

CAIA Practice Test Questions and Answers

1. Hazard is defined as:

- A) A condition with the potential to cause personal injury or death, property damage, or mission degradation
- B) A condition with the potential to cause personal financial loss or property damage or mission degradation
- C) A condition with the potential to cause personal injury or death or mission completion
- D) A condition with the potential to cause property damage or mission degradation, or a revenue tax increase

2. Definition of Risk is:

- A) The likelihood that a hazard will result in a mishap or loss
- B) The likelihood that a hazard will result in a disaster
- C) The likelihood that a hazard will result in a favorable outcome
- D) The likelihood that a hazard will result in a change in command

3. An example of a specific risk:

- A) A CEO is fired
- B) A recession
- C) A war
- D) A presidential election

4. Dividends ____ the rate of return?

- A) Decrease
- B) Increase
- C) Have no effect on
- D) Increase the risk of

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

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