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QUESTION 1

A less satisfactory option in dental insurance is the:

- A. HMO plan
- B. PPO plan
- C. IPA plan
- D. None of these

Correct Answer: A

QUESTION 2

At the end of the day all funds in a non-interest bearing checking account are cleared out and moved into a short-term investment account overnight. At the beginning of the next day, those funds are put back into the regular account for use that day. Such accounts are called:

- A. Zero-balance accounts
- B. Sweep Accounts
- C. Lock Boxes
- D. None of these

Correct Answer: B

QUESTION 3

"A valid contract involves each party giving something of value. This exchange of value, or consideration, may take the form of money, action, or promise. For insurance contracts, the insured's consideration is the payment of premiums and a promise to fulfill the conditions of the contracts, and the insurer's consideration is the promise to pay after a loss occurs." This is related to an element in an insurance policy contract. It is known as:

- A. Agreement
- B. Consideration
- C. Competent parties
- D. Legal purpose

Correct Answer: B

QUESTION 4

Which of the following is not a characteristic of a control environment?

- A. Management communicates the importance of internal controls to all employees
- B. Employees have a vague idea of their responsibilities; so they work in a flexible environment
- C. Employees are held accountable for their performance
- D. A system is in place to monitor controls on a regular basis

Correct Answer: B

QUESTION 5

Banks often make loans to officers, directors, employees, and principal shareholders. Disclosure of these related-party transactions is required:

- A. If they are material to the loan portfolio
- B. In relation to total stockholder's equity
- C. If they are presented as other liabilities
- D. Either A or B

Correct Answer: D

QUESTION 6

A health services delivery organization that offers the option its members choose to receive a service from participating or a non-participating provider which one of the following best suits to the definition?

- A. Point of service plan
- B. Health maintenance organization (HMO)
- C. Preferred provider organization (PPO)
- D. Independent practice Association (IPA) or organization (IPO)

Correct Answer: A

QUESTION 7

The primary objective/s of ECB is/are:

- A. To maintain price stability
- B. To support the general economic policies in the community with a view to contributing to the achievement of the objectives of the community

- C. To achieve a high level of employment and sustainable and non-inflationary growth
- D. None of these

Correct Answer: A

QUESTION 8

All of the following are financial instrument EXCEPT:

- A. Prepaid capital
- B. Debt securities
- C. Equity securities
- D. Insurance policies

Correct Answer: A

QUESTION 9

The accounting standards in the United State are:

- A. Generally accepted accounting principles
- B. U.S. Generally accepted accounting principles
- C. IFRS Standards
- D. None of these

Correct Answer: B

QUESTION 10

Federal Reserve's duties fall into following general areas EXCEPT:

- A. Conducting the nation's monetary policy
- B. Supervising and regulating banking institutions and protecting the credit right of consumer
- C. Maintaining the stability of the financial system
- D. None of these

Correct Answer: D

QUESTION 11

Insurance in law and economics, is a form of risk management primarily used to:

- A. Hedge again risk of potential financial loss
- B. Lock the risk of potential financial losses
- C. Both the statements are one and the same
- D. None of these

Correct Answer: C

QUESTION 12

Which of the following are duties of insurance commissioners in regulating insurers? Rule of the constitutionality of insurance law.

- II. Determine if an insurer meets the requirements to obtain a license.
 - III. Render decisions on the meaning of policy terms.
 - IV.
- Conduct financial investigations of insurers operating in the state.

- A.
- I and II only
- B.
- I and III only
- C.
- II and IV only
- D.
- I, II, and III.

Correct Answer: C

QUESTION 13

Which of the following are NOT common funding vehicles used by insurers to invest in retirement plan assets as they are accumulated?

- A. Group deferred annuities.
- B. Deposit administration contracts.
- C. Separate account contracts.

D. Keogh plans.

Correct Answer: D

QUESTION 14

Options are quoted daily in the newspapers. The listing provides the name of the underlying stock and:

- A. Its closing price that day
- B. The strike price of the option
- C. Its closing price that day, the strike price of the option, the closing prices (premiums) of the call and 3 put contracts trading closest to expiration
- D. The closing prices (premiums) of the 3 call and 3 put contracts trading closest to expiration

Correct Answer: C

QUESTION 15

The benefits of an endowment insurance policy include all of the statements mentioned below EXCEPT:

- A. Ideal combination of investment and insurance coverage
- B. Attractive return and maximum security
- C. Amount paid out is guaranteed and taxable returns
- D. Both A and B

Correct Answer: C

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