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Question 1

Question Type: MultipleChoice

Which of the following is Correct?

Options:

- A-** Unearned premiums are calculated by simply taking the sum of the assumed written for the period plus the unearned premium reserve (liability) at the beginning of the period less the unearned premium reserve at the end of the period.
- B-** Earned premiums are calculated by simply taking the sum of the premiums written for the period plus the unearned premium reserve (liability) at the beginning of the period less the unearned premium reserve at the end of the period.
- C-** Earned premiums are calculated by simply taking the sum of the premiums written for the period plus the earned premium reserve (liability) at the beginning of the period less the earned premium reserve at the end of the period.
- D-** Earned premiums are calculated by simply taking the sum of the premiums written for the period plus the unearned premium reserve (liability) at the beginning of the period more than the earned premium reserve at the end of the period.

Answer:

B

Question 2

Question Type: MultipleChoice

Because premiums for a reinsurer typically are not fully earned when received, provision is made for recording premiums in which of the following stages of development?

Options:

- A- reinsurance premiums, earned premiums, and unearned premiums
- B- written premiums, assuming premiums, and unearned premiums
- C- recorded premiums, revenue-generated premiums, and ceded premiums
- D- written premiums, earned premiums, and unearned premiums

Answer:

D

Question 3

Question Type: MultipleChoice

What may be determined as a percentage of the subject base premium, a flat rate, or a rate developed by the reinsured's loss experience?

Options:

- A- Reinsurance income
- B- Written premiums
- C- Premiums
- D- Loss reserving practices

Answer:

C

Question 4

Question Type: MultipleChoice

A retrocession is a transaction whereby a reinsurer, called the retrocedent, cedes to another reinsurer, known as the retrocessionaire.

Options:

A- True

B- False

Answer:

A

Question 5

Question Type: MultipleChoice

What refers to a reinsurance arrangement which involves a 100 percent cession of a company's block of business at a certain time?

Options:

A- variations

B- portfolio

C- proportionality

D- premium reserves

Answer:

B

Question 6

Question Type: MultipleChoice

A primary insurer has a higher frequency of loss among its policyholders or claimants than a reinsurer has among its ceding companies.

Options:

A- True

B- False

Answer:

A

Question 7

Question Type: MultipleChoice

What reinsurance is defined as reinsurance excess of retention by the ceding company?

Options:

- A- Non-proportional
- B- Proportional
- C- Commutative
- D- Non-commutative

Answer:

A

Question 8

Question Type: MultipleChoice

Proportional reinsurance is defined as pro rata reinsurance.

Options:

A- True

B- False

Answer:

A

Question 9

Question Type: MultipleChoice

What is an agreement that releases the reinsurer of all its obligations under the original reinsurance agreement for a negotiated consideration as a final settlement?

Options:

- A- Statutory Act
- B- Accounting practices
- C- commutation
- D- None of the above

Answer:

C

Question 10

Question Type: MultipleChoice

Deposits associated with contracts that transfer only timing risk or transfer neither timing nor underwriting risk shall be measured using the:

Options:

- A- Appropriate Method
- B- Interest Method

C- Intermediary decisions Method

D- Reassumption offset Method

Answer:

B

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