SOFE SOFA-CFE Practice Questions

Shared by Hartman on 10-11-2026

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Question 1

Question Type: MultipleChoice

Which of the following is the characteristic of an actuarially sound loss reserve?

Options:

A- It is for a defined group of claims.
B- It is as of a particular valuation date.
C- It is for liabilities that existed on a particular accounting date.
D- All of the above

Answer:

D

Question 2

Question Type: MultipleChoice

Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring are all components of:

Options:

A- State Insurance Statutes
B- Committee of Sponsoring Organization
C- Trade Organizations/Associations
D- Accounting Firms and Business Partners

Answer:

B

Question 3

Question Type: MultipleChoice

What billing occurs where the agent renders a statement to the insurer reflecting premiums which are owed to the insurer, less the agent's commission, and subsequently remits payment to the insurer in accordance with the agreed credit terms?

Options:

A- Direct
B- Premium financing
C- Account current
D- Statement

Answer:

C

Question 4

Question Type: MultipleChoice

Under _____, assets are defined as probable future economic benefits obtained or controlled by an entity as a result of past transactions or events.

Options:

A- insurance accountability
B- statutory accounting practices
C- generally accepted accounting principles
D- accounting principles of performance

Answer:

C

Question 5

Question Type: MultipleChoice

_____is a devise whereby a stockholder authorizes another person or group of persons to act for him at a meeting of stockholders.

Options:

A- Preliminary statement
B- Triggering event
C- Change of servicer
D- Proxy

Answer:

D

Question 6

Question Type: MultipleChoice

The price charged by the reinsurer under such a contract that represents reinsurance premium commonly known as:

Options:

A- agreement
B- treaty
C- settlement
D- treasury

Answer:

B

Question 7

Question Type: MultipleChoice

The trigger is the assertion of a claim rather than the occurrence of the injury.

Options:

A- true
B- False

Answer:

A

Question 8

Question Type: MultipleChoice

Gains and losses are recognized for tax purposes until they are realized.

Options:

A- True
B- False

Answer:

B

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