

ARM Practice Test Questions and Answers

1. A 'risk-adjusted return' measures:

- A) The gross financial return before any deductions
- B) Returns guaranteed by government bonds
- C) A performance measure that accounts for the level of risk assumed to generate the return
- D) The minimum return required by insurance regulators

2. What is the purpose of a risk heat map?

- A) To eliminate all risks.
- B) To visually assess risk impact and likelihood.
- C) To assign blame for risk occurrences.
- D) To replace traditional risk assessments.

3. Reputational risk is best classified as:

- A) A pure risk with no speculative component
- B) A strategic risk that can impact stakeholder relationships and organizational value
- C) A purely financial risk with no operational consequences
- D) A regulatory compliance risk exclusively

4. What is the primary goal of risk control?

- A) Eliminating all risks completely.
- B) Reducing risk likelihood and impact.
- C) Shifting responsibility to external parties.
- D) Avoiding risk assessment entirely.

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

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