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Question 1

Question Type: MultipleChoice

The penalty for reinsurance is carried as a liability in the balance sheet and is a hybrid of:

Options:

- A- unauthorized reinsurance
- B- overdue reinsurance
- C- Both A and B
- D- Neither A nor B

Answer:

C

Question 2

Question Type: MultipleChoice

What must be unconditional, irrevocable, and contain an evergreen clause that automatically renews in the absence of prior written notice of non-renewal?

Options:

- A- Trust fund
- B- Letter of credit
- C- Approved securities
- D- None of the above

Answer:

B

Question 3

Question Type: MultipleChoice

Which of the following provides specific information regarding reinsurance assumed and ceded, is an integral part of the Annual Statement?

Options:

A- Schedule A

B- Schedule D

C- Schedule F

D- Schedule H

Answer:

C

Question 4

Question Type: MultipleChoice

Income is usually measured by premium earned while outgo is the sum of losses and loss adjustment expenses incurred, commissions incurred, and an expense fee.

Options:

A- True

B- False

Answer:

A

Question 5

Question Type: MultipleChoice

A _____ reflects the actual profit developed under the contract.

Options:

A- Actual commission

B- Service commission

C- contingent commission

D- miscellaneous commission

Answer:

C

Question 6

Question Type: MultipleChoice

The change in reserves equals the gross losses unpaid (liability) at the end of the period less net unpaid losses at the beginning of the period.

Options:

A- True

B- false

Answer:

B

Question 7

Question Type: MultipleChoice

What are defined as losses paid plus the change (positive or negative) in outstanding loss reserves within a given period of time?

Options:

A- Incurred losses

B- reassumed losses

C- ceded losses

D- reinsured losses

Answer:

A

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