NORTH DAKOTA PROPERTY PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Table of Contents

Copyright 1

Table of Contents 2

Introduction 3

How to Use This Guide 4

Questions 5

Answers 8

Explanations 10

Next Steps 16

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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.

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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!

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Questions

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1. **Which provision requires the insured to protect damaged property from further damage?**

   A. Duties after loss

   B. Insured's obligations

   C. Loss mitigation

   D. Property protection clause

2. **What rating type will the insurer most likely use for a new, experimental aircraft?**

   A. Standard rating

   B. Judgement

   C. Class rating

   D. Experience rating

3. **When the insured's car was totaled in a recent accident, what is the term for the action of the insurer selling off the wrecked car to recover some of the loss it paid to the insured?**

   A. Subrogation

   B. Salvage

   C. Depreciation

   D. Resale

4. **Which of the following is true about homeowners insurance?**

   A. It covers business liabilities

   B. It generally excludes flood damage

   C. It provides comprehensive car insurance

   D. It includes personal injury protection

5. **What is typically included in the obligations of a real estate broker?**

   A. Overseeing rental agreements exclusively

   B. Advising clients on investment strategies

   C. Handling all aspects of property law

   D. Ensuring compliance with applicable laws and maintaining fiduciary responsibilities

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6. Under an HO-8 policy, theft coverage is restricted to what?

A. The full replacement value of stolen items

B. The actual cash value of what was stolen, with limits for certain classes of property

C. A specific dollar amount for each item

D. The cost of repairs for damaged property

7. Which statement is true regarding the fire department service charge under the Builders Risk form?

A. It is a mandatory charge

B. It is an exclusion

C. It is an additional coverage

D. It is not covered at all

8. If an insured's accounts receivable records are damaged, how can they cover the loss?

A. General liability policy

B. Property insurance

C. Accounts receivable coverage form

D. Business interruption insurance

9. Which type of insurance does NOT require an agent's signature for coverage to be valid in North Dakota?

A. Homeowners insurance

B. Health insurance

C. Commercial auto insurance

D. Workers' compensation insurance

10. An insured's roof cost $4,000 when installed 5 years ago and is now damaged. If the roof depreciates $200 per year and the policy is written on the actual cash value, how much will the policy pay for a new roof costing $6,000?

A. $4,000

B. $5,000

C. $6,000

D. $2,000

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Answers

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

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Explanations

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1. Which provision requires the insured to protect damaged property from further damage?

A. Duties after loss

B. Insured's obligations

C. Loss mitigation

D. Property protection clause

The provision that requires the insured to protect damaged property from further damage is referred to as "Duties after loss." This is a standard principle in many insurance policies, which stipulates specific responsibilities that the insured must undertake after a loss has occurred. Among these duties is the obligation to take reasonable steps to prevent further damage, which can include actions like securing the property from weather elements, theft, or neglect. Understanding this provision is critical for policyholders, as failing to take necessary precautions can result in a reduction of the claim or even the denial of coverage for additional damages that occur after the initial loss. The "Duties after loss" clause emphasizes the importance of immediate action to mitigate damages, thereby helping both the insurer manage their risk and the insured to preserve the value of their property. Other choices may include related concepts, but they do not specifically encapsulate the responsibility to prevent further damage as clearly as the "Duties after loss" provision does.

2. What rating type will the insurer most likely use for a new, experimental aircraft?

A. Standard rating

B. Judgement

C. Class rating

D. Experience rating

For a new, experimental aircraft, the insurer is most likely to use judgement rating. This type of rating is applied when adequate historical data is not available to assess the risk associated with a particular policy. Since experimental aircraft are often unique and may have uncommon operational characteristics, insurers rely on the underwriter's expertise and judgement to evaluate the risk involved. Judgement rating takes into account various factors such as the design, intended use, and the experience of the pilot and operator, providing a tailored approach to determine the premium for the insurance coverage. The absence of a standard or established risk profile for experimental aircraft makes judgement rating the most appropriate method for determining their insurance premiums. In contrast, standard rating typically relies on well-documented risks with extensive data, class rating groups similar risks together based on common characteristics, and experience rating adjusts premiums based on the insured's past claims history. Since experimental aircraft do not fit neatly into these established categories, it's the judgement rating that is most applicable.

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3. When the insured's car was totaled in a recent accident, what is the term for the action of the insurer selling off the wrecked car to recover some of the loss it paid to the insured?

A. Subrogation

B. Salvage

C. Depreciation

D. Resale

The correct term for the action of the insurer selling off the wrecked car to recover some of the loss it paid to the insured is salvage. In the context of insurance, salvage refers to the process by which an insurer takes possession of the damaged property—such as a totaled car—after they have compensated the insured for their loss. The insurer then sells the wrecked vehicle, often to a junkyard or recycling operation, to recoup some of the financial losses associated with the claim payment. This practice is financially beneficial for insurers, as it helps mitigate the costs of claims they pay out. By recovering some value from the damaged property, insurers can maintain lower premiums for all policyholders. Other terms, like subrogation, refer to the insurer's right to pursue a third party responsible for the loss after compensating the insured, while depreciation pertains to the decrease in the value of an asset over time. Resale would imply a normal sale of an item still in a usable condition, which would not apply in the context of a totaled vehicle.

4. Which of the following is true about homeowners insurance?

A. It covers business liabilities

B. It generally excludes flood damage

C. It provides comprehensive car insurance

D. It includes personal injury protection

Homeowners insurance typically provides coverage for a variety of risks associated with owning a home, including damage to the structure and personal property. However, one crucial limitation is that it generally excludes coverage for flood damage. Flood insurance is often required to be purchased separately through the National Flood Insurance Program (NFIP) or private insurers, as standard homeowners policies are not designed to cover losses sustained from flooding. This limitation highlights the importance for homeowners, especially those in flood-prone areas, to understand their insurance policy and consider additional coverage options for specific risks not covered under a standard homeowners insurance policy. Thus, recognizing that homeowners insurance generally does not cover flood damage is essential for ensuring adequate protection for property owners.

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5. What is typically included in the obligations of a real estate broker?

A. Overseeing rental agreements exclusively

B. Advising clients on investment strategies

C. Handling all aspects of property law

D. Ensuring compliance with applicable laws and maintaining fiduciary responsibilities

The obligations of a real estate broker encompass a range of responsibilities that are essential for protecting the interests of their clients in real estate transactions. Ensuring compliance with applicable laws and maintaining fiduciary responsibilities is fundamental to the role of a broker. This means that brokers must adhere to state and federal regulations governing real estate practices, including fair housing laws and licensing requirements. Additionally, they have a fiduciary duty to act in the best interests of their clients, which involves providing honest advice, disclosing relevant information, and maintaining confidentiality. This legal and ethical obligation helps to build trust between the broker and the client, which is crucial in real estate dealings. A broker's ability to navigate laws and ethical standards not only protects their clients but also upholds the integrity of the real estate profession as a whole.

6. Under an HO-8 policy, theft coverage is restricted to what?

A. The full replacement value of stolen items

B. The actual cash value of what was stolen, with limits for certain classes of property

C. A specific dollar amount for each item

D. The cost of repairs for damaged property

The HO-8 policy, commonly known as a modified homeowners insurance policy designed primarily for older homes, limits theft coverage to the actual cash value of what was stolen. This means that when a theft occurs, the insurance will cover the value of the items at the time of loss, factoring in depreciation rather than the full replacement cost. Additionally, certain classes of property, such as jewelry, firearms, or collectibles, often have specific limits on coverage, meaning that theft of these items may be subject to lower maximum payouts. Understanding this aspect of the HO-8 policy is crucial for homeowners, as it emphasizes the need to be aware of the actual cash value concept and the specific limitations that can apply to high-value personal property.

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7. Which statement is true regarding the fire department service charge under the Builders Risk form?

A. It is a mandatory charge

B. It is an exclusion

C. It is an additional coverage

D. It is not covered at all

The fire department service charge under the Builders Risk form is considered an additional coverage. This means that it provides extra protection above the standard policy limits and covers costs associated with fire department services that may be incurred in the event of a fire operation at the construction site. By categorizing it as an additional coverage, the Builders Risk policy acknowledges the potential for fire-related incidents during construction, which often require the involvement of fire services, resulting in extra charges that can arise from their response. This coverage typically includes nominal fees that a fire department may charge when they respond to a fire, thereby ensuring that policyholders have financial support for these unexpected expenses. Other classifications, like an exclusion or not being covered at all, do not apply in this case. An exclusion would mean that the particular risk is not covered, while saying it is not covered at all suggests there's no policy provision for it, which contradicts the intent of providing additional relief for potential risks encountered. Saying it is a mandatory charge misrepresents its nature, as it is optional and dependent on the circumstances of the coverage chosen by the policyholder.

8. If an insured's accounts receivable records are damaged, how can they cover the loss?

A. General liability policy

B. Property insurance

C. Accounts receivable coverage form

D. Business interruption insurance

The correct choice is the accounts receivable coverage form because this type of insurance is specifically designed to protect businesses from losses related to the damage or destruction of accounts receivable records. If an insured's accounts receivable records are damaged, this coverage can help cover the resulting financial losses by providing reimbursement for the amounts that are uncollectible due to the damage. This form addresses the unique needs of businesses that rely on receivables as part of their cash flow. Unlike general liability policies, which provide protection against bodily injury, property damage, and personal and advertising injury, accounts receivable coverage focuses specifically on losses arising from accounts receivable records. Property insurance could protect the physical property itself but might not cover the direct financial impact of not being able to collect on receivables. Business interruption insurance, while important for covering loss of income during a shutdown, does not specifically cater to the records of accounts receivable either. Therefore, the accounts receivable coverage form is the most appropriate option for addressing this particular scenario.

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9. Which type of insurance does NOT require an agent's signature for coverage to be valid in North Dakota?

A. Homeowners insurance

B. Health insurance

C. Commercial auto insurance

D. Workers' compensation insurance

Workers' compensation insurance is unique in that it does not require an agent's signature for the coverage to be valid in North Dakota. The purpose of workers' compensation is to provide wage replacement and medical benefits to employees who are injured in the course of employment, ensuring that they receive necessary support without needing individual oversight from an insurance agent. In many cases, workers' compensation policies are regulated by state law, and employers often handle these arrangements directly with the insurance companies or through state-funded programs. This streamlined approach helps facilitate quick coverage for employees, ensuring that they are protected as soon as they are hired or as soon as they are in need of coverage due to a workplace injury. In contrast, other types of insurance, such as homeowners, health, and commercial auto insurance, typically require an agent's involvement to initiate, modify, or confirm the validity of the coverage. These policies often come with more complex terms and conditions, necessitating detailed conversations and documentation facilitated by an insurance agent.

10. An insured's roof cost $4,000 when installed 5 years ago and is now damaged. If the roof depreciates $200 per year and the policy is written on the actual cash value, how much will the policy pay for a new roof costing $6,000?

A. $4,000

B. $5,000

C. $6,000

D. $2,000

To determine how much the policy will pay for a new roof priced at $6,000 under an actual cash value (ACV) policy, it's essential to calculate the depreciation of the existing roof. The roof was originally installed at a cost of $4,000 and has been in place for 5 years. Given the depreciation rate of $200 per year, the total depreciation over that period would be calculated as follows: 5 years x $200 per year = $1,000 in total depreciation. To find the actual cash value, which is the current worth of the roof after accounting for its depreciation, you subtract the total depreciation from the original cost: $4,000 (original cost) - $1,000 (depreciation) = $3,000. However, since the policy pays the lesser of the actual cash value of the damaged item or the cost to replace it, we need to consider the cost to replace the roof as well. The cost of a new roof is $6,000. Thus, the insurer will pay the actual cash value of the damaged roof, which amounts to $3,000, for the reimbursement related to the claim. However, the policy's coverage may also provide an

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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://ndproperty.examzify.com

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

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