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QUESTION 1

An instrument that grants the holder the right but not the obligation to buy the underlying asset at a specified strike price is known as:

- A. Sell Option
- B. Call Option
- C. Buy Option
- D. None of the above

Correct Answer: B

QUESTION 2

What provide for monetary compensation to third parties for failure by the insured to perform specifically covered acts with in a state period?

- A. Worker compensation pools
- B. Multiple perils
- C. Surety bonds
- D. Inter-insurance act

Correct Answer: C

QUESTION 3

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 4

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

QUESTION 5

All operations under common control are combined, intercompany balances and transactions are eliminated and the effects of minority interests are recorded through:

- A. Managed transactions
- B. Controlled investment
- C. Consolidation
- D. Monitory control

Correct Answer: C

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