

CAA - Certified Actuarial Analyst Practice Test Questions and Answers

1. What does Value at Risk (VaR) measure?

- A) The average return on an investment
- B) The worst expected loss over a given time frame
- C) The minimum required capital
- D) The total assets in a portfolio

2. What does an amortization schedule show?

- A) A summary of bank transactions
- B) A breakdown of loan payments over time
- C) The total interest rate
- D) The highest possible loan amount

3. What is the present value of an annuity?

- A) The future value of payments
- B) The sum of discounted future cash flows
- C) The total number of payments made
- D) The interest rate over time

4. What is the formula for compound interest?

- A) $A = P(1 + rt)$
- B) $A = P(1 + r/n)^{nt}$
- C) $A = P(1 - r)^t$
- D) $A = P(rt)$

Answers: 1-B 2-B 3-B 4-B

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