



Free Questions for AFE

Shared by Yang on 15-04-2024

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Question 1

Question Type: MultipleChoice

Liabilities are recognized for known claims when sufficient information has been developed to indicate the involvement of a specific insurance policy.

Options:

A- True

B- False



Answer:

A

Question 2

Question Type: MultipleChoice

The difference between the case-basis reserves and the estimated ultimate cost of such recorded claims is known as:

Options:

A- projected reserves

B- computing reserves

C- case-development reserves

D- claim reserves



Answer:

C

Question 3

Question Type: MultipleChoice

The agents submits to the insurance entity a statement of all policies issued or due during the current month , and the net amount of the statement is subsequently to be paid in accordance

with the agency agreement, is a account current of:

Options:

- A- Insurance billing
- B- Direct billing
- C- Rendering basis
- D- Billing basis

Answer:

C



Question 4

Question Type: MultipleChoice

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 5

Question Type: MultipleChoice

What is based on statistical data and are large groups of similar risks can be classified by a few and easily identifiable characteristics and result in standard rates?

Options:

- A- Numerical rating
- B- Premium rating
- C- Manual rating
- D- Item rating

Answer:

C

Question 6

Question Type: MultipleChoice

Final approval should be obtained prior to placing a new system into operation is the activity that can be fall into which control?

Options:

- A- Organizations and operations control
- B- System development control
- C- Access control
- D- Procedural control

Answer:

B

Question 7

Question Type: MultipleChoice

The sum of values assigned by claims adjusters to specific known claims that were recorded by the insurance entity but not yet paid at the financial statement date is called:

Options:

- A- case-basis reserves
- B- computing reserves
- C- aggregate reserves
- D- None of the above

Answer:

A

Question 8

Question Type: MultipleChoice

A process designed to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations is called:



Options:

- A- External control
- B- Internal auditing
- C- Internal control
- D- None of the above

Answer:

C

Question 9

Question Type: MultipleChoice

The operating ratio is the combined ratio less than the ratio of investment income, to earned premiums.



Options:

- A- True
- B- False

Answer:

A

Question 10

Question Type: MultipleChoice

Claims adjusting involve:

Options:

- A- a field work
- B- an appraisal of risk subject to appropriate supervision
- C- approval by entity's claims department
- D- All of the above

Answer:

C

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