



# AFE<sup>Q&As</sup>

Accredited Financial Examiner

## Pass SOFE AFE Exam with 100% Guarantee

Free Download Real Questions & Answers **PDF** and **VCE** file from:

<https://www.pass4itsure.com/afe.html>

100% Passing Guarantee  
100% Money Back Assurance

Following Questions and Answers are all new published by SOFE  
Official Exam Center

-  **Instant Download** After Purchase
-  **100% Money Back** Guarantee
-  **365 Days** Free Update
-  **800,000+** Satisfied Customers





### QUESTION 1

Excess liability:

- A. covers the insured against the loss in excess of an actual amount, but only for profits as covered and defined in a predetermined plan.
- B. covers the insured against the loss in excess of an actual amount, but only for profits as covered and defined in an underlying policy.
- C. covers all uninsured against the gain in excess of a stated amount, but only for losses as covered and defined in an underlying policy.
- D. covers the insured against the loss in excess of a stated amount, but only for losses as covered and defined in an underlying policy.

Correct Answer: D

---

### QUESTION 2

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 3

Permanent stockholders' equity represents an outside claim (from the permanent stockholders' perspective) on the net assets of a subsidiary.

- A. True
- B. False

Correct Answer: A

---

### QUESTION 4

Which of the following is NOT the date that is the key to classify the chronology of the data?

- A. policy date



- B. accident date
- C. reinsurance date
- D. report date

Correct Answer: C

---

#### QUESTION 5

A change in \_\_\_\_\_ or its application is appropriate if the change results in a measurement that is equally or more representative of fair value in the circumstances.

- A. Valuation technique
- B. Value technique
- C. Investment approach
- D. Accounting corrections

Correct Answer: A

---

#### QUESTION 6

The approach in which the investment policy should "identify acceptable ranges for investments in different types of instruments, including cash, equities, bonds and debentures, and real property is known as:

- A. Prudent Person Approach
- B. Cash Outflow Approach
- C. Regular investment Approach
- D. Asset requisition Approach

Correct Answer: A

---

#### QUESTION 7

SAP stresses measurement of emerging earnings of a business from period to period while GAAP stresses measurement of the ability to pay claims in the future.

- A. True
- B. False

Correct Answer: B

---

**QUESTION 8**

Changes in payment procedures or changes in the definition of payment date for coding purposes may or may not affect loss reserve developments.

- A. True
- B. False

Correct Answer: B

---

**QUESTION 9**

Many companies have developed an asset/liability management approach that is founded on understanding product liabilities. Mortgages meet the primary objective of maintaining:

- A. A tight asset/liability match
- B. A well-diversified core of investments
- C. A tight asset/liability match with a well-diversified core of investments.
- D. Real estate lending by insurance companies

Correct Answer: C

---

**QUESTION 10**

The deduction must be based on identification of specific doubtful amounts and is limited to the maximum of doubtful debts identified in the year or a preceding year and 75 percent of the amount reported for statutory purposes.

- A. True
- B. False

Correct Answer: B

---

**QUESTION 11**

What confirms the hypothesized interest rate sensitivities and shows that the two lines of business are fairly complementary?

- A. Harmonizing graph
- B. Balance curve
- C. Price behavior curve
- D. List pricing graph

Correct Answer: C

---

**QUESTION 12**

Evidences the fair market value of the property that is security for the mortgage loan. The appraisal value is used to determine that the loan to market value ratio is in compliance with regulatory requirements. It also is used to determine any non-admitted mortgage loan amount. Appraisals are obtained from:

- A. Independent, qualified appraisers
- B. The company's own qualified appraisers
- C. Federal Housing Administration
- D. Any one out of A and B

Correct Answer: D

---

**QUESTION 13**

The return on an instrument over a period of time is a combination of the cash flow it generates and the change in its value.

- A. True
- B. False

Correct Answer: A

---

**QUESTION 14**

What are batched, and input control totals are established before delivery to data entry?

- A. Coded applications
- B. Billing premiums
- C. Issuing policies
- D. Business applications

Correct Answer: A

---

**QUESTION 15**

Outgoing premiums less return premiums arising from reinsurance purchased from other insurance entities are called:

- A. Rating premiums
- B. Direct premiums



C. Assumed reinsurance premiums

D. Ceded reinsurance premiums

Correct Answer: D

[AFE VCE Dumps](#)

[AFE Practice Test](#)

[AFE Exam Questions](#)