



Free Questions for AFE

Shared by Gallagher on 04-10-2024

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## Question 1

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Question Type: MultipleChoice

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Audit risk consists of:

Options:

- A- Risk of material misstatement
- B- detection of risk
- C- Both A & B
- D- Neither A nor B



Answer:

C

## Question 2

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Question Type: MultipleChoice

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The SEC rules clarify that management's assessment and report is limited to internal control over financial reporting.

Options:

- A- True
- B- False



Answer:

A

## Question 3

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Question Type: MultipleChoice

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What represent legal agreements between buyers or sellers and represent commitments to buy or sell financial instruments at specified dates and prices?

Options:

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- A- Future contracts
- B- Present contracts
- C- Accounting contracts
- D- Financial contracts

Answer:

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A

## Question 4

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Question Type: MultipleChoice

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Reduction for salvage is:

Options:

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- A- the estimated amount payable by the vendor from the disposition of damaged or recovered property
- B- the actual amount receivable by the claimer from the temperament of damaged property
- C- the actual amount payable by the investor from the disposition of damaged or recovered property
- D- the estimated amount receivable by the insurer from the disposition of damaged or recovered property

Answer:

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D

## Question 5

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Question Type: MultipleChoice

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The adjustments of the premium during the period of coverage based on actual experience during that same period are called:

Options:

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

Answer:

D

## Question 6

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 7

Question Type: MultipleChoice

An estimate due to time lags in the receipt of reports from cedants is called reinsurance.

Options:

- A- True
- B- False

Answer:

A

## Question 8

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Question Type: MultipleChoice

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The options for securities that insurance entities own and can deliver if the options are exercised by the option buyers are called:

Options:

- A- concealed transactions
- B- covered-call options
- C- financial servicing
- D- safekeeping



Answer:

B



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