplinary actions, but again, it is not classified as serious as fraudulent behavior. Thus, the severity of submitting fraudulent statements is what elevates it to a Class 1 misdemeanor charge within the context of insurance laws.

10. Which factor is most important when determining an individual's life insurance premium?

- A. The applicant's credit score
- B. The applicant's age and health status**
- C. The applicant's occupation only
- D. The applicant's hobbies

The most important factor when determining an individual's life insurance premium is the applicant's age and health status. Insurers assess these two factors because they directly influence the risk of premature death. Generally, younger individuals are perceived as lower risk compared to older individuals, as they have a longer life expectancy. Additionally, health status plays a significant role; applicants who are in good health typically qualify for lower premiums since they are seen as less likely to require benefits in the near term. Other factors, while relevant in certain contexts, do not weigh as heavily as age and health. For example, an applicant's credit score might influence the premium to some extent, but primarily it affects financial responsibility and payment behaviors rather than the risk related to life expectancy. An applicant's occupation can provide insights into potential hazards associated with their job, but it does not capture the broader risk associated with their health and lifespan. Hobbies might indicate a level of risk associated with lifestyle choices, but again, they are secondary to the fundamental considerations of age and health when calculating life insurance premiums.

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://sdpropertycasualty.examzify.com>

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

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