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QUESTION 1

An estimate due to time lags in the receipt of reports from cedants is called reinsurance.

- A. True
- B. False

Correct Answer: A

QUESTION 2

Generally, residential loans are open to prepayment at any time without penalty. To protect against a deficiency, mortgage loans should not exceed the market value of the mortgaged property and in fact are usually made for:

- A. No more than 80 percent of the value
- B. Not less than 80 percent of the value
- C. No more than 90 percent of the value
- D. Not less than 70 percent of the value

Correct Answer: A

QUESTION 3

Schedule rating:

- A. starts with a real standard, frequently the judgmental rate, and adjusts such standard rates according to an evaluation of greater or lesser exposure to risk.
- B. starts with an assumed standard, frequently the manual rate, and adjusts such standard rates according to an evaluation of greater or lesser exposure to risk.
- C. starts with an assumed standard, frequently the class rate, and adjusts such standard rates according to an evaluation of greater or lesser exposure to risk.
- D. starts with a real standard, frequently the individual rate, and adjusts such standard rates according to an evaluation of greater or lesser exposure to risk.

Correct Answer: B

QUESTION 4

What may leave more risk than a company should prudently assume due to the risk exacerbating features of a particular product?

- A. Feasible investment strategy



- B. Design strategy
- C. Risk strategy
- D. Product risk strategy

Correct Answer: A

QUESTION 5

What is based on statistical data and are large groups of similar risks can be classified by a few and easily identifiable characteristics and result in standard rates?

- A. Numerical rating
- B. Premium rating
- C. Manual rating
- D. Item rating

Correct Answer: C

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