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## Question 1

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**Question Type:** MultipleChoice

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The deduction must be based on identification of specific doubtful amounts and is limited to the maximum of doubtful debts identified in the year or a preceding year and 75 percent of the amount reported for statutory purposes.

**Options:**

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A- True

B- False

**Answer:**

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B

## Question 2

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**Question Type:** MultipleChoice

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\_\_\_\_\_ reserves for income tax purposes are referred to as maximum tax actuarial reserves (MTAR) and replace the actuarial liabilities used for accounting purposes in computing taxable income.

**Options:**

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- A- Procedure-related
- B- Policy-related
- C- Standardized- related act
- D- None of the above

**Answer:**

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B

## Question 3

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**Question Type: MultipleChoice**

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Most life insurance companies that are taxable in Canada fall into which one of the following classifications:

**Options:**

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- A- Domestic life insurance companies
- B- Multinational life insurance companies resident in Canada
- C- Nonresident life insurance companies operating in Canada through a branch
- D- All of the above

**Answer:**

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D

## Question 4

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**Question Type: MultipleChoice**

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The financial statements of which accounts maintained by insurance company that must be presented separately from the insurance company's general account business?

**Options:**

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- A- Business

- B- Temporal
- C- Principal
- D- Segregated

**Answer:**

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D

## Question 5

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**Question Type: MultipleChoice**

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Monetary items and non-monetary items carried at market value are translated into the reporting currency at the rate of exchange in effect on the balance sheet date under:

**Options:**

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- A- Dependency method
- B- Equity method
- C- Temporal method

**D-** Cash inflow/outflow method

**Answer:**

---

C

## Question 6

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**Question Type:** MultipleChoice

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Financial statements of a self-sustaining foreign operation are translated using the current rate method whereby assets and liabilities are translated in the reporting currency using the exchange rate.

**Options:**

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**A-** True

**B-** False

**Answer:**

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A

## Question 7

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**Question Type:** MultipleChoice

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In determining whether an operation is self-sustaining or integrated, what you do not need to consider is:

**Options:**

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- A- source of financing
- B- nature of outputs
- C- price drivers
- D- location of the market

**Answer:**

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B

## Question 8

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**Question Type:** MultipleChoice

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\_\_\_\_\_ is considered to be self-sustaining if it is financially and operationally independent of the reporting enterprise.

**Options:**

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- A- Retrocession
- B- Reinsurance
- C- Portfolio Investments
- D- Foreign operation

**Answer:**

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D

## Question 9

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**Question Type: MultipleChoice**

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The approach in which the investment policy should "identify acceptable ranges for investments in different types of instruments, including cash, equities, bonds and debentures, and real property is known as:



**Options:**

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- A- Prudent Person Approach
- B- Cash Outflow Approach
- C- Regular investment Approach
- D- Asset requisition Approach

**Answer:**

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A

## Question 10

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**Question Type: MultipleChoice**

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What is the act in which the main sections are for Canadian companies and for foreign companies?

**Options:**

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- A- Investment reimbursement Act

**B-** Insurance Companies Act

**C-** Regulatory Act

**D-** Revenue-earned Act

**Answer:**

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B

## Question 11

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**Question Type:** MultipleChoice

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Which investments held by life insurance enterprises should be carried in the balance sheet at amortized cost?

**Options:**

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**A-** Appraisal-term acts

**B-** Variable-term portfolio

**C-** Fixed-term portfolio

**D-** Revenue-earned portfolio

**Answer:**

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C

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