



SOCIETY OF FINANCIAL EXAMINERS®

AFE 4 – Property and Liability Insurance Accounting STUDY GUIDE

Effective June 2019

The passing score for this test is 70

Reference Guides:

Property-Casualty Insurance Accounting, by IASA 2017, 10th Edition

*Accounting Practices and Procedures Manual, by NAIC, March 2019
Publication*

*Audit and Accounting Guide: Property & Liability Insurance Entities, by
AICPA, updated as of August 1, 2021*

This study guide is a tool to assist you in learning the materials needed to study for this examination. The information provided indicates the areas on which you should focus. The study guide should be used as a starting point and not as a complete listing of topics that will be covered within the exam.

The study guide is in 3 sections, one section for each reference guide

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SECTION I - *Property-Casualty Insurance Accounting, by IASA 2017,*
10th Edition

<u>Chapter #</u>	<u>Chapter Description</u>
Chapter 1:	Evolution of Insurance Accounting and Annual Statement Reporting
Chapter 2:	Assets
Chapter 3:	Bonds and Stock
Chapter 6:	Estimating Liabilities for Losses and Loss Adjustment Expenses
Chapter 7:	Earned and Unearned Premiums
Chapter 8:	Other Liabilities, Capital and Surplus
Chapter 9:	Written Premiums
Chapter 10:	Losses and Loss Adjustment Expenses
Chapter 11:	Other Expenses
Chapter 12:	Investment Income
Chapter 14:	Reinsurance
Chapter 15:	Taxation
Chapter 16:	Accounting for Income Taxes
Chapter 17:	Risk Based Capital
Chapter 23:	Generally Accepted Accounting Principles
Chapter 24:	SEC Reporting
Chapter 26:	Financial Management
Chapter 27:	Financial Strength

SECTION II - *Accounting Practices and Procedures Manual, by NAIC*

<u>No.</u>	<u>Title</u>
-	Preamble
1	Accounting Policies, Risks & Uncertainties, and Other Disclosures
3	Accounting Changes and Corrections of Errors
4	Assets and Nonadmitted Assets
5R	Liabilities, Contingencies and Impairments of Assets
6	Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers
9	Subsequent Events
11	Postemployment Benefits and Compensated Absences
16R	Electronic Data Processing Equipment and Software
19	Furniture, Fixtures, Equipment and Leasehold Improvements
20	Nonadmitted Assets
22	Leases
25	Affiliates and Other Related Parties
26R	Bonds
27	Off-Balance-Sheet and Credit Risk Disclosures
29	Prepaid Expenses
30R	Unaffiliated Common Stock
32	Preferred Stock
37	Mortgage Loans
38	Acquisition, Development and Construction Arrangements
40R	Real Estate Investments
41	Surplus Notes
43R	Loan-Backed and Structured Securities
48	Joint Ventures, Partnerships and Limited Liability Companies
53	Property Casualty Contracts—Premiums
62R	Property and Casualty Reinsurance
65	Property Casualty Contracts
66	Retrospectively Rated Contracts
70	Allocation of Expenses
71	Policy Acquisition Cost and Commissions
86	Derivatives
97	Investment in Subsidiary, Controlled and Affiliated Entities
100R	Fair Value
101	Income Taxes
102	Pension

SECTION III - *Audit and Accounting Guide: Property & Liability Insurance*

Entities, by AICPA, updated as of August 1, 2021

<u>Chapter #</u>	<u>Chapter Description</u>
Chapter 1:	Nature, Conduct, and Regulation of the Business
Chapter 2:	Audit Considerations
Chapter 3:	Premiums
Chapter 4:	The Loss Reserving and Claims Cycle
Chapter 5:	Investments and Fair Value Considerations
Chapter 6:	Reinsurance
Chapter 7:	Income Taxes
Chapter 9:	Captive Insurance Entities

Test Allocation Summary

AFE 4 – Property and Liability Insurance Accounting test bank sections are referenced as:

Section 1: Property-Casualty Insurance Accounting, by IASA

Section 2: Accounting Practices and Procedures Manual, by NAIC

Section 3: Audit and Accounting Guide: Property & Liability Insurance Entities, by AICPA)

	Test with Sections (50 Questions) Allocation	% Allocation
AFE 4 - Property and Liability Insurance Accounting		
Section 1: (Property-Casualty Insurance Accounting, by IASA)	27	54%
Section 2: (Accounting Practices and Procedures Manual, by NAIC)	9	18%
Section 3: (Audit and Accounting Guide: Property & Liability Insurance Entities, by AICPA)	14	28%
Total	50	