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Question 1

Question Type: MultipleChoice

An entity's practices concerning loss settlement, such as a practice of vigorously defending suits or of quickly settling suits, can have a significant effect on an entity's loss experience.

Options:

A- True

B- False

Answer:

A

Question 2

Question Type: MultipleChoice

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.

Options:

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

Answer:

C

Question 3

Question Type: MultipleChoice

The method which assumes that an entity's experience in estimating case-basis reserves will be repeated in the future is called:

Options:

- A- Paid loss projection
- B- Reported loss development projection
- C- Incurred loss projection
- D- Internal entity loss projection

Answer:

B

Question 4

Question Type: MultipleChoice

What method assumes that an entity's historical experience relating to the timeliness of settlement will be predictive of future results?

Options:

- A- Paid loss projection

- B- Unpaid loss projection
- C- Incurred loss projection
- D- Loss ratio projection

Answer:

A

Question 5

Question Type: MultipleChoice

In which of the following, Internal entity experience or information from published sources concerning recent trends in socioeconomic factors affecting claim payments:

Options:

- A- general inflation rates
- B- judicial decisions assessing liability
- C- judicial decisions regarding noneconomic damages

D- All of the above

Answer:

D

Question 6

Question Type: MultipleChoice

Procedures for ensuring that the data used by the loss reserve specialist is completed and accurate due to:

Options:

- A-** Controls over the preparation of managerial data
- B-** Controls over the preparation of accounting estimates
- C-** Controls over the preparation of supporting data
- D-** Controls over the preparation of assumed alternatives

Answer:

C

Question 7

Question Type: MultipleChoice

The loss reserve estimate is a significant estimate in the financial statements of an uninsured entity.

Options:

A- True

B- False

Answer:

B

Question 8

Question Type: MultipleChoice

A stock life insurance company writing both participating and nonparticipating business must follow special accounting procedures under the laws of certain jurisdictions. The purpose of these special accounting procedures is to provide for:

Options:

- A-** A separation of accounting, so that profits applicable to participating and nonparticipating business can be appropriately determined
- B-** This is a critical process, since profits from participating business are regulated as to their distribution among participating policyholders and the company's stockholders
- C-** Some jurisdictions require the filing of several of the statutory statement exhibits in three forms, one for the company as a whole
- D-** Any of these

Answer:

A

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