



**Free Questions for AFE by dumpsheet**

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# Question 1

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## Question Type: MultipleChoice

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To realize the effect on the "bottom line," or the net gain from operations, from various transactions, one must consider the amount of any liabilities that are released because of the transaction. Assume a death claim entry as follows:

Death proceeds-ordinary \$10,000

Dividends on deposit disbursed 1,000

Cash \$11,000

On first appearance, one might think that this will cause the net gain from operations to be \$11,000 lower. However, if the policy has a reserve of \$3,000, the effect on the net gain is only , because the reserve liability of \$3,000 and the dividend liability of \$1,000 will no longer be shown on the balance sheet

### Options:

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A) \$7,000

B) \$10,000

C) \$8,000

D) \$9,000

**Answer:**

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A

## Question 2

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**Question Type:** MultipleChoice

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To realize the effect on the "bottom line," or the net gain from operations, from various transactions, one must consider the amount of any liabilities that are released because of the transaction. Assume a death claim entry as follows:

Death proceeds-ordinary \$10,000

Dividends on deposit disbursed 1,000

Cash \$11,000

On first appearance, one might think that this will cause the net gain from operations to be \$11,000 lower. However, if the policy has a reserve of \$3,000, the effect on the net gain is only , because the reserve liability of \$3,000 and the dividend liability of \$1,000 will no longer be shown on the balance sheet

**Options:**

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A) \$7,000

B) \$10,000

C) \$8,000

D) \$9,000

**Answer:**

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A

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