

QUESTIONS & ANSWERS

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Question: 69

There are many different sources of CMBS. Conduits and aggregate pools generally consist of loans newly originated, purchased or held by investment bankers until the pool is large enough for an efficient execution. Government agencies such as the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corp. (FHLMC) are important sources of:

- A. Residential financing
- B. B2B financing.
- C. Commercial financing.
- D. Mortgage loans

Answer: A

Question: 70

What represent the ownership interests in the net assets of the subsidiary held by persons outside the controlling entities' structure?

- A. External control
- B. Minority interests
- C. Permanent stockholder
- D. None of the above

Answer: B

Question: 71

A substantial investment is defined as any investment comprising more than 15 percent of an enterprise's voting shares or greater than 35 percent of its equity.

- A. True
- B. False

Answer: B

Question: 72

What are designed primarily to accumulate a fund for eventual liquidation via annuitization, so the savings element is predominant?

- A. Variable annuities
- B. Deferred annuities
- C. Immediate annuities
- D. None of the above

Answer: B

Question: 73

The value of the capital stock shown in the stock life insurance company's statutory basis balance sheet equals the par value per share multiplied by the number of issued shares.

In the case of no-par stock:

- A. The stated value per share is used (or liquidation value, for no-par preferred capital stock)
- B. The Total value of shares is used (or liquidation value, for par preferred capital stock)
- C. The market value per share is used (or liquidation value, for no-par preferred capital stock)
- D. Capital stock may be sold to the public for an amount greater than par or stated value

Answer: A

Question: 74

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

Answer: D

Question: 75

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

- A. Liabilities
- B. Expenses
- C. Revenues
- D. None of the above

Answer: C

Question: 76

Which projection method uses paid losses plus reserves on outstanding claims?

- A. Average losses
- B. Loss ratio
- C. Incurred loss
- D. None of the above

Answer: C

Question: 77

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

- A. True
- B. False

Answer: A

Question: 78

The magnitude of the variable annuity benefits provided by a deferred annuity depends on the size of the account value at the end of the accumulation phase.

- A. True
- B. False

Answer: B

Question: 79

Audit risk consists of:

- A. Risk of material misstatement
- B. detection of risk
- C. Both A & B
- D. Neither A nor B

Answer: C

Question: 80

Structured settlements are agreements characterized by the periodic payment of fixed amounts to a claimant in connection with the settlement of a legal claim. Such payments may last for the lifetime of the payee or they may be for a particular period of time, depending upon the terms of the settlement.

The party responsible for making structured settlement payments may make payments:

- A. Directly
- B. To a claimant
- C. Any one of these
- D. None of these

Answer: C

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