



*Chartered Insurance
Institute of Nigeria*

Chief Examiners' Report

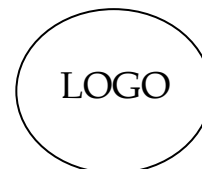
October 2022

Foundation Level (F01 to F08)

F01

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F01 - INSURANCE, LEGAL AND REGULATORY
YEAR 2022 OCTOBER 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 OCTOBER
2022 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.

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.

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.

Chief Examiners Comments

There is evidence that the candidates prepared well for this examination. This shows that they read and understood the questions.

Comments on Overall Performance

The pass rate performance is an improvement over the last diet examination, which is commendable.

Suggestions on Improvement

The candidates are encouraged to do more studying as much as possible in order to achieve higher and better grades.

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

1. The overall cost to the community of all damage by fire in a year is called one of the following options.
 - (a) Fire Damage
 - (b) Fire Conflagration
 - (c) Fire Waste
 - (d) None of the Above

2. The term used when there are two or more policies in force covering the same risk is one of the following.
 - (a) Dual Insurance
 - (b) Di Insurance
 - (c) Double Insurance
 - (d) All of the Above

3. Engineering/breakdown insurance is generally grouped under all of the following headings but not
 - (a) boilers and pressure plant
 - (b) electrical plant
 - (c) lifting machinery
 - (d) none of the above

4. The insurance which provides cover for businesses against the risk of non-payment whereby the seller ensures that if their debtors fail to meet their obligations, the seller can recoup their losses is called ...
 - (a) debit insurance
 - (b) fidelity bond insurance
 - (c) credit insurance
 - (d) creditor insurance

5. When insurance is taken out by business against the risk that revolution will result in a loss, one of the following alternatives is the option. Which one is it?
 - (a) Revolution Insurance
 - (b) Military Insurance
 - (c) Political Risk Insurance
 - (d) Curfew Risk Insurance

6. Insurance effected to compensate the insured for bodily injury, disease, illness or death to his employee in the course of employment is called ...
 - (a) Employer/Employee Relationship Insurance
 - (b) Employers' Liability Insurance
 - (c) Bodily Liability Insurance
 - (d) Directors Liability Insurance

7. You are desirous of buying an insurance which covers legal liability for third party bodily injury or property caused by products, goods or services sold or supplies. You will go for ...
 - (a) Product Liability Insurance
 - (b) Goods Liability Insurance
 - (c) Supplier's Liability Insurance
 - (d) Public Liability Insurance

8. The insurance policy effected to provide payment for inability to work due to sickness is known as ...
- (a) Personal Accident Insurance (b) Bodily Injury Insurance
(c) Sickness Insurance (d) Public Health Insurance
9. Which of the following insurances provide payment in the event of the diagnosis of a defined range of serious illness?
- (a) Medical Accident Insurance (b) Private Medical Insurance
(c) Sickness Medical Insurance (d) Critical Illness Insurance
10. A company owned by shareholders who buys shares and contributes to the share capital of the firm is ...
- (a) captive insurance (b) proprietary insurance
(c) mutual indemnity insurance (d) Lloyd's
11. Under Islamic law, the traditional insurance policies are seen by Islamic faithful to be contrary to some of the fundamental principles of Islam. This is because they involve ...
- (a) gambling (b) riba (c) A only (d) A & B only
12. Another name for Riba is ...
- (a) uncertainty (b) riba (c) gambling (d) interest
13. In distribution channels, one of these is odd to the group.
- (a) Place (b) Promotion (c) Process (d) Price
14. In indirect marketing channels, the responsibility for advice rests upon the ...
- (a) Independent Intermediary (b) Dependent Intermediary
(c) Agent (d) CEO of the Organisation
15. One of the following is not the purpose of reinsurance.
- (a) Smooth peaks and troughs in claims experience
(b) Provide improved customer service
(c) Provide a smooth mechanism process between the original insured and the reinsurer
(d) Protect the portfolio
16. One of the following alternatives is not a function of insurance underwriters.
- (a) Decide whether or not to accept the risk
(b) Calculate a suitable premium to cover expected claims
(c) To provide reserve and meet all expenses and provide a profit
(d) To register all insurance brokers in Nigeria

17. Of all the functions of a risk manager, one of the following is odd.
- (a) Systematic identification of risks
 - (b) Provision of guidance on best practice
 - (c) Coordinated visitation to sister insurance companies
 - (d) Systematic analysis of risks
18. The role of providing an independent and objective assessment of the effectiveness and efficiency of a company's operations with specific regards to its internal control is that of the ...
- (a) external auditor
 - (b) environmental auditor
 - (c) internal auditor
 - (d) A & B only
19. The objectives of NIA are all but one of the following.
- (a) Promoting the benefits of insurance to the government
 - (b) Presenting the Nigerian insurance industry to the government
 - (c) Being the voice of the Nigerian insurance industry
 - (d) Promoting the interest of the financial institution in general
20. Which of the insurance market organizations is the statutory body charged with the responsibility of determining the standards of skills and knowledge required to operate as Insurance Practitioners in Nigeria?
- (a) ILAN
 - (b) NIA
 - (c) CIIN
 - (d) PRAN
21. Which market organization has the objective revolving around the core values aimed at promoting Risk Management culture in Nigeria?
- (a) RIMSON
 - (b) ILAN
 - (c) CIIN
 - (d) NIA
22. All but one of these is an essential of a valid contract.
- (a) Offer
 - (b) Acceptance
 - (c) Validity
 - (d) Consideration
23. In agency contract, the party who the agent brings in contractual relationship with the principal is known as the ...
- (a) first party
 - (b) second party
 - (c) third party
 - (d) fourth party
24. An independent intermediary is considered to be the agent of the insured in all the following alternatives but not when ...
- (a) giving advice on cover or the placing of insurance
 - (b) helping arrange the insurance
 - (c) giving advice to the insured
 - (d) none of the above

25. The expectation of acquiring insurable interest at some time in the future however certain is known as ...
- (a) time insurable interest (b) acquired insurable interest
(c) anticipated insurable interest (d) none of the above
26. That shareholders have insurable interest in a limited liability company's property or not is supported by the case of ...
- (a) Cater v. Johnson (b) Shareholders v. House of Lords
(c) Macaura v. Northern Assurance Co. Limited (d) Lucena v. Crawford
27. The current legal definition of a material fact is contained in the ...
- (a) Marine Insurance Act 1906 (b) Material Fact Act 1908
(c) Marine Insurance Act 1909 (d) None of the above
28. Facts of law, facts of public knowledge, facts that lessen the risk are all examples of ...
- (a) facts that must be disclosed (b) facts that must be verified
(c) facts that do not need be disclosed (d) facts that are classified
29. Where a proposer deliberately or recklessly answers wrongly, this is called ...
- (a) representation (b) misrepresentation
(c) warranty (d) condition
30. The proximate cause of an occurrence is always the ...
- (a) dominant cause (b) recessive cause
(c) clear cause (d) dominant cost
31. Where a loss is caused by an insured peril, the loss is covered where ...
- (a) insured peril is the proximate cause
(b) excepted peril is the proximate cause
(c) insured peril is the excepted cause (d) All of the above
32. The celebrated case of *Castellain v. Preston* 1883 emphasises the principle of ...
- (a) Indemnity (b) proximate cause (c) utmost good faith (d) average
33. One of the following is not a category of benefit policies.
- (a) Life (b) Pension (c) Annuity (d) Fire
34. Reinstatement means that the insurer agrees to restore a/an ... that has been damaged by an insured peril.
- (a) vehicle (b) ship (c) building (d) aircraft

35. Indemnity can be modified in number of ways and one of the following is alien.
- | | |
|-------------------------|--------------------------|
| (a) Agreed value policy | (b) First loss policy |
| (c) New for old policy | (d) Insured value policy |
36. Which of the following is true of excess buy back?
- | | |
|--|--------------------------------|
| (a) Excess is not totally sold | (b) Excess can be totally sold |
| (b) Excess buy back is common in personal accident insurance | |
| (c) None of the above | |
37. The definition given as the right of an insurer to recover part of a claim payment where two or more policies cover the same interest is ...
- | | |
|----------------------------|---------------|
| (a) contribution condition | (b) indemnity |
| (c) contribution | (d) condition |
38. Builders' liability insurance made compulsory by the Insurance Act 2003 is in respect of building in course of construction that is ...
- | | |
|-----------------------------|------------------------------|
| (a) higher than six storeys | (b) higher than four storeys |
| (c) higher than two storeys | (d) below one storey |
39. The policy which compensates victims who suffer death sickness and disability due to negligence or error of medical practitioners and institution is called ...
- | | |
|---|-----------------------|
| (a) professional indemnity insurance | |
| (b) healthcare professional indemnity insurance | |
| (c) medical men hospital insurance | (d) None of the above |
40. In money laundering, the process of putting cash into the financial system and converting it into other financial assets is called ...
- | | | | |
|---------------|--------------|-----------------|---------------------|
| (a) placement | (b) layering | (c) integration | (d) differentiation |
|---------------|--------------|-----------------|---------------------|
41. Considering data protection principles, all personal data should be all but one of the following.
- | |
|--|
| (a) Processed lawfully fairly and in a transparent manner |
| (b) Collected for specified explicit and legitimate purposes |
| (c) Adequate relevant and limited to what is necessary in relation to the purpose for which they are processed |
| (d) Collected for all purposes whether or not explicit and legitimate |
42. It is the faithful or loyal performance of a duty. What is it?
- | | |
|------------------------|---------------------------|
| (a) Legal Expenses | (b) Credibility Guarantee |
| (c) Fidelity Guarantee | (d) Infidelity Guaranty |

43. Partnership is most commonly found in all but one of the following.
 (a) Medical Profession (b) Veterinary Profession
 (c) Legal Profession (d) None of the Above
44. In Nigeria, the regulating entity for insurance is ...
 (a) NIA (b) NCRIB (c) CIIN (d) NAICOM
45. The compulsory aspect of motor insurance is the
 (a) comprehensive cover (b) third party liability cover
 (c) commercial cover (d) private cover
46. The pension reform Act was reviewed in Year
 (a) 2004 (b) 2005 (c) 2010 (d) 2014
47. What is the management process which identifies, anticipates and supplies customer requirement efficiently and profitably?
 (a) Marketing (b) Market
 (c) Marketing Mix (d) Distribution Channel
48. The full meaning of PRAN is one of the following alternatives.
 (a) Professional Risk Association of the Nation
 (b) Professional Risk Association of Nigeria
 (c) Professional Reinsurers Association of Nigeria
 (d) Professional Reinsurance Alliance of Nigeria
49. Currie v. Misa (1875) is a popular decided case on ...
 (a) offer (b) acceptance
 (c) consideration (d) all of the above
50. If you must become a qualified loss adjuster in Nigeria, you must be an associate of ...
 (a) ILAN (b) NIA (c) CIIN (d) PRAN
51. What clause applies where the policy would not contribute if there was another insurance policy in force?
 (a) Contribution clause (b) Contribution condition clause
 (c) Non contribution clause (d) Non contribution condition clause
52. The Pension Reform Act 2004 made Employees' group life insurance policy compulsory for employers with ...
 (a) two (2) employees (b) three (3) employees
 (c) four (4) employees (d) None of the above.

53. The perils named in the policy as covered are called ...
 (a) insurance perils (b) insured perils
 (c) expected perils (d) uninsured perils
54. Where a definition is given as the active efficient cause which sets in a motion a chain of event which brings about a result ..., an attempt is made at defining ...
 (a) Proximate cause (b) Remote cause
 (c) Covered cause (d) Excepted cause
55. There are ... stages involved in money laundering process.
 (c) three (3) (b) four (4) (c) five (5) (d) six (6)
56. The Pension Reform Act 2004 was reviewed in year ...
 (a) 2005 (b) 2010 (c) 2004 (d) 2014
57. The compulsory aspect of motor insurance is ...
 (a) comprehensive cover (b) third party liability cover
 (b) commercial cover (d) private cover
58. Provision of payments in the event of accidental death or bodily injury is taken care of by ...
 (a) Personal Accident Insurance (b) Public Health Insurance
 (c) Impersonal Accident Insurance (d) Bodily Injury Insurance
59. When the insured believes that the full value of the insured property is not really at risk he will arrange ...
 (a) an agreed value policy
 (b) a liability policy
 (c) a first loss policy
 (d) a full value policy less wear and tear
60. The denominator in the formula $\frac{\text{sum insured}}{\text{value}} \times \text{loss}$ represents
- (a) Market value at the date of purchase
 (b) Market value at the date of loss
 (c) Market value at the date of insurance
 (d) None of the above

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

61. A very difficult insured is an example of physical hazard while an aggravated claim is a moral hazard.
62. The basic concept of insurance is that the losses of the few who suffer misfortune are met by the contributions of the many that are exposed to similar potential loss.
63. The term dual insurance is used when there are two or more policies in force which cover which cover the same risk.
64. Inspection of plants under engineering insurance must be inspected regularly by a competent person as a legal requirement.
65. In credit insurance cover is provided against the risk of non-remittance of full premium.
66. Insurance taken out to compensate the insured for bodily injury, disease, illness or death to his employee in the course of employment is called employers' liability insurance.
67. Product liability insurance covers legal liability for third party bodily injury or property caused by products, goods or services sold or supplies.
68. Marine cargo insurance covers loss or damage to goods.
69. Any company wishing to transact insurance business in Nigeria must be authorized to do so by NIA.
70. An insurance agent can be sued for professional negligence in the discharge of the duty as an agent.
71. Market development means increased percentage of share of the available customers.
72. Initially Actuaries have for many years been associated with Marine insurance companies.
73. It may be said that an insurance contract is an agreement enforceable by law between the insurer and the insured.

74. A contract comes into existence when one party makes an offer which the other accepts unconditionally or not.
75. The term subject matter is used in two ways namely subject matter of the insurance and subject matter of the insured.
76. The insurable interest in the subject matter of insurance is measured by the high sentimental value attached.
77. The positive duty to voluntarily disclose accurately and fully all facts material to the risk being proposed whether requested or not is utmost good faith.
78. The classical definition in the case of Pawsey v. Scottish Union and National defines proximate cost.
79. A liability policy provides indemnity to the insured in respect of their legal liability to pay damages and claimant's costs.
80. One of the difficulties in measuring stock losses is that the stock may not have a definite constant re-sale value.
81. Excess is the first part of each and every claim borne by the insured in the event of loss and that only compulsory excesses are possible.
82. Whether stated in the policy document or not, contribution supports the principle of indemnity.
83. By exercising his subrogation rights in keeping with the principle of indemnity, the insurer is not entitled to recover more than they have paid out.
84. The Pension Reform Act 2004 was reviewed in the year 2014.
85. Data subjects have a right to receive information about how and why their information is used and what their rights are.

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

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

Jacob, a tertiary institution student of 19 years of age, overheard Kunbi, an adult telling Charles of her interest in purchasing a property for use and Charles offers to help her. Kunbi accepted that Jacob should act on her behalf since he is a student who is hustling. Jacob successfully got the property for Kunbi from Charles who incidentally is a vendor dealing in that property.

86. What is the relationship at play in the above scenario?

- (a) Vicarious relationship
- (b) Master servant
- (c) Agency
- (c) Relational

87. Which of the following is Kunbi's duty?

- (a) Duty of care and skill
- (b) Remuneration
- (c) Good faith
- (d) Accountability

88. Who is Jacob in the scenario?

- (a) The principal
- (b) The purchaser
- (c) The Assignor
- (d) The agent

89. Who is Kunbi in the passage?

- (a) The purchaser
- (b) The Assignor
- (c) The principal
- (d) Vendor

90. The consequence of Jacobs' action on Kunbi is determined by one of the following:

- (a) Her extent of loyalty
- (b) Her extent of professionalism
- (b) Her extent of discipline
- (d) Her extent of authority

Leo: "Circumstance is circumstance as long as it is under the purview of insurance".

Theo: "No! It can only be circumstance if it would influence the judgement of a prudent underwriter in determining whether to take the risk and if so on what terms.

91. What is this circumstance called?

- (a) Comprehensive Fact
- (b) Material Fact
- (c) Express Fact
- (d) Insurance Fact

92. The current legal definition of the circumstance is contained in the ...

- (a) Marine Insurance Act 1939
- (b) Marine Insurance Act 1906
- (c) Marine Insurance Act 2003
- (d) None of the above

93. In general, the circumstance relates to ...

- (a) physical hazard
- (b) moral hazard
- (c) none of the above
- (d) A & B Only

94. Construction of building, nature of use, heating and electrical system are examples of the circumstance in ...

- (a) physical hazard
- (b) moral hazard
- (c) economic hazard
- (d) all of the above

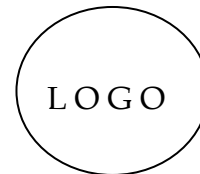
95. Criminal convictions, lack of good management of business premises and excessive or willful carelessness are examples of the circumstance in

- (a) physical hazard
- (b) moral hazard
- (c) economic hazard
- (d) all of the above

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

F02

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 OCTOBER
2022 DIET CANDIDATES' INSTRUCTIONS.**

CHARTERED INSURANCE INSTITUTE OF NIGERIA
FOUNDATION

F02 – GENERAL INSURANCE BUSINESS

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.

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.

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.

Chief Examiners Comment

The performance of the candidates was good. It shows that they prepared for the subject in the examination.

Comments on Overall Performance

The improved performance, when compared with that of last year is impressive.

Suggestions on Improvement

Candidates are encouraged to keep up the habits of adequately preparing for the examinations so as to produce impressive results.

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

1. The standard fire policy will cover ...
(a) tempest (b) storm
(c) lightning (d) impact damage.
2. Which of these is an example of social peril?
(a) Riot (b) Storm
(c) Subsidence (d) Impact.
3. An example of perils of nature is ...
(a) escape of water (b) riot
(c) earthquake (d) heating.
4. "A person is guilty of theft if (s)he dishonestly appropriate property belonging to another with the intention of permanently depriving the other of it". This is a definition of ...
(a) robbery (b) stealing
(c) burglary (d) theft.
5. Indemnity period is used in which class of insurance?
(a) Motor insurance (b) Business interruption
(c) Money insurance (d) Theft insurance.
6. Which of the following liability policies covers Third Party Liabilities?
(a) Employers' Liability Insurance (b) Public Liability Insurance.
(c) Product Liability Insurance (d) Professional Indemnity Insurance.
7. A doctor will buy which of these policies to cover his mistakes to his patient?
(a) Employers' Liability Insurance (b) Public Liability Insurance.
(c) Product Liability Insurance (d) Professional Indemnity Insurance.
8. Which of these liability insurances will benefit an injured worker while carrying out an official assignment?
(a) Employers' Liability Insurance (b) Public Liability Insurance.
(c) Product Liability Insurance (d) Professional Indemnity Insurance.
9. Authorised repairers are used in which of these classes of insurance?
(a) Money insurance (b) Fidelity guarantee insurance
(c) Business interruption insurance (d) Household insurance.

10. The expert that assess risks on behalf of an insurance company before cover is provided is called a ...
- (a) broker (b) agent
(c) loss assessor (d) risk surveyor.
11. The cause of loss is called ...
- (a) risk (b) hazard
(c) peril (d) uncertainty.
12. The factor that would influence either the frequency or severity of loss is called ...
- (a) risk (b) hazard
(c) peril (d) uncertainty.
13. The document used by an insurer to collect information about a proposal risk is the ...
- (a) endorsement (b) policy
(c) proposal form (d) renewal notice.
14. The evidence of an insurance contract is ...
- (a) endorsement (b) policy
(c) proposal form (d) renewal notice.
15. "Declaration" is found in which of the following documents?
- (a) endorsement (b) policy
(c) proposal form (d) renewal notice.
16. The premium base is ...
- (a) rate (b) sum insured
(c) mille (d) percentage.
17. Rate per mille is used in ...
- (a) motor insurance (b) fire insurance.
(c) Product liability insurance (d) Goods in transit.
18. Which of these is not a main class of motor insurance?
- (a) Private cars (b) Goods in transit
(c) Motorcycle (d) Commercial vehicle.
19. Which of these is compulsory in motor insurance?
- (a) Third party (b) Third party, fire and theft
(c) Private car (d) Comprehensive.

20. "No Claim Discount" is applicable to ...
- (a) Employers' Liability Insurance (b) Marine insurance
(c) Fire insurance (d) Motor insurance.
21. Which of these is not a contract of indemnity?
- (a) Marine insurance (b) Personal accident insurance
(c) Theft insurance (d) Fire insurance.
22. Which of these will give the widest cover in Motor Insurance?
- (a) Act only (b) Third party only.
(c) Third party, fire and theft (d) Comprehensive.
23. Which of these is not a member of ECOWAS?
- (a) Cameroun (b) Cape Verde
(c) Cote d'Ivoire (d) Guinea Bissau.
24. A motorist driving his car from Lagos to Accra will be required to have?
- (a) Green card (b) Pink card.
(c) Blue card (d) Brown card.
25. Which of these is an exclusion in Motor Third Party Insurance?
- (a) Cover for vehicles while on the road
(b) A limit of ₦1,000,000.00 third party property damage
(c) Damage to property owned or held in trust
(d) Indemnity to anyone who is driving the vehicle on the insured's order.
26. Health Insurance is classified in Nigeria as part of ...
- (a) Life insurance business (b) General insurance business
(c) Composite insurance business (d) Captive insurance business.
27. The main rating factor for personal accident insurance is ...
- (a) age (b) occupation
(c) location (d) sum insured.
28. Which of these is covered by a personal accident policy?
- (a) The insured being under the influence of alcohol
(b) Self-inflicted injury (c) Venereal diseases
(d) Medical expenses.

29. Which of these is true of an 'All Risks' policy?
- (a) It covers all risks
 - (b) It covers any process of heating, dyeing, alteration or repair
 - (c) It covers personal possessions regularly taken outside the insured premises
 - (d) It covers deeds, bonds and documents.
30. Which of these is not a form of 'all risks' cover?
- (a) Money extension
 - (b) Bicycles extension
 - (c) Freezer contents
 - (d) Household cover.
31. The legal expenses extension will NOT cover ...
- (a) Property damage costs
 - (b) Civil defence costs
 - (c) Employment dispute costs
 - (d) Recovery cost.
32. Which of these is an example of package policy?
- (a) Travel insurance
 - (b) Fire insurance
 - (c) Money insurance
 - (d) Fidelity guarantee insurance.
33. 'Aircraft' is an example of
- (a) Miscellaneous perils
 - (b) Perils of nature
 - (c) Social perils
 - (d) Perils of a chemical nature.
34. Which of these would be granted cover in conjunction with storm cover?
- (a) Subterranean fire
 - (b) Spontaneous fermentation
 - (c) Flood
 - (d) Escape of water.
35. In which of these is cover restricted to losses resulting from vehicles or animals owned or under the control of third parties.
- (a) Escape of water
 - (b) Impact
 - (c) Sprinkler leverage
 - (d) Aircraft.
36. ... is the movement of the land on which the premises stand due to movements, falls or changes in underground workings, such as coal mines.
- (a) Subsidence
 - (b) Earthquake
 - (c) Ground heave
 - (d) Landslip.
37. ... has been legally defined in *Oddy v. Phoenix Assurance Co. Ltd (1966)* as "...it is a rapid downward movement under the influence of gravity of a mass of rock or earth on a slope.'
- (a) Subsidence
 - (b) Earthquake
 - (c) Ground heave
 - (d) Landslip.

38. Which of these is NOT a common extension in theft insurance that are included automatically in the policy?
- (a) Breakage of glass (b) Collusion
(c) Replacement of locks (c) Index linking.
39. Which of these in theft insurance is not an extension which should be granted subject to careful underwriting and payment of an additional premium?
- (a) Temporary removal (b) Collusion
(c) Extended or full theft (d) Robbery and aggravated burglary.
40. The money insurance policy will not cover ...
- (a) Cash (b) Recharge card
(c) Lottery ticket (d) Postage stamp
41. The term Turnover is used in ...
- (a) Fidelity guarantee insurance (b) Employers' Liability Insurance
(c) Professional Indemnity Insurance (d) Business Interruption Insurance.
42. Which of these is not a common business interruption policy?
- (a) Fire and special perils (b) Commercial property Insurance
(c) 'All risk' (d) Engineering.
43. The contribution of an employer under the Employer Compensation Insurance Act 2010 is ...
- (a) 1% (b) 2.5%. (c) 8% (d) 10%.
44. Who will buy an extended warranty insurance?
- (a) Everybody (b) The seller of a product
(c) An agent (d) A third party.
45. In the UK insurance market, many motor insurers provide a ... hour helpline to their policy holder.
- (a) 8 (b) 12 (c) 24 (d) 72.
46. The umbrella of insurers in Nigeria is called ...
- (a) NCRIB (b) ARIAN (c) NIA (D) NAICOM.
47. The paid-up capital for a general insurance business company in Nigeria as at 31st December 2020 is ...
- (a) ₦2,000,000.00 (b) ₦3,000,000.00
(c) ₦5,000,000.00 (d) ₦10,000,000.00

48. The educational arm of the Nigerian Insurance Industry is ...
 (a) PILA (b) ILAN (c) CIIN (d) NAICOM.
49. Which of these must be disclosed by a proposer of insurance?
 (a) Circumstances that increases the risks
 (b) Circumstances that the insurer knows
 (c) Circumstances the insurer ought to know
 (d) Circumstances that a survey would have revealed.
50. The rehabilitation of offenders under the UK Rehabilitation of Offenders Act 1974 for a sentence of 0-6 months is ...
 (a) 2 years (b) 3 years (c) 4 years (d) 7 years.
51. An example of good physical hazard is ...
 (a) building of wooden construction (b) thatched roofs
 (c) storage of dangerous chemicals (d) concrete fire-resistant walls.
52. An example of poor physical hazard in theft insurance is ...
 (a) thatched roof (b) storage of dangerous chemicals
 (c) intruder alarms (d) buildings of lightweight construction.
53. ... relates to the human aspects that may influence the outcome of the risk.
 (a) Good physical hazards (b) Poor physical hazards
 (c) Physical hazards (d) Moral hazards.
54. Transit risk will be considered in which of these classes of insurance?
 (a) Public liability risks (b) Product risks
 (c) Money risks. (d) Fire risks.
55. The regulator of insurance business in Nigeria is the ...
 (a) Nigerian Insurance Association (b) National Insurance Commission
 (c) Central Bank of Nigeria
 (d) Nigerian Deposit Insurance Corporation.
56. The duration of the cancelation period for general insurance contracts is ... days.
 (a) 2 (b) 7 (c) 14 (d) 30
57. Adjustable premium is used in ...
 (a) fire insurance (b) theft insurance
 (c) motor insurance (d) employers liability insurance.

58. Cover note is used in ...
- | | |
|---------------------|-----------------------|
| (a) theft insurance | (b) motor insurance |
| (c) fire insurance | (d) travel insurance. |
59. Certificate of Insurance will NOT contain ...
- | | |
|----------------------------|------------------------------------|
| (a) address of the insured | (b) registration member of vehicle |
| (c) expiry date | (d) date of commencement of cover. |
60. ... describes the scope of cover in detail.
- (a) Rental clause (b) Operative clause (c) Exception (d) Condition.

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

SECTION B- TRUE OR FALSE.

61. Insurance policies of all kinds contains number of general exclusions or exception.
62. Standard Fire Policy covers losses caused by riot and civil commotion.
63. Contribution is the common law right of an insurer to call upon other insurers similarly, but not necessarily equally liable to the same insured in order to share the claims cost.
64. KYC Information is required for all classes of insurance.
65. An excess is the first amount of each and every claim for which the insurer is responsible.
66. A franchise is a fixed amount or period that acts as a threshold to determine whether any claim is payable or not.
67. The duties of the insured following a loss can be divided into implied duties and express duties.
68. Express duties are not written in the contract but has the same effects as implied duty.
69. Claim form is not used in Personal Accident Insurance.
70. Average is a penalty for underinsurance.
71. Subrogation is applicable to personal accident insurance.

72. Implied duties include acting as if, uninsured, notifying appropriate authorities, taking steps to prevent a loss from spreading.
73. Subrogation gives the insurer the right to pursue recovery from a third party.
74. Ethnic origin is an example of sensitive personal data.
75. Consumers do not carry out online research using aggregators before purchasing insurance.
76. Social media is a collection of offline media tools and channels that foster communication.
77. Telematics is a website portal or search utility which enables a client to gain several quotes via an electronic e-quote form.
78. The Internet of Things (IoT) utilities communication between networked devices.
79. Customer service refers to the broad activities that a company and its employees undertake in order to satisfy its customers.
80. Private motor insurance is the most significant compulsory insurance in Nigeria.
81. Brown Card Scheme can be used as a third party insurance in Nigeria locally.
82. Glass insurance can be extended to cover damage to goods in a shop window as a result of glass insurance.
83. Money insurance is provided on an 'all risks' basis.
84. A fire and special peril policy cannot be extended to cover damage at suppliers and/or customers where a business's continued existence depends on them.
85. Professional Indemnity Insurance protects a professional person against claims alleging that injury or loss has resulted from their actions.

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

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

SECTION C

Ahmadu Jimoh planned to go on holiday with his family in Kenya. The cost of the holiday is the sum of ₦500,000.00 but he was required to pay an initial non-refundable deposit of ₦150,000.00 to the Nigerian partner of the Kenya holiday resort. Two weeks to the holiday, he had a fatal accident that made the family to cancel the holiday. He also incurred medical expenses for the treatment of his injuries.

86. Which insurance should he have bought for the holiday?
- | | |
|-------------------------|---------------------------------|
| (a) household Insurance | (b) Personal Accident Insurance |
| (c) Travel insurance | (d) Holiday Home Insurance |
87. Which policy would pay for the deposit amount for the holiday to him?
- | | |
|------------------------|--|
| (a) Curtailment | (b) Baggage, Personal Effect and Money |
| (c) Personal Liability | (d) Cancellation |
88. The policy that would pay the medical expenses for treatment of Mr. Jimoh for this accident is ...
- | | |
|-------------------------|---------------------------------|
| (a) Household Insurance | (b) Personal Accident Insurance |
| (c) Travel Insurance | (d) Holiday Home Insurance |
89. Had it been that he had gone for the holiday and there was fire in his house. Which of these policies will pay for the loss?
- | | |
|-------------------------|---------------------------------|
| (a) Household Insurance | (b) Personal Accident Insurance |
| (c) Travel Insurance | (d) Holiday Home Insurance |
90. Had it been he had gone for the holiday and there was in the holiday resort where he would have lodged during the holiday, the policy to pay for such loss is ...
- | | |
|-------------------------|---------------------------------|
| (a) Household Insurance | (b) Personal Accident Insurance |
| (c) Travel Insurance | (d) Holiday Home Insurance |

Mrs. Joke Smith purchased a house valued for the sum of ₦50,000,000.00 along Jericho Road, Ibadan, Oyo State, Nigeria. She also purchased household personal goods for the sum of ₦20,000,000.00 to furnish the house. She approached an Ibadan based insurer to cover the building and contents with the above values as sums insured as well as to provide cover on two personal used vehicles and four sheep that she was rearing for sale in her compound.

91. What section of the household policy will you recommend to her?
- (a) Buildings Insurance (b) Contents Insurance
(c) Buildings and Contents Insurance
(d) Buildings and Livestock Insurance.
92. The cover for the cows kept in the compound is best covered by ... insurance.
- (a) pet (b) pony (c) animal (d) livestock
93. In case she had staff members that tend the cows for her, the recommended cover for such staff is ... insurance.
- (a) travel (b) working-from-home
(c) fidelity guarantee (d) employers' liability
94. In the event of a loss of contents, the maximum amount of indemnity to Mrs. Joke Smith is ...
- (a) ₦20,000,000.00 (b) ₦30,000,000.00
(c) ₦50,000,000.00 (d) ₦70,000,000.00
95. The principle of insurance that allows her to insure the building is ...
- (a) indemnity (b) proximate cause
(c) insurable interest (d) utmost good faith

Mr. Emeka insured his house directly with the insurer thinking that it would be cheaper than buying the policy through an insurance broker. His friend, Mr. Uche, bought his own house through his bank and purchased the house through the same bank; while his colleague, Mr. Adamu said he will buy his own house and insurances through insurances that comply with Islamic principles.

96. The Company that sold the policy NOT through intermediaries is referred to as ... insurer
(a) direct (b) bancassurance (c) takaful (d) mutual
97. The placing of risk by Mr. Uche through a bank is called what?
(a) Intermediary (b) Brandassurance (c) Bancassurance (d) Takaful
98. A Company that complies with Islamic principles is called what?
(a) Intermediary (b) Brandassurance (c) Bancassurance (d) Takaful
99. The placing of insurance to the insurer directly has eliminated the services of ...
(a) an underwriter (b) an assessor (c) a broker (d) an adjuster
100. The reason why Mr. Emeka's premium was not cheaper is because ...
(a) the intermediary's commission is borne by the insurer
(b) Mr. Emeka is not an insurance expert
(c) Mr. Emeka did not negotiate well
(d) Mr. Emeka will get a higher claim in the event of the loss.

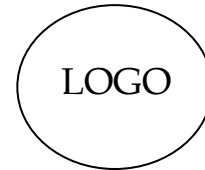
F02 – GENERAL INSURANCE BUSINESS

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

F03

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F03 - LIFE ASSURANCE, ANNUITY
AND PENSIONS ADMINISTRATION
OCTOBER 2022 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 OCTOBER
2022 DIET CANDIDATES' INSTRUCTIONS.**

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION

**F03 – LIFE ASSURANCE, ANNUITY AND
PENSIONS ADMINISTRATION
OCTOBER 2022 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.

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.

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.

Chief Examiners Comment

The general performance was very good at pass rate of 73% in this diet examination. Most of the candidates did very well. The common errors committed by the candidates especially those who failed came from the case study section and the section A.

Comments on Overall Performance

The overall performance was impressive with pass rate of that is above average.

Suggestions on Improvement

The candidates need to understand the products, underwriting procedures and claims processing.

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

1. ... is a non-traditional life insurance product.
(a) Universal life insurance (b) Term assurance
(c) Endowment insurance (d) Whole life insurance

2. When a policy lapses, it means that the policyholder has ... the premium
(a) discounted (b) discovered
(c) discontinued (d) denied

3. The premium paid for whole life insurance is ... the premium paid for term assurance.
(a) lower than (b) higher than
(c) equal to (d) same as

4. The ... is the person who effects the policy.
(a) assured (b) man (c) woman (d) worker

5. Term assurance provides cover against ... within ... period
(a) death / a specified (b) accident / an unlimited
(c) accident / a specified (d) death / an unlimited

6. Investment linked policies are types of ...
(a) whole life and term assurance (b) endowment and term assurance
(c) whole life and endowment (d) term assurance and joint life

7. In an endowment policy, the sum assured is paid ...
(a) on maturity only
(b) on death or surrender, whichever comes last
(c) on maturity or death whichever is earlier (d) on surrender only

8. The waiver of premium option applies when the life assured ...
(a) retires (b) is ill or injured
(c) forgets to pay the premium (d) refuses to pay the premium

9. In a policy with double accident benefit, the death sum assured payable is ---
(a) the ordinary sum assured (b) twice the sum assured
(c) thrice the sum assured (d) zero sum assured

10. Partnership Share Protection cover is for ...
- (a) partners to share the death benefit of one of the partners
 - (b) the family to receive a cash sum of the deceased partner's investment in the business
 - (c) the family to join the deceased's business partners
 - (d) the partners to sell off the business when not profitable.
11. Under the Pension Reform Act 2004 [Section 9 (3)], an employer is required to maintain life insurance policy in favour of an employee for a ... the annual total emolument.
- (a) minimum of five times
 - (b) maximum of three times
 - (c) minimum of three times
 - (d) maximum of four times
12. Under the PRA 2014, the ... shall fully bear the cost of the premium.
- (a) employer
 - (b) employee
 - (c) employer and employee
 - (d) neither the employer nor the employee
13. The free limit cover is the sum assured above which the insured will be required to
- (a) undergo medical examination
 - (b) complete a health questionnaire
 - (c) seek medical advice
 - (d) complete a lifestyle questionnaire
14. Underwriting in insurance involves assessing the ...
- (a) proposal form
 - (b) insurer
 - (c) family
 - (d) policy
15. The proposal form covers the following except ...
- (a) the identity of the life to be assured
 - (b) the bank details of the life to be assured
 - (c) details of the contract required
 - (d) details of the life risk
16. The declaration in the proposal form must be signed by the ...
- (a) proposer
 - (b) agent
 - (c) insurance broker
 - (d) financial planner
17. The retention limit is the ... that a life insurer is prepared to risk.
- (a) maximum loss
 - (b) minimum loss
 - (c) average loss
 - (d) great loss

18. The Access to Medical Reports Act 1988 gives certain rights to the ...
- (a) insurer (b) proposer
(c) insurer and proposer (d) family
19. Which of these medical factors will an underwriter not normally investigate?
- (a) Overweight (b) Eye disease
(c) Diabetes (d) Fully healed broken leg
20. Which of these occupations does not an above average risk of a particular disease?
- (a) Divers (b) Miners
(c) Bankers (d) Chemical workers
21. In the calculation of extra premium, the underwriter may use ... or ... method.
- (a) postponement / monetary extra (b) monetary extra / declination
(c) monetary extra / rating up (d) rating up / postponement
22. Premium loadings are added to the net premium to cover all but one of the following ... expenses of the life insurer.
- (a) salaries of employees (b) cost of office buildings used
(c) commission paid to the sellers of the policies (d) travel allowance
23. Classification of underwriting in life assurance includes all but one of the following.
- (a) Better underwriting (b) Financial underwriting
(c) Non-medical underwriting (d) Medical underwriting
24. For underwriting in life assurance, the minimum policy term is ... years.
- (a) 10 (b) 15 (c) 5 (d) 20
25. In individual business, an underwriter will generally accept a sum assured of up to ~~£~~21million ...
- (a) without medical examination (b) with medical examination report
(c) with blood tests results (d) with HIV test result only
26. The Standard Exclusions in the policy document includes all but one of the following.
- (a) Suicide (b) HIV and AIDS
(c) Pregnancy and Child birth (d) Unintentional injury

27. Once a policy has been issued, its ownership can be changed in a number of ways except ...
- (a) mortgage (b) trust
(c) absolute assignment
(d) the policy ownership cannot be changed
28. The days of grace for a half yearly or annual premium policy is ... days.
- (a) 35 (b) 30 (c) 15 (d) 25
29. Where a policyholder can no longer afford to pay the premiums on an endowment or whole life cover, they may request for the policy to be ...
- (a) paid up (b) lapsed (c) changed (d) revived
30. Under a joint tenancy, if one joint tenant dies, the interest ...
- (a) passes to the brother (b) passes automatically to the other survivor
(c) passes on to their family (d) does not pass to anyone
31. Under a tenancy in common for two lives assured, on the death of one life, the sum assured to the surviving life will be ... and ... to the estate of the deceased.
- (a) 60% / 40% (b) 40% / 60%
(c) 70% / 30% (d) 50% / 50%
32. The Priority Rule does not apply between ... and ...
- (a) assignee / owner (b) owner / lender
(c) assignee / assignor (d) assignor / borrower
33. Non-production of the policy document at the time of claim payment may be an indication that the policy has ...
- (a) been assigned (b) lapsed
(c) been surrendered (d) been cancelled
34. Under the Policies of Assurance Act 1867, the effect of giving notice applies to all but one of the following.
- (a) To give the assignee the right to sue in his own name
(b) To gain priority of claim over earlier assignees who have failed to give notice
(c) To give the assignee a higher claim payment
(d) To preserve priority of claim over subsequent assignees

35. In an absolute assignment, all interests in the policy are thereafter vested in the ... and the ... has no further interest in the policy.
- (a) proposer / seconder (b) proposer / assignee
(c) assignor / seconder (d) assignee / assignor
36. An assignment is usually achieved by a ... of assignment.
- (a) deal (b) debt (c) deed (d) dose
37. When a deed of assignment is produced to a life office as part of a claimant's proof of title, the underwriter must examine it to check all but one of the following.
- (a) The deed has been legitimately passed to the claimant
(b) The bank account of the assignee
(c) That the signature is that of the assignee as in its records
(d) That the date of the deed is during the currency of the policy
38. A mortgage is a type of assignment in which the borrower has a right known as the ...
- (a) equity (b) collateral
(c) redemption (d) equity of redemption
39. Which of the following is not a type of mortgage?
- (a) Second mortgage (b) Transfer mortgage
(c) Popular mortgage (d) Collateral mortgage
40. In a transfer of mortgage, the new mortgagee (transferee) takes over the mortgage ...
- (a) partially (b) completely
(c) after death (d) at a later date
41. The power of sale allows the ... to sell the mortgaged property to recover the loan.
- (a) Mortgagee (b) Mortgagor
(c) Company (d) Planners
42. An equitable mortgage has power of sale.
- (a) little (b) huge (c) no (d) long
43. For second-hand policies, the selling price on the second-hand market may be ... the surrender value of the policy.
- (a) higher than (b) lower than
(c) equal to (d) indifferent from

44. When a person cannot pay his debt, he is declared as being
- (a) redundant (b) bankrupt
(c) unemployed (d) unfit
45. The claimant must provide the documents of ... to prove his ownership.
- (a) title (b) loan (c) lease (d) receivership
46. What is the full meaning of NIA?
- (a) Nigerian Insurance Authority (b) Nigerian Insurers Association
(c) Nigerian Insurance Association (d) Nigerian Insurers Authority
47. An insurance person who accepts a policy is called ...
- (a) an underwriter (b) a marketer
(c) the CEO (d) the policyholder
48. The best time to start financial planning is at ...
- (a) retirement (b) post retirement
(c) first employment (d) after marriage
49. Annuity benefits usually ... when the annuitant dies.
- (a) cease (b) continue
(c) become higher (d) become reduced
50. In an annuity certain contract, one of these statements will not apply. The annuity ...
- (a) is paid for a specified period of time
(b) does not depend on the age of the annuitant
(c) is paid only if the annuitant is alive
(d) is guaranteed for the set period irrespective of what happens.
51. Which of the following is not a type of increasing annuity?
- (a) Unit -linked annuity (b) Annuity certain
(c) Inflation – linked annuity (d) With profits annuity
52. In a fixed benefit annuity policy, the investment risk is borne by the ...
- (a) insured (b) insurer
(c) reinsurer (d) employer

53. All except one of the following is a reason for provision of pension.
- (a) For a retiree to enjoy a good standard of living as he enjoyed while in active service
 - (b) For employers to fulfil the requirements of the law
 - (c) As a form of corporate social responsibility
 - (d) To retain incompetent or poorly qualified staff
54. The principle of *Uberrima fides* in insurance is to be upheld by ...
- (a) the insured only
 - (b) both the insurer and the insured
 - (c) by the insurer only
 - (d) intermediaries only
55. The scale of benefits for payment of gratuity based on qualifying years of service is called ...
- (a) weighing scale
 - (b) payment scale
 - (c) salary scale
 - (d) vesting scale
56. The document completed by a client seeking insurance cover is called a ...
- (a) prospectus
 - (b) questionnaire
 - (c) proposal form
 - (d) attendance form
57. There are various types of pension schemes but one of the following is not included.
- (a) Money loan scheme
 - (b) Insured pension scheme
 - (c) Contributory pension scheme
 - (d) Self-administered pension scheme
58. Under the Pension Reform Act 2014, when an employee changes his job, his pension contributions are ...
- (a) collected by him
 - (b) used to purchase annuity for him
 - (c) transferred to his new employer
 - (d) in his RSA and his new employer continues the contributions to the same account
59. Which of the following information is an employer required to communicate to its employees as regards its pension scheme?
- I. The categories of employees covered.
 - II. The applicable retirement age
 - III. When does an employee become eligible to join the scheme
 - IV. The kinds of benefits available to employees
 - V. Whether the pension scheme is contributory or non-contributory

- (a) Statements I, III & V
- (c) All the above statements

- (b) Statements I,II & IV
- (d) Statements II, III & V

60. Which of these is not a type of trust?

- (a) People's Trust
- (c) Fixed Trust

- (b) Bare Trust
- (d) Express Trust

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

Answer True (T) or False (F)

61. A whole life policy does not have an investment element.
62. If a terminal illness is diagnosed, the life assured will not receive a large payout.
63. In group life cover, the expiry date is usually the same date as the employer's retirement date.
64. Clubs and associations cannot have a group life cover for their members.
65. Key person insurance provides cover for only directors.
66. Life insurance cover is not mandatory for all employees in employment.
67. In line with the provisions of the PRA 2004, each employer shall obtain an insurance certificate from the insurer.
68. The insurance certificate must be kept in secret from the employees.
69. In the payment of death benefit of a deceased employee, the sum assured shall not be encumbered or subject to any deductions by the employer.
70. Insurable interest must exist before a proposal can be accepted.
71. A proposal under the non-medical limits will be considered without a medical report.
72. A proposal form must not contain any medical questions.
73. Life insurance companies have separate rates for smokers and non-smokers.
74. The underwriter will not look for medical factors affecting longevity.
75. A person with HIV/AIDS cannot be accepted for life insurance.
76. The occupation of the proposer is material to the underwriter.
77. The life policy is not prepared until after all premiums have been paid.
78. An assignment by handing over a policy without doing anything further is void.
79. An equitable mortgage has no power of sale.
80. It is not the duty of a claimant to prove title on a death claim.
81. The production of the policy document is the sole proof of title by the claimant in the processing of a claim.
82. In a death claim, the cause of death is not important.
83. Where the cause of death is excluded under the policy, the life office will not pay the claim.
84. Annuity is a form of pension payment at retirement and is payable for the duration of the life of the annuitant.
85. Under a trusteeship arrangement, the trustees possess the legal ownership of the trust property.

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

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

Dr. Bassey took out a life insurance policy for himself and paid his premiums on an annual basis even though the policy was based on quarterly premium payment basis which was what he agreed at inception and chose in the questionnaire at the start of the policy. The policy was for thirty years and had been in force of twenty-one years. Twenty days after his next premium payment was due, he passed on and his son decided to ask the insurance company for payment of his death benefit. The company informed him that the policy had lapsed due to none-payment of the premium for the policy.

Use this case to answer the following questions:

86. Life insurance policy is in force only when ...
- (a) there is full premium payment
 - (b) all premiums are paid fully sometimes
 - (c) the policyholder is alive and healthy
 - (d) the insurance company says so
87. Since the insured paid his premiums on an annual basis he had ...
- (a) changed his quarterly policy to an annual policy
 - (b) given the insurance company advance payment
 - (c) made sure his premiums were paid to avoid any lapse in the policy
 - (d) made his savings account lean
88. The days of grace for payment of a quarterly policy is ... days
- (a) thirty
 - (b) twenty
 - (c) fifteen
 - (d) ten
89. What benefits would the son receive?
- (a) The full sum assured
 - (b) Pro rata sum assured as the policy will be deemed paid up
 - (c) The return of all premiums paid
 - (d) No benefits as the policy had lapsed
90. Assuming the policy was incepted as an annual policy, what benefits, if any, would be paid to the son?
- (a) The full sum assured
 - (b) Pro rata sum assured as the policy will be deemed paid up
 - (c) The return of all premiums paid
 - (d) No benefits as the policy had lapsed

Yinka Musa works Chevron Industry Limited as an accountant. When he joined the company, he provided the company a wrong age, instead of his age which was 38 years, he had declared 32 years. The company had approached New Life Insurance Company for a group life cover and had innocently disclosed the wrong age as the real age. Six months after joining the company he died.

Use this case to answer the following questions:

91. The type of insurance that the company will buy for the employees is called?
(a) Joint Life Insurance (b) Joint Annuity
(c) Group Life Insurance (d) Group Annuity
92. The principle of not disclosing the age of the staff correctly is based on ...
(a) insurable interest (b) utmost good faith
(c) indemnity (d) proximate cause
93. Non-disclosure of the age is termed ...
(a) material interest (b) material fact
(c) arbitration (d) subrogation
94. The law in Nigeria that requires the employer to buy life cover on the lives of employees is ...
(a) Pension Act 2003 (b) Pension Reform Act 2006
(c) Pension Reform Act 2014 (d) Pension Reform Act 2020
95. The form of life assurance purchased for the benefit of employees as a group is ...
(a) term assurance (b) whole life assurance
(c) annuity (d) endowment assurance

Mr. Okoro Ojo is a staff of Leadcity Investment Limited in Ibadan and he works as a marketing executive. He has three children aged between 6 years and 12 years. He also wants to buy life assurance policy to help him pay school fees in the future. He selected the sum of N6million as the sum assured and was exempted from having medical examination before cover was granted. He had also approached another insurer for cover without disclosing the first cover.

Use this case to answer the following questions:

96. The traditional form of life assurance that will help Mr. Ojo with the school fees is ...
- | | |
|--------------------------|---------------|
| (a) Term Assurance | (b) Endowment |
| (c) Whole Life Assurance | (d) Annuity |
97. The exemption from going to see a doctor for medical examination in life assurance proposal is called?
- | | |
|-------------------------------|--------------------------|
| (a) Non-Medical Underwriting | (b) Medical Underwriting |
| (c) Occupational Underwriting | |
| (d) Financial Underwriting | |
98. The amount of cover where the proposal is exempted from medical examination is ...
- | | |
|----------------------|------------------------|
| (a) free cover limit | (b) underwriting limit |
| (c) paid-up limit | (d) surrender value |
99. The best cover for Mr. Ojo's need is ...
- | | |
|--------------------|-------------------------|
| (a) Flexidowment | (b) Annuity Certain |
| (c) Pure Endowment | (d) Endowment Assurance |
100. The non-disclosure of other policy is against the insurance principle of ...
- | | |
|------------------------|-----------------------|
| (a) insurable interest | (b) contribution |
| (c) subrogation | (d) utmost good faith |

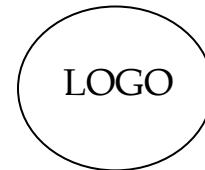
F03 – LIFE ASSURANCE, ANNUITY AND PENSIONS ADMINISTRATION

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

F04

CHARTERED INSURANCE INSTITUTE OF NIGERIA

<p style="text-align: center;">FOUNDATION F04 - BUSINESS COMMUNICATION AND INFORMATION TECHNOLOGY OCTOBER 2022 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 OCTOBER
2022 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 – 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. **For 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 51 – 60 are to be answered by picking the correctly spelt word.

For Example:

- (a) Folow (b) Follow (c) Foloow (d) Followw
The correct option is False (b).

Section C

Questions 61 – 70 are to be answered by picking the option that has the sentence which is correctly written. **For Example:**

- (a) See you soonestly
(b) See you soonest than ever (c) See you sooner (d) I hope to be with you soon
The correct option is (d)

Section D

Questions 71 - 80 are to be answered by picking the option that has the sentence which is correctly punctuated. **For Example:**

- (a) I hope to be with you soon,
(b) I hope to be with you soon? (c) I hope to be with you soon.
(d) I hope to be with you soon;
The correct option is (c)

Section E

Questions 81 – 90 are to be answered by picking the option that correctly fills the blank spaces in each of the sentences.

For Example: The meeting is scheduled to start ... 10.00a.m. prompt.

- (a) at (b) in (c) on (d) for
The correct option is (a)

Section F

Questions 91 – 100. This section contains one (1) case study followed by ten questions. The case study is not numbered and appear at the top of the page. Each of the ten 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.

Chief Examiners Comment

This diet performance is a remarkable improvement from that of the last diet and it is highly commendable.

Comments on Overall Performance

The performance at is highly impressive and should be maintained by future candidates.

Suggestions on Improvement

Deliberate efforts should be made by the candidates at the study of English grammer.

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

1. Which of the following best illustrates the process of business communication?
 - (a) sender →channel →message →feedback
 - (b) channel →sender →message →feedback
 - (c) →message → channel →feedback
 - (d) feedback →message →channel →sender

2. Who among the following decides the channel of communication through which a message is sent?
 - (a) the sender
 - (b) the receiver
 - (c) the operator
 - (d) the decoder

3. Noise in communication can be best described as -----.
 - (a) any form of obstacle to effective communication
 - (b) any sound during communication
 - (c) any break in the communication process
 - (d) any outside talk during communication

4. Which of the following does not constitute a barrier to effective communication?
 - (a) fear of criticism
 - (b) cultural differences
 - (c) personality conflict
 - (d) None of the above

5. Feedback in communication serves the chief purpose of -----.
 - (a) feeding the sender with a message
 - (b) determining the success of communication
 - (c) sending a message back to a superior officer
 - (d) determining a staff's communicative ability

6. Which of the following is not a tool for internal business communication?
 - (a) Presentations
 - (b) Newspaper reports
 - (c) Workshops
 - (d) Memorandum

7. One of the merits of oral communication is that -----.
 - (a) its feedback is spontaneous
 - (b) its feedback is delayed
 - (c) its feedback is usually long
 - (d) it is suitable for a large audience

8. Internal business communication is best described as ----- organization.
 - (a) the transmission of information from a manager to another manager in an
 - (b) the transmission of information from a subordinate to a superior in an
 - (c) the transmission of official information between or among staff of the same
 - (d) the transmission of information from a superior to a subordinate in an

9. Which of the following is not a form of oral communication?
 (a) face-to-face conversation (b) telephone conversation
 (c) discussions at meetings (d) e-mails
10. Formal communication includes all but one of the following.
 (a) Interviews (b) rumours
 (c) training sessions (d) presentations at business meetings
11. Which of the following is/are essential in a memo?
 (a) The addresser's and addressee's name and designation
 (b) The addresser's and addressee's phone numbers
 (c) The addresser's and addressee's address
 (d) The addresser's and addressee's intercom code
12. In a business letter, the writer's signature is -----.
 (a) optional (b) not necessary
 (c) comes after the writer's name (d) comes before the writer's name
13. Business reports can be used for audiences that are -----.
 (a) within an organization only (b) outside an organization only
 (c) within and outside an organization (d) none of the above
14. A business report differs from a business letter in one of the following ways. A report ---.
 (a) is not dated (b) does not contain the writer's name
 (c) is void of courtesies (d) does not contain detailed information
15. One of the following is optional in a report.
 (a) Title (b) Terms of Reference
 (c) Additional material (d) Findings
16. In a report, Terms of Reference is used to -----.
 (a) show the names of the writer(s)
 (b) record the nature and scope of the investigation reported
 (c) draw attention to the purpose of the report
 (d) show the title of the report
17. Which of the following is not a business report?
 (a) Inspection report (b) Progress report
 (c) Auditors' report (d) None of the above

18. Which of the following is compulsory in a report?
- (a) complimentary close (b) address of the writer
(c) opening salutation (d) conclusion and recommendation(s)
19. A motion in a meeting is -----.
- (a) a proposal by a member seconded by another
(b) the act of rescheduling a meeting
(c) the act of approving an item discussed in a meeting
(d) the re-arrangement of seats during a meeting
20. When a proposal is approved for discussion during a meeting, it is said to have been -----
- (a) documented (b) adopted
(c) endorsed (d) moved by the committee
21. Which of the following applies to consecutive yearly numbering of minutes?
- (a) Only the minutes of the first meeting in a year counts.
(b) Only the minutes of the first and last meetings in a year count.
(c) Only the minutes of meetings of principal officers count.
(d) Each year's minutes are regarded as a single unit.
22. Issues not included in the agenda of a meeting are treated as -----.
- (a) matters arising (b) special business
(c) any other business (d) none of the above
23. The segment of a meeting where its major purpose is discussed is known as -----.
- (a) motion (b) all important businesses
(d) special business (d) none of the above
24. Extraordinary General Meetings (EGM) are called when ----- percent of the voting shareholders demand it.
- (a) 20 (b) 10 (c) 50 (d) 60
25. Which of the following is not true about circulars? They -----.
- (a) are usually circulated to a group of people
(b) must be concise and complete
(c) may be for a closed group or for general circulation
(d) are circulated periodically

26. Which of the following does not apply to billboards? They -----.
- (a) are immobile (b) are cheap
(c) are placed at strategic places (d) contain the owner's contact
27. One of the advantages of direct mailing as a form of advertisement is that -----.
- (a) the sender can determine the time and frequency of sending
(b) the number of people reached is usually large
(c) it is impersonal
(d) it gets to the target audience as soon as it is sent
28. Transit advertisement is not found in one of the following.
- (a) Walls (b) Motor bikes
(c) Buses (d) Bicycles
29. A major advantage of online directories is that it -----.
- (a) allows the user the opportunity of updating information as desired
(b) is not accessible to non-customers
(c) is not easily erased
(d) requires a password
30. In a persuasive presentation, a presenter tries to -----.
- (a) argue a point (b) educate people on an issue
(c) refute an idea
(d) convince an audience to support certain views
31. An advantage of employing body language during speech presentations is that it ---
-----.
- (a) makes all the participants to understand what is said
(b) helps the presenter to be awake
(c) gives physical expression to a message
(d) helps to clear ambiguities about a message
32. Which of the following is odd in the list below?
- (a) Sales letter (b) Telephone conversation
(c) A letter of complaint (d) Enquiry letter
33. One of the following is not used for business presentations.
- (a) Flip charts (b) Siren
(c) White boards (d) Projectors

34. Which of the following is no longer in common use in business communication?
 (a) Fax machines (b) E-mails
 (c) Skype (d) Whatsapp
35. One of the challenges of electronic communication in business is that of -----
 (a) coverage (b) accessibility
 (c) confidentiality (d) speed
36. Accessing information stored in the cloud entails being connected to -----
 (a) a radio (b) the internet
 (c) a television (d) all of the above
37. A major advantage of storing information in the cloud is that information stored is -
 -----.
 (a) easily accessible to unauthorized persons
 (b) accessible without a password
 (c) error free (d) easily accessible from any location
38. The application of technology in business affects its -----
 (a) culture (b) efficiency
 (c) relationships (d) all of the above
39. Which of the following is suitable for business presentations?
 (a) Power Point (b) Microsoft word
 (c) Excel (d) None of the above
40. Robots have the capacity to carry out -----.
 (a) human operations only (b) non-human operations only
 (c) both human and non-human operations (d) none of the above
41. The acronym "IoT" stands for -----.
 (a) Internet of Things (b) Internet on Things
 (c) Intense office Training (d) None of the above
42. Which of the following is/are not among the technologies used in business communication?
 (a) Radio, telephone and television (b) Emails, faxes and blogs
 (c) Skype, What'sApp and Facebook (d) None of the above

43. Artificial Intelligence (AI) can be best described as the ability of a computer or machine to -----.
- (a) act with speed and accuracy (b) think and act like a human being
(c) perform beyond normal speed (d) perform beyond human capacity
44. ----- are special equipment or devices which are used to detect and respond to electrical and optical signals.
- (a) Robots (b) Sensors (c) Senses (d) Alexa
45. Sensors have the capacity to respond to all the following -----.
- (a) blood pressure (b) temperature
(c) proximity (d) skin colour
46. Which of the following is not true about the application of Technology in business? It has -----.
- (a) increased staff productivity
(b) improved communication among staff
(c) decreased staff efficiency and effectiveness
(d) reduced production cost
47. One of the following is a flying robot.
- (a) Drone (b) Alexa
(c) Roomba vacuum (d) sensor
48. Which of the following is based on artificial intelligence?
- (a) Siri (b) Radio (c) Fax (d) Skype
49. Computers are said to be in communication if they -----.
- (a) owned and managed by the same organisation
(b) connected to the same server
(c) switched on at the same time
(d) have the same Central Processing Unit
50. I.T. Networks allow employees of an organization to be connected from -----.
- (a) a close range only (b) a distance only
(c) the office only (d) any location

SECTION B: (Questions 51 – 60) Pick the Word that is Correctly Spelt

51. (a) Inexhaustible (b) Inexhaustible
(c) Inexhaustable (d) Inexhaustable
52. (a) Indispensible (b) Indispenseble
(c) Indespensible (d) Indespensable
53. (a) neccessary (b) necessary (c) neccessery (d) necessary
54. (a) development (b) devellopment
(c) divelopement (d) development
55. (a) privillege (b) priviledge (c) privilage (d) privilege
56. (a) imflammable (b) inflemable (c) inflammable (d) inflammabl
57. (a) illiterate (b) iliterate (c) illetrate (d) illitarate
58. (a) enthusasm (b) enthusiasm (c) entisiasm (d) enthisusm
59. (a) immemorial (b) immemoral (c) imemorial (d) imemoral
60. (a) mentainance (b) maintainance
(c) mentenance (d) maintenance

SECTION C: (Questions 61 – 70) Choose the Sentence Which is Correctly Written

61. (a) how will I get through university now that fees have increased
(b) How will I get through university now that fees have increased.
(c) How will i get through university now that fees have increased?
(d) How will I get through university now that fees have increased?
62. (a) plato was a renowned Philosopher.
(b) Plato was a renowned Philosopher.
(c) plato was a renowned philosopher.
(d) Plato was a renowned philosopher.
63. (a) first ali has a quick breakfast then he runs to school.
(b) First ali has a quick breakfast then he runs to school.
(c) First Ali has a quick breakfast then he runs to school.

- (d) First Ali has a quick breakfast then He runs to school.
64. (a) He would certainly take up the job.
(b) he would, certainly take up the job.
(c) he would certainly take-up the job.
(d) He would certainly take-up the job.
65. (a) The Koran is the holy book of islam.
(b) the Koran is the holy book of Islam.
(c) The Koran is the holy book of Islam.
(d) The Koran is The Holy Book of Islam.
66. (a) we met susan on our way to abidjan.
(b) we met Susan on our way to Abidjan.
(c) We met Susan on our way to Abidjan.
(d) We met susan on our way to Abidjan.
67. (a) She works with the Nigerian Television Authority.
(b) She works with the Nigerian Television Authority.
(c) She works with The Nigerian Television Authority.
(d) She works with The Nigerian Television Authority.
68. (a) I discovered that I had only Ten Naira.
(b) I discovered that I had only ten Naira.
(c) I discovered that I had only ten Naira.
(d) I discovered that I had only ten naira.
69. (a) Have you read Ode to a "Nightingale" by Keats?
(b) Have you read "Ode to a Nightingale" by Keats?
(c) Have you read ode to a nightingale by Keats?
(d) Have you read Ode "to a Nightingale by Keats"?
70. (a) Get away from me, she screamed.
(b) Get away from me, she screamed!
(c) 'Get away from me!' she screamed.
(d) Get away from me! 'she screamed'!

SECTION D: (Questions 71 – 80) Choose the Sentence Which is Correctly Punctuated
Which of the sentences is correctly punctuated?

Choose the sentence which is correctly written.

71. (a) He asks me always very difficult questions.
(b) He always asks me very difficult questions.
(c) He asks me very always difficult questions.
(d) Always he asks me very difficult questions.
72. (a) All men do not wish to live to a great age.
(b) All men wish to live not to a great age.
(c) Not all men wish to live to a great age.
(d) All men wish not to live to a great age.
73. (a) He quickly pushed his bicycle out of the way.
(b) He pushed quickly his bicycle out of the way.
(c) He pushed his bicycle out quickly of the way.
(d) He pushed his bicycle out of quickly the way.
74. (a) I have seen many masquerades before.
(b) I have before seen many masquerades.
(c) I have seen before many masquerades.
(d) I have seen much masquerades before.
75. (a) This knife is not enough sharp.
(b) This knife is enough not sharp.
(c) This knife is sharp not enough.
(d) This knife is not sharp enough.
76. (a) All my savings are exhausted, and I have nothing again.
(b) All my savings are exhausted but I have nothing again.
(c) All my savings are exhausted but I have nothing left.
(d) All my savings are exhausted, and I have nothing left.
77. (a) Nike had no money, and her friend hadn't any also.
(b) Nike had no money, but her friend hadn't any also.
(c) Nike had no money, and her friend hadn't any either.
(d) Nike had no money, and her friend hadn't any neither.

78. (a) Unless you press this knob, you will not be able to take any pictures.
 (b) Except you press this knob, you will not be able to take any pictures.
 (c) If not you press this knob, you will not be able to take any pictures.
 (d) Even you press this knob, you not be able to take any pictures.
79. (a) Although the wall was high, yet the prisoner managed to escape.
 (b) Although the wall was high, even the prisoner managed to escape.
 (c) Although the wall was high, the prisoner managed to escape.
 (d) Although the wall was high, also the prisoner managed to escape.
80. (a) Had it been that you informed me earlier, I would have included your name.
 (b) Had it been you informed me earlier, I would have included your name.
 (c) Had it be that you informed me earlier, I would have included your name.
 (d) Had you informed me earlier, I would have included your name.

SECTION E - ATTEMPT ALL QUESTIONS (Questions 81 - 90)

Read the questions below carefully choose the option that correctly fills the blank spaces.

81. She can't sing ----- as I had thought.
 (a) so well (b) good (c) well (d) as well
82. Tayo was very obstinate; the more his mother insisted ----- willingly would he do anything.
 (a) the more (b) as less (c) the less (d) so less
83. Osaro told his members that the match would kick ----- by 4.30 p.m.
 (a) up (b) off (c) of (d) back
84. Ngozi ----- comes to see us now.
 (a) scarcely never (b) almost ever (c) never more (d) hardly ever
85. Mallam Gana owns many -----on his farm.
 (a) cattles (b) herd of cattles
 (c) herd of cattle (d) herds of cattles
86. I want to know your religious -----.
 (a) beliefs (b) believe (c) believing (d) believes
87. He runs -----.
 (a) rather much fast (b) quite rather fast (c) rather too fast (d) too rather fast

88. The students were advised to look ----- difficult words in the dictionary.
(a) in (b) on (c) out (d) up
89. The previous assignment was ----- for me.
(a) much too difficult (b) too much difficult
(c) difficult too much (d) much difficult too
90. If I ----- what actually happened, I would have punished him.
(a) had heard (b) have had (c) had had (d) have heard

SECTION F - ATTEMPT ALL QUESTIONS (Questions 91 - 100)

Read the case below carefully and answer the questions which follow.

Underdevelopment is not the absence of development, because all nations have developed in one way or another. Underdevelopment makes sense only as a means of comparing levels of development. It is very much tied to the fact that human social development has been uneven and from a strictly economic view-point some human groups have advanced farther by producing more and becoming wealthier.

The moment that one group appears to be wealthier than others, some enquiry is bound to take place as to the reason, for the rest. For instance, in the 18th century, the famous British economist, Adam Smith, felt it necessary to look into the causes behind "the Wealth of Nations". At the same time, many Russians were very concerned about the fact that their country was 'backward' in comparison with England, France and Germany. Today, the focus is on the differences in wealth between, on the one hand, Europe and North America, and on the other hand Africa, Asia and Latin America. In comparison with the first, the second group can be said to be backward or underdeveloped. At all times, therefore, one of the ideas behind underdevelopment is a comparative one. It is possible to compare the economic conditions at two different periods for the same country and determine whether or not it has developed, and (more importantly) it is possible to compare the economies of any two countries or sets of countries at any given period in time.

A second and even more indispensable component of modern underdevelopment is that it expresses a particular relationship of exploitation: namely, the exploitation of one country by another. All of the countries named as 'underdeveloped' in the world are exploited by others; and the underdevelopment with which the world is now pre-occupied is a product of capitalist, imperialist and colonialist exploitation. African and Asian societies were developing independently until they were taken over directly or indirectly by the capitalist powers. When that happened, exploitation increased and the export of surplus ensued, depriving the societies of the benefit of their natural resources and labour. That is an integral part of underdevelopment in the contemporary sense.

In some quarters, it has been thought wise to substitute the term 'developing' for 'underdeveloped'. One of the reasons for so doing is to avoid any unpleasantness which may be attached to the second term, which might be interpreted as meaning underdeveloped mentally, physically, morally or in any other respect.

Economic comparisons can be made by looking at statistical tables or indices of what goods and services are produced and used in the societies under discussion. Professional economists speak of the National Income of countries and National Income per capita. The national income is a measurement of the total wealth of the country, while per capita income is a figure obtained by dividing the National income by the number of inhabitants in order to get an idea of the 'average' wealth of each inhabitant. This 'average' can be misleading where there are great extremes of wealth. In considering the question of development away from the state of underdevelopment, it is of supreme importance to realize that such a

process demands the removal of the gross inequalities of land distribution, property holding and income, which are camouflaged behind national income figures. At one stage in history, advance was made at the cost of entrenching privileged groups. In our times, development has to mean advance which liquidates present privileged groups with their corresponding unprivileged groups. Nevertheless, the per capita income is a useful statistic for comparing one country with another; and the developed countries all have per capita incomes several times higher than any one of the recently independent African countries.

(Adapted From: How Europe Underdeveloped Africa by Walter Rodney published in English Across Disciplines edited by Funso Akere 1993)

91. The main thrust of the author's argument on underdevelopment is that ...
- (a) underdevelopment is the bane of Third World countries.
 - (b) many previously underdeveloped countries are now developing rapidly.
 - (c) the underdevelopment of Third World countries results mostly from exploitation by the advanced countries of the world.
 - (d) economic comparisons of developed and underdeveloped countries can be made by looking at the statistical tables and indices.
92. What distinction does the author make between the terms 'underdeveloped' and 'developing'?
- (a) For him the two terms are hardly distinguishable.
 - (b) He considers 'developing' wiser and more pleasant than 'underdeveloped'.
 - (c) 'Underdeveloped' refers to mental, physical and moral deficiencies; developing does not.
 - (d) 'Developing' creates the impression of relative improvement and emancipation while 'underdeveloped' reflects the permanent state of backwardness and exploitation.
93. What comparative indices used for determining the level of development of a nation are mentioned in the passage?
- (a) goods and services produced and used, the National Income and National Income per capita
 - (b) the population and levels of literacy
 - (c) unemployment and family sizes
 - (d) relative degrees of backwardness in comparison with developed countries
94. What is per capita income?
- (a) income earned by a country from all its capital
 - (b) income earned by each citizen from his capital investments
 - (c) the sum of the nation's and the citizens' income
 - (d) the average of the national income divided by the number of citizens

95. What is the author's argument for the use of national income and per capita income to determine the level of development of a country?
- (a) In comparative terms, they show up the disparity between nations.
 - (b) They highlight the ratio of privileged and unprivileged people within each country.
 - (c) They produce useful practical materials for the economist who is analyzing the wealth of nations.
 - (d) They show, respectively, what the nation and each of her citizens earn.
96. What is the author's argument against the indices named in (95) above?
- (a) They are merely theoretical and conceal the actual facts.
 - (b) They can sometimes be inaccurate and misleading due to insufficient data.
 - (c) They camouflage the disparities between the 'haves' and the 'have-nots'.
 - (d) They do not serve any practical purpose.
97. How is the concept of exploitation related to the idea of underdevelopment in the passage?
- (a) Exploitation is an inevitable offshoot of underdevelopment in Third World countries.
 - (b) The continued exploitation of Third World countries in diverse ways has largely accounted for by their perpetual underdevelopment.
 - (c) Underdevelopment always goes hand in hand with exploitation.
 - (d) Exploitation is the factor militating against development.
98. What is the author's view on how to achieve development from the present state of underdevelopment of Third World countries?
- (a) a removal of the inequalities between the privileged and unprivileged countries
 - (b) an increase in the per capita income of the citizens of these countries
 - (c) the abolition of exploitation and a boost on self-reliance
 - (d) the removal of the inequalities in income between the privileged and unprivileged groups within each country

99. According to the passage, one of the ideas behind underdevelopment is a comparative one. What kinds of comparison are usually made?
- (a) A comparison of the per capita of a country with its national income
 - (b) A comparison of the extremes of wealth and poverty among the citizens of a country
 - (c) A comparison of the economic conditions within a country at different times, and between countries or groups of countries
 - (d) A comparison of the resources at each country's disposal and how effectively these are utilized
100. "At one stage in history, advance was made at the cost of entrenching privileged groups". This means that
- (a) Advancement was made only when privileged groups were entrenched.
 - (b) Entrenching privileged groups hindered advancement.
 - (c) The privileged groups were dispensed with after advancement had been made.
 - (d) Advancement was made only when privileged groups had been dispensed with.

F04 – BUSINESS COMMUNICATION AND INFORMATION TECHNOLOGY

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

F05

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F05 - INSURANCE UNDERWRITING PROCESS
OCTOBER 2022 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 OCTOBER
2022 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.

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.

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.

Chief Examiners Comment:

The course seeks to introduce the candidates to the underwriting process out in respect of General Insurance Policies.

The questions spread over the whole course book and candidates who studied adequately were well acquainted with the question and it reflected in their responses.

The average pass rate is lower than that of last diet and it is hoped that this trend would be improved upon in future diets.

Comments on Overall Performance

Overall performance is barely okay. There are successful candidates in all centres except two centres that recorded no pass at all. This might imply that those centres might need to have seasoned professionals organize tutorials for them at those centres.

Suggestions on improvement

Performance is good. Candidates are advised to study well and start preparing way ahead of examination.

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

1. Most general insurance policies are issued for a period of ...
 - (a) one quarter
 - (b) six months
 - (c) nine months
 - (d) twelve months

2. The anniversary date for general insurance policies is known as ...
 - (a) birthday
 - (b) renewal date
 - (c) diamond jubilee
 - (d) convention date

3. Which of these will not fall into the regular general insurance period regime?
 - (a) Contractors All Risks
 - (b) Workmen's Compensation
 - (c) All Risks
 - (d) Personnel Accident

4. In a situation where the insured has a direct arrangement with the insurer, which of these would the insurer presume necessity for renewal and renew automatically?
 - (a) Fire and special perils
 - (b) All Risks
 - (c) Motor private
 - (d) Erection All Risks

5. In which circumstance will, an insured regular cancellation and the insurer will make no refund?
 - (a) Where the intention was to have a short period cover
 - (b) Where there has been claim during the period of insurance
 - (c) Where the reinsurer does not give approval
 - (d) Where there was a deductible

6. What is the cooling off period afforded customers of general insurance from the date of inception or renewal?
 - (a) 14 days
 - (b) 30 days
 - (c) 45 days
 - (d) 60 days.

7. Where the insurer decides to choose the cancellation option on which basis is premium refund done?
 - (a) Short period
 - (b) Agreed fee
 - (c) Fixed premium
 - (d) Pro-rate

8. The officer within the insurance company that managed the common pool is ...
 - (a) an investment manager
 - (b) a finance manager
 - (c) a surveyor
 - (d) an underwriter

9. The main source of providing information by the insured to the insurer at inception of the insurance contract is ...
- (a) prospectus leaflet (b) proposal form
(c) introduction letter (d) satisfaction note
10. The common pool of funds in insurance refers to ...
- (a) claims (b) retention (c) premium (d) deductible
11. In the furniture/woodwork industry, employees get injured often but the injuries are usually slight. In terms of frequency and severity, this can be depicted as ...
- (a) high frequency, loss severity (b) high frequency, high severity
(c) low frequency, high severity (d) low frequency, low severity
12. In a typical office setting, injuries rarely happen and when they do they are usually slight injuries. This can be depicted as ...
- (a) high frequency, loss severity (b) high frequency, high severity
(c) low frequency, high severity (d) low frequency, low severity
13. Which of these will not be a factor in the underwriting of motor insurance?
- (a) Use of the vehicle (b) Dealer or distributor of the vehicle
(c) Storage or garaging area (d) Scope of cover required
14. An insurer invested in systems that allows for risk assessment of such key risks as flood, storm, subsidence, e.t.c. using the post code as a parameter. Which of these policies will this relate to?
- (a) Personal accident (b) Household insurance
(c) Professional indemnity (d) Contractors All Risks Insurance
15. Which of these will not be covered by a Travel Insurance policy?
- (a) Accidental Injury at the destination
(b) Loss of luggage at airport of departure
(c) Existing illness
(d) Loss of luggage at destination airport
16. In the assessment of which policy will experience, exact occupation and professional qualification be of importance?
- (a) Erection All Risks (b) Business Interruption
(c) Professional Indemnity (d) Product Liability

17. In underwriting a policy of insurance, questions were asked about the possibility of operating from another premise or how quickly machinery could be replaced in the event of a loss/ damage? What policy could this be?
- (a) Loss of profit insurance (b) Machinery breakdown
(c) Plant All Risks (d) Fire and Special Perils
18. When an underwriter is considering the first use of a product and its potential to cause injury or damage to the public. What policy is under consideration?
- (a) Professional indemnity (b) Public liability
(c) Professional indemnity (d) Product liability
19. Fraudulent alarms will have an impact on all these except one. Which one is it?
- (a) Catastrophe claim (b) Rise in claims cost
(c) Increase in premium (d) Impact bottom line negatively
20. The NIID platform in use in the Nigerian Market will help in fraud in which of these lines of business?
- (a) All Risks (b) Theft/Burglary
(c) Motor (d) Travel Insurance
21. Frauds are typical at the type of insurance claims but can also be committed when an insured is proposing for insurance. This type of fraud is called ...
- (a) inception obstacle (b) application fraud
(c) pre-loss fraud (d) offer fraud
22. At what age under the current data processing regime will parental consent not be needed to process data online?
- (a) 18 (b) 13 (c) 15 (d) 21
23. Which of these can no longer be used as a risk rating factor in the European Market?
- (a) Area of garaging (b) Geographical location
(c) Gender of proposer (d) Type of use
24. Which of these cannot be said to be sensitive personal detail?
- (a) Race (b) Ethnic origin
(c) Religion (d) Occupation

25. In an insurance contract none of the two parties can rely on any negotiations leading up to the contract but only on the contract itself. This rule is referred to as ...
- (a) Caveat emptor rule (b) Uberimae fide rule
(c) Parol evidence rule (d) Commercial evidence rule
26. The general rule of interpreting ambiguous contract but only on the contract itself. The rule is referred to as ...
- (a) Caveat emptor rule (b) Uberimae fide rule
(c) Parol evidence rule (d) Commercial evidence rule
27. The section of the policy which is personal and specific to each individual insured is ...
- (a) the register (b) the schedule
(c) the permit (d) the declaration
28. That part of the policy where the cover provided is outlined is known as ...
- (a) prospectus (b) operative clause
(c) information and facilities (d) exception
29. Another name for the preamble section of the policy document is ...
- (a) the schedule (b) operative clause
(c) conclusion clause (d) recital clause
30. Which of these will you not see in Heading Section of a policy?
- (a) Address of the insurer (b) Home of the insurer
(c) Policy number (d) Company logo
31. Which of these will not guilty as an implied condition?
- (a) Notice of claim stated as 14 days on the policy
(b) The insured must act as if uninsured
(c) Insured under a duty to take reasonable action to minimize a loss
(d) Insurer not to hinder the insurers in their investigation of the loss
32. Definition of terms and words of importance used in the policy are found in which section?
- (a) Preamble (b) Heading
(c) Schedule (d) Information and facilities

33. Which of these will not be a fundamental risk?
 (a) Collapse of a multi-storey building (b) Volcano
 (c) Flood (d) Earthquake
34. Pool Re was set up as a response to which of these fundamental risks?
 (a) Pollution (b) Radioactive contamination
 (c) War and related perils (d) Terrorism
35. Mrs. Bims took out a travel policy on the contents of her luggage being personal possessions. She also has an annual household insurance. The items got lost and the travel policy insurer seeks to have the Household Insurance brought in to share in the loss. Which principle of insurance is at play here?
 (a) Utmost good faith (b) Proximate cause
 (c) Contribution (d) Pairs clause
36. The condition involved at time of loss to reduce claim payment because of underinsurance is ...
 (a) cancellation (b) average
 (c) betterment (d) contribution
37. The first part or amount of each and every claim that an insured bear on his/her account is called a/an ...
 (a) franchise (b) quota (c) excess (d) surplus
38. A big industrial company does not want to be claiming for small amounts and have such elected not to claim for any loss below #20 million. This amount is known as ...
 (a) proportion (b) surplus
 (c) quota (d) deductible
39. The Insurance Act of 2003 in Nigeria gives the insurer how many ways within which to deliver the policy document evidencing the contract of insurance?
 (a) 60 days (b) 45 days (c) 30 days (d) 15 days
40. You are told that an insured who has a claim with an insurer was referred to their "approved repairers". Which policy will this claim be lodged under?
 (a) Business interruption (b) Motor insurance
 (c) Goods in Transit (d) Product liability insurance

41. Typically, the risk management process involves three steps, which is the last of these steps?
- (a) Risk identification (b) Risk analysis
(c) Risk quantification (d) Risk control
42. From the four levels of cover available in the Nigeria market which of them will over accident fire damage to the vehicle?
- (a) Third party, fire and theft only
(b) Third party, fire and theft and comprehensive
(c) Comprehensive policy alone
(d) All the four levels of cover
43. Part of the cover given by a motor policy includes loss caused in the cause of loading/unloading. What class of motor insurance would this likely be?
- (a) Special type (b) Motor cycle
(c) Private motor (d) Commercial goods carrying
44. When a group of vehicles under single ownership is covered under one policy, it is known as ...
- (a) fleet insurance (b) contingent insurance
(c) plural insurance (d) joint insurance
45. A policy in which the contract is to pay a sum of money in the event of a defined occurrence whether or not the insured sustains a direct financial loss is a _____ policy.
- (a) target (b) indemnity (c) reinstatement (d) benefit
46. In which of these benefits in Personal Accident will weekly benefits be paid?
- (a) Desk (b) Permanent Total Disablement
(c) Temporary Total Disablement
(d) Permanent Partial Disablement.
47. In a Household Policy anything you would normally behind on moving from the house is regarded as part of the ...
- (a) contents (b) building
(c) mobile items (d) liability
48. Single article limits are found in which of these policies?
- (a) Household (b) Fire and special perils
(c) Contractors All Risks (d) Public Liability Insurance

49. The ultimate cost of claims making allowance for degree of uncertainty to the claim cost and time of payment is ...
- | | |
|---------------------|-------------------|
| (a) net premium | (b) gross premium |
| (c) deposit premium | (d) risk premium |
50. Some losses happen close to the end of the financial year which cannot be specifically captured in the books, but insurers have to make provisions for them. What are these claims provisions called?
- | | |
|-------------------------------|-------------------------------------|
| (a) Catastrophe claims | (b) Runaway claims |
| (c) Incurred but not reported | (d) Incurred but overlooked claims. |

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

51. The use of Periodic Payment Order (PPOs) has become a feature of personal injury claims in recent years.
52. Latent claims are common or synonymous with fire material damage claims.
53. The Insurance Act 2003 in Nigeria does not discriminate on the level of commission payable to brokers and agents.
54. The Low Claims Rebate offered by some insurers is a scheme to pay back a proportion of the premium.
55. The Risk Capital Requirement is a measure of the proportion of profit that is ploughed back from the insurer's profit before tax at the end of the financial year.
56. The underwriting result of the insurance company does not take into consideration money because from investing the premium.
57. A contract is a legally binding agreement but not all agreements are contracts.
58. The duty to disclose material facts is a one-way duty as the prospective insured possess information about the subject matter of insurance.
59. A cover note is a temporary certificate of insurance.
60. The Insurance premium paid by the insured to the insurer is VAT taxable.

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

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

A foreign company just coming into the country with a parent company abroad would start production using some local raw material and bringing some from overseas. They will be locating the factory in an industrial estate alongside other manufacturing concerns.

61. They will be bringing in their major machinery and equipment from their parent company abroad, which policy should they take to cover the probability of loss or damage during the transit from Europe to Nigeria?
- (a) Goods in transit (b) Commercial vehicle
(c) Marine cargo (d) All risks
62. The company is planning to bring in over fifty (50) vehicles of various types but would like a situation in which it is rated as one since they have a simple ownership and on their own experience. What is this type of policy called?
- (a) Plurality discount (b) Joint policy
(c) Special types (d) Fleet rate
63. In the construction of the factory and administrative buildings a reputable civil engineering company is to be engaged. The appropriate policy for this will be ...
- (a) construction all risks (b) erection all risks
(c) fire material damage (d) household comprehensive
64. The company would be acquiring a lot of laptops, desktops and customized handsets for use by the staff. Which policy will you recommend to them?
- (a) Erection All Risk (b) All Risks
(c) Burglary (d) Fire and special perils
65. In order to protect the company from the misfortune that could be brought about by a fire material damage loss affecting income, what policy will take care of this fear?
- (a) Fire material damage (b) Consequential loss
(c) Professional indemnity (d) Public liability

A young musician purchased a new car brand new. He was away on a tour but needed the car delivered to his home. He requested for cover and what it would cost him to insure the car from the point of purchase for a full year. The insurance company agreed and quoted an amount he paid and also requested and would be able to provide them when he returns from his trip.

66. What is the amount the insurance company asked him to pay called?
- (a) Exchange (b) Refund
(c) Change (d) Premium
67. While the car was leaving the point of purchase, the company provided cover subject to inspection but issued a document to show that the car was insured against road traffic liabilities. The document issued is ...
- (a) policy document (b) proposal form
(c) cover note (d) bill of lading
68. When he returned the vehicle was inspected and all related papers sighted. He was now issued a permanent document that shows that he was insured for 12 months in line with the Road Traffic Act. This document is ...
- (a) cover note (b) certificate
(c) proposal form (d) policy document
69. As a contract the acceptance was ...
- (a) quotation of an amount by the insurer
(b) request for insurance by the proposer
(c) payment of the premium
(d) Inspection of the car physically
70. From which platform can he confirm the genuineness of the certificate if the transaction took place Nigeria?
- (a) Brown Card Bureau
(b) Nigeria Insurance Industry Database
(c) Nigeria corporation of Insurance Brokers Site
(d) Nigerian Insurance Association Site

Mr. Ayopo was driving his beautiful car when jolted by a hit from the rear damaging the entire booth area. He suffered a shock momentarily but it was the passenger his lady colleague that had some injury after hitting her head because she was not wearing a seatbelt at the material time.

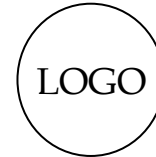
71. The front seat passenger not wearing a seatbelt constitutes ...
- | | |
|-------------------------------|-------------------------|
| (a) an infringement | (b) a disobedience |
| (c) a contributory negligence | (d) an aggravated fault |
72. What is the statutory amount for third party property damage that would be available for repairs to Mr. Ayopo's damaged booth?
- | | |
|-------------------|-----------------|
| (a) ₦1,000,000.00 | (b) ₦750,000.00 |
| (c) ₦500,000.00 | (d) ₦250,000.00 |
73. Mr. Ayopo reported to his insurers who accepted liability and on realising that a third party was at fault requested for the insurance details of the third party. This would enable them exercise ... right.
- | | |
|------------------|---------------|
| (a) contribution | (b) vengeance |
| (c) subrogation | (d) average |
74. Which documents will be required by the police at the scene of the accident as a proof that the third-party motorist possessed valid insurance cover?
- | | |
|--------------------|-------------------|
| (a) Policy Booklet | (b) Proposal Form |
| (c) Prospectus | (d) Certificate |
75. The negligent third party holds a third party only cover on the vehicle. What amount will this offer for the injured passenger in Mr. Ayopo's car?
- | | |
|------------------------------------|--------------------------------|
| (a) Limited by the passenger's age | (b) Unlimited |
| (c) ₦1,000,000.00 | (d) 2% of vehicle sum insured. |

F05 – OCTOBER 2022 INSURANCE UNDEWRITING PROCESS							
1	D	21	B	41	D	61	C
2	B	22	A	42	B	62	D
3	A	23	C	43	D	63	A
4	C	24	D	44	A	64	B
5	B	25	C	45	D	65	B
6	A	26	D	46	C	66	D
7	D	27	B	47	A	67	C
8	D	28	B	48	C	68	B
9	B	29	D	49	D	69	C
10	C	30	C	50	C	70	B
11	A	31	A	51	T	71	C
12	D	32	D	52	F	72	A
13	B	33	A	53	F	73	C
14	B	34	D	54	T	74	D
15	C	35	C	55	F	75	B
16	C	36	B	56	F		
17	A	37	C	57	T		
18	D	38	D	58	F		
19	A	39	A	59	T		
20	B	40	B	60	F		

F06

CHARTERED INSURANCE INSTITUTE OF NIGERIA

<p style="text-align: center;">FOUNDATION F06 – MOTOR INSURANCE PRODUCTS OCTOBER 2022 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 OCTOBER
2022 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.

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.

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 two (2) case studies each followed by some sets of questions. The case studies are not numbered and appear at the top of the page. Each of the sets of 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.

Chief Examiners Comment

The questions in three variants covers the whole of the course book and was meant to test candidates' understanding of basic motor insurance concepts, products and practice. The pass rate is just fair as less than a third of the candidates passed the subject.

Comments on Overall Performance

The overall performance is not particularly inspiring and this is quite worrisome.

Suggestions on improvement

Candidates should devote more time to effectively studying and preparing for the examinations since the questions are drawn from the coursebook, which they have access to.

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

1. Which professional is employed by the insurer to help calculate rate from data at the disposal of the company?
(a) Surveyor (b) Engineer
(c) Actuary (d) Investment analyst
2. The combined operating ratio is made up of all except one of these.
(a) Premium (b) Claims
(c) Commission (d) Expenses
3. Which of these situations is not in line with the Insurance Act in reception to the new position on fraudulent claim?
(a) The cover is terminated from the time of fraudulent act
(b) Insurer is liable for all legitimate claim before the fraudulent act
(c) The insurer is entitled to terminate cover from the date of discovery
(d) Insurer will be entitled to retain the premium paid
4. The technological equipment fitted in a motor vehicle to monitor the driving habits of the motorist will capture all except one of the following.
(a) Vehicle speed (b) Passenger number
(c) When and where used (d) Traffic anticipation
5. Which of these will not be considered as a rating factor for private car insurance?
(a) Vehicle type (b) Area of and garaging
(c) Cover required (d) Gender
6. Area of garaging in private motor is indicative of the risk of ...
(a) theft (b) repair cost
(c) intra city journey (d) breakdown frequency
7. Which of these features is not important when looking at the rating of different vehicles?
(a) Level of security (b) Value
(c) Vendor of the vehicle (d) Cost of repairs
8. When a new vehicle is introduced into the market, a body exists that gives advisory rating of cost of repairs, value and performance. What is this group called?
(a) Motor Technical Accessor (b) Group Rating Panel
(c) Motor Research Panel (d) British Insurers Association

9. It is good to know the main use of the vehicle for all except one of these reasons.
 (a) Identification purpose (b) Communication
 (c) Person on whom premium is based (d) Marital status
10. Value of the vehicle is important but not needed for certain levels of cover. Which of these is not true? It is needed ...
 (a) in comprehensive (b) in Third Party, fire and theft
 (c) in third party
 (d) to both third party, fire and theft as well as comprehensive.
11. Fleets as a group of vehicles under one user/control can be divided into how many categories?
 (a) 3 (b) 4 (c) 5 (d) 6
12. A new insurer is just receiving the proposal to move a fleet motor policy to them. How many years history are they entitled to request of the existing insurer?
 (a) 3 (b) 4 (c) 5 (d) 2
13. Under normal circumstances, the maximum NCD scale is attained in the 5th year of accident free driving. What is this in the Nigerian market?
 (a) 20% (b) 25% (c) 50% (d) 60%
14. An insurer introduced a scheme where a policy holder can qualify for a full year's NCD after 6 months provided that the policyholder then arranges a further full year's policy. What is this scheme known as?
 (a) Enhanced NCD (b) Guaranteed NCD
 (c) Accelerated NCD (d) Protected NCD
15. The situation in which an insurer installs a device in the car to monitor and record the activities and usage of the car such that the insured is charged premium to journeys inside is ...
 (a) Young Drivers Premium Policy (b) Pay-As-You-Drive
 (c) Young Women's Drivers Policy (d) Elderly Fellow Policy
16. Which of these statements is not correct in relation to renewals?
 (a) The insured is under duty to accept once the insurer offers
 (b) Renewal constitutes a new contract
 (c) The renewal notice sent out by the insurer is an offer
 (d) Renewal is an opportunity for both parties to indicate any changes to the contract.

17. The insurance market is operated as a cycle over a period of time. Which of these is not true of the pattern?
- (a) When the market is hard more insurers enter
 - (b) When the market is soft more insurers enter
 - (c) Soft market is because of fierce competition
 - (d) There is huge profit during hard market
18. Joint policies are issued occasionally in the private motor sector. To whom are they issued?
- (a) Husband and wife
 - (b) Company and employees
 - (c) Member of an association
 - (d) Retired employees and their employers
19. A situation in which vehicles are rated collectively based mainly on the policyholder's claims history is known as ...
- (a) Plurality rating
 - (b) Individual rating
 - (c) Fleet rating
 - (d) Collective rating
20. Which type of policy is rated on named drivers trade plate or point basis?
- (a) Contingent liability
 - (b) Motorcycles/tricycles
 - (c) Business use only vehicles
 - (d) Motor trade
21. What roles do aggregators play in motor insurance in contemporary times?
- (a) Present an array of financial products to potential customers
 - (b) Direct claimants to good repair garages
 - (c) Support their clients to match vehicles to need
 - (d) Coordinate co-insurers in the sharing of large risks
22. Which of these is not a channel for sale of motor insurance products?
- (a) Traditional insurance companies
 - (b) Accident offices committee
 - (c) Direct sell companies
 - (d) Lloyds motor syndicate
23. These entities have advanced the concept of 'own branding' and now perform the whole range of underwriting functions leaving only the risk-carrying to insurance companies. What are they?
- (a) UK internet companies
 - (b) Reinsurance companies
 - (c) Pre-loss surveyors
 - (d) Direct sell intermediaries

24. An accident happened in which a fast-moving vehicle veered off the road to the sidewalk injuring an innocent pedestrian and without looking out for the injured victim took off and could not be traced. Which insurance body provides compensation to this victim?
- (a) Association of British Insurers (b) Motor Technical Committee
(c) Motor Insurers Bureau (d) Motor Repair Centre
25. The Government is interested in the protection of members of the public injured in motor accidents who have no direct recourse to compensation because of one defect or the other in cover. How many agreements did the secretary of the state sign with the motor sector of the industry?
- (a) 2 (b) 3 (c) 4 (d) 5
26. The Motor Insurers Bureau is a private company limited by the guarantee and hold no assets to cover their potential liabilities. How is their fund generated?
- (a) Government subvention (b) Penalties paid by road offenders
(c) Association of British Insurers
(d) Levies on premium income of Motor insurance
27. The UK Information Centre (UKIC) is saddled with ...
- (a) Giving information about the Insurers industry in the UK
(b) Regulate information flow from individual insurance companies
(c) Provide information to victim of accident occurring in relation to incident happening in relation to green card
(d) Publish statistics in relation to travels by UK citizens in the busy winter holiday period
28. Who has the legal responsibility for supplying all vehicle registration and insurer details to the MID database?
- (a) Insurer (b) Insured/policyholder
(c) Broker (d) Vehicle vendor
29. Which body in the insurers industry is regarded as the 'payer of the last resort'?
- (a) Lloyds syndicate committee (b) Motor insurers bureau
(c) Reinsurers association (d) Association of British insurers (ABI)
30. The Policy Helpline project set up with the MIB has the main objective of ...
- (a) determining if a motorist has valid insurance cover
(b) determining if the vehicle license is current
(c) finding out detail of driver's license
(d) finding out if policy holder has conviction history

31. When a vehicle is dealt with as n 'insurance write-off', which body does the handling insurers send details of the vehicle so treated to?
- (a) Research Centre, Thatcham (b) Authorized Repair Garage
(c) Drivers and Vehicle Licensing Agency
(d) Policy motor inspectorate Division
32. In Nigeria, you are approached by a member of the insuring public as to how they can check the genuineness of the third-party insurance they just purchased through their mobile phone. What is the code you will give to the insuring public member?
- (a) *131*1# (b) *656*11#
(c) *323*1# (d) *565*11#
33. What is he equivalent of the green card used in Europe for motorists who wish to drive their vehicle on journey outside their country of residence in Nigeria or Ghana?
- (a) International passport (b) ECOWAS brown card
(c) International driver's license (d) Customs entry permit
34. Which of the policy covers will not extend to 'non-road' use?
- (a) Comprehensive (b) Third party fire and theft
(c) Third party only (d) Road traffic ordinance
35. This department is referred to as the shop windows of an insurance company, which one would this be?
- (a) Underwriting (b) Marketing
(c) Claims (d) Compliance/audit
36. In order for a person to be able to make a valid claim, the person must be able to proof that they will benefit from the continuous existence of the subject matter and further financially from its loss. Which principle of insurance of insurance is this relevant to?
- (a) Insurers' interest (b) Proximate cause
(c) Indemnity (d) Subrogation
37. Mr. Kenneth bought a salon car from his thrift contribution in the office and approach Constant Equity Insurance Company to give cover. The company offered rate and he accepted by paying the premium. What forms the subject matter of the policy?
- (a) The saloon car (b) The premium payment
(c) The thrift contribution
(d) The rate quoted by the insurance company

38. The Marine Insurance act of 1906 stopped the people arranging insurance on the lives of public figure persons or property that is not their own. What principle does this talk to?
- (a) Indemnity (b) Contribution
(c) Proximate cause (d) Insurable interest
39. Mrs. Fineface had an accident with her car in alone accident during a heavy foggy weather on her way to work. Her insurance company paid her #225,000.00 to repair the car fully. The amount offered to her is ...
- (a) an estimate (b) a consideration
(c) an indemnity (d) a betterment
40. The act in which two insurance companies jointly pay a claim because they both give coverage to the same subject matter for the same insured is called ...
- (a) average (b) contribution
(c) insurable interest (d) subrogation
41. Contribution as a principle has a definite meaning but in the adjustment of claims it has another meaning/name. What is the meaning/name from the options below?
- (a) Betterment (b) Co-insurance
(c) Re-insurance (d) Average
42. An insurer paid his claim in full to its insured and proceeded to take on the party that caused the damage to their insured's vehicle for reimbursement. What legal right is the insurance company exercising?
- (a) Co-insurance (b) Contribution
(c) Subrogation (d) Excess
43. Before the advent of the telephone and internet, What was the traditional medium which claims were formally brought to the attention of insurers?
- (a) Proposal form (b) Accident report form
(c) Adjuster's form (d) Survey inspection
44. In an accident in which the policyholder's vehicle was damaged and was at fault damaging a third-party vehicle in addition. Which if these coverage levels will pa for repairs to both damages?
- (a) Third-party only (b) Road traffic ordinances
(c) Third-party theft and fire (d) Comprehensive

45. The body in the UK that is responsible for testing the theft and security ratings of various models of vehicles is ...
- (a) Lloyds syndicate motor committee (b) MOT division
(c) Thatcham research claims
(d) Thatcham claims and underwriting exchange
46. The document signed by the policy holder to confirm that they have checked and approved the repairs done on their vehicle by an approved garage is called ...
- (a) satisfaction note (b) consignment note
(c) delivery note (d) waybill
47. In a theft case of motor vehicle, it is normal for there to be a waiting period for the vehicle to be assumed as stolen. What is the period specified by the Insurers Act 2003 in Nigeria?
- (a) 30 days (b) 45 days (c) 60 days (d) 90 days
48. In a situation where the repair cost exceeds the pre-accident value of the vehicle/motorcycle on what basis is the compensation made?
- (a) Limit of occurrence (b) Retention limit
(c) Market value (d) Salvage value
49. The identity or details of a broken/crushed vehicle or motorcycle may be taken and used on a stolen vehicle or motorcycle. This negative practice is known as ...
- (a) panelling (b) ringing (c) wiring (d) cloning
50. How many years does an insured party have to pursue a claim for bodily injury before it becomes time-barred?
- (a) 4 years (b) 2 years (c) 3 years (d) 5 years

SECTION B – ATTEMPT ALL QUESTIONS (Questions from 51 to 60)

Answer True (T) or False (F)

51. There are basically four types of cover offered by insurers in motor insurance.
52. Wear and tear is only covered under comprehensive scope of cover.
53. Damage/loss caused by damage in the course of a theft can be recovered under both comprehensive and Third-party fire and theft.
54. The details of the excess applied to an insured vehicle is contained in the preamble of the policy.
55. The policy issued to an employee's use their personal cars for the employer's business with potential vicarious liability is occasional business use policy.
56. In a Road Traffic Act cover both bodily injury and theft party property damage have a given limit.
57. The Motor Insurance Bureau in the UK provides funds for the compensation of victims of untraced or uninsured drivers, the security and Development fund administered by the National Insurance Commission performs similar functions.
58. The Record Traffic Act 1988 requires that a motorist shall produce their certificate of insurance to the police. If they cannot produce it immediately, they have 14 days within to produce it at a police station
59. The Brown card system in the West African Sub-region operates through a Network of National Bureau spread across the fourteen-member states.
60. A private car policy holder enjoys the same scope of cover on his policy as when he drives a car under the driving other cars extension

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

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

Mr. Blue Ville is conducting a study on insurance market in which motor insurance is offered in Nigeria. He has heard many things true and untrue about motor insurance and seeks your help to clarify his “hazy ideas” about these issues by asking questions that come to his mind.

61. How many levels of cover are available for motor vehicles in Nigeria?
(a) 2 (b) 3 (c) 4 (d) 5
62. That some insurance companies are rated collectively based mainly on the policyholder’s claim history using the vehicles that belong to him. What is this rating called?
(a) Plurality combustion (b) Isolated rating
(c) Test evaluation (d) Fleet rating
63. He says he wants to be able to compare many insurance products on offer by various insurance companies in terms of products content and prices. What are the websites on which he can get these services called?
(a) Digital News Vendors (b) Data Surveyors
(c) Agency Network (d) The Company’s Websites
64. Part of what he has heard is that if his vehicle was hit by another vehicle that did not wait and could not be traced that injury/damage to him and his claim could be lodged at processed by ...
(a) Motor Insurers’ Bureau (b) Motor Insurance Database
(c) Motors Insurance Consumers Authority (d) National Brown Card Bureau
65. He said he was reliably informed that a platform exists where any one who reasonably has a cause to know can verify that a motor vehicle has current insurance cover. From what platform can he get this information in Nigeria?
(a) Nigeria’s Council of Brokers Website
(b) NAICOM Ombudsman Bureau
(c) Nigerian Insurance Industry Database
(d) Nigerian Industry Association Document Exchange

66. A group have come together to enlighten the public on the issue of motor insurance who on seen statistics that sizeable number of vehicles being driven on the roads without insurable cover. You have been approached to assist with information that agitated their minds so that they can be enlightened to educate the public. They have heard that third-party cover is relatively cheap and affordable to every motorist. How much will you tell them it cost to have third-party cover for a private car in Nigeria for a whole year?
- (a) ₦12,000.00 (b) ₦10,000.00
(c) ₦7,500.00 (d) ₦5,000.00
67. They wish to know if in travelling to Benin Republic and Togo for a cultural revival event which document they need to obtain in relation to the motor insurance cover in those countries.
- (a) ECOWAS Brown Card (b) ECOWAS Travel Certificate
(c) Pan-African Transit Card (d) West Coast Transit Card
68. There was an observation from a member of the group that when you have a claim the insurance company will deduct a small percentage from your settlement money. What is he talking about?
- (a) Average (b) Limit
(c) Excess (d) Depreciation
69. A member of the group who has not owned a car says that he understands that the police will require her to show evidence of motor insurance cover. Which document is she expected to show as evidence?
- (a) Policy Booklet (b) Certificate of Insurance
(c) Driver's License (d) Vehicle License
70. Another member said she heard that the normal period for a motor insurance policy is 12 months but she may not remember at the time. What document will the insurance company send to let them know about the anniversary date?
- (a) Supplementary proposal form (b) Renewal notice
(c) Proposal form (d) Offer letter

Mr. lucky is a young professional musician who bought a new fast speed car. He approached Trust Insurance Company Limited who accepted to give him cover subject to his bearing two levels of excess due to his age and profession. He was involved in an accident with another vehicle but was clearly not at fault as the other car hit him from the rear.

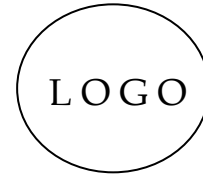
71. What is the additional excess he was asked to bear?
- (a) Deductible
 - (b) Franchise
 - (c) Average
 - (d) Inexperienced/young driver
72. He reports to his insurance company who accepted liability but asked for the insurance details of the other motorist so that they can seek reimbursement of their outlay. Which principle is at play here?
- (a) Subrogation
 - (b) Contribution
 - (c) Cooperation
 - (d) Indemnity
73. The vehicle has to be with the garage for repairs for a week. How much is his entitlement under his policy?
- (a) ~~₦~~1,000,000.00
 - (b) Unlimited
 - (c) Nil
 - (d) ~~₦~~500,000.00
- 74) Lucil wants to be sure that the certificate of insurance produced by the third-party was genuine, from which platform can he do this?
- (a) Brothers council
 - (b) Nigeria Insurance Industry Database
 - (c) Nigerian Insurers Association Digest
 - (d) Accident Offices Committee
75. The insured called to say that the garage called him to pickup his car and gave him a paper to sign as evidence to the insurer that he is happy with the repairs. The document is a ...
- (a) claim form
 - (b) settlement offer
 - (c) discharge voucher
 - (d) satisfaction note

F06 – OCTOBER 2022 MOTOR INSURANCE PRODUCT							
1	C	21	A	41	A	61	B
2	A	22	B	42	C	62	D
3	A	23	D	43	B	63	D
4	D	24	C	44	D	64	D
5	D	25	D	45	C	65	C
6	A	26	D	46	A	66	D
7	C	27	C	47	D	67	A
8	B	28	B	48	C	68	C
9	D	29	B	49	B	69	B
10	C	30	A	50	C	70	B
11	A	31	C	51	T	71	D
12	C	32	D	52	F	72	A
13	C (D)	33	B	53	T	73	C
14	B	34	D	54	F	74	B
15	B	35	C	55	F	75	D
16	A	36	Bonus	56	F		
17	B	37	A	57	T		
18	A	38	D	58	F		
19	C	39	C	59	T		
20	D	40	B	60	F		

F07

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F07 - HOUSEHOLD INSURANCE PRODUCTS
OCTOBER 2022 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 OCTOBER
2022 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.

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.

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.

Chief Examiners Comment

The average pass rate is quite commendable. This implies and possibly showed that the candidates adequately prepared for the examination.

Comments on Overall Performance

The overall performance is quite comforting. However, there is still room for improvement.

Suggestions on Improvement

The candidates should not take this result for granted. They should see it as a spring board to further prepare more adequately and excel.

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

1. The section of the household policy is designed to cover ...
 - (a) the content in a home
 - (b) the movable structures in the house
 - (c) the structure of the home
 - (d) everything in the home

2. "Buildings" is specifically defined in the policy wording and would typically include all except ...
 - (a) swimming pools, ornamental ponds and fountains
 - (b) beddings, furniture and electronics
 - (c) oil and gas tanks, septic tanks and cesspits
 - (d) fixtures, fittings and decorative finishes

3. The standard perils covered in building insurance will exclude ...
 - (a) any gradually operating cause
 - (b) storm and flood
 - (c) theft and attempted theft
 - (d) Subsidence, ground heave or landslip

4. Repairs to plumbing after freezing in buildings insurance will cover ...
 - (a) damage when the property is unoccupied or unfurnished
 - (b) plumbing that is outside or an out-building
 - (c) damage result from rusting, corrosion or general wear and tear
 - (d) the cost of repairing any plumbing in the home after damage caused by freezing

5. If contracts have been exchanged for the sale of a home, the purchase is liable for the property from the date of exchange under the ...
 - (a) reinstatement auxiliary clause
 - (b) contracting purchasers' clause
 - (c) sales agreement clause
 - (d) rent clause

6. The term 'household' in the policy excludes ...
 - (a) office partner
 - (b) spouse
 - (c) domestic staff
 - (d) children

7. The limit anyone valuable item varies between explicably stated amounts by the insurers. Insurers are often prepared to include items of greater valued produced. This applies to ...
 - (a) single article limit
 - (b) valuable limit
 - (c) money
 - (d) excess

8. "The total value of valuable items is not to exceed one third of the contents sum instead, unless specifically agreed." This applies to ...
Single article limit
- (a) single article limit (b) valuable limit
(c) money (d) excess
9. Which of these is excluded in the definition of money?
- (a) Lottery tickets (b) Postal and money orders
(c) Premium bonds (d) Travelers' cheque
10. Which of these is covered in the theft section of the content insurance?
- (a) Loss of money or credit cards (b) Loss of deception
(c) Loss of someone who breaks into or out of the home using force or violence
(d) Loss of damage while the home or any part of it is let or sublet
11. Which of these is NOT part of the additional items of cover?
- (a) Contents of the building (b) Item temporarily removed for repair
(c) Contents in the garden (d) Glass and mirror
12. Terrorism is a good example of a policy ...
- (a) cover (b) extension
(c) exclusion (d) additional item of cover
13. "... is the use, or threat of use of biological, chemical and/or nuclear force of any person(s) whether acting alone or on behalf of any connection with any organisation..."
- (a) Radioactive contamination (b) Comic bang
(c) Pollution (d) Terrorism
14. Which of these is not an extension of cover to contents provided by personal possess?
- (a) Jewellery (b) Clotting
(c) Television set (d) Mobile phones
15. Which of these is not an exclusion in a household policy?
- (a) Insect or vermin (b) Theft of a content
(c) Corrosion, riot, mildew and fungus
(d) Confiscation or detention by customs

16. Money insurance will cover all except?
- (a) Accidental loss of money
 - (b) Theft of money in premises of the insured
 - (c) Loss of money in the home of an authorized officer
 - (d) Loss of lottery ticket
17. Frozen foods cover will cover ...
- (a) Loss of food stored in a freezer caused by a change in temperature
 - (b) Loss of food held for business purposes
 - (c) Loss due to the supply company deliberately restricting the supply of electricity
 - (d) Loss due to a deliberate act of the insured
18. Household insurers offer a number of the other optional extensions, which does not include ...
- (a) livestock or pets
 - (b) pedal cycles
 - (c) money and credit cards
 - (d) legal expenses
19. Which of these is not an exclusion in caravan insurance?
- (a) The policy excesses
 - (b) Property more specifically insured
 - (c) Wear and tear
 - (d) Loss or damage to the content
20. "Storm damage to a trailer, tent or a ..." is an exclusion found in ...
- (a) travel insurance
 - (b) building insurance
 - (c) medical insurance
 - (d) caravan insurance
21. How many main types of travel insurance policy is available?
- (a) Two
 - (b) Four
 - (c) Five
 - (d) Six
22. How many basic sections of cover is provided by majority of travel insurance?
- (a) 2
 - (b) 4
 - (c) 5
 - (d) 6
23. Which of these is an extension of cover in travel insurance?
- (a) Personal accident benefit
 - (b) Medical and associated expenses
 - (c) Delayed baggage
 - (d) Personal liability
24. ... provides cover for the reimbursement of deposits and payments made for transport and accommodation booked for, but not used by the insured.
- (a) Personal liability
 - (b) Curtailment
 - (c) Cancellation
 - (d) Travel interruption

25. ... involves cutting short a holiday part way through.
- (a) Travel delay (b) Curtailment
(c) Cancellation (d) Travel interruption
26. ... 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) Travel delay (b) Curtailment
(c) Cancellation (d) Travel interruption
27. Specialist Mobile Phone insurance will cover all except?
- (a) The cost of buying new handset (b) Unauthorized calls
(c) Apps, games, music and other content
(d) Phone accessories
28. Which of these special risk policies that will cover business equipment and stock?
- (a) Building insurance (b) Content insurance
(c) Home-business policy (d) Holiday policy
29. Who is responsible for arranging the insurance for blocks of flats?
- (a) Tenants (b) Landlord
(c) Local authority (d) Agent
30. The landlords' policies will exclude ...
- (a) property owners' liability (b) loss of rental income
(c) cost of evicting a bad tenant (d) loss of tenants' contents
31. Typical extensions to a standard household policy for a high network policy will exclude?
- (a) Business money
(b) Automatic cover for accidental damage on buildings
(c) Annual multi-trip travel insurance (d) Cover for high value items
32. A self-employed person will buy which of these policies?
- (a) Holiday homes (b) Shared and rental homes
(c) High net worth homes (d) Homeworking
33. Which of these is a branch of civil law?
- (a) Constitutional law (b) Law of contract
(c) Administrative law (d) Criminal law

34. Which of these is concerned with the relationships between individuals?
 (a) Public law (b) Private law
 (c) Constitutional law (d) Administrative law
35. Which of these is the highest court of the land?
 (a) Court of Appeal (b) National Industrial Court
 (c) Supreme Court (d) Magistrate Court
36. ... is a breach of a fixed duty that the law imposes on everybody.
 (a) Crime (b) Contract (c) Tort (d) Case
37. Which of these cases has to do with strict liability?
 (a) Rylands v. Fletcher (1868) (b) Blyth v. Birmingham Waterworks (1856)
 (c) Donoghue v. Stevenson (1932) (d) Castellani v. Preston (1785)
38. Negligence was legally defined in the case of?
 (a) Rylands v. Fletcher (1868) (b) Blyth v. Birmingham Waterworks (1856)
 (c) Donoghue v. Stevenson (1932) (d) Castellani v. Preston (1785)
39. The principle surrounding the Duty of Care it found in the case of?
 (a) Rylands v. Fletcher (1868) (b) Blyth v. Birmingham Waterworks (1856)
 (c) Donoghue v. Stevenson (1932) (d) Castellani v. Preston (1785)
40. Which of these is not a rule contained in the Animals Act 1971?
 (a) Liability for dangerous species (b) Liability for straying livestock
 (c) Liability for animal killed by escape of fire
 (d) Worrying of livestock
41. ... involves unlawfully encroaching upon the person, their land or property
 (a) Negligence (b) Nuisance
 (c) Trespass (d) Strict liability
42. ... involves interference with a person's rights of enjoyment of their property or land.
 (a) Negligence (b) Nuisance
 (c) Trespass (d) Strict liability
43. Which of these is the umbrella body of insurance companies in Nigeria?
 (a) Professional Reinsurers Association of Nigeria
 (b) Nigerian Council of Registered Insurance Brokers

- (c) Association of Registered Insurance Agents of Nigeria
 - (d) Nigerian Insurers Association
44. The regulator of Insurance brokers in Nigeria is ...
- (a) Nigerian Council of Registered Insurance Brokers
 - (b) National Insurance Commission
 - (c) Central Bank of Nigeria
 - (d) Financial Conduct Authority
45. ... has traditionally been the most common mechanism by which the insurer receives information regarding the risk to be insured.
- (a) Policy
 - (b) Endorsement
 - (c) Claims Form
 - (d) Proposal Form
46. Which of these can also be referred to as a 'statement of fact'?
- (a) Policy
 - (b) Endorsement
 - (c) Claims Form
 - (d) Proposal Form
47. The current law regulating insurance practice in Nigeria is ...
- (a) Insurance Act 1976
 - (b) Insurance Act 1991
 - (c) Insurance Act 2003
 - (d) Insurance Act 2015
48. Which of these is a "specific information regarding the risk to be insured"?
- (a) Age of property
 - (b) Name
 - (c) Occupation
 - (d) Date of Birth
49. Which of these conditions are not covered by travel delay section of a travel insurance?
- (a) Strike or industrial action
 - (b) Adverse weather conditions
 - (c) Mechanical breakdown or structural defect
 - (d) Damage to third-party property
50. Which of these is not an exclusion insurance?
- (a) Taking part in hazardous activities
 - (b) Participation in manual work
 - (c) Injury or death while on holiday
 - (d) Pregnancy or childbirth

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

51. Personal accident insurances are arranged on indemnity basis.
52. Wear and tear are not covered in household insurance.
53. The Central Bank of Nigeria is the sole regulator of Insurance in Nigeria.
54. Where legal liability is established, it creates a right to make legal action regardless of insurance.
55. Subsidence and landship have the same meaning.
56. Fire damage to an insured television is covered by the building insurance.
57. Content insurance is NOT an annual policy.
58. Brokers normally place risk with direct insurers.
59. Loss of rent is an example of additional items of cover in household insurance.
60. Escape of oil or water is an example of special perils.

Musa and Aisha decided to spend their holidays in Ghana to mark their fifth marriage anniversary. They bought a travel insurance cover for ₦5million and was given a rate of 1%. Shortly on arrival at Ghana, Aisha's brother became sick and the couple had to cut short their holiday. Musa and Aisha's neighbor, Ahmadu buys a second house which he had rented to Jubril. While leaving in the house Jubril fell down as a result of his worn-out carpet and decided to sue the landlord for a claim for his fall.

66. Which section of Musa and Aisha's travel insurance will cover the cost of the returning back home as a result of Aisha's brother's ill health?
- (a) Cancellation (b) Personal liability
(c) Medical expenses (d) Curtailment
67. Which type of policy will Ahmadu buy for his second house?
- (a) Holiday home (b) Rent
(c) Household (d) Working from home
68. How much did the couple pay as premium for the travel insurance?
- (a) ₦5,000.00 (b) ₦50,000.00
(c) ₦500,000.00 (d) ₦5,000,000.00
69. Which principles makes it difficult for Jubril to claim for the loss from his landlord?
- (a) Utmost good faith (b) Proximate cause
(c) Indemnity (d) Contribution
70. In the cause of the fall as a result of defects attributed to the landlord, which principle would have made the landlord's insurer to pay for the claim?
- (a) Utmost good faith (b) Proximate cause
(c) Indemnity (d) Contribution

Joyce owns her own business and a cat she loves so much. She runs her business from home which is known to her insurer and she had her insured business equipment for the sum of ₦2million and stock for the sum of ₦1million. Her insurance also covers the content of her house for the sum of ₦1.5million, too. Recently, a paint can accidentally fell down and damaged a carpet valued ₦50,000.00 and her policy has an excess of ₦20,000.00.

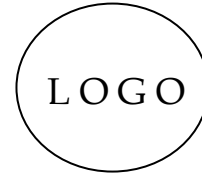
71. What is the best policy for a person that works from home to cover her contents?
- (a) Home working policies (b) Household insurance
(c) Shared and rented home insurance
(d) High networth households
72. Sandra had reported a claim of ₦3million for her office equipment. How much is the maximum liability of the insurer for the loss?
- (a) ₦2million (b) ₦3million
(c) ₦5million (d) No hint.
73. Two weeks later she submitted a claim for ₦2million for her stock. How much is the maximum amount that she is entitled to?
- (a) ₦500,000.00 (b) ₦1,000,000.00
(c) ₦1,500,000.00 (d) ₦2,000,000.00
74. Which policy will cover her cat?
- (a) Vet insurance (b) Household insurance
(c) Travel insurance (d) Pet insurance
75. How much will the insurers pay for the damaged carpet?
- (a) ₦20,000.00 (b) ₦30,000.00
(c) ₦50,000.00 (d) Nil

**F07 – OCTOBER 2022 HOUSEHOLD
INSURANCE PRODUCTS**

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

F08

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 OCTOBER
2022 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.

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.

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.

Chief Examiners Comment

The candidates' performance in the course is below expectations. It can be deduced that their performances from each section portrays their level of preparedness for the examination.

The section A was not well answered by majority of the candidates. The section B of "True or False" was also not well answered. Performance on the third section C appeared to be different for some of the candidates because it is a case study.

Comments on Overall Performance:

The overall performance of 40% is below average; although better than last diet's own; and there is also a great need for improvement if we are to compare to previous diets.

Suggestions on Improvement

Suggestion for improvement is to understand the various healthcare products, underwriting procedures and historical aspect healthcare insurance as contained in the coursebook and consciously work towards a better understanding of what is being studied.

- (b) To promote the enforcement of occupational safety and health standards in the workplace
 - (c) To provide a claims assessment of employers' risk rating and ensure appropriate contributions is paid
 - (d) To establish and maintain a solvent compensation fund, which will be managed in the interest of both employees and employers
8. Which one is not part of the principal differences that define the split between the public and private sectors?
- (a) Most private hospitals have no A &E facilities
 - (b) The time spent waiting to be treated (waiting lists) and choice regarding when to be treated
 - (c) The private sector allows a complete choice of specialist and that specialist is likely to personally carry out all treatment.
 - (d) None of the above
9. Which one of the options is not part of the complimentary or alternative medicine?
- (a) Acupuncture
 - (b) Mastectomy
 - (c) Osteopathy
 - (d) Homeopathy
10. In addition to emergency treatment, PMI policies do not routinely include the costs incurred.
- (a) Normal pregnancy and childbirth
 - (b) Chronic illness such as asthma or diabetes
 - (c) A choice of hospitals
 - (d) Cosmetic surgery
11. When were the provident associations introduced?
- (a) 1920s and 1930s
 - (b) Between 1925 and 1930.
 - (c) 1930s and 1940s
 - (d) None of the above
12. Which one is the largest provident association?
- (a) AXA PPP
 - (b) BCWA
 - (c) BUPA
 - (d) None of the above
13. Health cash plans trace their ancestry as a movement back to the ...
- (a) 19th century
 - (b) 18th century
 - (c) 7th century
 - (d) 7th century
14. Non-insured company-paid healthcare schemes paid out an estimated ... in claims in 2015.
- (a) €678
 - (b) €688
 - (c) €688
 - (d) €689

15. Which one of the options is not one of the strengths of TPAs and consultancies?
- (a) Independence (b) Motivation
(c) Information (d) Data collection
16. Which one of the options is not benefit of the report under market size and structure?
- (a) Highlights issues around service quality and its attendant effects on the enrollees
(b) Provides information on the Health Insurance Industry and provides a brand insight of the industry operations
(c) Examines the industry's size, structure and competitive profit of the operators and outcome key competitive aids pertinent to the success of a HMO.
(d) Provides an overview of the regulator and regulations guiding the industry
17. Which of the country enacted their National Health Insurance Act in August 2003?
- (a) Nigeria (b) Zambia (c) Cameroun (d) Ghana
18. How has the NHS tended to balance demand and resources for acute hospital care?
- (a) By paying the bill
(b) By allowing waiting lists to build up.
(c) By not allowing waiting lists to build up
(d) By disallowing waiting lists to build up
19. Increasing globalization of healthcare workers meaning what?
- (a) Healthcare workers studying for better improvement in their field
(b) Healthcare workers enhances their experience from different countries
(c) Healthcare workers means many people will spend at least part of their career working abroad
(d) None of the above
20. ... is the arrangement whereby the employer divides to pay for healthcare treatment for their employer as these costs arise, rather than having insurance.
- (a) Self-insurance (b) Co-insurance
(c) Multiple insurance (d) Non-insurance

21. Expatriate international medical insurance policies usually have different pricing structures depending on the countries covered. Which of the places is not correct?
- (a) Republic of Ireland
 (b) A specific country or region i.e. Africa
 (c) Europe only
 (d) Rest of the world (excluding North America)
22. The travel insurance will normally provide similar cover to that offered under expatriate international policy, but it designed to cover ...
- (a) Accident and emergencies
 (b) Treatment costs for chronic condition
 (c) GP costs
 (d) All of the above
23. PMI will usually pay for acute flare-ups if chronic conditions and initial diagnosis of a ...
- (a) critical illness
 (b) chronic condition
 (c) osteoarthritis
 (d) all of the above
24. PMI pay for treatment of all except ...
- (a) in-patient
 (b) day patient
 (c) out-patient
 (d) accident and emergency
25. The process of annual reviewing is referred to as ...
- (a) underwriting
 (b) renewal
 (c) survey
 (d) all of the above
26. Under what circumstances can insurer cancel a policy. Only if the policyholder ...
- (a) fails to pay the premium
 (b) dies
 (c) moves abroad
 (d) all of the above
27. PMI will not cover all of an individual's healthcare needs; it usually only covers the cost of ...
- (a) acute conditions
 (b) pre-existing condition
 (c) healthcare condition
 (d) none of the above.
28. The categorization of hospitals which customers may have access according to the cost of the services and treatment is called?
- (a) Hospital bond
 (b) Hospital classification
 (c) Hospital reference
 (d) Hospital arrangement

29. Surgical procedures are usually classified according to their complexity and time involved for both ...
- (a) nurses and midwives (b) gynecology and obstetric
(c) neurologist (d) surgeon and the anaesthetist
30. Comprehensive PMI policies are sometimes referred to as ...
- (a) full refund policy (b) total cover policy
(c) complete policy (d) unlimited cover policy
31. Which one of the following is not common among the types of out-patient treatment?
- (a) Radiotherapy (b) Radiology
(c) Physiotherapy (d) Pathology
32. Which of the following operations is a complex major ...
- (a) heart by-pass (b) wisdom teeth removal
(c) removal of skin lesions (d) partial thyroidectomy
33. Group PMI for employer scheme does not fall into ...
- (a) large group scheme
(b) small group scheme paid by the employer
(c) individually purchased personal scheme
(d) voluntary scheme; set up by the employer but paid by the employee
34. ... is an alternative way for expatriates to deliver private healthcare for employees.
- (a) Health trust (b) Health cash plan
(c) Commercial insurers (d) Provident insurers
35. The strengths of TPAs and consultancies do not include ...
- (a) information (b) flexibility (c) dependence (d) Motivation
36. Which of these is not a challenge of using self-insurance for provision of medical insurance?
- (a) People often underestimate the total cost of such healthcare
(b) Even low cost events can add up to substantial sums if a number of treatments are required
(c) People keep enough to care for their bills
(d) If more treatment is required in the future extra costs will be incurred

37. Which of these is not true of taxation of Healthcare Insurance Products?
- (a) IPT has been charged at 5% on healthcare insurance
 - (b) Premium for medical insurance is liable to Value Added Tax (VAT)
 - (c) Premiums for medical insurance is liable to Insurance Premium Tax
 - (d) Benefit paid under medical insurance policy or from a health trust are usually subject to tax for the person who receives the benefit
38. Which of these is not true?
- (a) Group scheme covers non-emergency conditions
 - (b) Employees needing accident and emergency treatment or requiring a consultation with a GP must go through the NHS
 - (c) Group scheme covers non-acute medical conditions
 - (d) None of the above.
39. An EAP provides employees with access to a confidential counselling service covering a range of issues, including ...
- (a) debts and financial worries
 - (b) Family and domestic difficulties
 - (c) Mental and addictive illness, including drug abuse
 - (d) None of the above
40. A policy excess is ...
- (a) the amount the insurer will pay on every claim
 - (b) the amount the claimant will bear before the insurer will pay anything
 - (c) the amount to be shared between the insurer and the claimant
 - (d) all of the above
41. Which of these policies is regarded as an "add on" to another policy?
- (a) Major medex
 - (b) Capitation plan
 - (b) Sickness and accident insurance
 - (d) Health Cash Plan
42. Accident insurance typically has a schedule of benefits that does not include ...
- (a) Accidental death
 - (b) Permanent and total disability
 - (c) Loss of limb, hand, etc
 - (d) None of the above
43. Which of these is not part of ADLs as defined by ABI?
- (a) Working
 - (b) Washing
 - (c) Dressing
 - (d) Feeding
44. Which of these is not an example of illness covered by critical illness insurance?
- (a) Cancer
 - (b) Malaria
 - (c) Heart attack
 - (d) Stroke

45. Which is the odd one out?
 (a) Long term disability insurance
 (b) Long term care insurance (d) Permanent health insurance
 (d) Income protection insurance
46. What type of policy could provide someone with an income until retirement if they become long-term ill or disabled?
 (a) Mortgage payment protection insurance
 (b) Income protection insurance
 (c) Critical illness insurance (d) Health cash plan
47. ... will provide information on a menu basis for example, a particular number is provided that gives access to a pre-recorded tape about heart disease or diabetes.
 (a) Healthcare helpline (b) An active helpline
 (b) Working helpline (d) A passive helpline
48. Private medical insurance does not normally include the cost of preventive medicine or health check-up which are usually known as ...
 (a) Healthcare plan (b) Medical assessment
 (c) Health screening (d) Soft benefit
49. A private GP has just written out a prescription for year, who pays for it? Is it ...
 (a) the NHS? (b) the GP themselves
 (c) your (patient) (d) the employer
50. Radiology has to do with?
 (a) X-rays/ body scans (b) Consultation
 (c) Blood & urine test (d) None of the above
51. Pathology has to with?
 (a) X-rays/ body scans (b) Blood and urine test
 (c) Consultations (d) None of the above
52. Which of the following surgical procedures will cost the insurer more to refund the medical expenses?
 (a) Major (b) Intermediate (c) Major plus (d) Minor
53. ... allows individuals to buy some protection against the cost of private treatment whilst keeping premiums to a minimum.
 (a) Comprehensive (b) International policies
 (c) Standard policies (d) Budget policies

54. Medical insurance will not enable people to ...
- (a) avoid having to wait for treatment
 - (b) avoid finding themselves in a mixed sex ward
 - (c) have the choice of a specialist consultant
 - (d) not get treatment at all
55. ... allows individuals to buy some protection against the cost of private treatment whilst keeping premiums to a minimum.
- (a) Budget policies
 - (b) Standard policies
 - (c) Comprehensive policies
 - (d) International policies
56. Which of these policies will cover the associated risks with longevity?
- (a) Pre-funded policy
 - (b) Long-term care
 - (c) Payment protection insurance
 - (d) Major medex
57. Everyday activities under ADLs will not include ...
- (a) sleeping
 - (b) feeding
 - (c) toileting
 - (d) transferring.
58. ... pays out a predetermined lump sum on either the diagnosis of one of a specified range of illness or an undergoing one of a specified range of operations.
- (a) Long-term care insurance
 - (b) Cancer only cover
 - (c) Critical illness insurance
 - (d) Major Medex
59. Which of these is NOT part of the four main types of independent intermediaries?
- (a) Brokers
 - (b) Tele-sales
 - (c) Other intermediaries
 - (d) Employee benefits consultants
60. An international medical insurance policy may not cover ...
- (a) All expenses for in-patient, day-patient and out-patient treatments
 - (b) Surgeons', anesthetists' and physicians' fees
 - (c) Drugs and dressing
 - (d) None of the above

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

61. The main distribution channel in healthcare insurance are sales forces and independent intermediaries.
62. The aim of the IDD is to make it stricter for firms to trade across borders.
63. Traditionally, PMI insurers have tended to apply an exclusion rather than a premium loading.
64. Car is a condition that is covered by all PMI policies.
65. The fixed moratorium is also referred to as a “flat” moratorium.
66. Most traditional schemes simply exclude all pre-existing conditions.
67. Electronic billing is a specialist software used by hospitals to record details of a claim, along with their costs.
68. Health cash plan claims generally take six forms.
69. HMOs are licensed and regulated by the National Insurance Commission in Nigeria.
70. Dental claims will be paid in accordance with the type of cover the customer has.
71. PMI policies cover chronic illness such as asthma or diabetes.
72. Health cash plans trace their ancestry as a movement back to the nineteenth century.
73. Comprehensive policies provide the widest scope of cover in PMI.
74. Group PMI policies could be sold to individuals.
75. Policy excess is not applicable in health insurance.
76. A capitation plan is a budgeting rather than a ‘true’ insurance policy.

77. Dental insurance is mainly still sold as a group contract and is becoming increasingly popular as an employee benefit.
78. Travel insurance does not usually pay where the purpose of visit is to have medical treatment abroad.
79. Long term income protection insurance is also known as immediate needs or pointy need policy.
80. Most insurers will not pay benefit when the member is assessed as having a total permanent disability (TPD).
81. PMI policies normally cover the cost preventive medicine or health check-ups.
82. The principal value of independent intermediaries is the impartial advice that they can offer on what would be the best healthcare insurance cover.
83. Healthcare insurance policies often incorporate built-in exclusions that apply to all customers with a particular product.
84. Pre-existing conditions are usually covered.
85. With Moratorium Underwriting there are requirements for the applicant to declare their medical history.

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

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

Olakunle takes out a PMI policy and money he chose a ~~₦~~100,000.00 annual excess saving 10% on his premiums. In year one, he incurs claimable costs of ~~₦~~90,000.00. In year two he needs to have an operation, which costs ~~₦~~5,000,000.00. Later, he incurs claimable cost of ~~₦~~80,000.00.

86. How much will the insurer pay in year one?
(a) ~~₦~~0.00 (b) ~~₦~~90,000.00 (c) ~~₦~~100,000.00 (d) ~~₦~~110,000.00
87. For the cost of the operations in year two, how much will the insurers pay?
(a) ~~₦~~0.00 (b) ~~₦~~100,000.00 (c) ~~₦~~4,900,000.00 (d) ~~₦~~5,000,000.00
88. For the claim of ~~₦~~80,000 in year two, how much will the insurer pay?
(a) ~~₦~~0.00 (b) ~~₦~~80,000.00 (c) ~~₦~~90,000.00 (d) ~~₦~~100,000.00
89. If a franchise of ~~₦~~200,000 had been chosen by the claimant how much would be the liability of the insurer given that there is policy excess of ~~₦~~100,000?
(a) ~~₦~~0.00 (b) ~~₦~~4,900,000.00 (c) ~~₦~~4,800,000.00 (d) ~~₦~~4,700,000.00
90. The meaning of PMI policy is ...
(a) Personal Motor Insurance (b) Personal Medical insurance
(b) Private Mortgage Insurance (d) Private Motor insurance

Mr. Ajanlekoko works by majorly assessing the medical report of proposers who approach life insurance cover for insurance cover assurance company. For the life assurance company that Mr. Ajanlekoko works for, the medically underwritten limit is ₦200m. One day Mr. Baruwa requested for an insurance cover on his life to the value of ₦250m and he was asked to present himself for some medical examinations. He did and was there-after accepted as an above average life.

91. Mr. Baruwa must have been told to undergo medical examinations because ...
- (a) his proposed sum assured was above the non-medical limit
 - (b) he is seen as a good customer of life assurance company
 - (c) his record shows that he visited the hospital very regularly
 - (d) all of the above
92. An average life is a client that has ...
- (a) been medically underwritten by an insurance company.
 - (b) been certified as medically fit after been medically underwritten by an insurance company.
 - (c) lived averagely over the years
 - (d) been financial underwritten by an insurance company.
93. If Mr. Ajanlekoko dies during the policy period of Mr. Baruwa, the insurance company will pay ... as benefit to the estate of Mr. Baruwa.
- (a) ₦0.00
 - (b) ₦200m less policy excess
 - (c) ₦200m
 - (d) ₦250m.
94. Supposing Mr. Baruwa refused to have been medically examined and he died. How much will the insured company pay to his estate?
- (a) ₦200m
 - (b) ₦250m
 - (c) ₦100m
 - (d) None of the above.
95. What if the cause of his death had been accident, how much would the insurance company pay to his estate?
- (a) ₦200m
 - (b) ₦100m
 - (c) ₦250m
 - (d) ₦250m less policy excess.

Mr. Earnest Nwoke was ill and had wanted to use Lagos Hospital Plc as his clinic. He had approached the 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 too expensive as a result of the hospital's accommodation. Mr. Nwoke 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 a blood test, urine test and body scan, he also went further to buy the health care plans from the intermediary.

96. The carrying out the body scan is called ...
- | | |
|-------------------|------------------|
| (a) physiotherapy | (b) radiology |
| (c) pathology | (d) consultation |
97. The carrying out of the blood test and urine test is called?
- | | |
|---------------|-------------------|
| (a) Pathology | (b) Consultation |
| (c) Radiology | (d) Physiotherapy |
98. The grouping of hospitals for fees according to their accommodation is called?
- | | |
|---------------------|----------------------|
| (a) Hospital group | (b) Hospital account |
| (c) Hospital rating | (d) Hospital band |
99. The type of policy that will pay Mr. Nwoke's hospital bill is?
- | | |
|---------------------------------|--------------------------------|
| (a) Personal Accident Insurance | (b) Healthcare Insurance |
| (c) Sickness Insurance | (d) Critical Illness Insurance |
100. The following were the tests that the consulting doctor asked Mr. Earnest Nwoke to undergo except ...
- | | | | |
|---------------|----------------|-----------------------|----------------|
| (a) body scan | (b) blood test | (c) health care plans | (d) urine test |
|---------------|----------------|-----------------------|----------------|

F08 – HEALTHCARE INSURANCE PRODUCTS

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