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QUESTION 1

The market in which the reporting entity would sell the asset or transfer the liability with the greatest volume and level of activity for the asset or liability is known as:

- A. Transfer market
- B. Transport market
- C. Principal market
- D. Turn-around market

Correct Answer: C

QUESTION 2

Uncollected premiums

- A. Are also an asset in statutory accounting
- B. Are usually those past the due date but in the grace period
- C. Accounting is similar to that for deferred premiums in that only the net premiums are necessary to match the reserve liability
- D. Only A and B

Correct Answer: ABC

QUESTION 3

Coverage of risks that do not fit normal underwriting patterns and that are not commensurate with standard rates is normally refers to as:

- A. Surplus lines
- B. Commercial lines
- C. Risk lines
- D. Standardized lines

Correct Answer: A

QUESTION 4

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

QUESTION 5

The securities repurchased have the same stated interest rate as, and maturities similar to, the securities sold and are generally priced to result in substantially the same yield is known as:

- A. Yield-maintenance agreements
- B. Variable-coupon agreements
- C. Fixed-coupon agreement
- D. None of the above

Correct Answer: C

QUESTION 6

Which of the following is NOT the type of Merit rating?

- A. Policy rating
- B. Schedule rating
- C. Experience rating
- D. Retrospective Experience rating

Correct Answer: A

QUESTION 7

What features a reserve that accumulates at company declared credited interest rates, which are periodically reset?

- A. Credited life insurance
- B. Periodic life insurance
- C. Premium life insurance
- D. Universal life insurance

Correct Answer: D

QUESTION 8

What may leave more risk than a company should prudently assume due to the risk exacerbating features of a particular product?

- A. Feasible investment strategy
- B. Design strategy
- C. Risk strategy
- D. Product risk strategy

Correct Answer: A

QUESTION 9

Which risk assessment procedures are used to obtain an understanding of the entity and its environment, including its internal control?

- A. Inquiries of management
- B. Analytical procedures
- C. Observation
- D. All of the above

Correct Answer: D

QUESTION 10

What allows an entity to eliminate the reserve that was recorded for the claim, even if it exceeded the amount paid for the settlement?

- A. ethical act
- B. controlled procedure
- C. structured settlement
- D. None of the above

Correct Answer: C

QUESTION 11

Reporting investments, set requirements regarding matters such as location of asset and set limitations on investing in future are all prescribed by a method called:

- A. Insurance investment
- B. State regulations
- C. Intent of investment
- D. Market security lending

Correct Answer: B

QUESTION 12

A basic premise underlying the application of is that it is reasonable to assume that plausible relationships among data exist and continue in the absence of known conditions to the contrary.

- A. Independent estimates
- B. Statistical claims
- C. Analytical procedures
- D. None of the above

Correct Answer: C

QUESTION 13

Changes in payment procedures or changes in the definition of payment date for coding purposes may or may not affect loss reserve developments.

- A. True
- B. False

Correct Answer: B

QUESTION 14

To meet informational demands, internal management reporting will entail alternate views of the organization's financial performance. These areas, or views, are including all of the following EXCEPT:

- A. organizational/ business unit (Profit center, department, distribution system etc)
- B. Dealing with processes; product or service lines (i.e. ordinary life insurance, pension services like deferred annuities, group risks such as life or accident and health, etc.)
- C. Dealing with similar risks or characteristics; and customer segment (i.e. individuals with specific levels of net worth, small businesses, large corporations, etc.)

D. None of these

Correct Answer: D

QUESTION 15

The two major asset classes in which life insurers invest are:

- A. annuities and bonds
- B. mortgages and annuities
- C. bonds and investments
- D. bonds and mortgages

Correct Answer: D

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