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QUESTION 1

Experience refund provisions of group insurance contracts are most often concerned with the manner of distributing any profits between the insurer and the insured group. The agreements usually contain provisions specifying how losses will affect the profit allocations for the insured group. In such situation:

A. Losses may or may not be charged back

B. Losses can never be charged back

C. Gains are distributed according to the agreement between both the parties

D. If charged back, losses for each group are usually accumulated for a certain number of years

Correct Answer: AD

QUESTION 2

Most life insurance companies that are taxable in Canada fall into which one of the following classifications:

A. Domestic life insurance companies

B. Multinational life insurance companies resident in Canada

C. Nonresident life insurance companies operating in Canada through a branch

D. All of the above

Correct Answer: D

QUESTION 3

What uses valuation techniques to convert future amounts to a single present amount?

A. Risk approach

B. Market approach

C. Income approach

D. Cost approach

Correct Answer: C

QUESTION 4

The establishment of loss reserves generally requires considerable judgment and knowledge of the entity\\'s business is known as:

A. integration assessment

B. procurement assessment

C. qualitative assessment

D. quantitative assessment

Correct Answer: C

QUESTION 5

Savvy sales agents, acting in the interests of their clients, instigate surrenders of the original policies and placement with the new insurers, this phenomenon is known as:

A. Opportunistic act

B. Contractual minimums

C. Mortgage backed securities

D. Disintermediation.

Correct Answer: D

QUESTION 6

A metric is a measurement standard or yardstick for quantifying Asset/Liabilities Management (ALM) risk.

A. True

B. False

Correct Answer: A

QUESTION 7

The arrangements by which pools manage separate accounts for each pool member from which the losses of that member are paid is called:

A. employee pools

B. claim-serving pools

C. singular entity pools

D. None of the above

Correct Answer: B

QUESTION 8

At the end of each reporting period, unearned premiums are calculated and the change in unearned premiums is recorded as a change or debit to premium income.

A. True

B. False

Correct Answer: B

QUESTION 9

Which risk assessment procedures are used to obtain an understanding of the entity and its environment, including its internal control?

A. Inquiries of management

B. Analytical procedures

C. Observation

D. All of the above

Correct Answer: D

QUESTION 10

_________________ is a special variation on a second mortgage. In this form, the new lender assumes the original or first mortgage and has the responsibility of collecting all payments and remitting a portion of these payments to the first lender.

A. Conventional Residential Loan

B. FHA loan

C. Wrap-around loan

D. VA loan

Correct Answer: C

QUESTION 11

The method used to account for insurance and reinsurance contracts that do not transfer insurance risk is referred to as:

A. Accounted revenue

B. Premium deficiency

C. Retained balance

D. Deposit accounting

Correct Answer: D

QUESTION 12

Excess liability:

A. covers the insured against the loss in access of an actual amount, but only for profits as covered and defined in a predetermined planning.

B. covers the insured against the loss in access of an actual amount, but only for profits as covered and defined in an underlying policy.

C. covers all uninsured against the gain in access of a stated amount, but only for losses as covered and defined in an underlying policy.

D. covers the insured against the loss in access of a stated amount, but only for losses as covered and defined in an underlying policy.

Correct Answer: D

QUESTION 13

What is applied to the sale of all or a block of an entity\\'s insurance in force of another entity?

A. Insurance impede

B. Portfolio Reinsurance

C. Poly-holder insurance

D. Syndicated insurance

Correct Answer: B

QUESTION 14

The difference between the case-basis reserves and the estimated ultimate cost of such recorded claims is known as:

A. projected reserves

B. computing reserves

C. case-development reserves

D. claim reserves

Correct Answer: C

QUESTION 15

Which of the following is the significant requirement for ongoing regulatory reporting to the Office of the Superintendent of Financial Institutions ("OSFI")?

A. The monthly Return

B. Capital Adequacy Return

C. Constraints of Sound Business

D. Static Capital Adequacy Test

Correct Answer: B