

AS-PAGE 2: PAST CAS EXAMINATION QUESTIONS

A. Asset Schedules And Valuation

- A1. Part 6 of Schedule D adjusts assets so as to exclude from admitted assets the intangible assets of a subsidiary, controlled, or affiliated company. (77-7-18-1)
- A2. Identify, using no more than three words, the category of assets listed in each of the following Annual Statement schedules:
a. Schedule A b. Schedule B c. Schedule D d. Schedule E. (78-7-40a,b,d&e-2)
- A3. Which of the following assets are reported on Schedule BA of the Annual Statement?
1. Transportation equipment 2. Timber deeds 3. Stock options in force
A. 1,2 B. 1,3 C. 2,3 D. 1,2,3 E. None of these are reported. (79-7-25-1)
- A4. Real estate partnerships are reported in Schedule A of the Annual Statement. (83-7-15-1)
- A5. Schedule DA was added to the Annual Statement in 1982.
a. What does this schedule show?
b. What was the purpose for adding this schedule? (83-7-59-2)
- A6. Give the basis for determining the statutory balance sheet value of each of the following types of assets. Identify the supporting schedule(s) in which the detail regarding each can be found.
a. Common stocks
b. Preferred stocks
c. Bonds
d. Stock of a wholly owned casualty insurance subsidiary
e. Real estate
f. Mortgage loans on real estate. (85-7-32a-f-3)
- A7. Schedule DA – Part 2 was revised for the 1985 Annual Statement to monitor option trading by insurance companies. (86-7-6-.5)
- A8. State the valuation basis for the following assets in the statutory Annual Statement:
a. Stocks b. Bonds c. Mortgages d. Real estate. (87-7-32-1)
- A9. a. State the basis for determining the statutory asset value of each of the following:
i) Stock of a wholly owned casualty insurance subsidiary
ii) Real estate
iii) Mortgage loans on real estate
b. Identify the supporting Annual Statement schedule that contains the detail regarding each of the above. (88-7-50-1.5)
- A10. Which of the following would be reported in Annual Statement Schedule BA?
A. Dividends received on investments in common stock
B. Income received from investments in partnerships
C. Gain or loss on the sale of real estate
D. Financial futures contracts which are open at year end
E. None of these items would be reported in Schedule BA. (99-7US-21-1)

- A1. F, Schedule D – Part 6 – Section 2, column 4 – The schedule identifies those assets that have been included in admitted assets.
- A2. a. Real estate, p. 2–8.
b. Mortgage loans, p. 2–7.
c. Bonds and stocks, pp. 2–4, 2–5.
d. Cash, p. 2–9.
- A3. 1. T, p. 2–9
2. T, p. 2–9
3. F, p. 9–19 – These are included in Schedule DB.

Answer: A

- A4. F, p. 9–16 – They are reported in Schedule BA.
- A5. a. It shows short-term investments owned, p. 2–9.
b. Such debt instruments need to be distinguished from long-term bonds.
- A6. a. Fair value – Schedule D, p. 2–5.
b. 1) Those designated RP1–RP2 – book value
2) Those designated P1–P2 – fair value
3) Those designated RP3–RP6 and P3–P6 – lower of book and fair value
All are shown in Schedule D, p. 2–5.
c. 1) Those designated NAIC 1 or NAIC 2 – amortized cost
2) Those designated NAIC 3 – NAIC 4 – lower of amortized cost and fair value
All are shown in Schedule D, pp. 2–3, 2–4.
d. Value of statutory equity adjusted for unamortized goodwill or market value – Schedule D, p. 9–14.
e. 1) If occupied by the company or held for the production of income – net book value less encumbrances
2) If held for sale – lower of net book value and fair value, less encumbrances and sale costs
All are shown in Schedule A, pp. 2–7, 2–8.
f. 1) Mortgage loans originating with the insurer – initial unpaid principal amount net of loan origination and commitment fees reduced by principal repaid
2) Mortgage loans purchased by the insurer – amortized value
3) Impaired mortgage loan – net fair value (appraised value less estimated costs to sell)
All are shown in Schedule B, p. 2–7.
- A7. F, p. 9–19 – Substitute "DB" for "DA."
- A8. a. See A6a&b.
b. See A6c.
c. See A6f.
d. See A6e.
- A9. a. See A6d–f.
b. See A6d–f.
- A10. A. F, p. 9–13 – It would be reported in Schedule D.
B. T, p. 9–21
C. F, p. 9–17 – It would be reported in Schedule A.
D. F, p. 9–19 – It would be reported in Schedule DB.

Answer: B