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QUESTION 1

A logical first step toward understanding of a life and health insurance company and the related financial reporting considerations is to review the manner in which different interested parties view the end result of

the accounting process for capital and surplus transactions, for example, the adequacy of the resulting balances.

Key interested parties include:

1.

Policyholders

2.

Agents

3.

Stockholders

4.

Insurance regulators

5.

Rating agencies

6.

Management

A. The capital and surplus accounts

B. Supplementary loan agreements

C. Mortgage loans

D. Risk-based capital investments

Correct Answer: A

QUESTION 2

Which of the following is NOT the kind of public entity risk pools?

A. risk-avoiding pools

B. insurance-purchasing pools

- C. banking pools
- D. claim-serving pools

Correct Answer: A

QUESTION 3

The two most common types of dollar rolls are:

- A. Fixed-coupon and yield-maintenance agreements
- B. Variable-coupon and yield-maintenance agreements
- C. Fixed-coupon and Accounting agreements
- D. Variable -coupon and Principal agreements

Correct Answer: A

QUESTION 4

What is considered "pure" mortality protection?

- A. Life insurance
- B. Premium plan
- C. Transience policy
- D. Assurance plan

Correct Answer: A

QUESTION 5

For reinsurance assumed, the concepts analogous to attachment points and limits are referred to as

- A. Severity Levels
- B. Frequency Levels
- C. Policy levels
- D. Retention levels

Correct Answer: D
