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Question 1

Question Type: MultipleChoice

With which standard, the auditor's substantive procedures must include reconciling the financial statements to the accounting records and should include examining material adjustments made during the course of preparing the financial statements.

Options:

- A- Integrated Audit Financial Statement
- B- Public Company Accounting Oversight Board
- C- Audit of Financial Reporting over Internal Control
- D- National Association of Insurance Commission

Answer:

B

Question 2

Question Type: MultipleChoice

The establishment of loss reserves generally requires considerable judgment and knowledge of the entity's business is known as:

Options:

- A- integration assessment
- B- procurement assessment
- C- qualitative assessment
- D- quantitative assessment

Answer:

C

Question 3

Question Type: MultipleChoice

Which of the following is NOT the way to make changes in variables that can be considered in the loss reserving process?

Options:

- A- selection of loss projection
- B- adjustment of historical loss data
- C- separate calculation of effect of variables
- D- segregation of new data

Answer:

D

Question 4

Question Type: MultipleChoice

Adjusting and Others (AO) reserves are often provided for by using the calendar year paidto- paid method rather than the accident year paid-to-paid method used for Inflation in Defense & Cost Containment (DCC) reserves.

Options:

- A- True

B- False

Answer:

A

Question 5

Question Type: MultipleChoice

Inflation in Defense & Cost Containment (DCC) is evaluated separately and is estimated to occur at the same rate as the rate of inflation in the losses.

Options:

A- True

B- False

Answer:

B

Question 6

Question Type: MultipleChoice

Average severities projection method uses various claim count and average cost per claim date on either a paid or insured basis.

Options:

A- True

B- False

Answer:

A

Question 7

Question Type: MultipleChoice

Which projection method uses paid losses plus reserves on outstanding claims?

Options:

- A- Average losses
- B- Loss ratio
- C- Incurred loss
- D- None of the above

Answer:

C

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