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## Question 1

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**Question Type:** MultipleChoice

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Which of the following is the objective to the evaluation and risk-accepting function?

**Options:**

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- A- Evaluating and acceptability of risk
- B- Determining the premium
- C- Evaluation of entity's capacity to retain risk
- D- All of the above

**Answer:**

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D

## Question 2

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**Question Type:** MultipleChoice

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Which of the following is NOT the step of the transaction cycle?

**Options:**

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- A- Evaluating and accepting expenses
- B- Issuing policies
- C- Billing and collecting premiums
- D- Home office and branch office recordkeeping

**Answer:**

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A

## Question 3

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**Question Type: MultipleChoice**

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

**Options:**

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- A- Rating premiums
- B- Direct premiums
- C- Assumed reinsurance premiums
- D- Ceded reinsurance premiums

**Answer:**

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D

## Question 4

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**Question Type: MultipleChoice**

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

**Options:**

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- A- Indirect premiums

- B- Direct premiums
- C- Assumed reinsurance premiums
- D- Real reinsurance premiums

**Answer:**

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C

## Question 5

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**Question Type:** MultipleChoice

---

In which premium income less return premiums arising from policies issued by the entity collecting the premiums and acting as the primary insurance carrier?

**Options:**

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- A- Indirect premium
- B- Direct premium
- C- Reinsurance premium

**D-** Entity premium

**Answer:**

---

B

## Question 6

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**Question Type: MultipleChoice**

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The pro rata portion of premiums written allocable to unexpired policy periods represents unearned premiums, which are reflected as in the balance sheet.

**Options:**

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**A-** Liabilities

**B-** Expenses

**C-** Revenues

**D-** None of the above

**Answer:**

---

A

## Question 7

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**Question Type:** MultipleChoice

---

When policy periods expire, the premiums written are earned and are recognized as

.

**Options:**

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**A-** Liabilities

**B-** Expenses

**C-** Revenues

**D-** None of the above

**Answer:**

---

C

## Question 8

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**Question Type:** MultipleChoice

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is provided by original documents is more reliable than audit evidence provided by photocopies or facsimiles.

### Options:

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- A- Enterprise evidence
- B- Property evidence
- C- Audit evidence
- D- Regulatory evidence

### Answer:

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C

## Question 9

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**Question Type:** MultipleChoice

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Audit regulatory is more reliable when it is obtained from knowledgeable independent sources inside the entity.

**Options:**

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**A-** True

**B-** False

**Answer:**

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B

## Question 10

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**Question Type:** MultipleChoice

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The SEC rules clarify that management's assessment and report is limited to internal control over financial reporting.

**Options:**

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A- True

B- False

**Answer:**

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A

## Question 11

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**Question Type: MultipleChoice**

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The Module Rule requires the insurer to provide:

**Options:**

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A- to the insurance commissioner of the state of domicile, a copy of notification of adverse financial condition

B- to the auditor, evidence that the notification has been provided to the organization

C- Both A & B

D- Neither A nor B

**Answer:**

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A

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