SOFE AFE Practice Questions

Shared by Carrillo on 10-11-2026

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Question 1

Question Type: MultipleChoice

Financial statements of a self-sustaining foreign operation are translated using the current rate method whereby assets and liabilities are translated in the reporting currency using the exchange rate.

Options:

A- True
B- False

Answer:

A

Question 2

Question Type: MultipleChoice

What represents the amounts needed to provide for the estimated ultimate cost of settling claims relating to insured events that have occurred on or before a particular date?

Options:

A- Independent claim adjustment
B- Payment of claims
C- Insured claim adjustments
D- Claim adjustment expenses

Answer:

D

Question 3

Question Type: MultipleChoice

By quantifying interest rate sensitivity, investment risk and can also indicate corrective actions.

Options:

A- Experimental measure
B- Investment measures
C- Quantifiable measures
D- Duration measure

Answer:

D

P2P exams

Question 4

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- to the auditor, evidence that the notification has been provided to the organization

Answer:

C

P2P exams

Question 5

Question Type: MultipleChoice

Which investments held by life insurance enterprises should be carried in the balance sheet at amortized cost?

Options:

A- Appraisal-term acts
B- Variable-term portfolio
C- Fixed-term portfolio
D- Revenue-earned portfolio

Answer:

C

Question 6

Question Type: MultipleChoice

Which option best is NOT the way to make changes in variables that can be considered in the loss reserving process?

Options:

A- selection of loss projection
B- adjustment of historical loss data
C- separate calculation of effect of variables
D- segregation of new data

Answer:

D

Question 7

Question Type: MultipleChoice

Outgoing premiums less return premiums arising from reinsurance purchased from other insurance entities are called:

Options:

A- Rating premiums
B- Direct premiums
C- Assumed reinsurance premiums
D- Ceded reinsurance premiums

Answer:

D

Question 8

Question Type: MultipleChoice

Spreading of risks among insurance entities is called:

Options:

A- Reinsurance
B- Syndication
C- Consortium act
D- Risk Diffusion

Answer:

A

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