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**QUESTION 1**

National Association of Insurance Commissioners stated that, has no effect on the valuation of securities for statutory accounting purposes, provided the amount of the collateral at least equals the required collateral.

- A. Safety act
- B. Investment security
- C. Insurance track
- D. Securities lending

Correct Answer: D

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**QUESTION 2**

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

Correct Answer: B

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**QUESTION 3**

Direct serving loans method requires a system of good internal control and requires that the functions be split between the Accounting Department and the Investment Department. In such a case the Accounting Department is responsible for all of the following EXCEPT:

- A. Supplying the Investment Department with correct data and reports that summarize all loan transactions
- B. Alerting the Investment Department promptly whenever an exception to the normal processing routine occurs
- C. The design, maintenance, and accuracy of accounting records, for periodic management and exception reports, and for statutory statement preparation
- D. Its records may or may not provide the needed data to support this reporting function

Correct Answer: D

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**QUESTION 4**



The evaluation and subsequent purchase or sale of investments is based on the judgment of the entity's investment and finance committees.

- A. True
- B. False

Correct Answer: A

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#### QUESTION 5

An instrument that grants the holder the right but not the obligation to buy the underlying asset at a specified strike price is known as:

- A. Sell Option
- B. Call Option
- C. Buy Option
- D. None of the above

Correct Answer: B

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