



Free Questions for AFE

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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

National Association of Insurance Commissioners stated that, has no effect on the valuation of securities for statutory accounting purposes, provided the amount of the collateral at least equals the required collateral.

Options:

- A- Safety act
- B- Investment security
- C- Insurance track
- D- Securities lending

Answer:

D

Question 3

Question Type: MultipleChoice

The difference between the purchase price and the repurchase price, or sale price, plus accrued interest on the security represents:

Options:

- A- Accounting agreement
- B- Investment income
- C- Dollar price
- D- Saving price



Answer:

B

Question 4

Question Type: MultipleChoice

is provided by original documents is more reliable than audit evidence provided by photocopies or facsimiles.

Options:

- A- Enterprise evidence
- B- Property evidence
- C- Audit evidence
- D- Regulatory evidence



Answer:

C

Question 5

Question Type: MultipleChoice

An attitude that includes a questioning mind and a critical assessment of audit evidence is called:

Options:

- A- Operational skepticism
- B- Audit skepticism
- C- Professional skepticism
- D- None of the above

Answer:

C



Question 6

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 7

Question Type: MultipleChoice

A lower net retention level typically would translate into a higher variability of reserves.

Options:

- A- True
- B- False

Answer:

B

Question 8

Question Type: MultipleChoice

Dollar rolls differ from regular repurchase agreements due to which of the following characteristics in the securities sold and repurchased.

Options:

- A- they are represented by different certificates
- B- they are collateralized by different but similar mortgage pools
- C- they generally have different principal amounts
- D- All of the above

Answer:

D

Question 9

Question Type: MultipleChoice

Which of the following is NOT the type of Merit rating?

Options:

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

Answer:

A

Question 10

Question Type: MultipleChoice

Reporting investments, set requirements regarding matters such as location of asset and set limitations on investing in future are all prescribed by a method called:

Options:

- A- Insurance investment
- B- State regulations
- C- Intent of investment
- D- Market security lending



Answer:

B



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