

100% Money Back
Guarantee

Vendor:SOFE

Exam Code:AFE

Exam Name:Accredited Financial Examiner

Version:Demo

QUESTION 1

Federal Housing Administration:

- A. Agency does not make loans; it only insures them. For this protection the borrower must pay an annual insurance premium to the FHA of 0.5 percent of the outstanding principal amount of the loan
- B. Agency does not make loans; upon default, the lender has the option either of assigning the mortgage to the FHA and receiving cash and/or securities equal to the loan amount at the date of the default or of foreclosing on the mortgaged property
- C. Establishes standards for property that can not be insured and maximum terms, interest rates, and amounts for the insured loans
- D. All of these

Correct Answer: AB

QUESTION 2

A Company's investments are admitted assets properly valued which support the reserves and liabilities, including required capital and surplus. Many jurisdictions permit companies to make some investments that do not meet all of the strict regulatory requirements. These additional investments are often referred to as basket assets. Which of the following is/are true for Basket assets?

- A. They have been made out of a company's free surplus
- B. Mortgage loans are first liens on the property backing them. Second or third-lien mortgages typically qualify as "basket" loans
- C. A particular entity can obtain this benefit
- D. They record investment and number of mortgages on which interest has been reduced, and the percent the interest was reduced

Correct Answer: AB

QUESTION 3

What is derived from its future cash flows, adjusted for risk as well as any other relevant economic characteristics?

- A. Financial value
- B. Future cost value
- C. Liability fair value
- D. Statutory cost value

Correct Answer: C

QUESTION 4

Reinsurance is defines as:

- A. to pay another party to assume a stream of contingent expenses, for a premium over the expected cost
- B. to pay another party to assume a stream of contingent revenues, for an interest over the expected cost
- C. to sell another party to assume a stream of contingent assets, for a premium over the actual cost
- D. to sell another party to assume a stream of contingent expenses, for a discount over the expected cost

Correct Answer: A

QUESTION 5

Direct serving loans method requires a system of good internal control and requires that the functions be split between the Accounting Department and the Investment Department. The Investment Department is responsible for promptly supplying the Accounting Department with:

- A. Accounting data on new loans
- B. Resolving few exceptions reported to it by the Accounting Department, i.e., when a borrower defaults on a loan payment
- C. Data related to changes in existing loans, which affects the accounting function
- D. Alerting the Investment Department promptly whenever an exception to the normal processing routine occurs

Correct Answer: AB

QUESTION 6

Risk retention group is:

- A. A public entity formed by the members of the public pool primarily to provide business risk competency to the members.
- B. A business entity formed by the members of the private pool primarily to provide commercial asset insurance to the members.
- C. An insurance entity formed by the members of the private pool primarily to provide commercial liability insurance to the members.
- D. An insurance entity formed by the members of the public pool primarily to provide commercial expense insurance to the members.

Correct Answer: C

QUESTION 7

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 8

Generally, a company earns a servicing fee when it retains the servicing of a block of loans in which it has sold all or part of the block. Service fees received from sales of participations are recorded as:

- A. Gross income and not netted against interest income remitted to the acquiring party
- B. Unearned revenue and not netted against interest income remitted to the acquiring party
- C. Gross income
- D. Netted against interest income remitted to the acquiring party

Correct Answer: A

QUESTION 9

The combined ratio is the sum of it:

- A. loss ratio
- B. expense ratio
- C. dividend ratio
- D. All of the above

Correct Answer: D

QUESTION 10

Which of the following is NOT of equity market sensitivities that are usually considered in dynamic hedging?

- A. Delta
- B. Vega

C. theta

D. alpha

Correct Answer: D

QUESTION 11

The method used to account for insurance and reinsurance contracts that do not transfer insurance risk is referred to as:

A. Accounted revenue

B. Premium deficiency

C. Retained balance

D. Deposit accounting

Correct Answer: D

QUESTION 12

With which standard, the auditor's substantive procedures must include reconciling the financial statements to the accounting records and should include examining material adjustments made during the course of preparing the financial statements.

A. Integrated Audit Financial Statement

B. Public Company Accounting Oversight Board

C. Audit of Financial Reporting over Internal Control

D. National Association of Insurance Commission

Correct Answer: B