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QUESTION 1

Subrogation is:

- A. legal right of the distributor to recover from vendors who may be wholly responsible for the loss paid under the terms of the agreement.
- B. legal right of the insurer to recover from a third party who may be wholly or partly responsible for the loss paid under the terms of the policy.
- C. legal right of the claimer to recover from the organization that may be wholly or partly responsible for the loss paid under the terms of the company's policy.
- D. legal right of the business to recover from a third party who may be wholly responsible for the loss paid under the terms of the policy.

Correct Answer: B

QUESTION 2

Fidelity bonds cover employees against dishonest acts by employees.

- A. True
- B. False

Correct Answer: A

QUESTION 3

Identification and documentation of the controls and policies which address the risk management issues for each of the Standards is the necessary step for:

- A. Operational procedure
- B. Guideline procedure
- C. Organizational policy
- D. Self-assessment process

Correct Answer: D

QUESTION 4

Reduction for salvage is: A. the estimated amount payable by the vendor from the disposition of damaged or recovered property

B. the actual amount receivable by the claimer from the temperment of damaged property



- C. the actual amount payable by the investor from the disposition of damaged or recovered property
- D. the estimated amount receivable by the insurer from the disposition of damaged or recovered property

Correct Answer: D

QUESTION 5

Claims adjusting involve:

- 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

Correct Answer: C

QUESTION 6

The reason behind, when an insurance entity may request permission from the domiciliary state regulatory authority to use a specific accounting practice in the preparation of its statutory financial statements, may include:

- A. the entity wishes to depart from Statutory Accounting Practices (SAP)
- B. the prescribes SAP address the accounting for transaction
- C. Both A and B
- D. Neither A nor B

Correct Answer: A

QUESTION 7

Interest rates are a key element of any option pricing exercise because cash flows are discounted at interest.

- A. True
- B. False

Correct Answer: B

QUESTION 8

GAAP have two important functions. First, they provide a set of standards that endeavor to measure with reasonable accuracy the assets held, liabilities owed, revenue earned, and expenses incurred by the company. For life insurance



companies these measurement rules have been prescribed specifically for their specialized products. The second important function of GAAP is:

- A. To ensure the comparability of financial data from year to year within each company and with similar data prepared by other companies
- B. To ensure the comparability of financial data
- C. To ensure the comparability of financial data from month to month within each company and with similar data prepared by other companies
- D. To ensure the comparability of financial data from quarter to quarter within each company and with similar data prepared by other companies

Correct Answer: A

QUESTION 9

What method assumes that an entity's historical experience relating to the timeliness of settlement will be predictive of future results?

- A. Paid loss projection
- B. Unpaid loss projection
- C. Incurred loss projection
- D. Loss ratio projection

Correct Answer: A

QUESTION 10

The contracts that are not subject to unilateral changes in its provision and requires the performance of various functions and services for an extended period is called:

- A. Short-duration
- B. Long-duration
- C. Medium-duration
- D. Fixed-duration

Correct Answer: B

QUESTION 11

What features a reserve that accumulates at company declared credited interest rates, which are periodically reset?

- A. Credited life insurance



- B. Periodic life insurance
- C. Premium life insurance
- D. Universal life insurance

Correct Answer: D

QUESTION 12

_____ is contractual right of recovery that entitles the insurer to any proceeds from the disposal of damaged property for which the claim has been made.

- A. Claim adjustment
- B. Claim recovery
- C. Subrogation
- D. Salvage

Correct Answer: D

QUESTION 13

What is the act in which the main sections are for Canadian companies and for foreign companies?

- A. Investment reimbursement Act
- B. Insurance Companies Act
- C. Regulatory Act
- D. Revenue-earned Act

Correct Answer: B

QUESTION 14

When premium income less return premiums arising from policies issued or other contracts entered into reinsure other insurance entities that provide the related primary coverage are called:

- A. Indirect premiums
- B. Direct premiums
- C. Assumed reinsurance premiums
- D. Real reinsurance premiums

Correct Answer: C



QUESTION 15

The Appointed Actuary has a responsibility to express an opinion on the appropriateness of certain actuarially determined amounts in the financial statements.

- A. True
- B. False

Correct Answer: A

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