



*Chartered Insurance
Institute of Nigeria*

Chief Examiners' Report

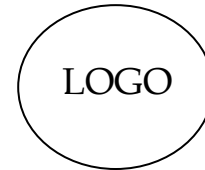
April 2021

Foundation Level (701 to 708)

F01

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F01 - INSURANCE, LEGAL AND REGULATORY
YEAR 2021 DIET



All answers should be shaded on the answer form in accordance with the following instructions:

- Two hours are allowed for this paper.
- Fill in the information requested on the answer form and attendance form.
- Handle the answer form with care and do not write notes on it.
- No marks are deducted for incorrect answers, so do not leave any questions unanswered.
- The answer form should be handed over personally by you to the invigilator before you leave the Examination Hall.
- Insert your candidate's number as given on your admission permit and any other particulars required on the answer form.
- Ensure that you write the full and correct candidate's number.
- If you bring a calculator into the examination room, it must be silent battery or solar powered non-programmable calculator. The use of programmable calculator is prohibited.
- No name should be written on the answer form.

FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL) WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL 2021 DIET CANDIDATES' INSTRUCTIONS.

**CHARTERED INSURANCE INSTITUTE OF NIGERIA
FOUNDATION**

F01 - INSURANCE, LEGAL AND REGULATORY

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

Section A

The questions 1 - 60 in this paper are numbered and four options follow each question. The options are labeled a,b,c,d. Only one of these options is correct. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Example:

A comprehensive motor insurance policy would provide cover for:

- (a) Accidental damage to the vehicle
- (b) Wear and tear and depreciation
- (c) Mechanical and electrical failure or breakdown
- (d) Damage to tyres caused by road punctures or burst

The correct option is (a).

Section B

Questions 61 - 85 are to be answered as either True (T) or False (F). Select your chosen option and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Example:

A comprehensive motor insurance policy would provide cover for all types of accidental damages without any exclusion (True or False).

The correct option is False (F).

Section C

Questions 86 - 100. This section contains four (4) case studies each followed by some questions. The case studies are not numbered and appear at the top of the page. Each of the questions following a case study is numbered. Four options follow each question. The options are labelled, a, b, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Chief Examiner's Summarised Statistics

Highest Score: 84%

Lowest Score: 33%

Average Score: 69%

Breakdown Updates

The questions were quite simple and candidates were expected to perform well as the questions cannot be simpler. The performance on the regulatory related questions were woeful.

Chief Examiner's Comments on Overall Performance

The overall performance is just okay.

Chief Examiner's Suggestion on Improvement

Candidates should not only read, they should study. They should also attend tutorial classes, do group discussions and show more commitments to the examination.

SECTION A - ATTEMPT ALL QUESTIONS (Questions 1 - 60)

1. The most effective form of risk control is ...
(a) assessment (b) adoption
(c) elimination (d) reduction
2. One the alternatives below is not a fundamental risk.
(a) Famine (b) Earthquake
(c) War (d) Fire
3. One of the following alternatives is an insurable risk.
(a) Not against public (b) Deliberate act
(c) Against public policy (d) Fundamental
4. The concept which implies doubt about the future as a result of our incomplete knowledge is ...
(a) level of risk (b) peril
(c) uncertainty (d) hazard
5. When discussions relate to the overflow of water tanks, such discussions may be centered on ...
(a) peril (b) hazard
(c) frequency (d) severity
6. The following are examples of moral hazard except ...
(a) dishonesty (b) social attitudes
(c) age of the proposal (d) carelessness
7. A manufacturing firm opts to arrange insurance on its property and decides to insure the first ~~N~~5,000,000.00 of each property loss that they suffer. The firm has opted for ...
(a) captive insurance (b) insurance by transfer
(c) self-insurance (d) actual insurance
8. The amount (~~N~~5,000,000.00) above is called;
(a) actual premium (b) insurers charge
(c) insured's retention (d) insured's detention
9. The Insurance Act 2003 categorises life insurance business into ...
(a) 2 categories (b) 3 categories
(c) 4 categories (d) 5 categories

10. One of the following does not belong to the alternatives considering the categorisation of insurance business according to the Insurance Act 2003.
- (a) Fire Insurance business
 - (b) Marine and aviation insurance business
 - (c) Accident and liability insurance business
 - (d) Engineering insurance business
11. Livestock insurance provides cover against death through not one of the following.
- (a) Accident
 - (b) Disease
 - (c) Theft
 - (d) Death
12. The insurance bought to provide compensation to the insured in respect of claims from members of the public for accidental bodily injury or damage to their property due to insured's negligence or that of their employees is ...
- (a) public liability
 - (b) employers' liability
 - (c) products liability
 - (d) professional indemnity
13. A policy marketed under a variety of trade names designed to provide a range of covers automatically for particular trade sectors is called ...
- (a) commercial combined
 - (b) commercial package
 - (c) household
 - (d) travel
14. One of the following alternatives is synonymous with marine insurance.
- (a) Friendly Associations
 - (b) Mutual Companies
 - (c) Mutual Indemnity Associations
 - (d) Captive Insurance
15. Takaful insurance embraces all but one of the following.
- (a) Mutuality and cooperation
 - (b) uncertainty
 - (c) Shared responsibility
 - (d) Joint indemnity
16. The insurance marketing process which involves making decisions on price, product, promotion and place is called ...
- (a) distribution mix
 - (b) insurance product mix
 - (c) line of best mix
 - (d) marketing mix

17. The following are all features of direct marketing channels but not ...
- (a) reduced cost
 - (b) quick and easier purchase
 - (c) only one company's product is available
 - (d) advertising and promotion cost passed to customer
18. In reinsurance parlance, the insurance company that buys the reinsurance cover is known by the following except ...
- (a) reinsured
 - (b) cedant
 - (c) underwriter
 - (d) ceding company.
19. Insurance underwriters will not perform one of the following functions.
- (a) Assess the risk that people bring to the pool
 - (b) Assess the risk and transfer same to the underwriting company
 - (c) Decide whether or not to accept the risk
 - (d) Determine the terms, conditions and scope of cover to be offered.
20. Forensic analysis is best known in crime scene investigation. There are different investigative areas which include not one of the following.
- (a) Gathering evidence to suggest fraud or a deliberate act
 - (b) Determining whether any lack of maintenance contributed to the damage
 - (c) Establishing evidence that suggests that a policy exclusion operates
 - (d) Procuring and allocation of fire accelerating agent
21. When an offer is made by a party and the other party introduces new terms, it is called ...
- (a) offer
 - (b) acceptance
 - (c) conditional offer
 - (d) conditional acceptance
22. The relationship of principal and agent can arise in one of the following various ways but not ...
- (a) consent
 - (b) ramification
 - (c) ratification
 - (d) necessity
23. One of the following is not a duty of an agent.
- (a) Obedience
 - (b) Duty of care and skill
 - (c) Good faith
 - (d) Remuneration

24. Agency relationship can be terminated not by one of the following.
- (a) Mutual agreement between the principal and agent
 - (b) Termination by the principal or agent
 - (c) Termination by police order
 - (d) Death
25. In an insurance class the tutor wrote the following on the board "there need be no valid insurable interest at the time of claim". This is the decision in the case of ...
- (a) Pawsey v Scottish Union and National
 - (b) Godsall v Boldero
 - (c) Dalby v The India and London Life Assurance Company
 - (d) Macaura v Nothern Assurance
26. The financial interest a person has in the subject matter of insurance is called ...
- (a) subject matter of the contract
 - (b) subject matter of the property
 - (c) subject matter of the relationship
 - (d) none of the above
27. Every circumstance is material which would influence the judgment of a prudent insurer in fixing the premium or determining whether he will take the risk. This is as contained in ...
- (a) Section 18(1) Marine Insurance Act 1906
 - (b) Section 18(2) Marine Insurance Act 1907
 - (c) Section 18(2) Marine Insurance Act 1906
 - (d) Section 18(1) Marine Insurance Act 1907
28. One of the following cases rest on the Insurer's duty of disclosure.
- (a) Kata v. Bowen (1966)
 - (b) Kettlewell v. Refuge Assurance Company (1909)
 - (c) Rozanes v. Bowen (1907)
 - (d) Carter v. Bowem (1766)
29. The provision that only breach of material and relevant terms give rise to right is found in ... of the Insurance Act 2003.
- (a) Section 53
 - (b) Section 54
 - (c) Section 55
 - (d) Section 56
30. One of these is not an example of physical hazard in fire insurance.
- (a) Construction of the building
 - (b) Nature of use
 - (c) Heating
 - (d) Nature of stock

31. In the Nigerian Insurance Act 2003, the provision for disclosure of material fact was made clear in Section ...
- (a) 54(1)
 - (b) 55(1)
 - (c) 54(1)
 - (d) 55(2)
32. The following are examples of misrepresentation in insurance except ...
- (a) A proposer for theft insurance says that the premises are protected by a burglar alarm when they are not
 - (b) A proposer for motor insurance declares that his car has not been modified in any way when it has
 - (c) A proposer for an appliance insurance declares that the appliance is under five years old when it is ten years old
 - (d) A proposer states that he was an ex-convict when he has not been rehabilitated.
33. The provision of Insurance Act 2003 that in an Insurance contract a breach of term whether called a warranty or a condition shall not give rise to any right by or afford a defence to the unless the term is material and relevant to the risk or loss insured against is found in ...
- (a) Section 55(1)
 - (b) Section 55(2)
 - (c) Section 56(1)
 - (d) Section 56(2)
34. Between the cause of loss and effect, there must be ...
- (a) a direct link
 - (b) an indirect link
 - (c) incidental link
 - (d) a non-direct link
35. The perils named in the policy as specifically not covered are referred to as ...
- (a) excepted perils
 - (b) uninsured perils
 - (c) insured perils
 - (d) unmentioned perils
36. One of the following is not a category of benefit policies.
- (a) Personal Accident
 - (b) Permanent Health
 - (c) Accident to Vehicle
 - (d) Payment Protection Indemnity

37. When equipment is completely destroyed, the measure of indemnity is ...
- (a) reinstatement cost plus allowance for wear and tear
 - (b) reinstatement cost less allowance for wear and tear
 - (c) repairs cost plus wear and tear
 - (d) repairs cost less wear and tear
38. One of the following is true of the starting point for measurement of indemnity in machinery and contents policies.
- (a) When there is a ready second-hand value market, indemnity is the cost of second-hand item less carriage or installation costs
 - (b) When there is a ready second-hand value market, indemnity is the cost of second-hand item plus carriage or costs of installation
 - (c) When there is no second-hand market, indemnity is the cost repair or replacement plus allowance for wear and tear
 - (d) When there second-hand market payment of indemnity is withheld
39. There are occasions when the insured believes that a total loss or even a substantial loss seems impossible and request that their policy has a sum insured less than the full value and this is known as ...
- (a) reduced policy
 - (b) subordinate policy
 - (c) first loss policy
 - (d) agreed loss policy
40. The maximum amount that can be recovered under a property policy is limited to the ...
- (a) premium
 - (b) premium plus additional premium
 - (c) sum insured
 - (d) value of the subject matter
41. Which of these alternatives is true of excess buy-back?
- (a) Excess is not totally sold/bought
 - (b) Excess can be totally sold
 - (c) Excess buy back is common in personal accident insurance
 - (d) None of the above
42. The effect of the contribution condition is to ...
- (a) compel the insured to make a claim under each valid policy for the sum for which each liable insurer
 - (b) compel the insured to forgo his claim
 - (c) ensure that the lead underwriter pays the loss
 - (d) determine which insurer to go to for his claim

43. The leading case establishing common interest in the principle of contribution is ...
- (a) North British and Merchant v. Liverpool and London and Globe (1877)
 - (b) North British and Mercantile v. Liverpool and England and Globe (1877)
 - (c) North Britain and Mercantile v. Liverpool and London and Globe (1877)
 - (d) North British and Mercantile v. Liverpool and London and Globe (1877)
44. The name given to the share of any claim that an insurer pays when two or more insurers cover the same risk usually in proportion to the respective sums insured is ...
- (a) ratable proportion
 - (b) ratetable proportion
 - (c) rateable proportion
 - (d) none of the above
45. While the insured is precluded from making profit from insurance money, the insurers too are not entitled to recover more than they have paid out. This is seen in the case of ...
- (a) Yorkshire Insurance Co. v. Nisbet Shipping Co. Ltd (1961)
 - (b) Castellain v. Preston (1883)
 - (c) Roselodge v. Castle (1966)
 - (d) None of the above
46. Under common law, everyone has a duty to act in a reasonable way towards others a breach of which is called ...
- (a) Contract
 - (b) tort
 - (c) state
 - (d) Statute
47. For riot, civil commotion and malicious damage, claim must be notified by the insured under the Riot (Damages) Act 1886 within
- (a) 14 days
 - (b) 21 days
 - (c) 42 days
 - (d) 7 days
48. In order to avoid disputes about quantifying subrogated claims, reduce costs and ensure prompt settlement, four key elements are incorporated and one of these is not included.
- (a) Legal costs should be avoided wherever possible

- (b) All material supporting documentary evidence need not be volunteered together with salvage value and the basis of calculation for vehicles written off
 - (c) Consistency of practice in the control of own damage claims regardless of any subrogation rights
 - (d) Subrogated claims are to represent the net cost to the insurer after all discounts and certain items such as emergency treatment fees are excluded.
49. The compulsory insurance by law refers to ...
- (a) Comprehensive
 - (b) Third party fire and theft
 - (c) Third party liability
 - (d) All of the above
50. Section 65 of the Insurance Act 2003 provides for ...
- (a) Insurance of public buildings
 - (b) Insurance of building under construction
 - (c) Insurance of importation
 - (d) All of the above
51. According to the Insurance Act 2003 Section 67, ... is compulsory.
- (a) the insurance of exportation
 - (b) the insurance of chattel
 - (c) the insurance of ship
 - (d) none of the above
52. Professional indemnity insurance is made compulsory for some professionals which includes all but one of the following.
- (a) Solicitors
 - (b) Insurance Intermediaries
 - (c) Medical doctors
 - (d) None of the above
53. The process of putting together cash into financial system and converting it into financial assets is called ...
- (a) legitimation
 - (b) integration
 - (c) layering
 - (d) placement
54. The relevant regulations in Nigeria that regulate money laundering are ...
- (a) Money Laundering Act and Central Bank Act
 - (b) Money Laundering Act and NAICOM Act
 - (c) Money Laundering Act and Insurance Act
 - (d) Money Laundering Act and the Money Market Act

55. Money Laundering Regulations Act 2017 covers various areas but not ...
- (a) customer due diligence
 - (b) registration
 - (c) enforcement
 - (d) protocol
56. Considering data protection principles, all personal data should be all but one of these.
- (a) Processed lawfully, fairly and in a transparent manner in relation to individuals
 - (b) Collected for specified, explicit and legitimate purpose and not further processed in a manner that is incompatible with those purposes
 - (c) Adequate, relevant and limited to what is necessary in relation to the purpose for which they are processed
 - (d) Inaccurate and where necessary kept up to date
57. An individual demanding to know how and why his information is used is exercising his ...
- (a) right to be informed
 - (b) right of access
 - (c) right to rectification
 - (d) right to erasure
58. Privacy notices must contain the following mandatory information except one.
- (a) Details of the controller and/or processor
 - (b) Details and person in charge of data protection
 - (c) What will be done with their data
 - (d) None of the above
59. One of the main elements of the Data Protection Act 2018 is ...
- (a) Implement GDPR standards across selected data processing
 - (b) Guard against appropriate restrictions to rights to access and inject data to allow processing currently undertaken
 - (c) Implement GDPR standards across all general data processing
 - (d) Give individual legal protection to the organisation
60. High level rules of Code of Ethics applying to all authorised firms are found in all but one of the following.
- (a) Senior management arrangements
 - (b) Systems and controls sourcebook
 - (c) Systems and controls Handbooks
 - (d) None of the above

**SECTION B - ATTEMPT ALL QUESTIONS (Questions from 61 to 85)
Answer True (T) or False (F).**

61. Uninsurable risks include speculative, one-offs and particular.
62. Risk is usually assessed in terms of frequency and high frequency.
63. A hazard is a factor that causes a loss.
64. A very difficult insured is an example of moral hazard while an aggravated claim is a physical hazard.
65. Transferring risk to an insurer provides financial security and ensures that a loss will not occur.
66. Theft insurance provides cover for loss of or damage to property caused by theft involving forcible entry and exit from the premises.
67. Glass insurance may be extended to cover lettering on glass.
68. Unexplained disappearance is an extension of cover under livestock insurance.
69. In credit insurance, cover is provided against the risk of non-payment.
70. Freight is the price paid by passengers while passage money is the price paid for using the ship.
71. Personal accident insurance provides payments in the event of accidental death only .
72. The shareholders' liability for companies' debts is limited to the nominal value of the shareholders' own shares.
73. Takaful is a type of insurance that has its roots in the modern long term saving culture of insureds.
74. Reinsurers are often limited liability companies.
75. A contract may be declared invalid or set aside if it is missing any of the essentials of a valid contract.

76. An independent intermediary is considered to be the agent of the insurer when an insurer authorizes an intermediary to pay claims.
77. The interest an insured has in the property must be capable of financial valuation.
78. An agent can insure on behalf of his principal whether the principal has insurable interest or not.
79. A shareholder in a limited liability company does not have insurable interest in the company's property.
80. Apart from fire policies which are long term contracts, all other non-life policies are contracts that are renewable usually after twelve months.
81. Material facts in general relate to physical hazard but not moral hazard.
82. Section 53(1) of the Insurance Act 2003 provides that where an insurer requires an insured to complete a proposal form or other application form for insurance, the form shall be drawn up in such manner as to elicit such information as the insurer considers material.
83. The Marine Insurance Act 1906 provides that a warranty must be exactly complied with whether material to the risk or not.
84. The insurance company will be entitled to repudiate the whole or any part of the contract or a claim brought on the grounds of breach unless the breach amounts to a fraud and it is a breach of fundamental term of the contract.
85. When a loss is caused by an insured peril and the insured peril is the proximate cause then such loss is covered.

SECTION C - ATTEMPT ALL QUESTIONS (Questions 86 - 100)

Read the cases below before carefully and answer the questions which follow.

Tammy offered to sell his property of three bedroom flat to Lizzy for ~~₦50,000,000.00~~. Lizzy in turn offered ~~₦49,000,000.00~~ which Tammy refused. Lizzy later increased her offer to ~~₦50,000,000.00~~ but Tammy refused it.

86. What type of contract would have been between Tammy and Lizzy?
- (a) Insurance contract
 - (b) Contract of sale
 - (c) Contract of Uberima Fidei
 - (d) Contract of caveat emptor
87. In the scenario above, what is the essential of contract that played out?
- (a) Offer and acceptance
 - (b) Legality of purpose
 - (c) Consideration
 - (d) Capacity to contract
88. Lizzy's action is called?
- (a) Consideration
 - (b) Acceptance
 - (c) Offer
 - (d) Counter offer
89. What is the case establishing the above scenario?
- (a) Currie v. Misa (1875)
 - (b) Hyde v. Wrench (1840)
 - (c) Clyde v. Wensh (1940)
 - (d) Curry v. Myssa (1841)
90. What was the decision in the decided case?
- (a) There was no contract
 - (b) The defendant was asked to accept the second offer
 - (c) The claimant was advised to increase the offer
 - (d) The claimant should pay the initial offer.

There was a sudden explosion of a petrol tanker in a highly populated area which led to pandemonium everywhere. Ade who was at the scene, out of fear ran and about 500 hundred metres away still running ran into a bicyclist who hit a girl selling eggs. The girl fell badly sustained severe injuries and lost all the eggs.

91. What principle of insurance lies in the scenario?

- (a) Utmost good faith
- (b) Indemnity
- (c) Proximate cause
- (d) Subrogation

92. What is the cause of the loss of eggs?

- (a) The accident with the bicyclist
- (b) The explosion
- (c) The girl's fall
- (d) The eggs were rotten

Assuming that after running Ade got tired, sat and slept off under a tree in a state of fear and suddenly there was a tyre burst which woke Ade up and started running again due to his state of mind and ran into a girl selling eggs causing her severe damage and loss of all eggs.

93. What is the cause of the loss of eggs?

- (a) The explosion
- (b) The girl's fall
- (c) The tyre burst
- (d) The eggs were rotten.

94. What is the cause of loss of eggs in the first scenario called?

- (a) Proximate cause
- (b) Remote cause
- (c) Proximate cost
- (d) Remote cost

95. What is the explosion of petrol tanker with respect to the second scenario called?

- (a) Proximate cause
- (b) Remote cause
- (c) Proximate cost
- (d) Remote cost

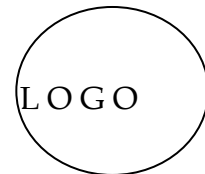
Goods worth ₦10,000,000.00 was insured by Exeter Nigeria Limited with Glorious Insurance Company. On the happening of a loss, it was discovered that the insured was misled into insuring his goods for ₦5,000,000.00 and the loss adjusted was ₦2,000,000.00 from ₦2,500,000.00.

96. How much is Exeter Nigeria Limited going to bear?
- (a) ~~₦2,000,000.00~~
 - (b) ~~₦1,000,000.00~~
 - (c) ~~₦2,500,000.00~~
 - (d) None of the above
97. How much is Glorious Insurance Company going to pay?
- (a) ~~₦2,000,000.00~~
 - (b) ~~₦1,000,000.00~~
 - (c) ~~₦2,500,000.00~~
 - (d) ~~₦5,000,000.00~~
98. What is the numerator to be used in calculating the amount payable?
- (a) ~~₦2,000,000.00~~
 - (b) ~~₦1,000,000.00~~
 - (c) ~~₦2,500,000.00~~
 - (d) ~~₦5,000,000.00~~
99. State the formula for payment for the insurer's liability.
- (a) $\frac{\text{Sum Insured}}{\text{Value at Risk}} \times 100$
 - (b) $\frac{\text{Sum Insured}}{\text{Loss}} \times \text{Value at Risk}$
 - (c) $\frac{\text{Sum Insured}}{\text{Value at Risk}} \times \text{loss}$
 - (d) $\frac{\text{Value at Risk}}{\text{Sum Insured}} \times \text{loss}$
100. What is the adjusted to be arrived at considering the scenario?
- (a) ~~₦2,000,000.00~~
 - (b) ~~₦1,000,000.00~~
 - (c) ~~₦2,500,000.00~~
 - (d) ~~₦5,000,000.00~~

F01 - INSURANCE, LEGAL & REGULATORY									
1	C	21	D	41	A	61	F	81	F
2	D	22	B	42	A	62	F	82	F
3	A	23	D	43	D	63	F	83	T
4	C	24	C	44	C	64	F	84	F
5	A	25	B	45	A	65	F	85	T
6	C	26	A	46	B	66	F	86	B
7	C	27	C	47	A	67	T	87	A
8	C	28	B	48	B	68	T	88	D
9	B	29	C	49	C	69	T	89	B
10	C	30	D	50	A	70	F	90	A
11	D	31	Bonus	51	D	71	F	91	C
12	A	32	D	52	D	72	T	92	B
13	B	33	A	53	D	73	F	93	C
14	C	34	A	54	A	74	T	94	A
15	B	35	A	55	D	75	T	95	B
16	D	36	C	56	D	76	F	96	B
17	C	37	B	57	A	77	T	97	B
18	C	38	B	58	D	78	F	98	D
19	B	39	C	59	C	79	T	99	C
20	D	40	C	60	D	80	F	100	A

F02

CHARTERED INSURANCE INSTITUTE OF NIGERIA



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F02 – GENERAL INSURANCE BUSINESS

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Example:

A comprehensive motor insurance policy would provide cover for:

- (a) Accidental damage to the vehicle
- (b) Wear and tear and depreciation
- (c) Mechanical and electrical failure or breakdown
- (d) Damage to tyres caused by road punctures or

The correct option is (a).

Section B

Questions 61 – 85 are to be answered as either True (T) or False (F). Select your chosen option and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Example:

A comprehensive motor insurance policy would provide cover for all types of accidental damages without any exclusion (True or False).

The correct option is False (F).

Section C

Questions 86 – 100. This section contains three (3) case studies each followed by five questions. The case studies are not numbered and appear at the top of the page. Each of the five questions following a case study is numbered. Four options follow each question. The options are labelled, a, b, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Chief Examiner's Summarised Statistics

Highest Score: 91%

Lowest Score: 39%

Average Score: 74%

Breakdown Updates

The general performance of the candidates was good with 69% of the candidates passing the course. This is evidence that those that failed did not adequately prepare for the examination.

Chief Examiner's Comments on Overall Performance

The candidates' performance in the course was good.

Chief Examiner's Suggestion on Improvement

Candidates could also be advised to prepare adequately for the examination.

SECTION A - ATTEMPT ALL QUESTIONS (Questions 1 - 60)

1. Adamu bought a new car which he drives to work every day. Which of these classes of insurance will cover his road risks?
 - (a) Private cars insurance
 - (b) Goods in transit insurance
 - (c) Motorcycle insurance
 - (d) Commercial vehicles insurance

2. Which of these is not a member of ECOWAS?
 - (a) Guinea Bissau
 - (b) Burkina Faso
 - (c) Cameroon
 - (d) Cote d'Ivoire

3. The Brown Card was established in ... ?
 - (a) 1972
 - (b) 1982
 - (c) 1992
 - (d) 2002

4. Which of these is not an exclusion in motor insurance?
 - (a) Loss or damage to accessories not in the vehicle or insured's garage
 - (b) Wear and tear and depreciation
 - (c) Loss of use
 - (d) Own damage loss

5. Which of these is not an optional extension in motor insurance?
 - (a) Own damage loss
 - (b) Young additional driver
 - (c) Loss of use
 - (d) Personal accident benefits

6. Which of these is not a type of the main commercial vehicles?
 - (a) Goods carrying vehicle
 - (b) Vehicles of special constructions
 - (c) Goods in transit
 - (d) Agricultural and forestry vehicles

7. The principal law guiding motor insurance in Nigeria is
 - (a) Insurance Act 1960
 - (b) Motor Vehicle (Third Party) Insurance Act 1950
 - (c) Workmen Compensation Act 1952
 - (d) Road Traffic Act 1988

8. Personal accident and sickness insurance will pay if ...
- (a) the insured is off work due to sickness
 - (b) the insured is off work due to retrenchment
 - (c) The insured is off work due to an official assignment
 - (d) The insured is not off work due to sickness
9. What is the main rating factor for personal accident insurance?
- (a) Sum insured
 - (b) Occupation
 - (c) Driving experience
 - (d) Morbidity risk
10. The question of contribution will not arise in Accident Insurance because?
- (a) Accident is not a policy of insurable interest
 - (b) Accident insurance is not a policy of subrogation
 - (c) Accident insurance is not a policy of utmost good faith
 - (d) Accident insurance is not a policy of indemnity
11. How many weeks cover will the sickness section of a standard personal accident and sickness policy provide if the insured is temporarily and totally disabled from engaging in their usual occupation due to sickness or disease?
- (a) 4 weeks
 - (b) 10 weeks
 - (c) 104 weeks
 - (d) 401 weeks
12. The sickness cover generally excludes sickness contracted within the first ... days.
- (a) two
 - (b) five
 - (c) seven
 - (d) twenty-one
13. Which of these benefits in personal accident insurance is sliding scale and percentage of the capital sum paid?
- (a) Death
 - (b) Total loss of (sight in) one or both eyes
 - (c) Permanent total disablement
 - (d) Temporary partial disablement
14. What is the name of the insurance policy taken up by an expert to cover possible negligence arising from their duties?
- (a) Consequential loss
 - (b) Professional indemnity
 - (c) Fidelity guarantee
 - (d) Public liability

15. What type of policy will cover loss of earnings following a loss caused by fire and special peril?
- (a) Product liability (b) Fidelity guarantee
(c) Fire and special perils (d) Business interruption
16. Which of these benefits is not applicable to personal accident policy?
- (a) Death (b) Temporary disablement
(c) Loss of luggage (d) Medical expenses
17. A class of insurance where cover note is used is called?
- (a) Fire insurance (b) Burglary insurance
(c) Motor insurance (d) Fidelity guarantee
18. Effective supervision and licensing of the Nigeria insurance industry is carried out by ...
- (a) National Insurance Commission
(b) Nigerian Insurers Association
(c) Nigeria Council of Registered Insurance Brokers
(d) Institute of Loss Adjusters of Nigeria
19. Which of these professionals are required in handling complex claims following a reported loss?
- (a) Loss attendant (b) Risk manager
(c) Loss adjusters (d) Claims consultant
20. The widest cover in motor insurance is provided under ...
- (a) Third Party Only (b) Third Party, Fire and Theft
(c) Road Traffic Act Only (d) Comprehensive
21. Which of these are not regarded as 'special types' of commercial vehicles?
- (a) Coaches (b) Ambulances
(c) Cranes (d) Fork-lift trucks
22. Under a third party only motor cycle policy, what cover is provided as standard?
- (a) Damage to clothing and personal effect
(b) Emergency treatment fees
(c) Medical expenses
(d) Personal accident benefits

23. Which of these is not commonly covered by an "All Risks" section of Household Insurance?
- (a) Personal jewellery (b) Kitchen utensils
(c) Cameras (d) None of the above
24. Which of these is not a main cover but an option in travel insurance?
- (a) Hospital cash benefit (b) Travel interruption
(c) Travel delay (d) Failure of tour organisers
25. An insurance document which brings together fire, special perils, theft business interruption money and other insurance for a small business in a single document is known as ...
- (a) an "All Risks" policy (b) an open cover
(c) a trader's combined policy (d) a collective policy
26. An insurance is policy that covers every risk except those specifically excluded by the policy is called ...
- (a) comprehensive policy (b) a combined policy
(c) an "all risks" policy (d) a special policy
27. Which of these is an example of perils of chemical type?
- (a) Explosion (b) Ground heave
(c) Aircraft (d) Earthquake
28. Assume that a monetary policy has a limit of ₦500.00 in respect of money left out of the safe on the insured premises overnight. How much would the insurer pay for a loss of ₦600.00?
- (a) ₦100.00 (b) ₦500.00
(c) ₦600.00 (d) ₦1,100.00
29. The term "turnover" is found in ...
- (a) fidelity guarantee insurance
(b) money insurance
(c) employers' liability insurance
(d) business interruption insurance
30. The most common business interruption policies exclude ...
- (a) fire and special perils insurance
(b) "all risks" insurance
(c) engineering insurance
(d) fidelity durance insurance

31. Under a typical legal expenses policy, what limit of cover, if any, usually applies within the period of cover?
- (a) Cover is usually unlimited
 - (b) Overall cover is usually limited but there is no further limit per claim
 - (c) Overall cover is usually unlimited but there is a limit per claim
 - (d) Overall cover is usually limited and there is also a limit per claim
32. The period beginning with the occurrence and ending not later than the maximum indemnity period therefore is called the ...
- (a) cover period
 - (b) interruption period
 - (c) indemnity period
 - (d) interruption insurance
33. The liability policy that will cover the injury or death to third parties is
- (a) public liability policy
 - (b) professional indemnity policy
 - (c) directors' and officers' liability insurance
 - (d) extended warranty insurance
34. A Gambian butcher wishes to arrange protection against claims made by customers who become ill as a result of eating his meat pies. Which insurance policy will meet his needs?
- (a) Employers' liability policy
 - (b) Product liability policy
 - (c) Personal accident and sickness policy
 - (d) Professional indemnity
35. Which of these could be classified as hazard in insurance?
- (a) High value sport car
 - (b) Explosion
 - (c) Spontaneous fermentation
 - (d) Subsidence
36. Which of these types of losses is covered under a comprehensive motor insurance?
- (a) Own damage loss
 - (b) Personal injury loss with a limit
 - (c) Policy excess
 - (d) Cost of repair of vehicle
37. The Rehabilitation of Offenders Act 1974 dwells on ...
- (a) claims management
 - (b) 'spent' convictions
 - (c) prohibition of convicts from buying insurance
 - (d) severity of convictions

38. The most common method for the collection of details of a proposed risk is through the use of ...
- (a) slip
 - (b) risk survey
 - (c) proposal form
 - (d) letters
39. The evidence of a contract of insurance is the ...
- (a) proposal form
 - (b) endorsement
 - (c) warranties
 - (d) policy document
40. Conditions that may give rise to contribution in contract of indemnity include the following except ...
- (a) each policy must be liable for the loss
 - (b) existence of two or more policies of indemnity
 - (c) one out of these policies must cover a different peril
 - (d) policies must cover common subject matter of insurance
41. Which of these will provide cover for individual who seek medical treatment outside the NHS?
- (a) Personal accident and sickness insurance
 - (b) Sickness insurance
 - (c) Medical expenses
 - (d) Personal accident insurance
42. Lock-out workers is an example of ...
- (a) perils of chemical nature
 - (b) social perils
 - (c) perils of nature
 - (d) miscellaneous perils
43. Which of these policies will cover loss of trading profit?
- (a) Fidelity guarantee insurance
 - (b) Money insurance
 - (c) Business Interruption insurance
 - (d) Fire and special perils insurance
44. An insurance policy taken by experts to cover their negligent act to their clients is a ...
- (a) fidelity guarantee insurance
 - (b) public liability insurance
 - (c) professional indemnity insurance
 - (d) employers' liability insurance

45. Jide's travel insurance provides cover under all available sections of cover for him and his family. Which of the following occurrence can he not claim for under his policy?
- (a) Loss of his daughter's limb while on holiday
 - (b) Loss of his wife's jewelry while on holiday
 - (c) Medical expenses for him while on holiday
 - (d) Theft in his home while away on holiday
46. Subterranean fire is an example of ...
- (a) perils of a chemical type
 - (b) social perils
 - (c) perils of nature
 - (d) miscellaneous peril
47. The first amount of each and every claim that the insured must bear is the ...
- (a) premium
 - (b) commission
 - (c) excess
 - (d) franchise
48. The movement of land on which premises stand due to movements, falls or changes in underground workings, such as coal mines, e.t.c. is called ...
- (a) subsidence
 - (b) ground heave
 - (c) landslide
 - (d) earthquake
49. Having an agreement between a thief and employees on how to gain entrance to steal from the premises is referred to as ...
- (a) agreement
 - (b) collusion
 - (c) aggravated burglary
 - (d) robbery
50. Which of these is not a section of commercial legal protection policy?
- (a) Employment Cover
 - (b) Product Liability Insurance
 - (c) Professional Indemnity Insurance
 - (d) Employers' Liability Insurance
51. A liability policy which should be recommended to an investment consultant against losses to potential clients following incorrect advice from the consultant, which then results to a financial loss is called ...
- (a) Public Liability Insurance
 - (b) Product Liability Insurance
 - (c) Professional Indemnity Insurance
 - (d) Employers' Liability Insurance

52. No claim discount is found in what class of insurance?
(a) "All Risks" Insurance (b) Fire insurance
(c) Motor Insurance (d) Marine Insurance
53. Personal accident and sickness insurance is provided for?
(a) One-month basis (b) Three months basis
(c) Six months basis (d) Twelve months basis
54. The sickness benefit is usually subject to a time franchise, which is generally ... days.
(a) two (b) five
(c) seven (d) twenty-one
55. In accident insurance, insurer often stipulate that death must occur within ... months of the event giving rise to the claim.
(a) six (b) twelve
(c) eighteen (d) twenty-four
56. The insurance policy that will be pay disablement benefit following illness is ...
(a) accident insurance (b) sickness insurance
(c) medical expenses insurance
(d) fidelity guarantee insurance
57. Which of these is used within the Economic Community of West African States?
(a) Green Card Scheme (b) Blue Card Scheme
(c) Pink Card Scheme (d) Brown Card Scheme
58. No claim discount is found in what class of insurance?
(a) "All Risks" Insurance (b) Fire insurance
(c) Motor Insurance (d) Marine Insurance
59. ... provides cover for individuals who seek medical treatment outside the NHS when they are ill.
(a) Sickness insurance
(b) Accident insurance
(c) Permanent health insurance
(d) Medical expenses insurance
60. A policy that combines cover for many perils as single policy to suit the insurance need of an insured is ...
(a) an accident policy (b) a protection policy
(c) a paternal policy (d) a packaged policy

**SECTION B - ATTEMPT ALL QUESTIONS (Questions from 61 to 85)
Answer True (T) or False (F).**

61. Third Party, Fire and Theft Insurance is the minimum cover available in the Nigerian Insurance Market for motor vehicles.
62. "No Claim Discount" is used in marine insurance.
63. Regulators require firms to treat customers fairly and must embed this principle in their corporate strategy and culture, led from the top.
64. Software and information do not require protection against theft.
65. Motor Insurers' Bureau is used in the Nigerian Insurance Market for settlement of hit and run drivers' claim.
66. Under common law, the insured may have rights to claim against any party that caused the loss or damage, in an effort to recover all or part of the loss or damage.
67. A franchise is a fixed amount or period that acts as a threshold to determine whether any claim is payable or not.
68. Renewal procedures in motor insurance differ from those in other classes of insurance in view of the compulsory nature of the insurance and the need to issue a certificate of insurance.
69. Pollution and/or contamination is not standard in all property and liability insurance policies.
70. The losses as a result of #ENDSARS riot would be covered if the policy(ies) has the SRCC clause.
71. Life assurance policies are issued for twelve months.
72. In motor insurance, it is usual to have a condition in the policy relating to the roadworthiness of the vehicle.
73. In Nigeria, credit facilities are allowed in premium payment.
74. Surveyors are often used in property insurance for small risks.

75. Automatic sprinklers are poor physical hazards in fire insurance.
76. Proposer's occupation is an example of physical hazard in Personal Accident and Sickness Insurance.
77. Fire is an example of hazard.
78. Construction of the building is an example of peril.
79. Material facts have to do with the principle of subrogation.
80. Most general insurance policies are renewable annually.
81. The policy is the basis of the insurance contract.
82. The premium rate is a figure set by the insured.
83. In Nigeria, the regulatory approved commission to a Broker for placing motor insurance with an insurer is 15%
84. Other methods besides proposal forms used by the insurer to collect data on proposed risks will depend on the type of insurance and complexity of risk.
85. Authorised suppliers are used by insurers wishing to exercise their rights to replace property, particularly household goods under a household policy.

SECTION C - ATTEMPT ALL QUESTIONS (Questions 86 - 100)

Read the cases below before carefully and answer the questions which follow.

The AZ Manufacturing Company produces spare car parts with a turnover of ₦28,000,000.00 per year. Zumo Insurance Company offers product liability to them for a limit of ₦5,000,000.00 at a rate of 0.5 per mille on turnover.

86. What is per mille?
- | | |
|---------------|-------------------|
| (a) per 10 | (b) per 100 |
| (c) per 1,000 | (d) per 1,000,000 |
87. Which of these will not be applicable to the company?
- (a) Motor Insurance
 - (b) Public Liability
 - (c) Directors' and Officers' Liability Insurance
 - (d) None of the above
88. Product liability insurance will cover the company against losses from ...
- (a) injury to third parties in the company's premises
 - (b) injury to customers who did not consume the company's product
 - (c) death of customers as a result of the consumption of the company's products
 - (d) death of customers as a result of being on the company's premises
89. Supposing the insurance is for fire in the premises and the insurer had given a rate of 0.5 percent for the limit of cover. What is the premium payable by the insured?
- | | |
|----------------|-----------------|
| (a) ₦14,000.00 | (b) ₦140,000.00 |
| (c) ₦19,600.00 | (d) ₦96,000.00 |
90. What will the liability premium be at the rate per mille?
- | | |
|----------------|-----------------|
| (a) ₦14,000.00 | (b) ₦140,000.00 |
| (c) ₦19,600.00 | (d) ₦96,000.00 |

AXE Nigeria Limited runs a retail business in Lagos in the form of a supermarket. The stock in the store always fluctuates as a result of bringing in new goods and selling the old ones to customers. The company has approached your company for cover stating that their sum insured at the time of proposal is ₦5,000,000.00. The rate your company usually give for such business is 0.25%. It was also discovered that at the time of the expiry of the business the actual value at risk was the sum of ₦6,000,000.00.

91. What is the best form of cover for this type of business?
- | | |
|---------------------------------|----------------------|
| (a) Stock Declaration Insurance | (b) Fire Insurance |
| (c) Theft Insurance | (d) Marine Insurance |
92. The initial premium payable is ...
- | | |
|----------------|----------------|
| (a) ₦2,500.00 | (b) ₦12,500.00 |
| (c) ₦15,000.00 | (d) ₦17,500.00 |
93. The premium payable at the time of expiry of the policy is ...
- | | |
|----------------|----------------|
| (a) ₦2,500.00 | (b) ₦12,500.00 |
| (c) ₦15,000.00 | (d) ₦17,500.00 |
94. Which policy will be appropriate to protect loss following the movement of their goods from their suppliers to their stores?
- | | |
|---------------------|----------------------|
| (a) Motor Insurance | (b) Goods in Transit |
| (c) Fire Insurance | (d) Marine Insurance |
95. 0.25% is referred to as the ...
- | | |
|------------------|------------------|
| (a) excess | (b) premium base |
| (c) premium rate | (d) franchise |

Jonads Hospital is a hospital where ill people and other members of the public visit. The hospital is worried that a construction work close to their premises may make them close the hospital premises to the public for a period of three weeks which might affect their earnings. Also, the hospital is also considering their liability as a result of the negligence of doctors as well as protecting the public that visits their premises.

96. The type of cover to protect the hospital's loss of earning risk is ...
 - (a) public liability insurance
 - (b) professional indemnity insurance
 - (c) product liability insurance
 - (d) business interruption insurance

97. The policy that will protect the liability to third parties that visits the hospital is ...
 - (a) public liability insurance
 - (b) professional indemnity insurance
 - (c) product liability insurance
 - (d) business interruption insurance

98. The policy that will protect the hospital against the liability from its doctors is ...
 - (a) public liability insurance
 - (b) professional indemnity insurance
 - (c) product liability insurance
 - (d) business interruption insurance

99. In case the hospital normally manufactures some small drugs, like painkillers, which it administers to its patients, which policy will cover the associated liability risk?
 - (a) public liability insurance
 - (b) professional indemnity insurance
 - (c) product liability insurance
 - (d) business interruption insurance

100. Which cover will the patients in the hospital use in paying their hospital bills?
 - (a) Permanent Health Insurance
 - (b) Sickness Insurance
 - (c) Personal Accident and Sickness Insurance
 - (d) Medical Expenses Insurance.

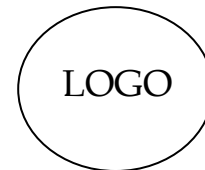
F02 – GENERAL INSURANCE BUSINESS

1	B	21	A	41	C	61	F	81	F
2	C	22	B	42	B	62	F	82	F
3	B	23	B	43	C	63	T	83	F
4	D	24	D	44	C	64	F	84	T
5	A	25	C	45	D	65	F	85	T
6	C	26	C	46	C	66	T	86	C
7	B	27	A	47	C	67	T	87	D
8	A	28	B	48	A	68	T	88	C
9	B	29	D	49	B	69	F	89	B
10	D	30	D	50	D	70	T	90	A
11	C	31	C	51	C	71	F	91	A
12	D	32	C	52	C	72	T	92	B
13	D	33	A	53	D	73	F	93	C
14	B	34	B	54	C	74	F	94	A
15	D	35	A	55	B	75	F	95	C
16	C	36	C	56	B	76	T	96	D
17	C	37	B	57	D	77	F	97	A
18	A	38	C	58	C	78	F	98	B
19	C	39	D	59	D	79	F	99	C
20	D	40	C	60	D	80	T	100	D

F03

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F03 - LIFE ASSURANCE, ANNUITY & PENSIONS
ADMINISTRATION
APRIL 2021 DIET



All answers should be shaded on the answer form in accordance with the following instructions:

- Two hours are allowed for this paper.
- Fill in the information requested on the answer form and attendance form.
- Handle the answer form with care and do not write notes on it.
- No marks are deducted for incorrect answers, so do not leave any questions unanswered.
- The answer form should be handed over personally by you to the invigilator before you leave the Examination Hall.
- Insert your candidate's number as given on your admission permit and any other particulars required on the answer form.
- Ensure that you write the full and correct candidate's number.
- If you bring a calculator into the examination room, it must be silent battery or solar powered non-programmable calculator. The use of programmable calculator is prohibited.
- No name should be written on the answer form.

FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL) WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL 2021 DIET CANDIDATES' INSTRUCTIONS.

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION

**F03 - LIFE ASSURANCE, ANNUITY AND
PENSIONS ADMINISTRATION
APRIL 2021 DIET**

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

Section A

The questions 1 - 60 in this paper are numbered and four options follow each question. The options are labeled a,b,c,d. Only one of these options is correct. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Example:

A life assurance policy is on ...the life of a person and not on a property. tor insurance policy would provide cover for:

- | | |
|--------------------------|------------------------------|
| (a) the life of a person | (b) the life of a valued pet |
| (c) the life of a minor | (d) all of the above |

The correct option is (a).

Section B

Questions 61 - 85 are to be answered as either True (T) or False (F). Select your chosen option and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Example:

A life assurance policy can be issued on the life of a minor (True or False).

The correct option is False (F).

Section C

Questions 86 - 100. This section contains three (3) case studies each followed by five questions. The case studies are not numbered and appear at the top of the page. Each of the five questions following a case study is numbered. Four options follow each question. The options are labelled, a, b, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer from by filling in the appropriate box with a horizontal pencil mark.

Chief Examiner's Summarised Statistics

Highest Score: 95%

Lowest Score: 44%

Average Score: 76%

Breakdown Updates

The contents of the questions are within the scope of the syllabus. The examiner covered the syllabus and the questions are well spread to cover the scope of the syllabus. The questions are concise.

Chief Examiner's Comments on Overall Performance

The candidates' performance in the course was not too encouraging.

Chief Examiner's Suggestion on Improvement

Candidates are advised to prepare very well for the examination.

SECTION A - ATTEMPT ALL QUESTIONS (Questions 1 - 60)

1. What are the three types of traditional life assurance cover?
 - (a) Term assurance, endowment assure and whole life assurance
 - (b) Endowment assurance, term assurance and group life
 - (c) Whole life assurance, endowment and pure endowment
 - (d) Term assurance, while life assurance and key man assurance

2. Which of these are two uses of term assurance?
 - (a) For short business trip abroad and claims payment
 - (b) As collateral security for loan transaction and asset declaration
 - (c) For tax relief and life protection
 - (d) Claims payment and asset declaration

3. Choose two (2) uses of Education Endowment Assurance policy?
 - (a) For pension provision and gratuity provision
 - (b) For life protection and investment purpose
 - (c) To augment pension and gratuity
 - (d) All of the above

4. Choose two (2) main purposes of Financial Underwriting in Life Assurance.
 - (a) To determine the ability of the policyholder to pay the applicable premium
 - (b) To determine whether or not the policyholder - is rich
 - (c) To determine whether or not to except the risk proposed for life insurance
 - (d) None of the above

5. Which of these is not one of the uses of Annuity Product?
 - (a) For Pension
 - (b) For Investment Purpose
 - (c) For Gratuity Provision
 - (d) To Augment Pension

6. Which of these is not a type of Annuity Product?
 - (a) Annuity Certain
 - (b) Contingent Annuity
 - (c) Temporary Annuity
 - (d) Equity Linked Annuity

7. The following are types of term assurance policies except?
- (a) Level Term Assurance
 - (b) Convertible Term Assurance
 - (c) Deceasing Term Assurance
 - (d) With Profit Term Assurance
8. Which of these is not a type of whole life assurance?
- (a) Ordinary Whole Life Assurance
 - (b) Optional Whole Life Assurance
 - (c) With Profit Whole Life Assurance
 - (d) Without Profit Whole Life Assurance
9. Which of the following is not a type of bonuses to a life assurance policy?
- (a) Nominal Bonus
 - (b) Terminal Bonus
 - (c) Uniform Simple Reversionary Bonus
 - (d) Capital Bonus
10. Choose two types of investment in which unit linked funds can be placed.
- (a) Debenture and property funds
 - (b) Equity and fixed interest funds
 - (c) Building society property funds
 - (d) Cooperative society and debenture funds
11. Which of the following occupations are above average risk of death by accident?
- (a) Scaffolders
 - (b) Steeplejacks
 - (c) Oil Rig Workers
 - (d) All of the above
12. What is the name of the first indigenous life assurance company in Nigeria?
- (a) Royal Exchange Assurance
 - (b) African Alliance Insurance Company
 - (c) Tobacco Insurance Company
 - (d) Law Union & Rock Insurance
13. The first set up of people to look at mortality risks are ...
- (a) parish clerks
 - (b) scientist
 - (c) actuaries
 - (d) mathematicians

14. The earliest mortality table is ...
- | | |
|-----------------------|-----------------------|
| (a) Carlisle table | (b) Chlease table |
| (c) Southampton table | (d) Northampton table |
15. Which of these is the best form of policies for death?
- | | |
|---------------------|--------------------------------|
| (a) Life policies | (b) Income protection policies |
| (c) Travel policies | (d) Annuities |
16. Which of these is the best form of policies for income in old age?
- | | |
|---------------------|--------------------------------|
| (a) Life policies | (b) Income protection policies |
| (c) Travel policies | (d) Annuities |
17. Which form of term assurance has an option which enables the assured to migrate any time during its existence, to a whole life or endowment assurance?
- | | |
|--------------------------------|-------------------------------|
| (a) Level term assurance | (b) Renewal term assurance |
| (c) Convertible term assurance | (d) Decreasing term assurance |
18. The form of policy that has no investment is
- | | |
|-------------------------|--------------------------|
| (a) term assurance | (b) whole life assurance |
| (c) endowment assurance | (d) annuities |
19. Which of these policies will pay the sum assured at death or maturity of the policy?
- | | |
|-------------------------|--------------------------|
| (a) Term assurance | (b) Whole life assurance |
| (c) Endowment assurance | (d) Annuities |
20. The form of endowment that will not pay the sum assured in the event of death during the period of cover is?
- | | |
|-----------------------------|--------------------------|
| (a) Flexidowment | (b) Low- start endowment |
| (c) Unit - linked endowment | (d) Pure endowment |
21. ... is a type of assurance where payment is only made on the death of the life assured if a certain other condition is also fulfilled.
- | | |
|-----------------------------|-------------------------|
| (a) Universal life policies | (b) Contingent policies |
| (c) Bolt - on options | (d) Pure endowment |
22. Which of these are riders to the basic life policies?
- | | |
|-----------------------------|-------------------------|
| (a) Universal life policies | (b) Contingent policies |
| (c) Bolt - on options | (d) Pure endowment |

23. ... provides that if the assured dies as a result of an accident, an additional payment will be made equal to the sum assured payable on death.
- (a) Total and Permanent Disability (TPD) benefit
 - (b) Double accident benefit
 - (c) Critical illness cover
 - (d) Increasing cover option
24. Which of these covers will pay the sum assured on the diagnosis of a critical illness as well as on death?
- (a) Double illness cover
 - (b) Critical illness cover
 - (c) Terminal illness cover
 - (d) Increasing cover option
25. ... provides that the sum assured is payable if the life assured is diagnosed as suffering from an advanced or rapidly progressing incurable disabling illness.
- (a) Double accident
 - (b) Critical illness cover
 - (c) Terminal illness cover
 - (d) Increasing cover option
26. The form of life assurance made compulsory in Nigeria is?
- (a) Term assurance
 - (b) Employee compensation
 - (c) Group life assurance
 - (d) Whole life assurance
27. Which of these policies is formerly called Permanent Health Insurance?
- (a) National health insurance scheme
 - (b) Income protection insurance
 - (c) Endowment assurance
 - (d) Whole life assurance
28. What is the name given to the insurance taken out by a company on an employee who is vital to the continued profitability of the business?
- (a) Business assurance
 - (b) Directors' share protection
 - (c) Partnership share protection
 - (d) Key person insurance
29. Which of this best describes the procedure of assessing a proposal and deciding whether to accept the risk?
- (a) Rating
 - (b) Compensation
 - (c) Underwriting
 - (d) Examination

30. Which of these is not a section of the proposal form?
- (a) Identification of the life to be assured
 - (b) Statement on what is covered
 - (c) Specification of the details of the contract required
 - (d) Giving the details of the life at risk.
31. Which of these disclosures need not to be investigated?
- (a) Heart disease
 - (b) Overweight
 - (c) Eye disease
 - (d) Malaria fever
32. Which of these is an occupation with above average risk of a particular disease?
- (a) Scaffolders
 - (b) Underground tuners
 - (c) Asbestos workers
 - (d) Professional boxers
33. Occupations with above average risk of death by accident will not include?
- (a) Trawlerman
 - (b) Divers
 - (c) Steeplejacks
 - (d) Miners
34. Which of these show that the insurer has declined cover to a part of the risk proposed for cover?
- (a) Exclusion
 - (b) Monetary extra
 - (c) Rating up
 - (d) Postponement
35. ... is an extra premium expressed in terms of a specific amount per ₦1,000 sum assured.
- (a) Exclusion
 - (b) Monetary extra
 - (c) Rating up
 - (d) Postponement
36. What form of premium was it that was charged in the early years of life assurance?
- (a) Extra premium system
 - (b) The level premium system
 - (c) Natural premium system
 - (d) None of the above
37. Which of these will not form part of the loading to cover the expense of the life office?
- (a) Salaries of employee
 - (b) Pure risk cost
 - (c) Medical fees during underwriting
 - (d) Computer, administration and regulatory cost

38. Underwriting done without medically assessing the life assured is called ...
- (a) natural underwriting
 - (b) medical underwriting
 - (c) financial underwriting
 - (d) non-medical underwriting
39. The reviewing of the medical condition of a life assured proposed for cover is called?
- (a) Natural underwriting
 - (b) Medical underwriting
 - (c) Financial underwriting
 - (d) Non-medical underwriting
40. Which of these is not found in the policy document for life assurance?
- (a) Heading
 - (b) Preamble
 - (c) Operative clause
 - (d) Declaration
41. ... states the benefit that will be payable by the life office, subject to payment of premium, proof of claim and proof of ownership.
- (a) Heading
 - (b) Preamble
 - (c) Operative clause
 - (d) Declaration
42. ... identifies the type of policy, name of assurer and policy number.
- (a) Heading
 - (b) Preamble
 - (c) Operative clause
 - (d) Declaration
43. ... states the purpose of the document which will need to be kept in a safe place for use in the event of a claim.
- (a) Heading
 - (b) Preamble
 - (c) Operative clause
 - (d) Declaration
44. Which document is used to set out the terms of alterations to existing policies?
- (a) Assignment
 - (b) Endorsement
 - (c) Renewal notice
 - (d) Proposal form
45. The process of reviving a policy that has lapsed due to non-payment of premium is called?
- (a) Arrears Procedure
 - (b) Renewal
 - (c) Reinstatement
 - (d) Endorsement

46. When the payment of premium is stopped but the cover continues at an appropriately reduced rate. This is called?
(a) Surrender value (b) Non-forfeiture clause
(c) Paid up policy (d) Waiver of premium policy
47. ... is a transfer of ownership of a life contract from one person to another.
(a) Endorsement (b) Assignment
(c) Renewal (d) Paid up
48. In which of these cases did a father hand a policy to his son, requesting him to erect a tombstone out of the policy money on death?
(a) Thomas v Harris (1947) (b) King Sewell v King (1879)
(c) Williams, Williams v Ball (1917) (d) None of the above
49. In which of the cases did the assured write to his trustee that he undertook to execute an assignment and that he would be bound by this assignment?
(a) Thomas v Harris (1947) (b) King Sewell v King (1879)
(c) Williams, Williams v Ball (1917) (d) None of the above
50. ... is a type of assignment used in connection with a loan.
(a) Collateral (b) Annuity
(c) Endowment (d) Mortgage
51. Which of these is not a right of a mortgage?
(a) Disclosure (b) Repayment
(c) Power of sale (d) Receiver
52. In which of these policies will maturity benefit be paid?
(a) Term assurance (b) Whole life assurance
(c) Endowment assurance (d) Group life assurance
53. Death claim will not be allowed on which of these policies?
(a) Term assurance (b) Flexidowment
(c) Group life assurance (d) Pure endowment
54. Which of these is not a sub-division of life assurance in Nigeria?
(a) Individual life business
(b) Group life and pension business
(c) Annuity business (d) Health Insurance business

55. The regulator of insurance in Nigeria is
- (a) National Pension Commission
 - (b) National Health Insurance Scheme
 - (c) Nigerian Social Insurance Trust Fund
 - (d) National Insurance Commission
56. The umbrella body of insurance companies in Nigeria is?
- (a) NIA
 - (b) NCRIB
 - (c) ILAN
 - (d) PRAN
57. The standard minimum number of years for a policy to acquire surrender value is?
- (a) 1 year
 - (b) 2 years
 - (c) 4 years
 - (d) 5 years
58. The maximum limit which a life office could hold for itself on any one life is called ...
- (a) cession
 - (b) reinsurance
 - (c) retention
 - (d) retrocession
59. Which of these is a morbidity risk that could be reassured?
- (a) Term Assurance
 - (b) Flexidowment
 - (c) Income protection insurance
 - (d) Whole life assurance
60. ... is a type of treaty reinsurance whereby the principal office reinsurers a fixed percentage of every policy in a particular class of business.
- (a) Surplus Reinsurance
 - (b) Quota Share Reinsurance
 - (c) Risk Premium Reinsurance
 - (d) Original Term Reinsurance

**SECTION B - ATTEMPT ALL QUESTIONS (Questions from 61 to 85)
Answer True (T) or False (F)**

61. Annuity may be described as an opposite of life assurance policy.
62. Mortality table is used to compute the sickness rate by the life insurance companies.
63. Double endowment is the same as double accident benefit.
64. The principle of utmost good faith is applicable to life assurance contract.
65. Decreasing whole life assurance is a type of term assurance policy.
66. An endowment assurance policy combines both the life protection and investment propose.
67. Proximate cause principle is applicable to life assurance policy.
68. Claims under life assurance may take the forms of maturity benefit, surrender value or death benefit.
69. Life assurance companies do not need reinsurance cover.
70. Another name for life reinsurance is pooling arrangement.
71. Retrocession is common with life offices instead of reinsurance.
72. Actuarial valuation is the same as actuarial investigation.
73. Two uses of life reinsurance to the life offices are pooling protection and stabilisation of claims ratio.
74. An endowment assurance pays on either maturity or at previous death of the life assured.
75. A pure endowment pays out the sum assured on the death of the life assured.

76. Life assured and the assured are the same person in all cases of life assurance contracts.
77. The practice of co-assurance is a standard practice in life assurance practice.
78. A whole life assurance policy pays out when the life assured dies within a specified period of time.
79. A key person assurance is a form of term assurance.
80. Twice the sum assured is payable under the double endowment benefit if death is by an accident.
81. The legal principle of subrogation is applicable to life assurance.
82. Annuity certain is an annuity which is dependent of human duration of life.
83. The amount of an annuity to be purchased by an individual is said to be dependent on the age and gender.
84. Life specialist companies are not allowed to transact general insurance business.
85. In a life of another policy, the life assured is the same as the assured.

SECTION C - ATTEMPT ALL QUESTIONS (Questions 86 - 100)

Read the cases below before carefully and answer the questions which follow.

Mr. Okechukwu Okoro has approached a life assurance company to buy a life assurance policy on the life of his elder brother who normally assist him with funds whenever he is broke, but the life office had refused the proposal. In order to convince the company to accept the risk, Mr. Okoro told them that when he had borrowed the sum of ₦20,000.00 from Mr. Adamu for his business, that Mr. Adamu had bought a life assurance on his life and was given cover. Mr. Okoro then wanted to find out the kind of cover he can buy that will protect him if he has to take a loan to pay his shop rent over a period of five years with the value of loan reducing over the years.

86. The principle against Mr. Okoro insuring on the life of his brother is?

- (a) Utmost Good Faith
- (b) Proximate Cause
- (c) Benefit Contract
- (d) Insurable Interest

87. Life insurance is not a contract of indemnity and this is guided by the principle of ...

- (a) Utmost Good Faith
- (b) Proximate Cause
- (c) Benefit Contract
- (d) Insurable Interest

88. Mr. Okoro was owing Mr. Adamu the sum of ₦20,000.00 but if Mr. Adamu has approached the life office to cover Mr. Okoro's life for ₦50,000.00. How much will the life office allow Mr. Adamu to insure?

- (a) Mr. Adamu will not be allowed to buy cover on Mr. Okoro's life
- (b) ₦20,000.00
- (c) ₦50,000.00
- (d) Any amount of his choice

89. Mr. Okoro is owing Mr. Adamu the sum of ₦20,000.00 and wants to buy life assurance on the life of Mr. Adamu for ₦50,000.00. How much cover could he buy on the life?

- (a) Mr. Okoro will not be allowed to buy cover on Mr. Adamu's life
- (b) ₦20,000.00
- (c) ₦50,000.00
- (d) Any amount of his choice

90. Which traditional form of cover best suit for the soft loan collected by Mr. Okoro which decreases over the years?

- (a) Endowment
- (b) Whole Life Assurance
- (c) Term Assurance
- (d) Annuity

Massey Engineering Nigeria Limited had a workforce of 62 employees in different locations. The company had some accidents involving some staff members in the past. The company is a limited liability company and would like a cover to protect the shareholding of their directors among others.

91. Which of these policies will be required to meet the requirement of the Pension Reform Act 2014?
- (a) Whole life assurance
 - (b) Group life assurance
 - (c) Group personal accident insurance
 - (d) Employee compensation insurance
92. The policy that the company could purchase to protect staff from losses as a result of accident is?
- (a) Whole life assurance
 - (b) Group life assurance
 - (c) Group personal accident insurance
 - (d) Group credit insurance
93. The policy to protect directors of small business is?
- (a) Group life assurance
 - (b) Directors - share protection
 - (c) Group income protection insurance
 - (d) Group credit insurance
94. Massey Engineering Nigeria Limited could bring life assurance on the employees because of the principle of?
- (a) Utmost Good Faith
 - (b) Insurable Interest
 - (c) Indemnity
 - (d) Proximate Cause
95. The principle that enable Massey Engineering Nigeria to disclose the material facts of the risk before cover is?
- (a) Utmost Good Faith
 - (b) Insurable Interest
 - (c) Indemnity
 - (d) Contribution

John Smith is a civil servant who works with the Federal Government agency in Lagos. He has very young children made up two (2) boys and two (2) girls. He had purchases from Goodwill Life Assurance Plc a life cover which will pay out a sum for him to pay the school fees of the children when they are to enter the University. He had chosen the sum of ₦9million as the total sum assured for the school fees of all the children and the life assurance has exempted him for going for medical examination. He had also approached another insurer for same purpose but did not disclose the earlier insurance as required in the proposal form.

96. The non-disclosure of the other policy is against the principle of
- | | |
|------------------------|-----------------------|
| (a) insurable interest | (b) contribution |
| (c) subrogation | (d) utmost good faith |
97. What form of traditional life assurance cover will meet John Smith's needs?
- | | |
|--------------------------|---------------|
| (a) Term Assurance | (b) Endowment |
| (c) Whole life assurance | (d) Annuity |
98. The exemption from not going to see a doctor for examination for a life assurance proposal is called?
- | | |
|------------------------------|--------------------------|
| (a) Non-Medical Underwriting | (b) Medical Underwriting |
| (c) Financial Underwriting | (d) None of the above |
99. When an amount of cover is exempted from medical examination, this is referred to as?
- | | |
|----------------------|------------------------|
| (a) Free Cover Limit | (b) Underwriting Limit |
| (c) Paid-up Limit | (d) Surrender Value |
100. The type of policy best suitable for John Smith's need is?
- | | |
|--------------------|---------------------------|
| (a) Flexidowment | (b) Annuity Certain |
| (c) Pure Endowment | (d) Educational Endowment |

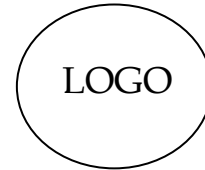
**F03 – LIFE ASSURANCE, ANNUITY AND
PENSIONS ADMINISTRATION**

1	A	21	B	41	C	61	T	81	F
2	C	22	C	42	A	62	F	82	F
3	B	23	B	43	B	63	F	83	F
4	A	24	B	44	B	64	T	84	T
5	C	25	C	45	C	65	F	85	F
6	B	26	C	46	C	66	T	86	D
7	D	27	Bonus	47	B	67	T	87	C
8	B	28	D	48	A	68	F	88	B
9	D	29	C	49	B	69	F	89	A
10	B	30	B	50	D	70	F	90	C
11	D	31	D	51	A	71	F	91	B
12	B	32	C	52	C	72	T	92	C
13	A	33	D	53	D	73	F	93	B
14	D	34	A	54	C	74	F	94	B
15	A	35	B	55	D	75	F	95	A
16	D	36	C	56	A	76	F	96	D
17	C	37	B	57	B	77	F	97	B
18	A	38	D	58	C	78	F	98	A
19	C	39	B	59	C	79	T	99	A
20	D	40	D	60	B	80	F	100	D

F04

CHARTERED INSURANCE INSTITUTE OF NIGERIA

<p style="text-align: center;">FOUNDATION F04 - BUSINESS COMMUNICATION AND INFORMATION TECHNOLOGY APRIL 2021 DIET</p>
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All answers should be shaded on the answer form in accordance with the following instructions:

- Two hours are allowed for this paper.
- Fill in the information requested on the answer form and attendance form.
- Handle the answer form with care and do not write notes on it.
- No marks are deducted for incorrect answers, so do not leave any questions unanswered.
- The answer form should be handed over personally by you to the invigilator before you leave the Examination Hall.
- Insert your candidate's number as given on your admission permit and any other particulars required on the answer form.
- Ensure that you write the full and correct candidate's number.
- If you bring a calculator into the examination room, it must be silent battery or solar powered non-programmable calculator. The use of programmable calculator is prohibited.
- No name should be written on the answer form.

FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL) WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL 2021 DIET CANDIDATES' INSTRUCTIONS.

CHARTERED INSURANCE INSTITUTE OF NIGERIA
FOUNDATION

F04 - BUSINESS COMMUNICATION
AND INFORMATION TECHNOLOGY

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

Section A: The questions 1 - 70 in this paper are numbered and four options follow each question. The options are labeled a,b,c,d. Only one of these options is correct. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Example: One of the demerits of electronic communication bothers on its ...

- | | |
|--------------|-------------------|
| (a) speed | (b) coverage |
| (c) security | (d) accessibility |

The correct option is (c).

Section B:

Questions 71 - 76 are to be answered by picking the correctly spelt word.

Example:

- | | | | |
|-----------|------------|------------|-------------|
| (a) Folor | (b) Follow | (c) Foloow | (d) Followw |
|-----------|------------|------------|-------------|

The correct option is False (b).

Section C

Questions 77 - 81 are to be answered by picking the sentences that are correctly punctuated.

Example:

- | | |
|-----------------------------|-----------------------------|
| (a) Alas, the deed is done. | (b) Alas: the deed is done; |
| (c) Alas. The deed is done. | (d) Alas! the deed is done. |

The correct option is (d).

Section D

Questions 82 - 90 are to be answered by picking the option that has the sentences with the correct expression.

- Example:**
- | | |
|-----------------------|--------------------------------|
| (a) See you soonestly | (b) I will see you sooner |
| (c) Catch ya! | (d) I hope to be with you soon |

The correct option is (d)

Section D

Questions 91 - 100 are to be answered by picking the option that best completes the sentence.

Example:

The meeting is scheduled to start ... 10.00a.m. prompt.

- | | | | |
|--------|--------|--------|---------|
| (a) at | (b) in | (c) on | (d) for |
|--------|--------|--------|---------|

The correct option is (a)

Chief Examiner's Summarised Statistics

Highest Score: 94%

Lowest Score: 49%

Average Score: 80%

Breakdown Updates

The general performance of the candidates was satisfactory. Many of them were able to get the answers to the objective tests correctly. Most of them were acquainted with objective tests and were therefore able to make a single choice for each of the questions with no record of double shading. However, many candidates found the section on grammar difficult hence the performance therein was poor.

Chief Examiner's Comments on Overall Performance

The candidates' performance in the course was generally impressive.

Chief Examiner's Suggestion on Improvement

In view of the practical nature of business communication, there is the need to include essay questions in subsequent diets.

SECTION A - ATTEMPT ALL QUESTIONS (Questions 1 - 70)

1. One of the following is not a reason for business communication. To ...
(a) inform (b) influence
(c) exchange ideas (d) entertain
2. Principles of business communication include all but one of the following?
(a) Precision (b) Clarity
(c) Length (d) Accuracy
3. The two major decisions of business communication are ... and ...
(a) internal and external (b) interior and external
(c) national and international
(d) inter and intra-organisations
4. ... is a good example of internal downward communication.
(a) communication from a junior officer to a management staff
(b) communication among colleagues on the same level
(c) communication from an organisation to the public
(d) communication from the departmental head to the unit head
5. Business communication is adjudged to be effective and successful if ...
(a) the message is received by its target audience
(b) the receiver(s) understand(s) and act(s) on the information encoded
(c) the message is free from any form of barrier
(d) the message is documented by the receiver(s)
6. Who among the following decides on the channel of communication?
(a) The decoder (b) The Managing Director
(c) The Secretary (d) The Encoder
7. The sender in the communication process is the same as the ...
(a) operator (b) encoder
(c) decoder (d) recipient

8. Which of the following is not a form of internal business communication?
- (a) Memos (b) Intercom
(c) Meetings (d) None of the above
9. One of the following is not a formal means of communication.
- (a) Grapevine (b) Newsletter
(c) Meetings (d) e-mails
10. Formal types of communication include all but one of the following:
- (a) A private discussion among colleagues
(b) Interviews (c) Training sessions
(d) Presentations at business meetings
11. Internal business communication refers to ...
- (a) the transmission of information between two friends in an organisation
(b) the transmission of information from a manager to another manager in an organisation
(c) the transmission of information between or among family members
(d) the transmission of official information between or among members of the same company or group of companies
12. External business communication is ...
- (a) the transmission of information from an organisation to a person or entity outside the organisation
(b) the transmission of information between or among unit heads in an organisation
(c) the transmission of information between or among staff of an organisation
(d) the transmission of information between or among unit heads in an organisation
13. The purpose of internal communication is not one of the following.
- (a) To request information (b) To provide information
(c) To hoard information (d) To record information

14. Oral communication is unsuitable in situations where ...
- (a) many people are involved
 - (b) immediate feedback is required
 - (c) a lot of information is required
 - (d) the sender is a foreigner
15. One of the merits of oral communication is that it ...
- (a) is easily documented
 - (b) is usually short and precise
 - (c) gives the audience power to control the communicated process
 - (d) guarantees immediate feedback
16. One of the goals of external business communication is to ...
- (a) improve an organisation's image
 - (b) support the government
 - (c) improve staff corporate social responsibilities
 - (d) promote staff
17. Which of the following is not a form of oral communication?
- (a) Face-to-face communication
 - (b) Telephone conversations
 - (c) Discussions at meetings
 - (d) emails
18. Feedback in business communication is best defined as ...
- (a) the exchange of information between an encoder and a decoder
 - (b) non-verbal response to a message
 - (c) verbal response to a message
 - (d) the response or acknowledgement of the decoder to the encoder
19. One of the benefits of feedback to an organisation is that it ...
- (a) exposes only unprofessional conducts by staff
 - (b) reduces staff strength
 - (c) generates staff strength
 - (d) has the capacity to increase productivity
20. Negative feedback requires all the following except ...
- (a) attention
 - (b) action
 - (c) retaliation
 - (d) evaluation

21. Operational feedback is given ...
(a) intentionally (b) externally
(c) internally and externally
(d) by special government agencies
22. One of the benefits of effective customer service to an organisation is ...
(a) negative publicity (b) positive corporate image
(c) victory in court cases (d) increased staff strength
23. One of the following is not advisable in handling customers' complaints.
(a) Attentive listening
(b) Acknowledging the challenge(s)
(c) Interrogating the complainant where necessary
(d) Promising to meet all the complainant's requests
24. One of the ways of improving an organisation's external communication is by ...
(a) choosing dress code for the organisation's executives
(b) choosing correctly what information to be shared with external bodies
(c) emphasizing external rather than internal communication
(d) organising meetings with external bodies
25. The purpose of a memorandum is to disseminate information to ...
(a) members of the same organisation
(b) members of the public
(c) clients of an organisation
(d) members and non-members of an organisation
26. Which of the following is/are essential in a memorandum?
(a) The addresser's and addressee's phone numbers
(b) The addresser's and addressee's email address
(c) The addresser's and addressee's gender
(d) The addresser's and addressee's name and designation
27. In a business letter, the signature of the writer ...
(a) is optional
(b) comes after the writer's name
(c) comes before the writer's name
(d) is not necessary

28. Which of the following is/are a good example(s) of a correctly written date(s) in a formal letter?
- (a) 8th October, 2020 (b) 8/10/2020
(c) October 8, 2020 (d) (a) and (c)
29. A business report differs from a business letter in one of the following ways.
- (a) A report is void of courtesies
(b) A report does not contain the writer's name and signature
(c) A report does not contain detailed information
(d) A report is not dated
30. ... is/are optional in a formal report.
- (a) Terms of reference (b) The title of the report
(c) Findings (d) Additional materials
31. Formal reports can be used for audiences that are ...
- (a) within an organisation only
(b) outside an organisation only
(c) within and outside an organisation
(d) None of the above
32. The relevance of terms of reference in a formal report is that it ...
- (a) is more important than other sections of a report
(b) shows the title of the report
(c) provides a permanent record of the nature, scope of the report and investigation
(d) shows the name of the writer
33. Business meetings include all of the following except ...
- (a) club meetings (b) board meetings
(c) departmental meetings (d) management meetings
34. One of the following is a precursor to a meeting.
- (a) Notice of the meeting (b) Agenda
(c) Date of the next meeting (d) Apologies
35. The record of the proceedings of a meeting is referred to as ...
- (a) minuite (b) minites
(c) minutes (d) menuites

36. In a meeting, a motion is ...
- (a) a proposal by a member which is supported by another member
 - (b) the act of moving an item to be discussed
 - (c) the act of re-scheduling a meeting to a later date
 - (d) the act of re-arranging seats in a meeting venue
37. An approved proposal during a meeting is said to have been ...
- (a) documented
 - (b) scheduled
 - (c) moved by the committee
 - (d) endorsed
38. An annex in a meeting agenda is the same as ...
- (a) additional cost of running a meeting
 - (b) a list of people in attendance
 - (c) an additional material attached to the agenda
 - (d) minutes of the previous meeting
39. Which of the following is true about consecutive yearly numbering of minutes of meetings?
- (a) Only the minutes of the first meeting in a year count
 - (b) Only the first and the last minutes in a year count
 - (c) Only the minutes of principal officers of an organisation count
 - (d) Each year's minutes are regarded as a single unit
40. Organisations' general meetings are held on ...
- (a) regular basis only
 - (b) ad-hoc basis only
 - (c) both regular and ad-hoc basis
 - (d) none of the above
41. Which of the following is true about circulars? They ...
- (a) are circulated to a group of people
 - (b) must be concise and complete
 - (c) may be for a closed group or general circulation
 - (d) all of the above
42. A press release contains all the following except the ...
- (a) name of the sender
 - (b) address of the sender
 - (c) telephone number of the sender
 - (d) status of the sender
43. The symbol ### in a press release indicates its ...
- (a) beginning
 - (b) middle
 - (c) end
 - (d) none of the above

44. One of the following is not applicable to billboards:
- (a) They are mobile
 - (b) They are placed in strategic locations
 - (c) They are usually expensive
 - (d) They can contain their user's contact or website address
45. Magazine adverts have the advantage of ...
- (a) reaching their audience at a specified time
 - (b) reaching their audience on time
 - (c) reaching the cost of production
 - (d) reaching out to their target audience quickly and easily
46. The cost of television adverts depends mostly on ...
- (a) the presenter on duty
 - (b) the organisation advertising
 - (c) the time slot for the advert
 - (d) none of the above
47. Dichotomous questions in a questionnaire require the respondents to ...
- (a) choose between two answers
 - (b) state their responses
 - (c) comment on a topic
 - (d) assign scales to issues raised in the questionnaire
48. Transit adverts can be done on ...
- (a) buildings
 - (b) road sides
 - (c) t-junctions
 - (d) bicycles
49. One of the demerits of radio adverts is that ...
- (a) people do not like listening to radios
 - (b) only poor people listen to radios
 - (c) it is not widespread
 - (d) only people who listen to the station where the advert is placed are reached
50. To give physical expression to a message during public speaking, a speaker must ...
- (a) effectively utilise available communication gadgets
 - (b) memorise all slides for the presentation
 - (c) speak loudly to the audience
 - (d) effectively utilise body language

51. Which of the following does not guarantee effective presentation?
- (a) The use of body language
 - (b) Good voice quality
 - (c) Politeness
 - (d) Rapid speech
52. One of the following computer programmes serves as an aid to presentations:
- (a) Microsoft Word
 - (b) Microsoft Excel
 - (c) Microsoft Powerpoint
 - (d) Mozilla Firefox
53. The application of technology to business ...
- (a) increases its manpower requirement
 - (b) reduces its revenue
 - (c) increases its cost of production
 - (d) increases its revenue
54. Which of the following aspects of an organisation is not affected by technological infrastructure? The organisation's ...
- (a) culture
 - (b) efficiency
 - (c) relationships
 - (d) none of the above
55. One of the benefits of cloud storage of information is that ...
- (a) data stored are easily accessible by non-members of an organisation
 - (b) data stored are easily accessible by authorized persons from any location
 - (c) data stored are error-free
 - (d) data stored require no password to be accessed
56. Robots are designed to ...
- (a) carry out human operations only
 - (b) carry out non-human operations only
 - (c) carry put both human and non-human operations
 - (d) none of the above
57. Sensors ...
- (a) perform human operations
 - (b) perform non-human operations
 - (c) think and act like human beings
 - (d) detect and respond to electronic and optical signals

58. The acronym "AI" in information technology stands for ...
(a) Accredited Information (b) Automated Information
(c) Artificial Information (d) Accessed Information
59. Information Technology Communication (IoT) means
(a) Internet of Trade (b) Institute of Technology
(c) Internet of Things (d) Internet of Technology
60. Which if the following is/are no longer in common use?
(a) Faxes (b) emails
(c) WhatsApp (d) Skype
61. Good public communication skills are essential because they ...
(a) improve brand awareness and make job execution better
(b) advanced an employee's career and secure the job
(c) none of the above
(d) (a) and (b)
62. Which of the following is not a type of report?
(a) Inspection reports (b) Policy reports
(c) Appraisal reports (d) none of the above
63. Circulars are meant to be ...
(a) informal and unofficial (b) semi-formal and official
(c) formal and official
(d) semi-formal and unofficial
64. Customer's feedback may be elicited through ...
(a) comments and criticisms (b) grapevine
(c) informal gatherings (d) personal letters
65. Non-verbal communication involves the use of ...
(a) casual letters (b) written communication
(c) e-mails (d) visual aids
66. Which of the following is not a form of business communication?
(a) Verbal communication
(b) Non-verbal communication
(c) Formal communication
(d) Transverse communication

67. One of the following types of report serves assessment purposes:
 (a) Book reports (b) Appraisal reports
 (c) Experience reports (d) Annual reports
68. Which of the following can be omitted in a business letter?
 (a) The receiver's address (b) The writer's address
 (c) The writer's signature (d) None of the above
69. The expression "Thanking you for your letter of 5th October" is adjudged to be incorrect because it is ...
 (a) impersonal (b) indirect
 (c) short (d) an incomplete sentence
70. An expression which lacks clarity is said to be ...
 (a) ambitious (b) ambivalent
 (c) ambiguous (d) abnormal

For Numbers 71 - 76; Pick the Word that is Correctly Spelt

71. (a) Complementary Close (b) Complimentary Close
 (c) Complimentary Close (d) Complimentary Close
72. (a) Occasion (b) Occasion
 (c) Ocasion (d) Occasion
73. (a) Apollogy (b) Apology
 (c) Appology (d) Arpology
74. (a) Anniversary (b) Anniversory
 (c) Anniverssary (d) Aniversary
75. (a) Arguement (b) Arguiment
 (c) Argument (d) Agument
76. (a) Conspicuous (b) Conspicuos
 (c) Conspicous (d) Conspicuous

SECTION C - ATTEMPT ALL QUESTIONS (Questions 77 - 90)

Read the questions below and answer by picking the sentences that are correctly punctuated.

Which of the Following Sentences is/Are Correctly Punctuated?

77. (a) I enjoy listening to classical music it relaxes the nerves.
(b) I enjoy listening to classes music, it relaxes the nerves.
(c) I enjoy listening to classical music; it relaxes the nerves.
(d) I enjoy listening to classical music it relaxes the nerves.
78. (a) Here are the mens' briefcases.
(b) Here are the men's briefcases.
(c) Here are the mens's briefcases.
(d) Here are the men briefcases.
79. (a) Don't go outside, "she said".
(b) Don't go outside she said.
(c) Don't go "outside" she said.
(d) "Don't go outside", she said.
80. (a) How many bags of cement are needed for the job.
(b) How many bags of cement are needed for the job!
(c) How many, bags of cement are, heeded for the job?
(d) How many bags of cement are needed for the job?
- 81 (a) Janet and mary are to see the Manager tomorrow.
(b) Janet and mary are to see the manager tomorrow.
(c) Janet and Mary are to see the Manager tomorrow.
(d) janet and mary Are to see the manager tomorrow.

SECTION D - ATTEMPT ALL QUESTIONS (Questions 82 - 90)

Read the questions below and answer by picking the sentences with the correct expression.

82. (a) Hope to hear from you soon.
(b) Hoping to hear from you soon.
(c) I hope to hear from you soon.
(d) All of the above.
83. (a) I has successfully handed over the key to Mr. Nida.
(b) I have successfully handed over the key to Mr. Nida.
(c) I have successfully hand over the key to Mr. Nida.
(d) I am successfully hand over the key to Mr. Nida.
84. (a) Miss. Opara is the most qualified candidate out of the two applicants.
(b) Miss. Opara is the lesser qualified candidate out of the two applicants.
(c) Miss. Opara is the more qualified candidate out of the two applicants.
(d) Miss. Opara is the double qualified candidate out of the two applicants.
85. (a) Every staff are to participate in the exercise.
(b) Every staffs are to participate in the exercise.
(c) Every staff is to participate in the exercise.
(d) Every staff were to participate in the exercise.
86. (a) The treasurer talks as though the company was in poor financial condition.
(b) The treasurer talk as though the company was in poor financial condition.
(c) The treasurer talks as though the company was in a poor financial condition.
(d) The treasurer talk as though the company was in a poor financial condition.
87. (a) We had to employ Mr. Balogun for he has all the credentials for the job.
(b) We had to employ Mr. Balogun for he has all the credential for

- the job.
- (c) We had to employ Mr. Balogun for he has all the credentialities for the job.
 - (d) We had to employ Mr. Balogun for he had all the credentiality for the job.
- 88.
- (a) The two typists indicated that they had never do any work with automatic typewriters before.
 - (b) The two typists indicated that they had never did any work with automatic typewriters before.
 - (c) The two typists indicated that they had never doing any work with automatic typewriters before.
 - (d) The two typists indicated that they had never done any work with automatic typewriters before.
- 89.
- (a) Our boss is the more sincere leader I have ever met.
 - (b) Our boss is the sincerer leader I have ever met.
 - (c) Our boss is the more sincerer leader I have ever met.
 - (d) Our boss is the most sincere leader I have ever met.
- 90.
- (a) The epidemic made us aware of our poor sanitary conditions than we had been.
 - (b) The epidemic made us awarer of our poor sanitary conditions than we had been.
 - (c) The epidemic made us more aware of our poor sanitary conditions than we had been.
 - (d) The epidemic made us most aware of our poor sanitary conditions than we had been.

SECTION E - ATTEMPT ALL QUESTIONS (Questions 91 - 100)
Read the questions below carefully and pick the Option That Best Completes Each of the Following Sentences.

91. Lyndora Insurance Brokers congratulates her chairman ... his victory at the last Annual General Meeting.
(a) on (b) for (c) at (d) over
92. We hope to round ... the meeting in few minutes' time.
(a) up (b) out (c) off (d) on
93. All staff must abide ... the company's rules and regulations.
(a) to (b) at (c) by (d) with
94. We are accustomed ... receiving our salary late.
(a) with (b) to (c) over (d) upon
95. Your voice level was low during your presentation so the audience ... you clearly.
(a) were not hearing (b) are not hearing
(c) did not heard (d) did not hear
96. I am sure your driver ... English.
(a) hears (b) is hearing (c) heard (d) understands
97. Each of the laptops ... Fifty Thousand Naira.
(a) is costing (b) was costing
(c) costed (d) costs
98. The Managing Director has directed all unit heads to provide all necessary ... about their operations for the year.
(a) information (b) informations
(c) information (d) informashion
99. The meeting was attended by many ...
(a) director-generals (b) directors-generals
(c) directors-general (d) director-general
100. You are to head the five ... panel.
(a) man (b) men (c) man's (d) men's

**F04 – BUSINESS COMMUNICATION &
INFORMATION TECHNOLOGY**

1	D	21	A	41	D	61	D	81	C
2	C	22	B	42	D	62	D	82	C
3	A	23	D	43	C	63	C	83	B
4	D	24	B	44	A	64	A	84	C
5	B	25	A	45	D	65	D	85	C
6	D	26	D	46	C	66	D	86	C
7	B	27	C	47	A	67	B	87	A
8	D	28	D	48	D	68	D	88	D
9	A	29	A	49	D	69	D	89	D
10	A	30	D	50	D	70	C	90	C
11	D	31	C	51	D	71	D	91	A
12	A	32	C	52	C	72	A/B/D	92	C
13	C	33	A	53	D	73	B	93	C
14	C	34	A	54	D	74	A	94	B
15	D	35	C	55	B	75	C	95	D
16	A	36	A	56	C	76	D	96	D
17	D	37	C	57	D	77	C	97	D
18	D	38	C	58	-	78	B	98	A/C
19	D	39	D	59	C	79	D	99	C
20	C	40	C	60	A	80	D	100	A

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F05 - INSURANCE UNDERWRITING PROCESS
APRIL 2021 DIET



All answers should be shaded on the answer form in accordance with the following instructions:

- Two hours are allowed for this paper.
- Fill in the information requested on the answer form and attendance form.
- Handle the answer form with care and do not write notes on it.
- No marks are deducted for incorrect answers, so do not leave any questions unanswered.
- The answer form should be handed over personally by you to the invigilator before you leave the Examination Hall.
- Insert your candidate's number as given on your admission permit and any other particulars required on the answer form.
- Ensure that you write the full and correct candidate's number.
- If you bring a calculator into the examination room, it must be silent battery or solar powered non-programmable calculator. The use of programmable calculator is prohibited.
- No name should be written on the answer form.

FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL) WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL 2021 DIET CANDIDATES' INSTRUCTIONS.

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION

F05 - INSURANCE UNDERWRITING PROCESS

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

Section A

The questions 1 - 50 in this paper are numbered and four options follow each question. The options are labeled a,b,c,d. Only one of these options is correct. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Example:

Employers' liability insurance certificates are legally required to be kept for a minimum of ...

- | | |
|-----------------------------|-----------------------------|
| (a) 40 years from inception | (b) 50 years from inception |
| (c) 40 years from expiry | (d) 50 years from expiry |

The answer is option (c).

Section B

Questions 51 - 60 are to be answered as either True (T) or False (F). Select your chosen option and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Example:

An employers' liability insurance never expires. (True or False).

The correct option is False (F).

Section C

Questions 61 - 75. This section contains three (3) case studies each followed by five questions. The case studies are not numbered and appear at the top of the page. Each of the five questions following a case study is numbered. Four options follow each question. The options are labelled, a, b, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Chief Examiner's Summarised Statistics

Highest Score: 95%

Lowest Score: 39%

Average Score: 69%

Breakdown Updates

The questions covered the entire coursebook in order to ensure that the candidates read wide and acquire knowledge as broadly as possible; with the view of giving them a good foundation.

Performance is relatively okay with a pass rate of 43%.

Chief Examiner's Comments on Overall Performance

Performance is relatively okay with a pass rate of 43%.

Chief Examiner's Suggestion on Improvement

Candidates would need to study smartly more by not only planning their study time consciously but also by starting their preparations early.

SECTION A - ATTEMPT ALL QUESTIONS (Questions 1 - 50)

1. The standard fire policy is made up of how many covers?
(a) 2 (b) 3
(c) 4 (d) 5
2. Which special peril is linked to abandoned or former mining activity sites?
(a) Buildings only policies (b) Storm and flood
(c) Sprinkler leakage (d) None of the above
3. The Riot and Civil Commotion Cover under the Public Order Act 1986 defines riot as a group with a minimum group of how many people?
(a) 40 (b) 24
(c) 12 (d) 20
4. In which situation will a full theft cover be appropriate?
(a) Items of stock in the open
(b) Valuable items deposited with the bank
(c) Policy covering valuables with high value light in weight
(d) Policy covering several locations
5. Losses that involve direct financial losses are classified as ...
(a) Indirect insurance (b) Property insurance
(c) Engineering insurance (d) Pecuniary insurance
6. The main sum insured in a business interruption insurance policy is ...
(a) Turnover (b) Guess profit
(c) Opening stock (d) Closing stock
7. Expenses which vary in direct proportion to the level of activities/turnover are called ...
(a) dwindling working expenses
(b) uninsured working expenses
(c) rigid working expenses
(d) constant working expenses

8. A company was taken to court for using trademarks that were alleged to be similar to that of another company already in existence. Which policy can they turn to for cost of defending themselves at the court?
- (a) Money Policy
 - (b) Fidelity guarantee
 - (c) Legal expenses policy
 - (d) Compensation costs policy
9. Which of these is not a liability policy?
- (a) Professional Indemnity
 - (b) Product liability
 - (c) Employers' liability
 - (d) Legal expenses policy
10. Mr. Owolowo was in a building where he has been invited to make a presentation about his services. As he was going out through the glass door which was faulty but held in place by a wire, the door gave way inflicting injuries on him and he sued the company as a result. Which policy will the company turn to for compensation?
- (a) Public liability
 - (b) Legal expenses
 - (c) Professional indemnity
 - (d) Product liability
11. Which of these would you find as a standard exclusion under a product liability policy?
- (a) Consequential loss following an accident
 - (b) Injury caused by the product during the period of insurance
 - (c) Damage caused to user's property by the malfunction of the product
 - (d) Damage to the product itself
12. A young man who lives abroad contracted a building professional to design and build a holiday house for him whilst on annual vacation. The building authority condemned part of the building that it has to be reconstructed. Which policy can the builder turn to for negligence in the manner of construction?
- (a) Contractors' all risks
 - (b) Employers' liability
 - (c) Professional indemnity
 - (d) Fire and special perils insurance
13. The Employee Compensation Act 2010 which takes care of the compensation of workers insured at work is managed by
- (a) Nigeria Social Insurance Trust Fund
 - (b) Nigerian Insurers Association
 - (c) Nigeria Labour Congress
 - (d) Risk Management Association of Nigeria

14. The underwriter plays confident role in managing the risks accepted by an insurance company. Which of these is not a role of the underwriter?
- (a) Calculation of a suitable premium for the risk
 - (b) Determination of terms and conditions of the policy
 - (c) Seek very good investment instruments to grow income
 - (d) Assessment of the risk introduced into the pool.
15. When reference is made to 'common pool' in insurance, what does the term mean?
- (a) Water
 - (b) Co-insurer
 - (c) Premium
 - (d) Large claim
16. Mr. Babalola approaches Blue Sea Insurance Company with details of his newly completed building in seeking insurance cover. He was quoted a rate and asked to pay premium within 14 days prior to commencement of cover. He paid the premium within 24 hours of receipt of rate. Which action constitutes the offer?
- (a) Provision of information by Mr. Babalola
 - (b) Receipt of the information by Blue Sea Insurance Company
 - (c) Convey of rate by Blue Sea Insurance Company
 - (d) Acceptance and payment of premium by Mr. Babalola
17. From (question 16) above, which action constitutes the acceptance?
- (a) Provision of information by Mr. Babalola
 - (b) Receipt of the information by Blue Sea Insurance Company
 - (c) Convey of rate by Blue Sea Insurance Company
 - (d) Acceptance and payment of premium by Mr. Babalola
18. Which party has the duty to disclose material information or circumstances?
- (a) The insurer only
 - (b) The proposer alone
 - (c) Both the proposer and the insurer
 - (d) The intermediary
19. In a proposal submitted to an insurer for Fire and Special Peril on a residential building, it was said that the structure was substantially made of timber. What is the peril insured against here?
- (a) Fire
 - (b) Timber
 - (c) Building
 - (d) Residential nature

20. Repatriation as an added value can be found under which of these policies?
- (a) All risks (b) Travel Insurance
(c) Household (d) Private car
21. The process of managing risk can be categorised into how many distinct steps?
- (a) 2 (b) 3
(c) 4 (d) 5
22. Which of these measurers will not qualify as a financial risk control measure?
- (a) Insurer imposing an excess
(b) Insured taking out an insurance policy
(c) Insurer arranging reinsurance on their acceptance
(d) Insured installing approved locks recommended by the surveyor
23. Mr. Kolajo owns a comprehensive insurance cover on his car. Whilst in traffic hold up, another motorist hit Mr. Kolajo's car at the rear damaging the boot. Mr. Kolajo approaches his insurance company for compensation. What insured losses can he recouped under his policy if the repairs will take two weeks?
- (a) Repairs to his vehicle for damages done to it
(b) Cost of hospital treatment
(c) Expenses of hiring alterative car during repairs
(d) Referral costs from his personal clinic to a specialist doctor
24. The following is true of the law of large number except one.
- (a) It refers to a large number of similar risks
(b) It enables the insurer to determine more accurate premium rate
(c) It makes premium chargeable lighter on may risks
(d) It refers to the number of co-insurers on a large risk
25. In a given situation, in relation to an All Risks quotation for some electronic equipment, the insurer quoted a rate of 1.5% and a loading factor of 10% to cater for portability of the items. If the value of the item proposed for insurance is ₦750,000.00, what would the gross premium be?
- (a) ₦10,125.00 (b) ₦11,250.00
(c) ₦12,375.00 (d) ₦9,000.00

26. Which of this information is not statutorily required on certificate of motor insurance?
- (a) Commencement date
 - (b) Limitations as to use
 - (c) Scope of cover
 - (d) Person or persons entitled to drive
27. A situation in which all terms are agreed to by both insured and insurer by the time they enter into the contract is called ...
- (a) contract certainty
 - (b) absolute contract
 - (c) absolute guarantee
 - (d) contract guarantee
28. Most insurance contracts are for a period of one year and renewable at the anniversary date. Which of these policies is an exception to this general practice?
- (a) Fire and special perils policy
 - (b) Theft/Burglary insurance
 - (c) Travel insurance policy
 - (d) Household insurance
29. The value added tax payable under the Nigeria Tax Law in relation to insurance is based on ...
- (a) gross premium
 - (b) net premium
 - (c) commission
 - (d) sum insured
30. Which of these facts is not exempted from disclosure?
- (a) Facts of law
 - (b) Facts that improve the risk
 - (c) Facts of public knowledge
 - (d) Facts relating to claim history
31. Which of these is not an important element in a legal contract?
- (a) Consideration
 - (b) Gender
 - (c) Offer
 - (d) Acceptance
32. The information pyramid within the insurance company refers to ...
- (a) ICT structure within the company
 - (b) Human resources link to the staff
 - (c) Decision making levels
 - (d) Public relations outreach of the company

33. Both frequency and severity measurement are important in the assessment of risk. The issue of mobile phone theft which is common can be said to be ...
- (a) High frequency and low severity
 - (b) High frequency and high severity
 - (c) Low frequency and low severity
 - (d) Low frequency and high severity
34. Claims that have occurred but not yet reported at the end of the year to the insurer are known as ...
- (a) hidden claims
 - (b) incurred but not reported
 - (c) envisaged subsidiary claims
 - (d) oversight claims
35. Which part of the policy contains the variable information of the insured and details of the risk?
- (a) Heading
 - (b) Operative clause
 - (c) Schedule
 - (d) Preamble
36. Which of these will you not find in the "heading" section of the policy?
- (a) Description
 - (b) Head office address
 - (c) Company Logo
 - (d) Company contract details
37. Which of these cannot be taken to be an implied condition?
- (a) Duty to notify a claim within a specified period
 - (b) Utmost good faith
 - (c) Insurable interest in the subject matter
 - (d) Insured's duty to act as if uninsured
38. Which of these conditions will you not find in the policy document?
- (a) Alteration
 - (b) Claim notification
 - (c) Fraudulent action
 - (d) Insured acting as if uninsured
39. Mr. Jack has an annual All Risk Policy that covers amongst other items his Laptop. The same was also insured under the "baggage cover" of a Travel Insurance policy. The two policies are liable to pay the claim. Which principle of insurance will be involved if there is a claim?
- (a) Proximate cause
 - (b) Insurance interest
 - (c) Contribution
 - (d) Utmost good faith

40. Subrogation and contribution support which principle of insurance?
(a) Indemnity (b) Insurable interest
(c) Proximate cause (d) Ubenimex fidei
41. An insured whose property was damaged by a negligent third party was able to recoup his loss from his insurer, he in turn authorised the insurer to proceed against the third party for reimbursement of the amount they paid. Which principle of insurance is applicable here?
(a) Contribution (b) Indemnity
(c) Subrogation (d) Proximate cause
42. Mr. Kenny who insured his building for ₦500,000.00 suffered a loss of ₦100,000.00 but was paid ₦50,000.00 because the value of the building was assessed as ₦1,000,000.00. Which condition of the policy was invoked?
(a) Betterment (b) Contribution
(c) Deductible (d) Average
43. The Insurance Act 2003 gives underwriters operating in the market how many days to deliver the policy document after payment of the first premium?
(a) 25 days (b) 45 days
(c) 60 days (d) 90 days
44. Insurable interest can be classified as ...
(a) condition subsequent to the contract
(b) condition precedent to liability
(c) condition precedent to the contract
(d) neutral condition
45. Oral or written statements made during the negotiation for a contract are known as ...
(a) gists (b) discussion
(c) agreements (d) representation
46. Which of these is not true of EML?
(a) It is also called MPL
(b) It enables the underwrite to determine reinsurance needs
(c) It assists in the sum insured to be accepted
(d) It determines commission payable to the broker

47. An insurance company was introduced to a risk. The risk was much bigger than its capacity. It therefore asks the broker to look for two other insurers and to share it amongst them. This sharing arrangement is a ...
- (a) reinsurance
 - (b) facultative
 - (c) retrocession
 - (d) co-insurance
48. The main feature of hard market in the insurance industry is ...
- (a) low rates
 - (b) increasing rates
 - (c) lower capacity
 - (d) lower returns
49. Which is the odd one out of these?
- (a) Stop loss
 - (b) First loss
 - (c) Excess of loss
 - (d) Quota share
50. In talking about underwriting factors affecting claims experience, it was stated that woodworkers use potentially dangerous powered machinery and therefore suffers higher injury rate than office workers. In which class of insurance will this criterium be relevant?
- (a) Personal Accident
 - (b) Private car
 - (c) Commercial vehicle
 - (d) Fire and Special perils

**SECTION B - ATTEMPT ALL QUESTIONS (Questions from 51 to 60)
Answer True (T) or False (F)**

51. In the course of an insurance transaction, the insurance company gives rates and terms. In contracts, this constitutes the offer.
52. The duty of fair representation begins when the policy document is issued.
53. If the non-disclosure or misrepresentation is fraudulent, it is also known as concealment.
54. Social attitudes which do not see cheating insurers as illegal and unethical is an example of physical hazard.
55. Extended or full theft cover conforms with the Theft Act 1968.
56. The sum insured in a Loss of Profit Policy is called gross profit.
57. Injury caused by a faulty wiring in an electric kettle from the manufacturer will be covered by a professional indemnity policy.
58. In the risk management process, the stage at which the insured decides to take out insurance is the risk identification stage.
59. The fitting of mortice locks to the doors of the house is an example of physical control of risk.
60. If the circumstances upon which the quotation was given by the insurer changes, the insurer is not bound to maintain the quotation.

SECTION C - ATTEMPT ALL QUESTIONS (Questions 61 - 75)

Read the cases below before carefully and answer the questions which follow.

Mr. Green was driving his car when he unconsciously hit the car in his front. Having realised this, he tried to swerve but had already bashed the boot of Mr. Brown's luxury car and then veered off the road injuring a passerby and also damaging a small kiosk by the road side with its contents damaged as well as some degree of injury to the shop attendant. Both motorists are insured and carry comprehensive cover.

61. In Nigeria, what is the maximum amount that Mr. Green's insurer could layout for all the third-party damages?
- (a) ₦500,000.00 (b) ₦1,000,000.00
(c) ₦1,500,000.0 (d) ₦2,500,000.00
62. Mr. Brown reported to his insurers who agreed to effect repairs but would recoup from the insurer of Mr. Green's insurer since its insured was at fault. Which principle of insurance is at play here?
- (a) Average (b) Reimbursement
(c) Recovery (d) Subrogation
63. The vehicle did not just injure a passerby but also a shop attendant. What is the maximum benefit payable under the policy?
- (a) Unlimited but subject to reasonableness
(b) Half of the TPPD limit
(c) ₦1,500,000 (d) ₦3,000,000
64. Before this time Mr. Brown had driven for three (3) years without an accident/claim, what benefit would he loose if his insurer is unable to recoup from Mr. Brown's insurer?
- (a) Points (b) Premium paid (c) NCD
(d) Continuous driving after the accident
65. If Mr. Green has a third-party cover, what is the maximum his insurer would layout to repair his car?
- (a) ₦1,500,000.00 (b) ₦1,000,000
(c) ₦2,500,000.00 (d) Nil

Olusolape Ventures is a medium size company that have not insured before but was told about insurance and was eager to insure its assets starting with its office complex, contents and equipment used in connection with their business.

66. Which type of policy will you recommend for their laptops and cameras?
- (a) Fidelity guarantee
 - (b) All risks
 - (c) Consequential loss
 - (d) Fire and material damage
67. The buildings make up a sizeable portion of their assets. Which is the appropriate policy you would ask them to cover?
- (a) Theft
 - (b) Fire and special perils
 - (c) All risk
 - (d) Public liability
68. Apart from fire and special perils insurance, what other cover will you recommend for the contents?
- (a) Product liability
 - (b) Business interruption
 - (c) Household
 - (d) Theft/Burglary
69. In the cover given under fire and special perils, which of these perils is not a special peril?
- (a) Earthquake
 - (b) Impact
 - (c) Lightning
 - (d) Malicious damage
70. Which of these will be an exclusion in the theft policy issued?
- (a) Goods stolen by employee
 - (b) Damage to door in the course of theft
 - (c) Theft of stock over a weekend
 - (d) Robbery by armed men during office hours

Mr. YKA requested for quotation from FCL Insurance Company on 1st October 2019. Insurers responded and gave rate and terms on 2nd October 2019 valid for 14 days. YKA was out of office and did not see the letter from the insurer until a week later when he returned from a trip. He found the rate and terms in order and confirmed acceptance via payment on 15th October 2019.

71. When is cover effective in this case?
- | | |
|----------------------------------|-----------------------------------|
| (a) No cover | (b) 2 nd October 2019 |
| (c) 9 th October 2019 | (d) 15 th October 2019 |
72. What is the last date on which Mr. YKA could make payment if he found the terms in order?
- | | |
|----------------------------------|-----------------------------------|
| (a) 1 st October 2019 | (b) 2 nd October 2019 |
| (c) 9 th October 2019 | (d) 15 th October 2019 |
73. In sending a quotation rate and terms, in contract terms, this will amount to the ...
- | | |
|--------------------|-------------------|
| (a) representation | (b) consideration |
| (c) offer | (d) acceptance |
74. If the insurer had made an error in their quotation, when was the last date they could have withdrawn their quotation if the proposer had not conveyed to them that they found it in order?
- | | |
|-----------------------------------|-----------------------------------|
| (a) 14 th October 2019 | (b) 9 th October 2019 |
| (c) 2 nd October 2019 | (d) 15 th October 2019 |
75. In this instance, when did acceptance take place?
- | | |
|----------------------------------|-----------------------------------|
| (a) 1 st October 2019 | (b) 15 th October 2019 |
| (c) 2 nd October 2019 | (d) 9 th October 2019 |

F05 – INSURANCE UNDERWRITING PROCESS

1	B	21	B	41	C	61	B
2	D	22	D	42	D	62	D
3	C	23	A	43	C	63	A
4	A	24	D	44	C	64	C
5	D	25	C	45	D	65	D
6	B	26	C	46	D	66	B
7	B	27	A	47	D	67	B
8	C	28	C	48	B	68	D
9	D	29	C	49	B	69	C
10	A	30	D	50	A	70	A
11	D	31	B	51	T	71	D
12	C	32	C	52	F	72	D
13	A	33	A	53	T	73	C
14	C	34	B	54	F	74	D
15	C	35	C	55	T	75	B
16	C	36	A	56	T		
17	D	37	A	57	F		
18	C	38	D	58	F		
19	A	39	C	59	T		
20	B	40	A	60	T		

CHARTERED INSURANCE INSTITUTE OF NIGERIA

<p style="text-align: center;">FOUNDATION F06 – MOTOR INSURANCE PRODUCTS APRIL 2021 DIET</p>



All answers should be shaded on the answer form in accordance with the following instructions:

- Two hours are allowed for this paper.
- Fill in the information requested on the answer form and attendance form.
- Handle the answer form with care and do not write notes on it.
- No marks are deducted for incorrect answers, so do not leave any questions unanswered.
- The answer form should be handed over personally by you to the invigilator before you leave the Examination Hall.
- Insert your candidate's number as given on your admission permit and any other particulars required on the answer form.
- Ensure that you write the full and correct candidate's number.
- If you bring a calculator into the examination room, it must be silent battery or solar powered non-programmable calculator. The use of programmable calculator is prohibited.
- No name should be written on the answer form.

FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL) WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL 2021 DIET CANDIDATES' INSTRUCTIONS.

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION

F06 - MOTOR INSURANCE PRODUCTS

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

Section A

The questions 1 - 50 in this paper are numbered and four options follow each question. The options are labeled a,b,c,d. Only one of these options is correct. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Example:

Which insurance principle does new for old overrule?

- | | |
|---------------|------------------|
| (a) Average | (b) Contribution |
| (c) Indemnity | (d) Subrogation |

The answer is option (c).

Section B

Questions 51 - 60 are to be answered as either True (T) or False (F). Select your chosen option and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Example:

A comprehensive motor insurance policy would provide cover for all types of accidental damages without any exclusion (True or False).

The correct option is False (F).

Section C

Questions 61 - 75. This section contains three (3) case studies each followed by five questions. The case studies are not numbered and appear at the top of the page. Each of the five questions following a case study is numbered. Four options follow each question. The options are labelled, a, b, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Chief Examiner's Summarised Statistics

Highest Score: 86%

Lowest Score: 40%

Average Score: 68%

Breakdown Updates

The performance was average with 50% of candidates passing the course.

The candidates were picking the wrong choices, which showed that they did not adequately prepare for the examination.

Chief Examiner's Comments on Overall Performance

The overall performance is averagely okay.

Chief Examiner's Suggestion on Improvement

Candidates should be advised to study the contents of the coursebooks adequately for better performances in the future.

SECTION A - ATTEMPT ALL QUESTIONS (Questions 1 - 50)

1. Rating on home fleet policy is based upon the
(a) motor vehicle (b) insured
(c) drivers (d) passengers
2. In motor insurance market, a period when higher rates are charged for cover is referred to as
(a) soft market (b) hard market
(c) average market (d) rate market
3. Which of these is an intermediary in motor insurance in Nigeria?
(a) Agent (b) Consultant
(c) Reinsured (d) Aggregator
4. are websites that allow potential customers to view prices of an array of financial products.
(a) Internet (b) Aggregators
(c) E-mail (d) Microsoft
5. Disclosure of material fact in motor insurance has to do with the principle of?
(a) Indemnity (b) Insurable interest
(c) Proximate cause (d) Utmost good faith
6. A "hit and run" situation in the UK market is covered by
(a) insurance companies (b) reinsurance companies
(c) motor pools (d) Motor Insurance Bureau
7. Which of this is a true description of the Motor Insurance Bureau?
(a) It is a public company limited by guarantee
(b) It is a private company unlimited by share
(c) It is a private company limited by guarantee
(d) It is public company unlimited by share
8. The funding of Motor Insurance Bureau is by
(a) premium (b) levy
(c) commission (d) rate
9. Which of these countries will the ECOWAS Brown Card not to be listed?
(a) Liberia (b) Cape Verde
(c) Cameroon (d) Mali

10. The principal law regulating motor insurance in Nigeria is
- (a) Road Traffic Act 1930
 - (b) Motor Vehicle (Third Party) Insurance Act 1950
 - (c) Road Traffic Act 1988
 - (d) Insurance Act 2015
11. The minimum Third-Party Property Damage cover in Nigeria is the sum of?
- (a) ₦500,000.00
 - (b) ₦1,000,000.00
 - (c) ₦5,000,000.00
 - (d) ₦10,000,000.00
12. Which of these is not part of the key provisions of the Insurance Distribution Directive (IDD)?
- (a) Market conduct
 - (b) Professionalism
 - (c) Commission Disclosure
 - (d) Harmonization
13. What is the name of the database with central record of all insured vehicles?
- (a) Motor Vehicle License Authority
 - (b) Nigeria Insurance Industry Database
 - (c) Federal Road Safety Corps Database
 - (d) Vehicle Inspection Offices
14. The regulator of motor insurance business in Nigeria is
- (a) National Insurance Commission
 - (b) Nigerian Insurers Association
 - (c) Nigerian Council of Registered Insurance Brokers
 - (d) Financial Services Authority
15. Which of these organisation is represented in the Board of the National Insurance Commission?
- (a) Nigerian Council of Registered Insurance Brokers
 - (b) Institute of Loss Adjusters of Nigeria
 - (c) Nigerian Insurers Association
 - (d) Chartered Insurance Institute of Nigeria
16. What is the minimum motor insurance cover in the UK market?
- (a) RTA cover
 - (b) Third party only
 - (c) Third party, fire and theft
 - (d) Comprehensive

17. The widest cover in motor insurance is?
(a) RTA cover (b) Third party only
(c) Third party, fire and theft (d) Comprehensive
18. Which of these covers will cover, in addition to third party risk, fire, lightning or explosion or theft or any attempted theft ONLY?
(a) RTA cover (b) Third party, fire and theft
(c) Third party only (d) Comprehensive
19. Which level of cover in motor insurance will not cover a theft loss?
(a) Third party only (b) Third party, fire and theft
(c) Comprehensive (d) None of the above
20. ... are those items which are necessary to the functioning of a vehicle and/or would be sold with the vehicle itself
(a) Salvage (b) Barchester
(c) Accessories (d) Part
21. What will be the excess amount on the policy if the compulsory excess is ₦2,000.00 and the insured seeks a voluntary excess of ₦2,000.00?
(a) ₦0.00 (b) ₦2,000.00
(c) ₦3,000.00 (d) ₦4,000.00
22. The amount of loss which the insured bears for each and every loss is called?
(a) Accessories (b) Franchise
(c) Excess (d) Sum insured
23. The fine for non-compliance with Section 68 the insurance Act 2003 to incorporate cover for third party property damage is?
(a) ₦1,000,000.00 only (b) ₦250,000.00 only
(c) ₦1,000,000.00 only or I year imprisonment
(d) ₦250,000.00 and/or I year imprisonment
24. Which of these will be used for the compensation of innocent individual third parties permanently disabled or killed by uninsured or unidentified drivers?
(a) National Insurance Commission Fund
(b) Security and Development
(c) Reinsurance Pool
(d) Motor Insurance Fund

25. Part II of RTA 1988 is titled
- (a) Construction and use of vehicle and equipment
 - (b) Licensing of drivers of vehicles
 - (c) Licensing of driver of heavy goods vehicles
 - (d) Driving Instructions
26. Which category of drivers is not exempted from having motor insurance by the Motor Vehicle (Third party) Insurance Act 1950?
- (a) Motor vehicle owned by a person who has deposited and keeps deposited with the Accountant - General of the federation the sum of ten thousand naira
 - (b) Motor vehicle owned by government
 - (c) User of a motor vehicle at any time when it is
 - (d) Motor vehicle owned by a person who has deposited and keeps deposited with the National Insurance Commission the sum of ten thousand naira
27. The details contained on a certificate will not include?
- (a) Address of the insured
 - (b) Certificate number
 - (c) Name of the policyholder
 - (d) Date of expiry
28. What is the name of the document that customizes the policy booklet to provide an outline of the cover given?
- (a) The certificate of insurance
 - (b) The policy booklet
 - (c) The schedule
 - (d) The endorsement
29. Statement of facts used in motor is the same thing as the
- (a) Proposal form
 - (b) Claim form
 - (c) Endorsement
 - (d) Renewal notice
30. Which of the documents used in motor insurance that would contain a declaration?
- (a) Policy document
 - (b) The schedule
 - (c) Renewal notice
 - (d) Proposal form
31. Which of the underlisted parts of a policy that will show what is not covered by the policy?
- (a) Preamble
 - (b) General exceptions
 - (c) Definitions
 - (d) Operative clause

32. In which of these cases was it held that the owner of a vehicle allowed a destitute but uninsured driver to use the car, and thereby committed an offence under s.35 of the Road Traffic Act 1930.
- (a) Arney Properties Limited v Cornhill Insurance Plc (1955)
 - (b) Hayward v. Norwich Union (2001)
 - (c) Monk v Warbey (1935)
 - (d) May v DPP (2005)
33. In which of these cases was it held that a car park which was attached to commercial premises, and intended for the use of customers only, was a public place for the purpose of 5.3 of the RTA 1988
- (a) Arney Properties Limited v Cornhill Insurance Plc (1955)
 - (b) Hayward v. Norwich Union (2001)
 - (c) Monk v Warbey (1935)
 - (d) May v DPP (2005)
34. In which of the UK legislation is cover provided for the protected characteristics of age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation
- (a) Latent Damage Act 1986
 - (b) Road Traffic (New Drivers) Act 1955
 - (c) Disability Discrimination Act 2005
 - (d) Equality Act 2010
35. The case law (Bank of Nova Scotia v Hellenic Mutual War Risks Association (1989)) established that
- (a) Indemnity is the principle for motor insurance
 - (b) A breach of warranty automatically terminates cover
 - (c) The active efficient cause that sets in motion a train of event
 - (d) Without insurable interest there should be no motor cover
36. Which of the part of the policy will set out the basis of the contract?
- (a) Heading
 - (b) Preamble
 - (c) General condition
 - (d) Service information
37. The amount expressed in percentage term required to pay claims is called ...
- (a) Underwriting ratio
 - (b) Claim
 - (c) Claim ratio
 - (d) Surplus

38. The more a vehicle is used, the more chance it has of being involved in an accident. Which of these is not part of the categories of use?
- (a) Social, domestic and pleasure use
 - (b) Class 2 or class B
 - (c) Class 3 or class C
 - (d) Class 4 or class D
39. Which of these should be disclosed by a proposer of motor insurance?
- (a) Certain statutory measures e.g. Rehabilitation of offenders Act 1977
 - (b) Matters of common knowledge
 - (c) Facts which increase the risk
 - (d) Facts which an insurer has waived information
40. Which of these headings would you not expect to find in an accident report form?
- (a) Admission of liability
 - (b) Use
 - (c) Policy details
 - (d) Witnesses
41. An appointed agent or appointed sub-agent who, in respect of any product type, offers or sells the general insurance product(s) of more than one insurer is called?
- (a) Independent intermediaries
 - (b) Home service representative
 - (c) Single tied agent
 - (d) Multi-tied agent
42. Which of these ways will loss, theft or damage to car accessories and spare parts not be dealt with by the insurer?
- (a) Reinstatement
 - (b) Repair the damage
 - (c) Replace beyond economic cost
 - (d) Pay cash
43. Which of these is not part of a motor insurance policy document?
- (a) Additional benefit
 - (b) Declaration
 - (c) Foreign use
 - (d) Service information
44. The rating factor in the proposal of motor insurance will not include?
- (a) Policy cover
 - (b) Type/size vehicles
 - (c) Indemnity period
 - (d) District

45. In proposing for cover, the insurer need not ask question in respect of of the proposer.
- (a) age
 - (b) occupation
 - (c) tribe
 - (d) license details
46. Which of these is not part of the role of the claims department?
- (a) Indemnify the policyholder in accordance with the cover purchased
 - (b) Ensure that only valid claims are paid
 - (c) Provide a fast, fair and efficient claims service
 - (d) Ensure that new businesses are brought to the company
47. What is the process of underwriting new motor business?
- (a) To ensure the vehicle is roadworthy
 - (b) To arrive at a fair premium for the risk
 - (c) To comply with the Road Traffic Acts
 - (d) To collect data for the Motor Insurers' Bureau
48. Where in the policy document is the restriction on the use of the insured's car shown?
- (a) General conditions
 - (b) General exclusions
 - (c) Policy exclusions
 - (d) Policy warranties
49. The conduct of claim condition of the insurance policy gives the insurer the right to:
- (a) Impose restrictions on the use of the vehicle to prevent a claim
 - (b) Handle to claim on order that it may be death with the best advantage
 - (c) Refuse to pay a claim if the policy conditions are not met
 - (d) Seek arbitration to settle a dispute over the amount to be paid in the event of a claim.
50. Following repair damage to the insured's car, to whom does the insurer usually make payment?
- (a) The insured
 - (b) The Insured's broker
 - (c) The motor engineers
 - (d) The repairers

**SECTION B - ATTEMPT ALL QUESTIONS (Questions from 51 to 60)
Answer True (T) or False (F)**

51. Commercial policies can vary, from what is a small business policy for a single vehicle up to a fleet policy with hundreds of vehicles insured, and anything in between.
52. Motor insurance products are sold in Nigeria through the internet.
53. The Road Traffic Act (RTA) cover is the minimum cover provided by motor insurers in Nigeria.
54. The driving other cars extension states that the policyholder may also drive a motor car or motorcycle, not belonging to them and not hired to them under a hire purchase agreement.
55. Vehicles with a seating capacity exceeding eight including the driver's seat are classified as buses or coaches.
56. A certificate of motor insurance or a cover note can be backdated.
57. If a fraudulent claim is made, the UK Insurance Act 2015 allows the insurer to treat an insurance contract as terminated from the time of the fraudulent act.
58. Insurers are not willing to grant premium discounts for security devices like a vehicle tracking system.
59. It is the district in which the vehicle is normally garaged that is the principal feature in rating.
60. The premium calculations for fleet risks are not totally different from other types of risks.

SECTION C - ATTEMPT ALL QUESTIONS (Questions 61 - 75)

Read the cases below before carefully and answer the questions which follow.

Ekwema Industries Limited specialises in the manufacturing of foam materials at Agbara, Lagos State. The Company has over 30 vehicles that it uses to carry out its business activities. It has insured its risks with three (3) different insurers on collective bases. On one of the days, one of the trucks has ran into a parked car thereby causing damage estimated by the expert in the area to be the sum of ₦600,000.00. Ekwema Industries Limited was fully insured with ABC Insurance Plc, as the lead underwriter having 40% of the risk.

61. The principle of insuring the company's risk with three different insurers is called?
- | | |
|------------------------|-----------------|
| (a) Insurable Interest | (b) Indemnity |
| (c) Contribution | (d) Subrogation |
62. The right of the damaged car's insurer to claim for his loss from Ekwema Industries Limited is?
- | | |
|------------------------|-----------------|
| (a) Insurable Interest | (b) Indemnity |
| (c) Contribution | (d) Subrogation |
63. The expert that gave the estimate of the loss in motor insurance is?
- | | |
|--------------------|-------------------|
| (a) Loss Adjuster | (b) Loss Accessor |
| (c) Motor Engineer | (d) Risk Surveyor |
64. The liability of ABC Insurance Plc for the damage to the vehicle is?
- | | |
|-----------------|-----------------|
| (a) ₦100,000.00 | (b) ₦240,000.00 |
| (c) ₦300,000.00 | (d) ₦600,000.00 |
65. The joint insurance of the 30 vehicles is referred to as what?
- | | |
|---------------------------|---------------------|
| (a) Contribution | (b) Home Fleet |
| (c) Business Interruption | (d) Fleet Insurance |

The promoter of Okwesa Enterprises, Mr. John Bull, run a business in Onitsha and frequently goes to Lagos to buy goods for sales. He normally charter a truck at Iddo to convey the goods from Lagos to Onitsha. John Bull also has a car which he uses for his personal use. One Monday morning, while he was trying to drive out of his residence, John's car ran into Okechukwu's car who is incidentally his neighbour's. Although both cars were damage, John had only a third-party cover.

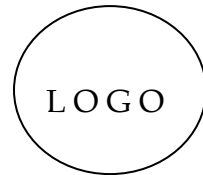
66. Identify the type of insurance that would cover the conveyance of the goods from Lagos to Onitsha.
- (a) Comprehensive insurance
 - (b) Third party only
 - (c) Goods in transit insurance
 - (d) Fidelity guarantee insurance
67. Which motor insurance policy would give John Bull the widest cover?
- (a) Comprehensive insurance
 - (b) All risk insurance
 - (c) Third party insurance
 - (d) Suretyship insurance
68. In the situation that John's car had greatest insurance cover, which of the following will cover it against the loss of theft?
- (a) RTA cover and third party only
 - (b) Third party and third-party fire and theft
 - (c) RTA and comprehensive insurance
 - (d) Comprehensive and third-party fire and theft
69. In the accident involving John's car and that of Okechukwu, his insurer will pay for which of the cars?
- (a) John's car only
 - (b) Okechukwu's car only
 - (c) Both cars
 - (d) None of the cars
70. Which of the motor insurance policies that would have paid for both cars following the accident?
- (a) RTA cover
 - (b) Third party only
 - (c) Third party fire and theft
 - (d) Comprehensive

JohnWax Nigeria had insured one of their cars with ABC Insurance Plc. At the time of the purchase of cover, the proposer had noted that the value of the car was ₦6,000,000.00 and that it wanted a comprehensive cover whose rate was given by the insurer at 4%. The insurer also informed the client that the policy would have an excess of ₦50,000.00 as well as a premium loading of 10% of the premium based on the fact that there would be another driver to drive the car too.

71. Calculate the basic premium payable without the loading.
- | | |
|-----------------|-----------------|
| (a) ₦216,000.00 | (b) ₦240,000.00 |
| (c) ₦300,000.00 | (d) ₦600,000.00 |
72. Calculate the premium plus the loading for the cover.
- | | |
|-----------------|-----------------|
| (a) ₦216,000.00 | (b) ₦240,000.00 |
| (c) ₦288,000.00 | (d) ₦600,000.00 |
73. Who is the proposer based on the case?
- | | |
|---------------------|-----------------------|
| (a) The insured | (b) The insurer |
| (c) JohnWax Nigeria | (d) ABC insurance plc |
74. In a situation that the insured is to enjoy and NCD of 20% from the gross premium. How much will the proposer pay for the cover?
- | | |
|-----------------|-----------------|
| (a) ₦200,000.00 | (b) ₦216,000.00 |
| (c) ₦172,800.00 | (d) ₦230,400.00 |
75. In a situation that the car was insured for third party, how much will the proposer pay officially for cover?
- | | |
|----------------|----------------|
| (a) ₦1,000.00 | (b) ₦5,000.00 |
| (c) ₦10,000.00 | (d) ₦20,000.00 |

F06 – MOTOR INSURANCE PRODUCTS

1	C	21	D	41	D	61	C
2	B	22	C	42	A	62	D
3	A	23	D	43	B	63	C
4	B	24	B	44	C	64	B
5	D	25	A	45	C	65	D
6	D	26	D	46	D	66	C
7	C	27	A	47	B	67	A
8	B	28	C	48	B	68	D
9	C	29	A	49	C	69	B
10	B	30	D	50	D	70	D
11	B	31	B	51	T	71	B
12	A	32	C	52	T	72	C
13	B	33	D	53	F	73	C
14	A	34	D	54	T	74	D
15	D	35	B	55	T	75	B
16	A	36	B	56	F		
17	D	37	C	57	T		
18	B	38	D	58	F		
19	A	39	C	59	T		
20	C	40	A	60	F		



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- Fill in the information requested on the answer form and attendance form.
- Handle the answer form with care and do not write notes on it.
- No marks are deducted for incorrect answers, so do not leave any questions unanswered.
- The answer form should be handed over personally by you to the invigilator before you leave the Examination Hall.
- Insert your candidate's number as given on your admission permit and any other particulars required on the answer form.
- Ensure that you write the full and correct candidate's number.
- If you bring a calculator into the examination room, it must be silent battery or solar powered non-programmable calculator. The use of programmable calculator is prohibited.
- No name should be written on the answer form.

FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL) WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL 2021 DIET CANDIDATES' INSTRUCTIONS.

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION

F07 - HOUSEHOLD INSURANCE PRODUCTS

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

Section A

The questions 1 - 50 in this paper are numbered and four options follow each question. The options are labeled a,b,c,d. Only one of these options is correct. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Example:

Which insurance principle does new for old overrule?

- | | |
|---------------|------------------|
| (a) Average | (b) Contribution |
| (c) Indemnity | (d) Subrogation |

The answer is option (c).

Section B

Questions 51 - 60 are to be answered as either True (T) or False (F). Select your chosen option and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Example:

A household policy can be extended to cover motor insurance. (True or False).
The correct option is False (F).

Section C

Questions 61 - 75. This section contains three (3) case studies each followed by five questions. The case studies are not numbered and appear at the top of the page. Each of the five questions following a case study is numbered. Four options follow each question. The options are labelled, a, b, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Chief Examiner's Summarised Statistics

Highest Score: 83%

Lowest Score: 40%

Average Score: 67%

Breakdown Updates

The candidates' performance was below average. The candidates failed to pick the appropriate options from the MCQs. Only 47.06% of the candidates passed the examination. This evidently showed that the candidates did not prepare adequately for the course.

Chief Examiner's Comments on Overall Performance

The overall performance is below average.

Chief Examiner's Suggestion on Improvement

Candidates should be advised on the importance of preparing ahead of the examinations.

SECTION A - ATTEMPT ALL QUESTIONS (Questions 1 - 50)

1. Household policies are?
 - (a) Simple class policies
 - (b) Double class policies
 - (c) Package policies
 - (d) Unpackage policies

2. Which of these is referred to as tenants' policies?
 - (a) Buildings only policies
 - (b) Contents only policies
 - (c) Buildings and contents
 - (d) None of the above

3. ... broadens the cover provided by a building only or content only policy including a range of optional extensions.
 - (a) Buildings and Contents
 - (b) A combined policy
 - (c) Fire and special perils policy
 - (d) Bancassurance

4. Direct line channel was founded in ...
 - (a) 1984
 - (b) 1994
 - (c) 2004
 - (d) 2014

5. Which facility allows intermediaries to produce proposal forms or statements of fact, cover notes and policies within their own office using a computer and printer?
 - (a) Aggregators
 - (b) Bancassurance
 - (c) Brandassurance
 - (d) Electronic data interchange

6. An agent that sells the products of only an insurer is referred to as ...
 - (a) specialist agent
 - (b) composite agent
 - (c) single-tied agent
 - (d) multi-tied agent

7. Which of these has its root in Islamic financial principles?
 - (a) Bancassurance
 - (b) Brandassurance
 - (c) Takaful
 - (d) Aggregators

8. The regulator of pensions in Nigeria is the ...
 - (a) National Insurance Commission
 - (b) National Pension Commission
 - (c) Securities Exchange Commission
 - (d) Monetary Policy Committee

9. The Market Development Restructuring and Initiatives (MDRI) was initiated by ...
- (a) NAICOM
 - (b) NIA
 - (c) NCRIB
 - (d) ILAN
10. Fraudulent claims will not take any of the following ways:
- (a) Inventing a loss that did not take place
 - (b) Exaggerating the size of a loss by inventing more possessions
 - (c) Deliberately causing a loss
 - (d) None of the above
11. The cover provided under the building insurance can be divided into three (3) sections which do not include ...
- (a) exceptional cover
 - (b) standard perils covered
 - (c) additional items of cover that are automatically included
 - (d) optional extensions
12. The definition that refers to “dishonestly appropriating property belonging to another with the intentions of permanently, depriving that other of it”, applies to ...
- (a) riot and civil commotion
 - (b) theft
 - (c) fire
 - (d) subsidence
13. “This” occurs where the ground rises after the moisture content of the soil increases. For example, when trees have been cut down and the soil absorbs more moistures as a result. “This” refers to ...
- (a) tempest
 - (b) landslip
 - (c) ground heave
 - (d) subsidence
14. The case of Oddy v. Phoenix Assurance Company is applicable to
- (a) tempest
 - (b) landship
 - (c) ground heave
 - (d) subsidence
15. The fixed glass and sanitary cover will not cover damage when the property is unoccupied or unfurnished typically for more than ...
- (a) 10 days
 - (b) 20 days
 - (c) 60 days
 - (d) 90 days

16. Legal fees, Architects' and Surveyor's fees, Debris Removal costs and local Authority Requirements refers to ...
- (a) reinstatement ancillary clauses
 - (b) reinstatement memorandum
 - (c) day-one basis
 - (d) average clause
17. The maximum cover for ground rent is ...
- (a) six months
 - (b) one year
 - (c) two years
 - (d) five years
18. Household goods and personal possessions belonging to the insured is covered by ...
- (a) buildings insurance
 - (b) motor insurance
 - (c) contents insurance
 - (d) fidelity guarantee
19. The content insurance covers ...
- (a) property more specifically insured
 - (b) securities, certificates and documents
 - (c) property held or used primarily for domestic purposes
 - (d) loss or damage to contents in the home
20. "The total value of valuable items is not to exceed one third of the contents sum insured, unless specifically agreed. Some insurers apply a percentage limit instead while some apply a fixed monetary limit". This refers to ...
- (a) single article limit
 - (b) valuables limit
 - (c) money
 - (d) none of the above
21. The cover provided under content insurance does not include?
- (a) Standard perils cover
 - (b) Buildings cover
 - (c) Additional items of cover that are automatically included
 - (d) Optional extensions
22. Which of these is not a public building as defined in Section 65 of Insurance Act of 2003?
- (a) Tenement house
 - (b) Building occupied by tenants
 - (c) Hostel
 - (d) None of the above

23. An item specifically stated as not covered in the policy is referred to as ...
- (a) cover
 - (b) extension
 - (c) exclusion
 - (d) additional item of cover
24. The damage caused by pressure waves created by aircraft travelling at supersonic speeds is called ...
- (a) radioactive contamination
 - (b) sonic bangs
 - (c) pollution
 - (d) terrorism
25. In household insurance, "personal possessions cover" was previously known as ...
- (a) building section
 - (b) content section
 - (c) call risks' section
 - (d) liability section
26. Which of these would effectively be classified as personal effects?
- (a) Clothing
 - (b) Precious metals
 - (c) Cameras
 - (d) Binoculars
27. Which of these is not a property excluded in a household policy?
- (a) Trade goods and equipment
 - (b) Motor Vehicles
 - (c) Livestock or pet
 - (d) Beddings or furniture
28. Credit cards as defined will not cover ...
- (a) pre-loaded cash
 - (b) cheque cards
 - (c) cash cards
 - (d) debit cards
29. The legal expenses cover will cover ...
- (a) employment matter
 - (b) contractual and inheritance disputes
 - (c) motoring prosecutions
 - (d) none of the above
30. Assistance Services/Emergency Helplines cover will not cover ...
- (a) legal advice on any private legal problems
 - (b) the cost of repairs
 - (c) assistance in the event of an emergency in contacting a reliable contraction to carry out repair
 - (d) glazing service to replace broken glass in doors

31. Caravan insurance will not cover ...
- (a) storm damage to a trailer or tent
 - (b) caravan within the country of policy issuance
 - (c) loss of or damage to the contents
 - (d) legal liability
32. The specific exclusions in the caravan insurance policy will not include ...
- (a) damage to third party property
 - (b) property more specifically insured
 - (c) storm damage to a trade, tent or awning
 - (d) theft of content not caused by forcible and violent entry or exit
33. Which of these is not provided in a travel insurance?
- (a) Personal accident benefits
 - (b) Medical and associated expenses
 - (c) Personal liability
 - (d) Household benefit
34. The amount which the insured will bear for each and every loss is referred to as ...
- (a) reinstatement
 - (b) average
 - (c) excess
 - (d) limit
35. ... covers the failure of public transport to deliver the insured person to the departure point, on either the outward or the return journey in time to travel.
- (a) delayed baggage
 - (b) travel interruption
 - (c) travel delay
 - (d) hospital cash benefit
36. ... covers the delay of the aircraft, ship or train on which the insured is booked to travel for at least twelve hours, due to strike or industrial action.
- (a) Delayed baggage
 - (b) Travel interruption
 - (c) travel delay
 - (d) Hospital cash benefit
37. The trade association of loss adjusters in Nigeria is ...
- (a) Nigeria
 - (b) ILAN
 - (c) NAICOM
 - (d) NIA

38. Which of these is an absolute exclusion on many policies and where cover is provided, this is typically limited to emergency medical costs related to an attack only?
- (a) Terrorism (b) Pet care
(c) Business travel (d) Travel delay
39. Which of these is not a form of insurance cover for cats and dogs?
- (a) Lifetime policies (b) Maximum benefit policies
(c) Accident only policies (d) None of the above
40. ... only provide cover for the treatment of accidents.
- (a) Lifetime policies (b) Maximum benefit policies
(c) Twelve-month policies (d) Accident only policies
41. ... provide cover for the cost of treating a particular illness or injury for twelve months from the start of that illness or injury (as long as the insurance policy remains in force).
- (a) Lifetime policies (b) Maximum benefit policies
(c) Twelve-month policies (d) Accident only policies
42. The horses and ponies cover will not cover ...
- (a) Permanent incapacity
(b) Saddles, bridles or other riding tack
(c) Veterinary fees (d) None of the above
43. What is normally the maximum period cover under a simple-trip travel insurance policy?
- (a) 17 days (b) 1 month
(c) 2 months (d) 4 months
44. What basis of cover is usually provided in respect of musical instruments?
- (a) First loss (b) Market value
(c) New for old (d) Reinstatement
45. The geographical limit for personal possessions covered under a high-net-worth insurance policy is normally ...
- (a) within the home only (b) within Nigeria only
(c) within ECOWAS countries (d) worldwide

46. Which principle that has impact on the liability cover provided under a household insurance policy emerged from the case of *Donoghue v Stevenson* (1932)?
- (a) The factual causation principle
 - (b) The means of enforcement principle
 - (c) The neighbour principle
 - (d) The reasonable man principle
47. Jonathan is walking his dog when the lead snaps and the dog runs into a farmer's field causing panic amongst the sheep. Several sheep are drowned and the farmer is claiming compensation. Under the *Animals Act 1971*, what is the position with regards to Jonathan's liability?
- (a) He will be liable because the lead was very worn and continuing to use it was a negligent act
 - (b) He will be liable, whether he was negligent or not, because strict liability applies
 - (c) He will not be liable as the dog had never shown any inclination to act in this way before
 - (d) He will not be liable as the incident happened as a result of an accident.
48. What duty does the *Defective Premises Act 1972* impose on tenants beyond common law?
- (a) A duty to carry out repairs
 - (b) A duty to inform the landlord of defects
 - (c) A duty to inform visitors of defects
 - (d) A duty to visitors entering the premises illegally
49. A postman is delivering mail to a house when he falls down a manhole in the garden left uncovered by the owner. Under which tort and statute can the postman make a claim?
- (a) Negligence under the *Occupiers' Liability Act 1957*
 - (b) Negligence under the *Occupiers' Liability Act 1984*
 - (c) Strict liability under the *Occupiers' Liability Act 1957*
 - (d) Strict liability under the *Occupiers' Liability Act 1984*
50. Insuring the contents of a flat which is let unfurnished is normally the responsibility of the ...
- (a) freeholder
 - (b) landlord
 - (c) letting agent
 - (d) occupier

**SECTION B - ATTEMPT ALL QUESTIONS (Questions from 51 to 60)
Answer True (T) or False (F)**

51. The growth in the use of the internet has also led to the development of aggregators, who through the completion of one set of questions aim to give to proposer quotations from a number of different insurance providers with whom they have links.
52. Takaful is a type of conventional insurance.
53. To maintain their competitive position, insurers have introduced a number of additional non-insurance customer benefits into their policies.
54. Subsidence, "Ground Heave" and "Landslip" - all have the same meaning.
55. The legal liability of the buildings section covers loss to members of the insured's family permanently residing with them.
56. Wear and tear are part of the most common exclusions in the household insurance.
57. Personal accident benefits are arranged not on an indemnity basis.
58. Stand-alone business policies provide cover for the business risks associated with working from home under a policy that is completely separate from the household policy, and offer the option to add additional covers.
59. Where legal liability is established, it does not create a right to make legal action regardless of the existence of any insurance.
60. The National Insurance Commission is a trade association in Nigeria.

SECTION C - ATTEMPT ALL QUESTIONS (Questions 61 - 75)

Read the cases below before carefully and answer the questions which follow.

Rasheda lives in Ibadan with her three (3) children in a rented apartment in Mokola. She decides to insure the contents of her home for insurance. She, with her three children live in a rented apartment in Mokola. The sum insured for the content is ₦3 million and the premium rate is 0.65%.

She also wants to add personal possessions cover onto her household policy. She has ₦36,000.00 worth of GL necklace and ₦16,000.00 worth of GL ring. Her policy contains a single article limit of ₦15,000.00. Apart from her personal possession, she wants to also insure her brother's camera that is not under her custody. The insurer has proposed a rate of 1% for personal possession insurance.

61. Under what type of insurance will she insure the contents?
 - (a) Holiday home
 - (b) Household
 - (c) Let property
 - (d) All Risk

62. Another name for personal possession insurance is ...
 - (a) Holiday home
 - (b) Household
 - (c) Let property
 - (d) All Risk

63. The premium to be paid for the contents' insurance is ...
 - (a) ₦19,500.00
 - (b) ₦1,950,000.00
 - (c) ₦195,000.00
 - (d) ₦3,000,000.00

64. The premium payable for the personal possessions cover is
 - (a) ₦510.00
 - (b) ₦510.00
 - (c) ₦5,100.00
 - (d) ₦51,000.00

65. The principle that prevents Rasheda from insuring the camera is ...
 - (a) Utmost good faith
 - (b) Proximate cause
 - (c) Indemnity
 - (d) Insurable interest

Shehu and Aminatu have been married for 10 years and to mark the occasion, Shehu buys Aminatu a ring worth ₦30,000.00. They also decide to take a holiday and buy a five-year-old caravan on hire purchase to go touring in Ghana. They are arranging a travel insurance policy for themselves and their one-year-old daughter, which has an excess of ₦5,000.00 for the sum of ₦5million with a premium rate of 1%. They take out a separate policy on the caravan with a sum of ₦2million and contents of ₦200,000.00.

Shehu and Aminatu have been in Ghana for seven (7) days when Shehu's brother is taken seriously ill so they needed to return home earlier than they had originally planned. The cost of the ferry home is ₦150,000.00 and they need to stay in a hotel overnight in order to catch the earliest crossing. The hotel costs them a further ₦20,000.00 for the night.

Shehu and Aminatu's neighbour, Albert, buys a second house in the street and employs a local builder to refurbish it. He then rents the house to Adekunle, who arranges his contents insurance with a direct insurer over the internet. Adekunle slips on a worn carpet within the house and breaks his ankle. On a calm day, a slate falls off the roof of Albert's own house and damages Bill's car.

66. Which section of Shehu and Aminatu's travel insurance policy will cover the cost of returning home?
- | | |
|----------------------|--------------------------|
| (a) Cancellation | (b) Personal liability |
| (c) Medical expenses | (d) Personal curtailment |
67. Which type of policy will Albert need to arrange for his new purchase?
- | | |
|-----------------|-----------------------|
| a) Holiday home | (b) Let property |
| (c) Household | (d) Working from home |
68. If Adekunle decided to take legal action against Albert in respect of his broken ankle within how many years must his case be "actioned"?
- | | |
|----------------|-----------------|
| (a) One year | (b) Three years |
| (c) Five years | (d) Six years |
69. How much will Shehu and Aminatu pay for the travel insurance?
- | | |
|-----------------|-------------------|
| (a) ₦5,000.00 | (b) ₦50,000.00 |
| (c) ₦500,000.00 | (d) ₦5,000,000.00 |
70. The method used by Adekunle to arrange his contents insurance means that the transaction did NOT involve ...
- | | |
|--------------|--------------------|
| (a) a broker | (b) an insurer |
| (c) a proper | (d) an underwriter |

Sandra sets up her own business selling homemade cakes and biscuits. She bakes the goods at home and sells through local farmers markets and country fairs.

She has computer, photocopier and a stock of stationery, which she uses to keep her business record to prepare her promotional materials. Her existing household policy covers business equipment, subject to a limit of ₦2,000,000.00 and business stock up to ₦1,000,000.00. Provided the sums insured are adequate, these items would be covered.

She also has a cat that she loves so much and wants to insure for its lifetime.

In recent time, she suffered a loss following the accidental falling of a paint can with the contact damaging a valuable carpet valued ₦50,000.00 and the policy has an excess of ₦20,000.00.

71. What is the best policy for a person that works from home to cover her contents?
 - (a) Home-business policies
 - (b) Household insurance
 - (c) Shared and rented homes insurance
 - (d) High Net Worth Households

72. Sandra had reported a claim of ₦3,000,000.00 for the damage of office equipment in her home. How much will the insurer pay for this?
 - (a) ₦1,000,000.00
 - (b) ₦2,000,000.00.
 - (c) ₦3,000,000.00
 - (d) ₦5,000,000.00

73. Two weeks after the loss of equipment, she reported another loss of ₦1,500,000.00 to her stock. How much will she be paid for such loss?
 - (a) ₦1,000,000.00
 - (b) ₦1,500,000.00
 - (c) ₦2,500,000.00
 - (d) ₦3,000,000.00

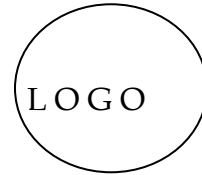
74. Which policy will cover the cat?
 - (a) Vet insurance
 - (b) Household insurance
 - (c) Travel insurance
 - (d) Pet insurance

75. How much will the insurer pay for the damaged carpet?
 - (a) ₦20,000.00
 - (b) ₦30,000.00
 - (c) ₦50,000.00
 - (d) Nil

F07 – HOUSEHOLD INSURANCE PRODUCTS

1	C	21	B	41	C	61	B
2	B	22	D	42	D	62	D
3	B	23	C	43	B	63	A
4	A	24	B	44	B	64	B or A
5	D	25	C	45	B	65	D
6	C	26	A	46	C	66	B
7	C	27	D	47	B	67	C
8	B	28	A	48	A	68	B
9	A	29	A	49	C	69	B
10	D	30	B	50	D	70	A
11	A	31	A	51	T	71	A
12	B	32	A	52	F	72	B
13	C	33	D	53	T	73	A
14	B	34	C	54	F	74	D
15	C	35	B	55	F	75	C
16	A	36	C	56	T		
17	C	37	B	57	T		
18	C	38	A	58	T		
19	D	39	D	59	F		
20	B	40	D	60	F		

CHARTERED INSURANCE INSTITUTE OF NIGERIA



All answers should be shaded on the answer form in accordance with the following instructions:

- Two hours are allowed for this paper.
- Fill in the information requested on the answer form and attendance form.
- Handle the answer form with care and do not write notes on it.
- No marks are deducted for incorrect answers, so do not leave any questions unanswered.
- The answer form should be handed over personally by you to the invigilator before you leave the Examination Hall.
- Insert your candidate's number as given on your admission permit and any other particulars required on the answer form.
- Ensure that you write the full and correct candidate's number.
- If you bring a calculator into the examination room, it must be silent battery or solar powered non-programmable calculator. The use of programmable calculator is prohibited.
- No name should be written on the answer form.

FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL) WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL 2021 DIET CANDIDATES' INSTRUCTIONS.

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION

F08 – HEALTHCARE INSURANCE PRODUCTS

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

Section A

The questions 1 – 60 in this paper are numbered and four options follow each question. The options are labeled a,b,c,d. Only one of these options is correct. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Example:

A private healthcare provider that reinvests any profit made on better health and care services is known as a:

- | | |
|-------------------------|-----------------------|
| (a) friendly society | (b) mutual society |
| (c) proprietary insurer | (d) provident insurer |

The answer is option (d)

Section B

Questions 61 – 85 are to be answered as either True (T) or False (F). Select your chosen option and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Example:

A medical insurance cover will not pay for hospitalisation. (True or False).

The correct option is False (F).

Section C

Questions 86 – 100. This section contains three (3) case studies each followed by five questions. The case studies are not numbered and appear at the top of the page. Each of the five questions following a case study is numbered. Four options follow each question. The options are labelled, a, b, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Chief Examiner's Summarised Statistics

Highest Score: 91%

Lowest Score: 56%

Average Score: 76%

Breakdown Updates

The overall performance was very good with 82% of the candidates who attempted the course passing it.

Chief Examiner's Comments on Overall Performance

The overall performance was very good.

Chief Examiner's Suggestion on Improvement

Candidates should not only read, they should study. They should also attend tutorial classes, do group discussions and show more commitments to the examination.

SECTION A - ATTEMPT ALL QUESTIONS (Questions 1 - 60)

1. The NHS was established in ...
(a) 1908 (b) 1928
(c) 1948 (d) 1968
2. The NHIS was established in ...
(a) 1928 (b) 1948
(c) 1999 (d) 2009
3. At the outset, the NHS introduced the concept of healthcare that was free at the point of use for every citizen. This means all except ...
(a) almost all hospitals were compulsorily purchased by the State
(b) hospital doctors were employed by the NHS, although they could also continue to practice privately
(c) all health treatments would be provided free at the point of use
(d) the service, would be funded by payment for treatment by the patient
4. Which of these is not part of the constitute for the NHS in England?
(a) The NHS provides a comprehensive service to a selected citizen
(b) Access to NHS services is based on clinical needs not on an individual's ability to pay
(c) The NHS aspires to the highest standard of excellence and professionalism
(d) The NHS aspires to put patients at the heart of everything it does
5. Which of these is true?
(a) NHS offers patients medical treatment or are that is subsidised at point of use
(b) NHS offers patients medical treatment or are that are fully paid for at the point of use
(c) NHS offers patients medical treatment or are that is largely free at the point of use
(d) NHS only offers regulatory services to medical doctors in UK
6. Which of these is not a principal difference that split between the public and private sector?
(a) They are all funded by the State

- (b) The time spent waiting to be treated
 - (c) The choice of facilities
 - (d) Most private hospitals have no A & E facilities
7. ... includes outside of traditional medicine.
- (a) Agencies
 - (b) Complementary or 'alternative' medicine
 - (c) Cosmetic surgery
 - (d) Intensive care
8. Face lift is an example of?
- (a) Emergencies
 - (b) Complementary on 'alternative' medicine
 - (c) Cosmetic surgery
 - (d) Intensive care
9. Osteopathy and home apathy are examples of?
- (a) Emergencies
 - (b) Complementary on 'alternative' medicine
 - (c) Cosmetic surgery
 - (d) Intensive care
10. ... provides surgery and other medical treatment for patients who are willing and able to pay.
- (a) Private healthcare sector
 - (b) National health service
 - (c) Private healthcare sector and national health service
 - (d) None of the above
11. Which of these is not an advantage to be gained by people buying private medical treatment?
- (a) Less time waiting for operations related to non-urgent conditions
 - (b) A choice of the consultant who will personally perform the operation
 - (c) A choice of admission date
 - (d) The fees are paid by the state
12. Which of these will the cost of treatment be paid by PMI policies?
- (a) Normal pregnancy and childbirth
 - (b) Typhoid and malaria
 - (c) Chronic illnesses such as asthma
 - (d) Cosmetic surgery

13. Provident insurers were introduced in ...
- (a) 1890s and 1910s
 - (b) 1920s and 1930s
 - (c) 1950s and 1960s
 - (d) 1990s and 2000s
14. Which of these is not part of what reinsurance offers to the healthcare insurance market?
- (a) Capital, including less costly access to capital for solvency purposes
 - (b) Stop loss cover that could avoid losses being made on a portfolio
 - (c) Help with research, product design, underwriting and claim management
 - (d) None of the above
15. Which of these underlisted could trace their ancestry as a movement back to the nineteenth century?
- (a) Provident associations
 - (b) Commercial insurers
 - (c) Health and dental cash plans
 - (d) Third party administrators
16. Which of these is regarded as specialist healthcare consultancies?
- (a) Provident associations
 - (b) Commercial insurer
 - (c) Health and dental cash plan
 - (d) Third party administrators
17. Which of these is not regarded as a strength to third-party administrator?
- (a) Independence
 - (b) Static
 - (c) Motivation
 - (d) Information
18. Which of these is not part of the benefits of the Augusto & Co report on healthcare insurance in Nigeria?
- (a) Provides an overview of the regulator and regulations guiding to industry
 - (b) Reviews the financial condition of operators and highlight critical sectors that impact on profitability in the industry
 - (c) Examines the industry's size, structure and competitive profile of operators and outlines key competitive tools pertinent to the success of a HMO
 - (d) None of the above

19. Which level of these is not part of the private medical insurance market?
- (a) State-paid (b) Individual (or personal) paid
(c) Company paid (d) Affinity or voluntary employee paid
20. ... entered the market with product designs that included no claims discounts (NCD) and a pre-existing conditions exclusion (PELE) as well as worldwide travel cover.
- (a) Bumps (b) AXA PPP
(c) Vitality health (d) Aviva UK health
21. ... has achieved a significant share of the healthcare insurance market by competing on the basis of its strong brand and innovative product and service solutions.
- (a) Bumps (b) AXA PPP
(c) Vitality health (d) Aviva UK health
22. Which of these is not a feature of the Health Trusts?
- (a) It is an insurance policy, therefore payments into the fund do attract insurance premium tax (IPT)
(b) The employer pays money into a health trust which is administered by a trustee or a trust company
(c) Fees charged by the scheme providers are subject to value added tax.
(d) The trustees determine what benefits employees are entitled to
23. Health insurance in the Nigerian market is regarded as ...
- (a) Life insurance product (b) General insurance product
(c) Life and general insurance product
(d) Fidelity product
24. Which of these countries has adopted Universal Health Coverage (UHC) which is a global health policy agenda that has been adopted as one of the health targets of the sustainable development goals (SDG)?
- (a) Nigeria (b) Ghana
(c) Zambia (d) Cameroon
25. Which of these has the lowest public health expenditure (PHE)?
- (a) Australia (b) Germany
(c) Japan (d) USA

26. Which of these should not be a way of comparing two (2) countries' healthcare system?
- (a) How long people live on average
 - (b) Infant mortality
 - (c) The system of governance
 - (d) Customer satisfaction survey
27. Which of these is not an additional benefit under the international healthcare insurance for expatriates?
- (a) Complementary medicine
 - (b) Pre-existing condition
 - (c) GP costs
 - (d) Dentistry
28. Which of these is not a basis of rating travel insurance?
- (a) Age
 - (b) The countries to be visited
 - (c) Proposer's earning
 - (d) Whether any additional risks are to be covered
29. The name for choosing to have treatment abroad in the lowest cost country offering a similar quality is ...
- (a) Healthcare trust
 - (b) Healthcare arbitrage
 - (c) Health tourism
 - (d) Health travel
30. Medical insurance can enable people receive all these except?
- (a) Receive information which can help on health matters
 - (b) Receive sickness disability benefits
 - (c) Avoid having to wait for treatment
 - (d) Avoid finding themselves in a mixed sex ward
31. ... is a disease, illness or injury that is likely to respond quickly to treatment which aims to return one to the state of health one was in immediately before suffering the disease or which leads to one's full recovery.
- (a) Indemnity treatment
 - (b) Intensive treatment
 - (c) Health cash treatment
 - (d) Chronic and Acute treatment
32. Where the patient has to take treatment and usually returns to a hospital bed but goes home the same, without overnight stay, is regarded as?
- (a) In-patient
 - (b) Day patient
 - (c) Out-patient
 - (d) Chronic patient

33. A patient who had treatment in hospital or clinic but did not require medically supervised recovery and went home straight after the treatment or after seeing a consultant or other medical professional, is?
- (a) In-patient
 - (b) Day patient
 - (c) Out-patient
 - (d) Chronic patient
34. Why is a PMI insurer unlikely to cover cosmetic surgery?
- (a) It is already covered by the state
 - (b) It is part of NHS
 - (c) It is affordable to the patient
 - (d) It is usually elective
35. Which came first?
- (a) NHS
 - (b) Private medical insurance
 - (c) Provident insurers
 - (d) They all came at the same time
36. Last year Bloggs and Co spent ~~£~~3million on healthcare treatment for its employees. This year it is budgeting to spend ~~£~~3.3million but could afford to spend as much as ~~£~~3.5 million. But if costs turn out to be say ~~£~~4million, this could be a serious issue. Which policy will the company use to present that?
- (a) Health trust
 - (b) NHS
 - (c) Stop loss insurance
 - (d) Health cash plan
37. Which of these is not a cost involved in selling PMI through intermediary?
- (a) Paying commission to the intermediary
 - (b) Paying treatment of the insured
 - (c) Having a sales infrastructure to meet the service needs of intermediaries
 - (d) Marketing costs associated with encouraging to sell the products
38. Which of these will not cover dental care and treatment costs?
- (a) Dental insurance
 - (b) Private medical insurance
 - (c) Capitation plans
 - (d) Health cash plans
39. The optical dental and hospital cash are provided by a health cash plan. The plan will also provide all these except ...
- (a) Cost of surgery
 - (b) Reoccupation grant
 - (c) Maternity/paternity grant
 - (d) Chiropoly

40. Which of these is not part of the forms of group healthcare insurance?
(a) Small group scheme (b) Middle group scheme
(c) Voluntary scheme (d) Large group scheme
41. There are how many divisions of personal PMI products?
(a) 2 (b) 3
(c) 4 (d) 5
42. The least charge for surgeries will be on?
(a) Major plus (b) Major
(c) Intermediate (d) Minor
43. The "Primary repair of cleft palate" will be regarded by the surgeon as
(a) Major plus (b) Major
(c) Intermediate (d) Minor
44. The "Removal of skin lesion" will be regarded by the Anesthetist as ...
(a) Major plus (b) Major
(c) Intermediate (d) Minor
45. Another name for "body scans" is ...
(a) Pathology (b) Radiology
(c) Physiotherapy (d) Consultations
46. What is the name of the discount a person enjoys for paying annually or for paying by direct debit mandate?
(a) Affinity discount (b) Payment discounts
(c) Earned discounts (d) Mobile discounts
47. The discount a policyholder may accrue points for adopting a healthy lifestyle is called?
(a) Affinity discounts (b) Payment discounts
(c) Earned discounts (d) Mobile discounts
48. In which of this classification is the products designed to assist the less privileged within the community?
(a) Community based social health insurance products
(b) Vulnerable groups social health insurance products

- (c) Tertiary institution social health insurance products
 - (d) Organised private sector social health Insurance products
49. Which of these policies are often sold as a form of “budget PMI”?
- (a) Long Term Care
 - (b) Critical illness insurance
 - (c) Major medical expenses
 - (d) Payment protection insurance
50. Which of these policies predate “critical illness cover” but work in a similar way?
- (a) Cancer only cover
 - (b) Major medical expenses
 - (c) Travel insurance
 - (d) Payment protection insurance
51. Which of these is not a form of ADLs?
- (a) Washing
 - (b) Toileting
 - (c) Mobility
 - (d) Sleeping
52. Which of these policies is also known as Permanent Health Insurance (PHI)?
- (a) Immediate needs insurance
 - (b) Critical illness insurance
 - (c) Income protection insurance
 - (d) Travel insurance
53. Which of these policies will pay in the event that the insured suffers from stroke or heart attack?
- (a) Immediate needs insurance
 - (b) Critical illness insurance
 - (c) Income protection insurance
 - (d) Travel insurance
54. ... provides a selected monthly income to meet the cost of home care or nursing home fees, for those who are too old and disabled to look after themselves.
- (a) Payment protection insurance
 - (b) Long term care insurance
 - (c) Critical illness insurance
 - (d) Travel insurance
55. Which of these policies will pay the benefit of the member that is assessed as having “total permanent disability”?
- (a) Payment protection insurance
 - (b) Long term care insurance
 - (c) Critical illness insurance
 - (d) Travel insurance
56. Which of these is not part of the independent intermediaries?
- (a) Brokers
 - (b) Other intermediaries
 - (c) Employee benefits consultants
 - (d) Healthcare providers

57. The Regulator of Health Insurance in Nigeria is
- (a) NIA
 - (b) NAICOM
 - (c) NHIS
 - (d) PENCOR
58. The assessment of risk for SME purchaser is based on all, except
- (a) Exposure to any congenital risk
 - (b) Any dependent cover
 - (c) Occupational profile
 - (d) Funding
59. The issues to be considered in assessing risk for larger corporate purchases include all except ...
- (a) co-insurance
 - (b) self-funding
 - (c) life style
 - (d) whether managed care is required
60. ... is the statistics that is used to estimate the probable life expectancy of a customer
- (a) Data running
 - (b) Mortality
 - (c) Morbidity
 - (d) Underwriting

SECTION B - ATTEMPT ALL QUESTIONS (Questions from 61 to 85)

Answer True (T) or False (F).

61. Some policies exclude the payment of benefit if the member has received treatment without the insurer's prior knowledge and authorisation.
62. A specialist is a person having knowledge and expertise relevant to the injury or illness to which the treatment related.
63. A medical insurance premium is only determined by reference to hospital charges.
64. Long Term Care Insurance is usually indemnity in the same way as a life insurance policy.
65. Personal Accident Insurance covers all pre-existing conditions.
66. To see pre-authorisation, a patient needs to obtain referral from their GP to a consultant and then contact the insurer to per-authorise the claim.
67. Case management is where the insurer is consulted prior to the member receiving medical treatment.
68. For healthcare insurer, an electronic claim does not enable them to better understand claims patterns.
69. Claims firms are not always necessary but will typically still be used on contentions claims.
70. Open referral is a type of managed care where the patient's GP gives an open referral to any specialist.
71. The Health Insurance Scheme in Nigeria is referred to as NHS.
72. The regulator is health insurance in Nigeria is the NSITF.
73. In capitation plans, no claim is required unless the treatment is in respect of an insured event such as an accident.
74. PMI insurer is unlikely to cover cosmetic surgery.

75. The PMI does not incur any cost selling through intermediaries.
76. In healthcare insurance, underwriting is the process by which an insurer assess the risk posed by a pre-existing condition.
77. "International" is not a form of personal PMI products.
78. "Budget" gives the widest form of cover in personal PMI.
79. Policy excess is not used in PMI products.
80. "Table of benefits" are used in most PMI policies.
81. Health cash plans date back to late Victorian times.
82. A maternity/paternity cash grant is a form of other benefits in Health Cash plan.
83. A capitation plan works as the plan is usually sold to the customer by the dentist.
84. "Sickness and accident insurance" is an 'add-on' to another policy.
85. In income protection insurance, policies will not cease when the insured reaches a pre-set retirement age if he is not retired.

SECTION C - ATTEMPT ALL QUESTIONS (Questions 86 - 100)

Read the cases below before carefully and answer the questions which follow.

Sanjay takes out a PMI and to save money he chooses a ~~₱~~100.00 annual excess and saving 10% on his premium. He pays the insurer a premium of ~~₱~~50.00 for the cover. In the first year, he incurs a claimable cost of ~~₱~~90.00 and makes a claim to the insurer as he has undergone a medical treatment. In the second year, he needs an operation which costs ~~₱~~5,000.00. Later in the same year, he has another treatment that cost him ~~₱~~80.00.

86. How much will the insurer pay for the 1st year claim?
(a) ~~₱~~0.00 (b) ~~₱~~90.00
(c) ~~₱~~100.00 (d) ~~₱~~4,900.00
87. How much will the insurer pay for the second-year cost of operation?
(a) ~~₱~~90.00 (b) ~~₱~~100.00
(c) ~~₱~~4,900.00 (d) ~~₱~~5,000.00
88. How much will the insurer pay for the second year's second claim?
(a) ~~₱~~0.00 (b) ~~₱~~80.00
(c) ~~₱~~100.00 (d) ~~₱~~180.00
89. How much premium would he have paid without the 10% discount?
(a) ~~₱~~50.00 (b) ~~₱~~55.00
(c) ~~₱~~80.00 (d) ~~₱~~90.00
90. Without the excess, how much would have been paid for the operations?
(a) ~~₱~~80.00 (b) ~~₱~~90.00
(c) ~~₱~~4,900.00 (d) ~~₱~~5,000.00

Mr. Sule Adams was ill and had wanted to use Lagos Hospital Plc as his clinic. He had approached his HMO to effect the change so that he could use the hospital as his healthcare provider. The HMO had refused on the ground that the hospital is expensive as a result of the hospital accommodation. Mr. Adams was advised to choose a higher product if he wants to enjoy such facilities, therefore he ended up using a smaller hospital within his neighborhood. In addition to consulting the doctor, who had asked him to go for blood test, urine test and body scan, he also went further to buy Health Cash plans from an intermediary.

91. The grouping of hospital for fees according to their accommodation is called?
 - (a) Hospital Rating
 - (b) Hospital Group
 - (c) Hospital Band
 - (d) Hospital Account

92. The type of policy that will pay Sule's hospital bill is?
 - (a) Sickness Insurance
 - (b) Healthcare Insurance
 - (c) Personal Accident Insurance
 - (d) Critical Illness Insurance

93. The carrying out of the blood test and urine test is called?
 - (a) Pathology
 - (b) Radiology
 - (c) Physiotherapy
 - (d) Consultation

94. The carrying out of the body scans is called?
 - (a) Pathology
 - (b) Radiology
 - (c) Physiotherapy
 - (d) Consultation

95. The Health cash plan would be used for ...
 - (a) payment sickness disability benefit
 - (b) cost of hospital treatment
 - (c) optical costs
 - (d) travel risk cover

Growing old is now a big challenge. Joke Brown is 85 years old, a grandma but with the children and their children all living abroad. The only contact she has with them is usually through telephone calls that seldomly come once in a while. In recent times, she had been ill and could not get up to carry out her normal activities. A call had been put across to the son in the United States of America who could not come home to see the situation as a result of the lockdown caused by the corona virus pandemic. It was only a kind hearted woman in Mrs. Brown church that comes to assist her.

96. Which policy would have helped to take care of Joke Brown's condition?
- | | |
|---------------------------------|----------------------|
| (a) Long-Term Care Insurance | (b) Health Cash Plan |
| (c) Income Protection Insurance | (d) Major Index |
97. The inability of one to take care of one's daily activities is called?
- | |
|--------------------------------------|
| (a) Activities of old age protection |
| (b) Good health activities |
| (c) Activities of daily living |
| (d) Activities of aging life |
98. Which of these is not part of the activities that Joke Brown will not carry-out for the policy to pay for the use of assistance?
- | | |
|--------------|------------------|
| (a) Dressing | (b) Mobility |
| (c) Sleeping | (d) Transferring |
99. Which of these should be the best policy for Joke Brown's travel out of Nigeria?
- | |
|---------------------------------|
| (a) Income Protection Insurance |
| (b) National Health Service |
| (c) Travel Insurance |
| (d) Health Cash Plan |
100. Standard Health Cash Plan covers ...
- | | |
|-------------------|-----------------------|
| (a) Mortality | (b) Morbidity |
| (c) Only Sickness | (d) None of the Above |

F08 – HEALTHCARE INSURANCE PRODUCTS

1	C	21	D	41	C	61	T	81	T
2	C	22	A	42	D	62	T	82	T
3	D	23	A	43	A	63	F	83	T
4	A	24	C	44	C	64	T	84	T
5	C	25	D	45	B	65	F	85	F
6	A	26	C	46	B	66	T	86	A
7	B	27	A	47	C	67	F	87	C
8	D	28	C	48	B	68	F	88	B
9	B	29	B	49	C	69	T	89	B
10	A	30	B	50	A	70	T	90	D
11	D	31	A	51	D	71	F	91	C
12	B	32	B	52	C	72	F	92	B
13	B	33	C	53	B	73	T	93	A
14	D	34	D	54	B	74	T	94	B
15	C	35	B	55	D	75	F	95	C
16	C	36	C	56	D	76	T	96	A
17	B	37	B	57	C	77	F	97	C
18	D	38	B	58	A	78	F	98	C
19	A	39	A	59	C	79	F	99	C
20	C	40	B	60	B	80	T	100	D