

CLM Quiz Legal Industry & Finance

- 1.) This form of liability insurance protects the non-employee member of the public.
 - a.) Commercial Liability Insurance
 - b.) General Liability Insurance
 - c.) Employment Practices Liability Insurance
 - d.) Workers Comp

- 2.) True or False
Attorneys retiring from firms often do not need tail policies as long as the firm continues and has continuing coverage in place with good prior acts language.

- 3.) True or False
Occurrence coverage is common.

- 4.) True or False
Employees are entitled to coverage under workers compensation for all illness or injury arising out of in or off the course of employment.

- 5.) True or False
According to HIPAA pregnancy is not considered a pre-existing condition under any circumstance.

- 6.) A budget used for a specific level of activity and does not take into account variables such as increased or decreased activity is:
 - a.) Flexible or Variable Budget
 - b.) Continuous or Rolling Budget
 - c.) Long Ranged Budget
 - d.) Static Budget
 - e.) Zero Based Budget

- 7.) A Master budget:
 - a.) Demonstrates the inflows and outflows of cash that are projected by the end of the budgeting period.
 - b.) Is comprised of both an operating and a financial budget.
 - c.) May be prepared on an annual basis or it may cover multiple years.
 - d.) All of the above
 - e.) None of the above

- 8.) The following is treated like a partnership for income tax purposes.
 - a.) Corporation
 - b.) LLC
 - c.) PC
 - d.) LLP
 - e.) LLC and LLP

- 9.) Revenue recognized when earned and expenses recognized when incurred is:
 - a.) Accrual method
 - b.) Cash basis accounting
 - c.) Modified cash basis accounting
 - d.) Revenue Recognition

- 10.) Partner's equity appears on the firm's:
 - a.) Cash Flow Statement
 - b.) Statement of Net Assets
 - c.) Income Statement
 - d.) All of the above

Answer Key:

- 1.) B (p. 83)
- 2.) True (p. 82)
- 3.) False (p. 80)
- 4.) False (p. 84)
- 5.) True (p. 90)
- 6.) D (p. 242)
- 7.) D (p. 241)
- 8.) E (p. 223)
- 9.) A (p. 213)
- 10.) B