



*Chartered Insurance
Institute of Nigeria*

Chief Examiners' Report

October 2023

Foundation Level (F01 to F08)

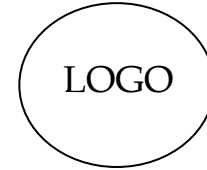
GENERAL RELATED ISSUES TO WATCH OUT FOR IN FUTURE SITTINGS

DO'S	DONT'S
Start studying for the next diet early (from November/December for April diets and May for October diets)	Concentrate all your time and effort on Part 1 @ the detriments of Parts B & C (Diploma & Advanced)
Start each question on a fresh page	Write after invigilators have declared "time-up"
Read and follow instructions clearly (ensure you download and read the "students' instructions" from the website)	Write your name on any part of the answer scripts
Master the tricks of answering questions intelligently by following tips learnt before the exams and concentrating on questions that would fetch you more marks.	Nurture fear on any subject. There is no subject that distinction cannot be obtained.
Attend the Annual Students' Forum	Avoid the Annual Students' Forum
<p>CANDIDATES SHOULD VISIT & UNDERSTAND THE CONTENTS, REGULATIONS AND GUIDELINES/MARKET AGREEMENTS ETC ON THE FOLLOWING SITES naicom.com (NAICOM), nigeriainsurers.org (NIA); ncrib.net (NCRIB); nigeriailan.com (ILAN); cinigeria.com (CIIN)</p>	
<p>INFRACTIONS ON ANY OF THE INSTRUCTIONS COULD LEAD TO STIFF SANCTIONS. DO NOT BE A CULPIT. ANY CANDIDATE CAUGHT AND/OR FOUND TO BE CHEATING/HAVE CHEATED, WILL BE BARRED FROM PARTICIPATING IN ANY OF THE INSTITUTE'S EXAMINATION ACTIVITY FOR TWO (2) YEARS AND THE EMPLOYER WILL BE DULY INFORMED OF ANY SUCH INCIDENCE(S).</p>	
<p>STOP WORKING HARD TO FAIL!!! START WORKING EFFORTLESSLY TO PASS OUTSTANDINGLY!!!</p>	

F01

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F01 - INSURANCE, LEGAL AND REGULATORY
YEAR 2023 OCTOBER DIET



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

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- 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
2023 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.

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

1. Risk-seeking people are those who are ...
(a) willing to carry certain risks themselves
(b) going up and down to look for risk
(c) those who hunt for risks (d) those who seek risks
2. Risk management is important for the following number of reasons except that it ...
(a) reduces the potential for loss (b) increases the potential for loss
(c) gives shareholders a greater degree of confidence
(d) provides a disciplined approach to quantifying risks.
3. A manager who examines the pattern of accidents involving drivers under the age of 25 and predicting likely future happening for drivers in this category is ...
(a) analysing the risk (b) controlling the risk
(c) identifying the risk (d) all of the above
4. Arranging for a security firm to accept responsibility for cash whilst in its control is a good example of ... risk control.
(a) physical (b) capital (c) financial (d) insurance
5. One of the following does not fit into types of insurance risks.
(a) Financial and Non-Financial (b) Specific and Non-Specific
(c) Pure and Speculative (d) Particular and Fundamental
6. The financial value of the risk of theft for an item of jewellery is...
(a) its on-the-shelf value (b) its value at the time of purchase
(c) its current market value (d) all of the above
7. When risks occur on such a vast scale and they are not insurable, they are called ... risks.
(a) particular (b) pure (c) poor (d) fundamental
8. Covid-19 pandemic is a very good example of ... risk.
(a) particular (b) pure (c) speculative (d) fundamental
9. In a car collision, damage to vehicle and any third-party liability affecting relatively few individuals is a risk.
(a) speculative (b) particular (c) pure (d) fundamental
10. When an event is accidental, unexpected and not inevitable, it is said to be ...
(a) fortuitous (b) un-fortuitous
(c) unbearable (d) none of the above
11. A fundamental principle of insurance which is the legally recognised financial relationship between the insured and the object or liability being insured is known as ... interest.
(a) insured's (b) insurer's (c) insurable (d) uninsurable

12. A security protection at a shop represents one of the following options.
 (a) Moral Hazard (b) Physical Hazard
 (c) Peril (d) None of the above
13. Where it is said that indemnity is measured as the amount of any court award, the discussion is centered on ...
 (a) farming stock (b) liability insurance
 (c) household goods (d) all of the above
14. A loss of ₦50,000.00 that was reported as ₦200,000.00 is a perfect example of ...
 (a) physical hazard (b) moral hazard
 (c) peril (d) carelessness
15. When insurers use the services of surveyors for larger risks, they are expected to perform the following roles except...
 (a) assess the risk for the underwriter (b) estimate the loss potential
 (c) pay the claim on behalf of the insurer
 (d) make recommendations regarding improvements
16. A manufacturing firm takes a decision to self-insure the first ₦45,000.00 of each and every property loss they suffer. The amount is referred to as ...
 (a) retention (b) franchise (c) surplus (d) all of the above
17. Glass insurance policies provide cover on ... basis.
 (a) fire risk (b) all risks (c) valued risk basis
 (d) (a) and (b) only
18. Insurance that can be taken out by businesses against the risk that revolution or other political conditions will result in a loss is called ... insurance.
 (a) revolution (b) strike, riot and civil commotion
 (c) political risk insurance (d) fidelity cover against revolution
19. Satellite insurance is a specialised branch of ... insurance.
 (a) aviation (b) marine (c) satellite (d) fire
20. One of the following is not a component of the insurance market.
 (a) Buyers (b) Salvage Buyers
 (c) Intermediaries (d) Insurers
21. An insurance company's ... is the difference between its assets and its liabilities.
 (a) solvency margin (b) marginal margin
 (c) operational margin (d) surplus margin
22. A "protection and indemnity club" is synonymous with ... insurance.
 (a) marine (b) motor cargo (c) multiple (d) both (a) and (c) only

23. Under takaful insurance, interest means ...
 (a) gharar (b) riba (c) takafulet (d) uncertainty
24. Marketing, as management process, does all but one of the following ...
 (a) identifies customers' requirements (b) anticipates customers' requirements
 (c) demands customers' requirements (d) supplies customers' requirements
25. Which of these combinations of marketing mix involve distribution?
 (a) Product and Price (b) Product and Place
 (c) Promotion and Place (d) Promotion and Product
26. Direct marketing channel of distribution does not include ...
 (a) direct insurers (b) company sales staff
 (c) direct brokers (d) home service agents
27. ... describes the arrangement between a bank and an insurance company whereby insurance products are sold to the bank's customers generally through its bank branches.
 (a) Bank Assurance (b) Banker Assurance
 (c) Bancassurance (d) Bankassurance
28. Where insurers are keen to ensure that their trading results each year show gradual trends rather than huge peaks or deep troughs, they are said to be ...
 (a) cushioning peaks and troughs (b) smoothing peaks and troughs
 (c) both (a) and (b) (d) none of the above
29. When insurers arrange facilities to enable them to place a range of risks that fall within agreed criteria, they are arranging ...
 (a) treaty reinsurance (b) facultative reinsurance
 (c) excess of over loss reinsurance (d) all of the above
30. One of these is not a role for claims personnel.
 (a) Deal quickly and fairly with all claims submitted
 (b) Distinguish between real and fraudulent claims
 (c) Carry out comprehensive adjustment of claim
 (d) Assess the cost of a claim so that a realistic value is placed upon it prior to loss occurrence.
31. Loss adjusters' fees are paid by ...
 (a) the Institute of Loss Adjusters (b) the insurers who engage them
 (c) the policy holder whose property got damaged (d) all of the above
32. A professional who applies mortality statistics and time value of money techniques to determine the adequacy of funds to meet future liabilities is known as ...
 (a) an actuary (b) a claims director
 (c) a managing director (d) a loss adjuster

33. ... is saddled with the responsibility of ensuring that its firm abides by the rules and regulations set by the regulator.
 (a) Compliance Officer (b) Risk Manager
 (c) Rule Inspector (d) Managing Director
34. The code on conduct of the NCRIB emphasises the need to ...
 (a) ensure that insuring public patronises Brokers on all insurance transactions
 (b) act with integrity with or without honesty
 (c) abide with all relevant laws, principles and regulations
 (d) all of the above
35. One of the following combinations best suits an essential of a valid contract: ...
 (a) offer and consideration (b) offer and validity
 (c) consideration and validity (d) acceptance and validity
36. When a new term is introduced in acceptance, there is a ...
 (a) conditional offer (b) consequential offer
 (c) counter offer (d) counter acceptance
37. Consideration was defined by as some right, interest, profit and benefit accruing to one party, or some forbearance, detriment, loss or responsibility given, suffered or undertaken by the other.
 (a) Currie v. Misa (1875) (b) Curry v. Myssa (1875)
 (c) Cater v. Boehn (1877) (d) Hyde v. Wrench (1840)
38. What policy condition allows the insurer to cancel?
 (a) Insurer's Rights (b) Insured's Rights
 (c) Policyholder's Rights (d) All of the above
39. In the event of a fraudulent claim, if the insurer chooses to terminate the contract, the insurer ...
 (a) can refuse liability for all matters occurring after the date of the fraudulent act
 (b) must return the premium (c) must allow the contract to run its term
 (d) must pay ex-gratia payment
40. One who is authorised by a principal to bring the principal into a contractual relationship is
 (a) a principal (b) a partner (c) a third party (d) an agent
41. Agency by agreement also means agency by ...
 (a) ratification (b) necessity (c) consent (d) content
42. In the event of an emergency, Olu acted in a certain way in order to preserve Eva's property. In this instance, Olu is an agent by ...
 (a) ratification (b) necessity (c) consent (d) content

43. One of the following does not hold true of an independent intermediary being considered to be the agent of the insurer.
- (a) (S)he surveys and describes the property on the insurer's behalf
 - (b) (S)he has authority to collect premium and does so
 - (c) (S)he has the insurer's authority to receive and handle proposal forms on its behalf
 - (d) (S)he has his/her own authority to pay claims
44. One of the following options is not true about actual authority. It is ...
- (a) an express authority
 - (b) an implied authority
 - (c) both (a) and (b)
 - (d) none of the above
45. The term "subject matter of insurance" is the ...
- (a) item or event covered
 - (b) item or event excepted
 - (c) peril expected
 - (d) financial interest a person has in the subject matter of insurance
46. The insurable interest in the subject matter of insurance must have ...
- (a) an enviable value
 - (b) a sentimental value
 - (c) a financial value
 - (d) an interested value
47. By the provision of Life Assurance Act 1174 one of this is alien.
- (a) There must be insurable interest at inception of a life policy
 - (b) The name of the person effecting the policy need be shown if he is a minor
 - (c) The recovery is the value of their interest
 - (d) The name of the policy holder had to be shown
48. Which Act made all contracts of gambling or wagering null and void?
- (a) The Gambling Act 1845
 - (b) The Gaming Act of 1845
 - (c) The Marine Insurance Act 1906
 - (d) The Casino Act 1845
49. Insurable interest in the subject matter of an insurance policy may arise under ...
- (a) contract
 - (b) utmost good faith
 - (c) claims
 - (d) none of the above
50. Carriage of goods by Sea Act 1971, Hotel Proprietors' Act 1956 and Trustees Act 1925 are all statutes modifying ...
- (a) utmost good faith
 - (b) insurable interest
 - (c) subrogation
 - (d) contribution
51. A provision in the insurance Act 2003 which states that a policy on insurance shall not be made on the life of a person or other event without inserting in the policy the name of the person interested in it is contained in Section ...
- (a) 57
 - (b) 59
 - (c) 60
 - (d) 62
52. The statement "insurance is a contract upon speculation..." was made by ...
- (a) Lord Manfield
 - (b) Lord Womansfield
 - (c) Lord Mansfeed
 - (d) Lord Mansfield

53. The insurer has a duty of disclosure to the insured. This is a statement of fact and is also contained in Section ... of the Insurance Act 2003.
 (a) 54 (b) 55 (c) 68 (d) 69
54. Physical hazard on fire insurance will not include one of the following.
 (a) Construction of building (b) Nature of use
 (c) Nature of stock (d) Heating and electrical system
55. With consideration to facts which need not be disclosed, the Ombudsman long standing approach has been a ... stage one.
 (a) two (b) three (c) four (d) five
56. Proximate cause is always the active ... cause.
 (a) sufficient (b) deficient (c) efficient (d) efficiency
57. A discussion on that which pays financial compensation sufficient to place the insured in the same financial position after a loss as the insured enjoyed immediately before the loss occurred will be a discussion on ...
 (a) utmost good faith (b) indemnity (c) subrogation (d) contribution
58. Where a factory owner wishes to insure the building on a basis that provides that in the event of loss or damage the building will be put back to the same condition without any deduction being made for wear and tear, he will likely insure it on ...
 (a) reinstatement memorandum basis (b) indemnity basis
 (c) basic cover basis (d) valued policy basis
59. In the case of livestock and produce under farming stock, what is the basis of indemnity?
 (a) International Market Price (b) National Market Price
 (c) Local Market Price (d) All of the above
60. The term which means that the insured is considered to be its own insurer for the amount they have chosen not to insure if there is under-insurance at the time of loss is ... condition.
 (a) mean (b) median (c) underinsurance (d) average

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

61. Critical illness insurance provides cover in the event of the diagnosis of a defined range of illnesses.
62. Unlike partnerships, limited liability companies have a separate legal existence from those who own the company.
63. The regulating entity of insurance in Nigeria is the Nigeria Insurance Corporation.
64. The distribution channels used for insurance can be divided into two main parts.

65. A loss accessor is an expert in dealing with insurance claims and acts for the policyholder.
66. NCRIB seeks to maintain and improve the highest standards of business behaviour and to protect and enhance the interest of the general public for the benefit of its members.
67. In an insurance contract, the amount the insurer agrees to pay the insured is known as the premium.
68. In all cases, a simple contract needs to be evidenced in writing.
69. Consideration may be described as each person's side of the bargain which supports the contract.
70. Once an insurance contract has been concluded, it is expected to continue until the agreed expiry or renewal date.
71. Independent insurance intermediaries may act for each party.
72. The time insurable interest must exist is practically same in all classes of insurance as long as it is an indemnity policy.
73. When someone is a tenant of a property, (s)he may be liable for the cost of repairs.
74. At common law, once the policy is on force the duty to disclose is revived every three months.
75. In general, material facts relate to either physical hazard or moral hazard.
76. It is so compulsory that an insurance policy covers a particular loss caused by an uninsured peril.
77. A single event is always the direct cause of a loss.
78. The most common example of repair is in motor insurance claims.
79. Property policies and liability policies are contracts of indemnity.
80. The measure of indemnity for property is its value at the date and place of loss.
81. One of the key elements of reinstatement conditions is the fact that in order to benefit from the cover, the insured may not necessarily reinstate.
82. Agreed value policy or valued policies are strictly applicable in Marine Insurance only.
83. The effect of the contribution condition is to compel the insured to make a claim under each valid policy for the sum for which each insurer is liable.

84. The insured can only claim an indemnity payment from an insurer and then also acquire a further payment from a negligent third party.
85. When the insurer retains the salvage, the insurer becomes the owner of it.

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

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

SECTION C

Jones, an importer of vegetable in Dovak Airline had his cargo delayed for five (5) days due to interruption of flight occasioned by the Russia/Ukraine imbroglio. Jacob, who is the Captain of the aircraft, getting wind of this fact and seeing that about one eighth of the consignment had started getting rot, without the approval of Jones, quickly sold the stock off at cheaper rate to avoid a total loss.

Assume that the above case study is an insurance transaction.

86. What aspect of insurance contract will the scenario above be?
 (a) Reinsurance (b) Agency (c) Subrogation (d) Contract
87. Who is Jones in the above scenario?
 (a) Agent (b) Principal (c) Colleague (d) Contractor
88. Who is Jacob in the scenario?
 (a) Agent to James (b) Agent to Dovak Airline
 (c) Agent to Jacob (d) All of the above
89. According to Jacob's act in the scenario, he is actually an agent ...
 (a) by ratification (b) by expression
 (c) at will (d) by necessity
90. Jones' duty to Jacob is one of the following.
 (a) Duty of Subrogation (b) Duty of Interaction
 (c) Duty of Remuneration (d) Duty of Personal Performance

There was a serious insured event at Hay & Company which resulted in a huge financial loss. However, the management saw no cause to worry as there was insurance coverage in place. A claim of ₦60,000,000.00 was submitted. The appointed loss adjuster confirmed that the claim submitted was correct but from insured's record, the value of stock was ₦100,000,000.00 while ₦8,000,000.00 was insured under the policy.

91. What doctrine of insurance can you identify from the above scenario?
 (a) Average (b) Mean (c) Median (d) Independent liability
92. The doctrine applies in the event of ...
 (a) over-insurance (b) reinsurance (c) under-insurance (d) non-insurance
93. The doctrine applies to all but one of the following options.
 (a) Commercial Fire Policies (b) Theft Policies

- (c) Household Policies (d) Liability Policies

94. The formula for the above scenario is likely to be ...

- (a) $\frac{\text{Sum Insured}}{\text{Value at Risk}} * 100$ (b) $\frac{\text{Sum Insured}}{\text{Value at Risk}} * \text{loss}$
 (c) $\frac{\text{Sum Insured}}{\text{Loss}} * \text{value}$ (d) $\frac{\text{Value at Risk}}{\text{Loss}} * \text{Sum Insured}$

95. Following the adjustment, how much will the insured bear?

- (a) ₦4,800,000.00 (b) ₦1,200,000.00 (c) ₦2,000,000.00 (d) ₦1,333,333.00

Omogoriola Agric-Enterprises want a comprehensive insurance coverage on all his activities and property including but not limited to vehicles, buildings, tools and implement, farm produce, livestock, growing crops, e.t.c.

The Managing Director has approached you that he wants to have an insurance coverage on his farm produce such that the effect of innocent under-insurance will not have a toll on his income in the event of a claim.

96. What form of indemnity application can you identify in the scenario above?

- (a) Two condition of average (b) One condition of average
 (c) Special average (d) Reinsurance average

97. What other name can you call the form of indemnity?

- (a) 65% Average (b) 75% Average
 (c) 85% Average (d) 100% Average

98. Apart from farm produce, what other item is covered by the form of indemnity identified?

- (a) Private Vehicle (b) Farm Computer All Risk
 (c) Livestock (d) All of the above

99. If the sum insured of the farm produce is ₦80,000,000.00 and value is ₦100,000,000.00, how much will Omogoriola Agric-Enterprises get in the event of a loss of ₦90,000,000.00?

- (a) ₦72,000,000.00 (b) ₦75,000,000.00
 (c) ₦90,000,000.00 (d) ₦100,000,000.00

100. How much will the insured get if the loss has now become ₦75,000,000.00?

- (a) ₦72,000,000.00 (b) ₦75,000,000.00
 (c) ₦90,000,000.00 (d) ₦100,000,000.00

Chief Examiner's Comments

Candidates did not do well in this diet. Majority of the candidates did not get the answers on the part of True/False that has to do with application of knowledge. The questions were direct and simple.

Comments on Overall Performance

Overall performance was poor. Pass rate was 50.71%.

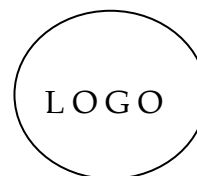
Suggestion(s) on Improvements

Candidates should prepare adequately for the examinations.

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

F02

CHARTERED INSURANCE INSTITUTE OF NIGERIA



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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.

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

1. Under a third party only motorcycle policy, what cover is provided as a standard cover?
(a) Damage to clothing and personal effects (b) Emergency treatment fees
(c) Medical expenses (d) Personal accident benefits
2. The minimum level of cover for motor insurance in Anglo-Western African sub-region is?
(a) Road Traffic Act only (b) Third Party only
(c) Third Party, Fire & Theft (d) Comprehensive
3. “Brown Card” is used in ... Africa
(a) East (b) West (c) Central (d) Southern
4. Which of the following does not form part of the standard covers that is provided under a comprehensive private motor insurance policy?
(a) Third party liability cover in the event of an accident
(b) Accidental damage to the insured vehicle
(c) Recovery of a vehicle after breakdown
(d) Driver’s personal accident benefits
5. Which of these forms the largest group of commercial vehicles?
(a) Goods-Carrying Vehicles (b) Passengers-Carrying Vehicles
(c) Agricultural and Forestry Vehicles (d) Vehicles of Special Construction
6. Cranes and forklift trucks are examples of ...
(a) goods-carrying vehicles (b) passengers-carrying vehicles
(c) agricultural and forestry vehicles (d) vehicles of special construction
7. Goods being carried by vehicles will be covered by ...
(a) commercial vehicle insurance (b) motor trade insurance
(c) goods-in-transit insurance (d) private car insurance
8. Which of these levels of cover will cover only third-party liabilities?
(a) Third party (b) Third party and fire
(c) Third party, fire and theft (d) Comprehensive
9. No-Claim-Discount is found in which of these classes of insurance?
(a) Road Traffic Act (b) Third Party, Fire and Theft
(c) Comprehensive (d) Third Party
10. Which of these is not included as a class of motor insurance?
(a) Motor Trade (b) Private Cars (c) Motor Cycle (d) Commercial Vehicles
11. The policy that will pay for the cost of treating a sick person is?
(a) Sickness Insurance (b) Medical Expense Insurance

- (c) Theft Insurance (d) Fidelity Guarantee
12. The personal accident insurance could be described as a ...
 (a) policy of indemnity (b) policy of subrogation
 (c) contribution policy (d) benefit policy
13. The personal accident will cover the insured for ... per day
 (a) 8 hours (b) 24 hours
 (c) only while at work (d) only during sporting events
14. ... are paid in the event of death or certain specified injuries in personal accident cover.
 (a) Mortality benefit (b) Morbidity benefit
 (c) Capital sum (d) Capitation sum
15. How many weeks' benefit will the sickness cover pay if the insured is temporarily and totally disabled from engaging in their usual occupation?
 (a) 24 weeks (b) 72 weeks (c) 104 weeks (d) 150 weeks
16. ... means temporary disablement that prevents the insured person from attending to a substantial part of their normal business due to accident.
 (a) Permanent Partial Disablement (b) Temporary Total Disablement
 (c) Permanent Total Disablement (d) Temporary Partial Disablement
17. Which of these is covered in a personal accident insurance policy?
 (a) Insured being under the influence of alcohol (b) Self-inflicted injury
 (c) Physical defects existing before an accident
 (d) Death as a result of an accident
18. Under which circumstances will the benefits from a medical expense become payable?
 (a) When undergoing out-patient treatment
 (b) When unable to work due to illness
 (c) On diagnosis of a critical condition
 (d) When unable to work due to accident
19. An insurance policy sold to small businesses which covers fire, perils, liability and other is called a ... policy
 (a) household (b) package (c) building (d) content
20. New for old in household claims' settlement is also known as ...
 (a) repair (b) cash payment (c) replacement (d) reinstatement
21. Which of these is not a section of a household insurance?
 (a) Building Insurance (b) Deductible Insurance
 (c) Content Insurance (d) Building and Content Insurance
22. The building policy will NOT cover?
 (a) Falling trees or branches (b) Escape of oil

- (c) Explosion and earthquake (d) Money
23. The form of special perils that arise where an aircraft crash lands on a building is referred to as
- (a) mechanical breakdown (b) impact damage
(c) subsidence (d) explosion
24. "The total value of articles of precious metal, jewelry or fur may be restricted to, say, one-third of the total contents sum insured". What is this called?
- (a) Single Article Limit (b) Multiple Article Limit
(c) Valuable Limit (d) Non-Valuable Limit
25. Typical exclusions in a household policy will include all, except ...
- (a) beddings (b) property more specially insured
(c) medals and coins (d) motor vehicles
26. Specific exclusions under the 'All Risks' section of the household policy will include all the following, except ...
- (a) wear and tear, depreciation (b) loss of personal jewellery
(c) insects or vermin (d) deeds, bonds documents
27. Bicycles are usually covered by ... insurance only
- (a) third party (b) comprehensive
(c) road traffic act (d) "all risks" policy
28. Travel insurance will cover ...
- (a) baggage, personal effects and money (b) loss of deposits
(c) personal liability (d) all of the above
29. Which of these will cover failure of public transport to deliver the insured to the departure point, on either the outward or return journey in time to take the trip booked?
- (a) Travel Interruption (b) Travel delay
(c) Failure of Tour Organisers (d) Lack of Services/Amenities
30. Which of these risks is not covered under fire and additional perils insurance?
- (a) Trading profit (b) Lightning (c) Aircraft (d) Earthquake
31. Which of these is a peril of chemical type?
- (a) Civil commotion (b) Subterranean fire
(c) Impact (d) Explosion
32. ... is an example of perils of nature.
- (a) Malicious Damage (b) Subsidence
(c) Escape of Water (d) Spontaneous Fermentation
33. If an excess of ₦250.00 applies to a policy, how much would the insurer pay for a loss of ₦230.00?

- (a) ₦0.00 (Nil) (b) ₦20.00 (c) ₦230.00 (d) ₦250.00
34. In insurance, the law that defines “theft” is the ...
 (a) Theft Act 1934 (b) Theft Act 1968
 (c) Theft Act 1988 (d) Theft Act 2008
35. Theft involving entry to or exit from the premises by forcible and violent means, implies that the policy will cover loss caused by entry ...
 (a) with a key (b) by a trick
 (c) through hiding in the premises (d) by breaking into the premises
36. Assume that a money policy has a limit of ₦500,000.00 in respect of money left out of safe on the insured’s premises overnight, with an excess of ₦100,000.00. The maximum amount to be paid for such a loss is
 (a) ₦100,000.00 (b) ₦400,000.00 (c) ₦500,000.00 (d) ₦600,000.00
37. The definition of money under a standard money policy exclude ...
 (a) bank and currency notes (b) lottery ticket
 (c) luncheon vouchers (d) postal order
38. Under a typical legal expenses policy, what limit of cover, if any, usually applies within the period of covers?
 (a) Cover is usually unlimited
 (b) Overall cover is usually limited but this is no further limit per claim
 (c) Overall cover is usually unlimited but there is a limit per claim
 (d) Overall cover is usually limited and there is also a limit per claim
39. The period beginning with the occurrence and ending not later than the maximum indemnity period thereafter is called the ...
 (a) interruption period (b) indemnity period
 (c) business period (d) loss period
40. ... is the total income arising from the activities of the business.
 (a) Net profit (b) Gross profit (c) Turnover (d) Purchases
41. The policy that will protect the negligent act of a medical doctor when carrying out his duties is ...
 (a) Employers’ Liability Insurance (b) Public Liability Insurance
 (c) Directors’ and Officers’ Insurance (d) Professional Indemnity Insurance
42. The liability policy whose benefits will be paid to third parties is ...
 (a) Employers’ Liability Insurance (b) Public Liability Insurance
 (c) Directors’ and Officers’ Insurance (d) Professional Indemnity Insurance
43. Which of these policies will cover a manager who was personally sued for breach of duty, which the law does not permit them to be indemnified by their company?
 (a) Employers’ Liability Insurance (b) Public Liability Insurance

- (c) Directors' and Officers' Insurance (d) Personal Indemnity Insurance
44. A butcher wishes to arrange protection against claims made by customers who become ill as a result of eating his meat pie. Which insurance policy will most specifically meet this need?
 (a) Directors' and Officers' Insurance (b) Public Liability Insurance
 (c) Product Liability Insurance (d) Professional Indemnity Insurance
45. On which of the following types of loss will the uninsured loss recovery service under a comprehensive motor policy NOT assist the insured?
 (a) Personal injury (b) Loss of use of the vehicle whilst being repaired
 (c) Policy excess (d) Repairs to the insured vehicle
46. The event that gives rise to loss is called what?
 (a) Chance (b) Hazard (c) Peril (d) Loss
47. Identify which of these groups are hazards?
 (a) High value sports car and explosion (b) Explosion and subsidence
 (c) High value sports and Thatched roof (d) Thatched roof and subsidence
48. The insurer has a duty of disclosure to the insured. This is a statement of fact and is also contained in Section ... of the Insurance Act 2003.
 (a) 54 (b) 55 (c) 68 (d) 69
49. The document used by insurers to collect details of a proposed risk is?
 (a) Proposal Form (b) Policy (c) Claim Form (d) Cover Note
50. What is the name of the document use to alter the content of a policy document?
 (a) Rider (b) Franchise (c) Certificate (d) Endorsement
51. Which of these is not regarded as a general question?
 (a) Age of driver (b) Proposer's name
 (c) Details of previous claims (d) Proposer's occupation
52. Which of these is regarded as the eyes and ears of the underwriter?
 (a) Broker (b) Assessor (c) Risk Surveyor (d) The Insured
53. A person wishing to effect insurance, will clearly want to know the rate of premium to be charged and the terms that would apply to the contract and proceeding with the cover. When an insurer provides such an indication, it is known as a ...
 (a) proposal (b) premium (c) notice (d) quotation
54. Flat premium is used in ... insurance
 (a) money (b) marine (c) fire (d) motor
55. A provision in the insurance Act 2003 which states that a policy on insurance shall not be made on the life of a person or other event without inserting in the policy the name of the person interested in it is contained in Section ...
 (a) 57 (b) 59 (c) 60 (d) 62

56. Lake Limited is a company that produces spare car parts. Its turnover is ₦28,000,000.00 per year. SmartGroove Insurance Company offers product liability insurance for a limit of indemnity of ₦2,000,000.00 at a rate of 0.5 per mille on turnover. If Lovey limited wishes to increase the policy limit to ₦5,000,000.00, SmartGroove has quoted an increased rate of 0.7 per mille. Calculate the premium for a proposal of ₦5,000,000.00 limit of indemnity.
 (a) ₦14,000.00 (b) ₦19,600.00 (c) ₦140,000.00 (d) ₦196,000.00
57. In relation to an employer's liability insurance policy, what is likely to form the premium base, to be used to establish the premium to be paid?
 (a) Sales Receipts (b) Sum Insured (c) Total Salary Bill (d) Turnover
58. The evidence of a contract of insurance is the ...
 (a) cover note (b) certificate (c) policy document (d) renewal notice
59. Which of these documents is used to inform the insured of the expiry date of his policy?
 (a) Cover Note (b) Certificate (c) Policy Document (d) Renewal Notice
60. John Adamu has insured an article for ₦10,000.00. The article suffers ₦5,000.00 worth of damage. How much will the insurer pay if the policy has a franchise of ₦3,000.00.
 (a) ₦2,000.00 (b) ₦3,000.00 (c) ₦5,000.00 (d) ₦10,000.00

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

Answer True (T) or False (F).

61. Subrogation applies to personal accident insurance.
62. Third party, fire and theft insurance cover is the minimum level of cover in motor insurance.
63. Private car is an example of classes of motor insurance.
64. In specified motor cycle insurance, the rider is insured for a particular motor cycle.
65. Goods-carrying vehicles are not insured in motor insurance.
66. Personal accident insurance is a contract of indemnity.
67. On diagnosis of a critical condition, the benefits from a medical expense policy become payable.
68. War and related perils exclusion is standard in most general insurance policies.
69. Household insurance is an example of a package policy.
70. Theft or attempted theft under the building section of household insurance is usually excluded whilst the premises are left unoccupied for more than thirty (30) or sixty (60) days.

71. An 'all risks' policy cover every risk in an insurance contract.
72. A standard fire policy will cover lightning.
73. Riot is an example of social perils.
74. Impact cover is restricted to losses resulting from vehicles or animals owned or under the control of third parties.
75. The standard fire policy specifically excluded fire caused by earthquake.
76. Theft involving the use of key to open the insured premises is covered under a standard burglary policy.
77. The standard policy for glass insurance covers destruction or damage to all fixed glass.
78. The definition of money in money insurance is same for all insurers.
79. Unlike fire and theft policies, a money policy is not subjected to average.
80. Indemnity period is not used in business interruption.
81. Gross profit is the total income arising from the activities of the business.
82. Employers' liability insurance will also pay compensation to third parties.
83. Territorial limits apply to employers liability insurance.
84. If directors and officers are personally sued for breach of duty, the law does not permit them to be indemnified by their company.
85. Many fleets rated motor risks are placed with an insurer on the historical claims experience.

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

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

Jumia Stores, a supermarket, has approached you for insurance cover for its stock which fluctuates as a result of selling and buying of new commodities. The sum insured declared at inception of the contract is the sum of ₦5,000,000.00, while at expiry it was found to be ₦6,000,000.00. You have given Jumia Stores a premium rate of 0.25% for the cover.

86. What is the best form of cover for this type of business?
- | | |
|-----------------------|----------------------|
| (a) Fire insurance | (b) Theft insurance |
| (c) Stock declaration | (d) Marine Insurance |

87. The premium payable at the inception of the policy is ...
 (a) ₦1,250.00 (b) ₦1,500.00 (c) ₦15,000.00 (d) ₦17,500.00
88. The premium payable at expiry of the policy is ...
 (a) ₦1,250.00 (b) ₦1,500.00 (c) ₦15,000.00 (d) ₦17,500.00
89. What form of premium is adopted in the above case?
 (a) Level Premium (b) Flat Premium
 (c) Ordinary Premium (d) Adjustable Premium
90. In the case study above, 0.25% is referred to as the ...
 (a) excess (b) premium base (c) premium rate (d) franchise

Jobest Hospital Plc is a hospital where high net worth people go for treatment when they are ill. The hospital is concerned that a construction work close to its premises may make them to close its premises to the public for a period of six months which might affect its earnings. It also wants advice on the best policy to cover its liabilities to third parties and those from the negligence of its doctors.

91. Which cover will be suitable for patients in the hospital to pay their medical bills?
 (a) Permanent Health Insurance (b) Sickness Insurance
 (c) Personal Accident and Sickness Insurance (d) Medical Expenses
92. The policy that will protect the hospital against the liabilities incurred by its doctors is?
 (a) Public Liability Insurance (b) Professional Indemnity Insurance
 (c) Product liability Insurance (d) Business Interruption Insurance
93. In case the hospital normally manufactures some small drugs, like painkillers, e.t.c., which it administers to its patients, which policy will cover such risk?
 (a) Public Liability Insurance (b) Professional Indemnity Insurance
 (c) Product liability Insurance (d) Business Interruption Insurance
94. The type of policy to cover the hospital's loss of earnings risk will be
 (a) Public Liability Insurance (b) Professional Indemnity Insurance
 (c) Product liability Insurance (d) Business Interruption Insurance
95. The policy that will protect the liability of the hospital to third parties is
 (a) Public Liability Insurance (b) Professional Indemnity Insurance
 (c) Product liability Insurance (d) Business Interruption Insurance

John Sylvester is a dealer of electronic products at the main electronic market in Monrovia, Liberia. He imports his products from China twice in a year and on receipt of the goods he will send some of the products to his customers in Kakata, Gbarnga and Bensonville.

96. Which insurance will he buy for a visit to China?
 (a) Aviation Insurance (b) Travel Insurance
 (c) Goods-in-Transit Insurance (d) Marine Insurance

97. The owner of the aircraft carrying passengers to China must buy which class of insurance?
(a) Aviation Insurance (b) Travel Insurance
(c) Goods-in-Transit Insurance (d) Marine Insurance
98. The insurance to cover the goods in the ship from China to Monrovia will be?
(a) Aviation Insurance (b) Travel Insurance
(c) Goods-in-Transit Insurance (d) Marine Insurance
99. The insurance to cover the sending of the goods from Monrovia to Kabata will be?
(a) Aviation Insurance (b) Travel Insurance
(c) Goods-in-Transit Insurance (d) Business Interruption Insurance
100. The insurance to cover John against loss of profit is?
(a) Travel Insurance (b) Theft Insurance
(c) Money Insurance (d) Business Interruption Insurance

Chief Examiner's Comments

This diet recorded average performance by the candidates. There is reason to believe that candidates did not prepare adequately for the examination, hence this abysmal performance.

Comments on Overall Performance

The general performance is not good. Pass rate was 54.36%.

Suggestion(s) on Improvements

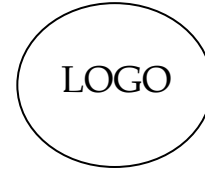
Candidates should be advised to attend tutorial classes so as to prepare better for the subject.

F02 – GENERAL INSURANCE BUSINESS									
1	B	21	B	41	D	61	F	81	T
2	B	22	D	42	B	62	F	82	F
3	B	23	B	43	C	63	F	83	T
4	C	24	C	44	C	64	T	84	T
5	A	25	D	45	D	65	F	85	T
6	D	26	B	46	C	66	F	86	C
7	C	27	D	47	C	67	F	87	₱12,500
8	A	28	D	48	A	68	T	88	C
9	C	29	A	49	A	69	T	89	C
10	A	30	A	50	D	70	T	90	C
11	B	31	D	51	A	71	F	91	D
12	D	32	B	52	C	72	T	92	B
13	B	33	A	53	D	73	T	93	C
14	C	34	B	54	D	74	T	94	D
15	C	35	D	55	A	75	T	95	A
16	D	36	B	56	B	76	F	96	B
17	D	37	B	57	B	77	T	97	A
18	D	38	C	58	C	78	F	98	D
19	B	39	B	59	D	79	F	99	C
20	D	40	C	60	C	80	F	100	D

F03

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F03 – LIFE ASSURANCE, ANNUITY
AND PENSIONS ADMINISTRATION
OCTOBER 2023 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
2023 DIET CANDIDATES' INSTRUCTIONS.**

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION

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

OCTOBER 2023 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.

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

1. 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

2. In which of these cases did someone write to his trustee that he wanted to settle a policy, that he undertook to execute an assignment, and that he would be bound by the assignment in the same manner as if a settlement was actually executed?
 - (a) Re: King, Sewell v. King (1879)
 - (b) Re: Williams, Williams v. Ball (1917)
 - (c) Castallian v. Preston (1883)
 - (d) Thomas v. Harris (1947)

3. Which of these statements is not always true?
 - (a) Annuities are seen as opposite of life assurance
 - (b) Annuities are survival benefits
 - (c) Annuity benefits are not death benefits
 - (d) Annuity benefits are meant to continue even after the death of all the annuitants

4. Under the Gender Recognition Act 2004, a change of gender has ... on any existing policy.
 - (a) some effects
 - (b) large effects
 - (c) no effect
 - (d) little effects

5. The premium payable in whole life assurance for same age is usually ... the premium paid for term assurance.
 - (a) lower than
 - (b) higher than
 - (c) equal to
 - (d) same as

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. The waiver of premium option applies when the life assured ... during the policy term.
 - (a) retires
 - (b) is ill or disabled
 - (c) forgets to pay premium
 - (d) refuses to pay premium

8. 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

9. 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 life
 - (d) details of the contract required

10. The retention limit is the ... that a life assurer is prepared to keep in its portfolio.
 - (a) maximum loss
 - (b) minimum loss
 - (c) average loss
 - (d) greater loss

11. For underwriting in term life assurance, the minimum policy term is ... years.
 (a) 2 (b) 3 (c) 5 (d) 10
12. Once a policy has been issued, its ownership can be changed in a number of ways except through ...
 (a) mortgage (b) trust
 (c) absolute assignment (d) all of the above
13. 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
14. Which of the following is a method of risk transfer?
 (a) Investment (b) Insurance (c) Savings (d) Security
15. A joint life policy provides cover for ...
 (a) husband and wife only (b) any two persons only
 (c) two or more persons (d) brother and sister only
16. The type of term assurance used for mortgage protection is the ...
 (a) convertible term assurance (b) renewable term assurance
 (c) increasing term assurance (d) decreasing term assurance
17. Critical Illness Cover (CIC) does not cover ...
 (a) stroke (b) cancer (c) heart attack (d) diabetes
18. Which of these is not a traditional type of life assurance policy?
 (a) Term Assurance (b) Whole Life Assurance
 (c) Endowment (d) Hospital Cash Plan
19. Family income policy is a form of which of these policies?
 (a) Term Assurance (b) Whole Life Assurance
 (c) Endowment (d) Pure Endowment
20. Which of these is not a form of unit-linked fund??
 (a) Property Fund (b) Endowment Fund
 (c) Cash Fund (d) Index-Linked Gilt Fund
21. The type of life assurance policy that will pay the benefit either on death or maturity is called ...
 (a) a term assurance (b) an endowment assurance
 (c) a whole life assurance (d) an annuity contract
22. The person on whose life the policy depends and when the person dies, the policy will pay out the benefit assured against is called the ...
 (a) insured (b) assured (c) life assured (d) life guaranteed

23. When a policy is effected jointly by two assureds, for example husband and wife, what is the technical term for this form of cover?
- (a) Simple Life Policy (b) Life of Another Policy
(c) Joint Life Policy (d) First Death Policy
24. The types of term assurance policy will not include which of these?
- (a) Renewable Term Assurance (b) Convertible Term Assurance
(c) Decreasing Term Assurance (d) Investible Term Assurance
25. Which of these will pay the sum assured whenever the assured dies?
- (a) Term Assurance (b) Whole Life Assurance
(c) Annuity (d) Endowment Assurance
26. Which of these with-profits whole life assurance contract are written with two sums assured and will pay the amount on death, whichever is greater of the basic sum assured plus bonuses; or the guaranteed death sum assured?
- (a) Non-Profit Whole Life Policies (b) Low-Cost Whole Life Policies
(c) Simple Premium Unit-Linked Whole Life Policies
(d) Regular Premium Unit-Linked Whole Life Policies
27. Which of these will pay the sum assured either on a fixed date or the life assured's earlier death?
- (a) Term Assurance (b) Whole Life Assurance
(c) Annuity (d) Endowment Assurance
28. Which of these policies address the drawbacks of the traditional endowment, namely its fixed maturity date and low surrender value?
- (a) Low-Costs Endowments (b) Flexidowments
(c) Low-Start Endowment (d) Unit-Linked Endowment
29. ... will provide that if the assured dies as a result of an accident (as defined in the policy), an additional payment will be made equal to the death sum assured.
- (a) Total and Permanent Disability (TPD) Benefit
(b) Waiver of Premium Offer
(c) Double Accident Benefits (d) Contingent Policies
30. Which of these covers is a type of assurance where payment is only made on the death of the assured if a certain other condition is also fulfilled?
- (a) Pure Endowment (b) Universal Life Policy
(c) Contingent Policy (d) Flexidowment
31. ... is the name given to the procedure of assessing a proposal and deciding whether to accept the risk.
- (a) Premium Selection (b) Risk Selection
(c) Rating (d) Underwriting

32. Life assurers place limits on the maximum losses they are prepared to retain, above this limit, the office must then spread the risks by finding another assurer to accept the excess. This process is known as ...
 (a) underwriting (b) reinsurance (c) mutuality (d) rating
33. Which of these medical conditions need not be investigated in medical underwriting?
 (a) Overweight (b) Malaria (c) Eye Disease (d) Glandular Disorder
34. In the ... premium system, the premium remains the same throughout the term of the policy.
 (a) higher (b) lower (c) level (d) discount
35. ... is an extra premium expressed in terms of specific amount per ₦1,000.00 sum assured.
 (a) Monetary Extra (b) Rating-Up
 (c) Postponement (d) Declinature
36. The document that evidences a life assurance contract is called a/an ...
 (a) policy (b) endorsement (c) renewal notice (d) proposal form
37. In which of these is it stated that the benefit will be paid by the life office, subject to premium payment, proof of ownership, the benefit is payable in the stated currency?
 (a) Preamble (b) Declaration (c) Operative Clause (d) Schedule
38. Which of these items is not an additional benefit in life assurance?
 (a) Waiver of Premium (b) Terminal Illness Cover
 (c) Health Care Benefit (d) Recital Benefit
39. The process of bringing a lapsed life policy back to active status is called ...
 (a) renewal (b) reinstatement (c) resurrection (d) review
40. If a policyholder can no longer afford to pay premiums, such a policyholder may request that the policy be made ...
 (a) revived (b) postponed (c) paid-up (d) suspended
41. Maturity payment will be made in ... policy.
 (a) term assurance (b) annuity
 (c) whole life assurance (d) endowment assurance
42. All of these are methods of reinsurance, except ...
 (a) original term reinsurance (b) morbidity reinsurance
 (c) quota premium reinsurance (d) quota share reinsurance
43. Which of these contracts will pay a set amount every year while the person on whose life the contract depends on is still alive?
 a) Term Assurance (b) Annuity
 (c) Whole Life Assurance (d) Endowment Assurance

44. ... provides, in return for a single premium, annual payment starting immediately and continuing for the rest of annuitant's life.
 (a) Immediate annuity (b) Deferred annuity
 (c) Temporary annuity (d) Annuity certain
45. ... is an annuity where the total payment is guaranteed to be at least as much as the premium that was paid to purchase the contract.
 (a) Guaranteed annuity (b) Capital protected annuity
 (c) Impaired life annuity (d) Reversionary annuities
46. In Nigeria, a life assurance policy must be issued by a Nigerian registered ...
 (a) life assurance broker (b) insurance surveyor
 (c) life assurance company (d) life reinsurance company
47. A proposal can be accepted at ordinary rate or at ...
 (a) difficult terms (b) hard terms (c) soft terms (d) special terms
48. A life assurance company must take ... to prevent a catastrophe from affecting its portfolio.
 (a) risk (b) reinsurance (c) care (d) insurance
49. For underwriting a traditional life assurance proposal, the minimum entry age is ... years
 (a) 6 (b) 18 (c) 21 (d) 60
50. The medical risk that increases with the passage of time does not include ...
 (a) malaria (b) being overweight
 (c) tuberculosis (d) chronic bronchitis
51. The "schedule" in the policy document states all but one of the following.
 (a) Individual Details of the Life Assured ((b) Exclusion
 (c) Premium Amount (d) Premium Frequency
52. An endorsement is
 (a) not an addition to the standard policy
 (b) another term for renewal notice
 (c) an addition to the standard policy for a short period
 (d) used to set out the terms of alterations to an existing policy
53. In the payment of a claim under a "life of another" policy, all the benefits will be paid to ...
 (a) the proposer (b) the other life assured
 (c) both the proposer and the other life assured
 (d) friends of the other life assured
54. If the borrower fails to repay, the lender has all but the following remedy.
 (a) Power of Sale (b) Foreclosure (c) Repayment (d) Reversal
55. The purpose of a mortgage is to give ... to the lender.
 (a) security (b) peace of mind (c) joy (d) tension

56. All claims are subject to all of the following except ...
 (a) payment of all due premiums (b) proof of title
 (c) plan of action (d) production of the policy
57. In the death of an assured, all of the following are important to the life office except ...
 (a) cause of death (b) proof of age
 (c) date of death (d) number of children
58. The insurer has a duty of disclosure to the insured. This is a statement of fact and is also contained in Section ... of the Insurance Act 2003.
 (a) 54 (b) 55 (c) 68 (d) 69
59. The first indigenous Life Assurance company in Nigeria is ...
 (a) Royal Exchange Assurance (b) Nigerian Life and General
 (c) Mutual Benefits Assurance Limited (d) African Alliance Insurance Limited
60. A provision in the insurance Act 2003 which states that a policy on insurance shall not be made on the life of a person or other event without inserting in the policy the name of the person interested in it is contained in Section ...
 (a) 57 (b) 59 (c) 60 (d) 62

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

61. During the nineteenth century, attempts were made by life offices to construct mortality tables based on lives insured by various offices rather than general mortality.
62. Trustees can be appointed by the policy itself, and nothing further is necessary to perfect their legal title.
63. If a policy is effected for the benefit of a named wife, then a subsequent divorce will not of itself destroy her interest.
64. Gratuity is a process of establishing a pension scheme for group of employees.
65. Self-administered pension schemes are pension schemes that have been privately administered by the employer through a set of well constituted trustees.
66. A provident fund is a retirement benefit or fund under which the employee's retirement benefit is payable as a lump sum on his retirement.
67. Annuity certain only pays the annuity if the annuitant is alive.
68. Morbidity risk cannot be reassured.
69. Life insurance contracts cannot be reassured.

70. Term assurance policies just provide cover against death within a specified period.
71. Level premium is the most complex form of term assurance.
72. Unit-linked policies were introduced in the late 1950s as a way of offering investors policies with values directly linked to investment performance.
73. A non-profit policy pays higher premium than the with profit policy.
74. IPI policies are written so that the benefit only becomes payable whilst the insured is incapacitated as defined in the policy.
75. A life assurance contract is not based on the principle of utmost good faith.
76. An underwriter must bear in mind that a life assurance contract is based on utmost good faith.
77. Where the extra risk is very heavy and there is little prospect of improvement later, the proposal may be declined outrightly.
78. In the policy document, the heading states the purpose of the document which will need to be kept in a safe place for use in the event of a claim.
79. The “Operative Clause” shows the individual details of the contract, the policy number, life assured, e.t.c.
80. Once a policy has been issued, its ownership can be changed through trust.
81. An endowment policy remains in force for as long as the surrender value exceeds the total of outstanding premiums and late payment charges.
82. When a deed of assignment is produced to a life office as part of claimant’s proof of title, the deed must be examined to see if it legitimately passes title to the claimant.
83. There is now a flourishing market in second-hand insurance policies.
84. Term assurance policies are payable on maturity bases.
85. Proof of death is not vital for admission of a death claim.

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

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

A manufacturing company in Kigali, Rwanda has one hundred and sixty-five (165) workers at its different branches in the country. Although, the company has maintained good risk management procedures in these branches, there had been cases of industrial accidents leading to losses of lives and injuries. The Board has directed Management to put in place an insurance that will cover such risks in the various branches.

86. What type of cover will the company buy against losses following accidental injuries to staff?
- (a) Group Life Assurance (b) Group Personal Accident Insurance
(c) Group Medical Insurance (d) Group Injuries Insurance
87. Assuming the policy was effected for a manufacturing company in Nigeria, which of these policies will the company buy to meet the requirement of Pension Reform Act 2014 against the risk of death in service?
- (a) Whole Life Assurance (b) Group Life Assurance
(c) Group Personal Accident Insurance (d) Employee Compensation Insurance
88. Under the Pension Reform Act 2014 in Nigeria, the minimum number of staff that the company should have to compulsorily buy life assurance for the benefits of its employees are?
- (a) 3 (b) 10 (c) 14 (d) 15
89. Worldwide, the policy that the company should buy to protect its directors is a ...
- (a) group life assurance (b) directors-share protection
(c) group income protection insurance (d) group credit insurance
90. The company could buy life assurance on the lies of its employees because of the principle of ...
- (a) utmost good faith (b) insurable interest
(c) indemnity (d) proximate cause

Engr. Sylvester Bongous purchased a term policy from Greenworld Life Insurance Plc for a period of thirty years in Buea, Cameroon. He paid the premium for a period of twenty years and stopped as he was unable to continue with premium payment. Two years to the time of maturity of the policy he died and his son subsequently made a claim to the insurer who declined liability.

91. Term-Life insurance policy is in force when ...
- (a) the premium has been paid for sometimes and stop
(b) the premiums continue to be paid up to the date of death/claim
(c) the policyholder is alive
(d) the insurance company is in operation

92. A life policy that will pay the sum assured at death or maturity is
- (a) a term assurance (b) an annuity
(c) a whole life assurance (d) an endowment assurance
93. The most probable reason why the insurer declined liability on the claim is that ...
- (a) the policyholder was dead (b) the policy was surrendered
(c) the policy has lapsed
(d) the claimant was not the policyholder
94. Greenworld Life Insurance Plc is the ...
- (a) intermediary (b) assured (c) agent (d) assurer
95. In this case-study contract, the son is implied to be the ...
- (a) intermediary (b) beneficiary (c) assured (d) assurer

Mr. Benjamin Tafa is a staff of Mars Investment Limited in Liberia and had approached an insurance agent to help him arrange a life cover for the school fees of his three daughters who are still in elementary schools. He had informed the agent that he wants a sum of Liberian Currency 6,000,000.00 Liberian currency cover for each of the children taking into consideration the targeted cost of university education in the country. The agent had told him not to worry as he can do so and arrange covers that will not require him to go for medical examinations.

96. The traditional form for the above insurance will be a/an ...
- (a) term assurance (b) endowment assurance
(c) whole life assurance (d) permanent health insurance
97. The term used to explain the action of a proposer undergoing medical assessment is ...
- (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 called the ...
- (a) free cover limit (b) underwriting limit
(c) paid up limit (d) surrender value
99. The best form of cover to propose to Mr. Tafa in the above case study is the ...
- (a) flexidowment (b) annuity certain
(c) pure endowment (d) endowment assurance
100. The policy to be arranged for payment of school fees is an ...
- (a) educational term assurance (b) educational annuity
(c) educational whole life (d) educational endowment assurance

Chief Examiner's Comments

The performance for the subject was good. This shows that the candidates prepared adequately well for the paper.

Comments on Overall Performance

It was a very good performance. The pass rate was 71%.

Suggestion(s) on Improvements

All the same candidates should be advised to attend tutorials before entering for the subject in examination.

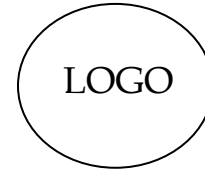
**F03 – LIFE ASSURANCE, ANNUITY AND PENSIONS
ADMINISTRATION**

1	A	21	B	41	D	61	T	81	F
2	A	22	C	42	C	62	F	82	T
3	C	23	C	43	B	63	T	83	T
4	C	24	D	44	A	64	F	84	F
5	B	25	B	45	B	65	T	85	F
6	C	26	B	46	C	66	T	86	B
7	B	27	D	47	D	67	F	87	B
8	A	28	B	48	B	68	F	88	A
9	B	29	C	49	B	69	F	89	B
10	A	30	C	50	A	70	T	90	B
11	C	31	D	51	B	71	F	91	B
12	D	32	B	52	D	72	T	92	D
13	A	33	B	53	A	73	F	93	C
14	B	34	C	54	D	74	T	94	D
15	C	35	A	55	A	75	F	95	B
16	D	36	A	56	C	76	T	96	B
17	D	37	C	57	D	77	T	97	B
18	D	38	D	58	A	78	F	98	A
19	D	39	B	59	D	79	F	99	D
20	B	40	C	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 2023 DIET</p>
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All answers should be shaded on the answer form in accordance with the following instructions:

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

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL)
WILL ATTRACT STATED SANCTIONS AS STATED IN THE OCTOBER
2023 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 two passages, each followed by five questions. The passages are not numbered but 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.

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

1. The major purpose of business communication is to ...
(a) express feelings (b) inform (c) distort ideas (d) hire employees
2. The processes of communication involve all but one of the following.
(a) Requesting Information (b) Providing Information
(c) Repeating Information (d) Recording Information
3. One of the following reasons is not why information recording in business communication is essential. It ...
(a) ensures that information is set out clearly for future reference
(b) establishes when and by whom the record was made
(c) ensures that the head endorses every piece of information communicated
(d) enables other members of staff to see a piece of information communicated
4. Effective communication is one in which ...
(a) no barrier is present
(b) information conveyed is documented by the receiver
(c) all concerned receive the information
(d) the receiver(s) understand(s) and act(s) on the information
5. The two broad divisions of business communication are ... and ...
(a) internal and external (b) national and international
(c) interior and exterior (d) personal and interpersonal
6. Barriers to effective communication refer to those factors that are capable of ...
(a) influencing decisions (b) delaying feedback
(c) distorting information (d) enhancing information dissemination
7. One of the following is not a barrier to effective communication.
(a) Personal Appearance (b) Poor Linguistic Ability
(c) Personality Conflict (d) Inappropriate Information Systems
8. Individuals' personal discomfort such as illness, hearing difficulties and poor eyesight can result in ... barrier in communication.
(a) physical (b) physiological (c) attitudinal (d) all of the above
9. Which of the following is not an element of business communication?
(a) Noise (b) The Message (c) The Feedback (d) None of the above
10. An ambiguous message breaches the principle of ... in communication.
(a) completeness (b) correctness
(c) honesty and integrity (d) clarity
11. Which of the following is not a part of a business letter?
(a) Salutation and Closing (b) Date
(c) Address of the Recipient (d) Pleasantries

12. The inclusion of the word 'for' before the signature at the closing of a business letter is mandatory if ...
- (a) the letter is signed by the writer
 - (b) the writer is unable to deliver the letter personally
 - (c) the letter is signed by a person other than the writer
 - (d) the letter is for an external person
13. Which of the following is not a form of business letter?
- (a) A Sales Letter
 - (b) An Enquiry Letter
 - (c) A Recruitment Letter
 - (d) None of the Above
14. In order to be objective in a business letter, the writer needs to consciously avoid ...
- (a) misinterpretation of the information contained in the letter
 - (b) unfamiliar words and long sentences
 - (c) expressing personal feelings and opinions
 - (d) abbreviations
15. Informal business letters are usually for ...
- (a) friends within an organisation
 - (b) colleagues of equal status within an organisation
 - (c) casual acquaintances and business friends
 - (d) family members within the same organisation
16. Which of the following is an acceptable statement in a business letter?
- (a) Thanking you for your anticipated co-operation
 - (b) I have enclosed a copy of the receipt.
 - (c) I beg to stop here.
 - (d) Please find enclosed a copy of the receipt.
17. Which of the following is true about the writer's signature in a business letter? It ...
- (a) is optional
 - (b) comes after the writer's name
 - (c) comes before the writer's name
 - (d) must be long
18. Which of the following is/are correctly written dates in business letters?
- (a) 10/03/2023
 - (b) 10th March, 2023
 - (c) March 10, 2023
 - (d) (b) and (c) only
19. Which of the following is true about the structure of business letters?
- (a) The name of the writer may be included in the address.
 - (b) The recipient's address may include his/her name and position
 - (c) The date may be omitted
 - (d) All of the above
20. Communication between or among members of an organisation is referred to as ...
- (a) internal communication
 - (b) organisational communication
 - (c) dual communication
 - (d) lateral business communication
21. Which of the following is not a channel for internal communication?
- (a) Workshops
 - (b) Reports
 - (c) Bill Boards
 - (d) Presentations

22. The four essential items contained in a memorandum are ..., ..., ... and ...
- (a) the addresser, the addressee, the date and the subject
 - (b) the addresser, the addressee, the addresser's signature and the date
 - (c) the date, the information, the address and the subject
 - (d) the date, the information, the addresser and the addresser's signature
23. One of the ways in which a memorandum differs from a formal letter is that a memorandum ...
- (a) does not have the initiator's name
 - (b) does not require the opening and closing courtesies
 - (c) does not have a message
 - (d) All of the above
24. A circular can be defined as ...
- (a) A long piece of information used in an organisation
 - (b) A short piece of information used for external communication only
 - (c) A memorandum designed to be read by all staff in a company or department
 - (d) None of the above
25. Which of the following is preferred to memorandum in today's business?
- (a) E-mails
 - (b) Short Message Service (SMS)
 - (c) Circulars
 - (d) Seminars
26. Which of the following departments is responsible for initiating external communication in a company?
- (a) The Corporate Communication Department
 - (b) The Dispatch Department
 - (c) The Human Resources Department
 - (d) None of the above
27. Which of the following is not a form of external communication?
- (a) Advertisements
 - (b) Press Releases
 - (c) Memorandum
 - (d) Public Presentations
28. A major advantage of a group presentation is that it is usually used to ...
- (a) entertain the public
 - (b) inform new employees of a company's policies
 - (c) communicate with board members on important matters
 - (d) convince people to accept new programmes and strategies
29. A formal invitation can be used for one of the following.
- (a) Birthdays
 - (b) Naming Ceremonies
 - (c) Weddings
 - (d) Business Dinner
30. An invitation includes all but one of the following details.
- (a) Reason for the invitation
 - (b) Time of the event
 - (c) Venue of the event
 - (d) Address of the inviter
31. Which of the following is not true about a report? It is ...
- (a) formal
 - (b) a result of an investigation
 - (c) must be written by a committee
 - (d) contains definite information

32. To say that a report is formal is to say that ...
 (a) it is guided by rules and conventions (b) its tone is personal
 (c) it contains two addresses (d) All of the above
33. A well written report is one that ...
 (a) assists someone else towards the best course of action
 (b) presents facts and figures in a very lengthy manner
 (c) the writer(s) present(s) facts based on personal experience
 (d) initiates a new idea
34. Which one of the following is not included in the terms of reference of a report?
 (a) The name of the company head
 (b) The precise instructions given by the person or body requesting the report
 (c) The name or position (or both) of the writer
 (d) The date of publication or dispatch
35. Which of the following is not found in a report?
 (a) The introduction (b) Recommendations
 (c) Findings (d) None of the above
36. Meetings are essential in business because ...
 (a) they help the management to be aware of the views of stakeholders
 (b) they help management to communicate with staff members
 (c) they present a medium for staff welfare improvement
 (d) all business matters are better discussed during meetings
37. Board meetings are meetings held by ...
 (a) shareholders of a company (b) top management of a company
 (c) members of a committee (d) directors of a company
38. Departmental meetings are mainly concerned with ...
 (a) a specific aspect of work (b) periodic work
 (c) full report of a company's annual activities
 (d) the progress and strategy of departmental work
39. Which of the following is not stated in a notice of a meeting?
 (a) Date of the meeting (b) time of the meeting
 (c) the presiding officer at the meeting (d) the venue of the meeting
40. The document which gives the details of a future meeting is called ...
 (a) addenda (b) minutes (c) notice of a meeting (d) agenda
41. One of the following applies to the agenda numbering of minutes.
 (a) The minutes are produced strictly in accordance with the original items on the agenda.
 (b) Each year's minutes are regarded as a single unit.

- (c) The minutes are written such that they are entirely free from emotion of the part of the writer.
- (d) All discussions during the meeting are reflected in the minutes.
42. In Information Technology, the acronym “AI” stands for ...
- (a) Artificial Intelligence (b) Authenticated Information
- (c) Accredited Information (d) Accessed Information
43. One of the merits of cloud storage of information is that ...
- (a) data stored are easily accessed by non-members of the organisation
- (b) data stored are easily accessible to authorized persons irrespective of their locations
- (c) data stored are error free
- (d) data stored require no password to be accessed
44. One of the following is not part of the technologies used in business.
- (a) Skype (b) Facebook (c) Radio (d) Face-to-Face Interaction
45. One of the demerits of Artificial Intelligence has to do with its ...
- (a) accuracy (b) speed
- (c) lack of flexibility (d) ineffectiveness
46. Robots are designed to ...
- (a) carry out human operations only
- (b) carry out non-human operations only
- (c) carry out both human and non-human operations
- (d) None of the above
47. Which of the following is true about “sensors”? They ...
- (a) perform human operations (b) think and act like humans
- (c) perform non-human operations
- (d) detect and respond to electrical and optical signals
48. The application of Information Technology in modern business has the following advantages except that it ...
- (a) reduces dependency on machines (b) reduces cost of production
- (c) improves business communication (d) increases a company’s revenue
49. Alexa is a good example of a ...
- (a) vacuum cleaner (b) personal computer
- (c) robot (d) none of the above
50. Which of the following is not an electronic medium through which a company’s employees can communicate one another?
- (a) e-newsletters (b) emails (c) billboards (d) blogs

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

51. (a) coalition (b) coerlition (c) coarlition (d) coalliton
52. (a) acquaintance (b) acquaintace (c) aquiantance (d) aqaintance
53. (a) conspicos (b) conspicuous (c) conspicious (d) conspiscious
54. (a) alluminion (b) alminion (c) aluminion (d) aluminum
55. (a) heirarchy (b) herachy (c) hierachy (d) hierarchy
56. (a) perfunctory (b) perfuntory (c) perfontry (d) perfunctary
57. (a) privillage (b) priviledge (c) privilege (d) prievilege
58. (a) pedantry (b) piedantry (c) pediantry (d) perediantry
59. (a) clichies (b) clechis (c) cleaches (d) clichés
60. (a) authenticate (b) autenticcate (c) authetticate (d) authenticcate

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

61. (a) You have to be careful with Mr. Akpan, he's a duper.
(b) You have to be careful with Mr. Akpan, he's a dupe.
(c) You have to be careful with Mr. Akpan, he's a dupar.
(d) You have to be careful with Mr. Akpan, he's a duperd.
62. (a) At this junction, we ought to realise that no man is infallible.
(b) At this joinction, we ought to realise that no man is infallible.
(c) At this juncture, we ought to realise that no man is infallible.
(d) At this junta, we ought to realise that no man is infallible.
63. (a) If you loss your pen, you'll have to replace it yourself.
(b) If you lossed your pen, you'll have to replace it yourself.
(c) If you loose your pen, you'll have to replace it yourself.
(d) If you lose your pen, you'll have to replace it yourself.
64. (a) The students were asked to start matching.
(b) The students were asked to start matcheing.
(c) The students were asked to start marcheing.
(d) The students were asked to start marching.
65. (a) Nigeria obtained her independent in 1960.
(b) Nigeria obtained her independency on 1960.
(c) Nigeria obtained her independence in 1960.
(d) Nigeria obtained her independence on 1960.
66. (a) Kemi was on her kneels, begging her husband for forgiveness.
(b) Kemi was on her heels, begging her husband for forgiveness.
(c) Kemi was on her knees, begging her husband for forgiveness.
(d) Kemi was on her kneel, begging her husband for forgiveness.
67. (a) Ensure that all your belongings are packed before 2.00p.m.
(b) Ensure that all your belongings are parked before 2.00p.m.
(c) Ensure that all your belongings are park before 2.00p.m.
(d) Ensure that all your belongings are pack before 2.00p.m.

68. (a) The case was dropped for lack of proving.
 (b) The case was dropped for lack of prove.
 (c) The case was dropped for lack of proven.
 (d) The case was dropped for lack of proof.
69. (a) Success is the price of diligence.
 (b) Success is the price of diligent.
 (c) Success is the prize of diligent.
 (d) Success is the prize of diligence.
70. (a) The course is made up of 10-hour section.
 (b) The course is made up of 10-hour sections.
 (c) The course is made up of 10-hour session.
 (d) The course is made up of 10-hour sessions.

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

71. (a) Growing up I nurtured the ambition of becoming a journalist.
 (b) Growing up I nurtured the ambition of becoming a journalist?
 (c) Growing up, I nurtured the ambition of becoming a journalist.
 (d) Growing up, i nurtured the ambition of becoming a journalist.
72. (a) Who is your next-of-kin. (b) Who is Your next-of-kin?
 (c) Who is your, next-of-kin? (d) Who is your next-of-kin?
73. (a) When Im ready I'll call you. (b) When I'm ready I'll call you.
 (c) When Im ready, I'll call you. (d) When I'm ready, I'll call you.
74. (a) We checked the goods and notified the lawyer.
 (b) We checked the goods, and notified the lawyer.
 (c) We checked the goods and; notified the lawyer.
 (d) We checked, the goods and notified the lawyer.
75. (a) i do not like this game of wits. (b) I do not like this game of wits
 (c) I do not like this Game of wits (d) I do not like this game of wits.
76. (a) did you enjoy reading the text? (b) Did you enjoy reading the text!
 (c) Did you enjoy reading the text. (d) Did you enjoy reading the text?
77. (a) You were absent weren't you. (b) You were absent weren't you?
 (c) You were absent weren't you! (d) You were absent, weren't you?
78. (a) Susan walked up to me and said would you want something to eat.
 (b) Susan walked up to me and said, 'would you want something to eat?'
 (c) Susan walked up to me and said 'would you want something to eat?'
 (d) Susan walked up to me, and said, "would you want something to eat?"

79. (a) Ow, Ive' cut my finger! (b) Ow!, I've cut my finger!
 (c) Ow! I've cut my finger. (d) Ow!, i've cut my finger.
80. (a) A three fourths majority is needed to pass the amendment.
 (b) A three fourths' majority is needed to pass the amendment.
 (c) A three-fourths majority is needed to pass the amendment.
 (d) A three fourths, majority is needed to pass the amendment.

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

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

81. ... committed the offence will be dealt with.
 (a) Whoever (b) Whichever (c) Whomever (d) Whatever
82. The thief died shortly after ... shot by the police.
 (a) having (b) been (c) being (d) becoming
83. I was still explaining my action when Janet rudely cut ...
 (a) off (b) out (c) in (d) on
84. I was not only tired ... sick.
 (a) but also (b) or also (c) and also (d) nevertheless
85. These old tables and chairs are very valuable ...
 (a) items of furniture (b) item of furniture (c) items of furnitures (d) furnitures
86. We asked him to come with us and he ...
 (a) do (b) does (c) doesn't (d) did
87. Four men, one of ... wore a sunshade, entered the room.
 (a) which (b) whose (c) whom (d) who
88. The driver ... nearly caused an accident.
 (a) rather (b) quite (c) almost (d) very
89. He ... be fat, but he still runs fast.
 (a) may (b) might (c) could (d) can
90. The group is committed to ... for international peace.
 (a) working (b) work (c) worked (d) being working

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

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

The term pollution can be seen as the existence of substances which create unfavourable imbalances in the constituents of man's environment. Such substances include smoke from wood burning and coal, human waste, discharge from industries and vehicle exhaust, production of chemical reactors from nuclear plants, heat and sources of noise.

According to scientists, while quality environment is necessary for man's physical and emotional health, the truth is that it is difficult if not impossible to completely eradicate environmental pollution as long as man continues to exist. This explains why most scientists believe that the fight against environmental pollution should be geared towards reducing pollution-causing substances to the barest minimum rather than outright eradication.

Some of the ways suggested by scientist for the control of pollution include education, recycling, legal sanctions, provision of special areas for industrial activities among others. Since pollution has negative consequences on humans, other animals as well as plants, it becomes imperative that all necessary measures be employed to tackle it.

91. Which of the following is true according to the passage?
- (a) It is easy to eradicate environmental pollution.
 - (b) Scientists are yet to discover ways of tackling environmental pollution.
 - (c) Total eradication of environmental pollution is impossible.
 - (d) Scientists make false claims about environmental pollution.
92. To reduce pollution-causing substances to the barest minimum is to ensure that they -----.
- (a) are non-existent
 - (b) do not interfere with man's daily activities
 - (c) are reduced to a manageable level
 - (d) are in sizeable quantities
93. As stated in the passage, one of the following is not a way of tackling environmental pollution.
- (a) Sanctions
 - (b) Education
 - (c) Recycling
 - (d) Industrialisation
94. From the passage one can infer that environmental pollution affects -----.
- (a) plants only
 - (b) animals only
 - (c) humans only
 - (d) all living things
95. A suitable topic for the passage is -----.
- (a) environmental pollution
 - (b) man and his environment
 - (c) the dangers of industrialisation
 - (d) animal life and environmental pollution

Career counselors often distinguish between a career and a job. According to them, while a job is an activity people engage in to earn money a career is one on which people intend to spend most of their life doing. Career choice is one of the most challenging decisions faced by young people especially in view of the numerous available options. Again, people's career usually affect the direction of their lives — their well-being, happiness and sense of fulfillment.

Ideally, factors such as interests, talents and abilities ought to be given paramount consideration in the choice of a career. In this regard, it is argued that, people who are passionate about their jobs perform more excellently and have more satisfaction than those who are not. On the other hand, the consideration given to people's talents and abilities stems from the fact that each career requires that individuals possess certain basic academic qualification and natural aptitude to be successful.

However, this is not always the case. In many societies, it is still believed that since parents are older and more experienced, they are probably wiser and stand a better chance of choosing a career for their children. But as much as it may not be out rightly wrong for parents to recommend certain careers to their children, it is absolutely wrong for them to impose their choice on them as this could amount to confusion, frustration and ultimately, failure on the part of the child.

96. In the passage, the author is of the view that -----.
- (a) parents' involvement in a child's choice of career is not absolutely wrong
 - (b) parents have no right to suggest a career to their child
 - (c) parents are in a better position to choose a career for their child
 - (d) career choice is a sole responsibility of a child.
97. The belief that parents stand a chance of choosing a better career for their children is based on the belief that -----.
- (a) parents are older, more experienced and wiser
 - (b) children are unwise and cannot make a good choice
 - (c) parents fund their children's education
 - (d) people's career reflects their intellectual ability
98. According to the passage, people who perform more excellently and have more satisfaction in their job are those who have -----.
- (a) the aptitude
 - (b) the skill
 - (c) the professional qualification
 - (d) interest in their jobs
99. The word 'aptitude' as used in the passage means -----.
- (a) brilliance
 - (b) interest
 - (c) ability
 - (d) tendency
100. Which of the following cannot be inferred from the passage?
- (a) Children have the right to choose their career.
 - (b) A job is not necessarily a career.
 - (c) Parents have no right to encourage their children to take to a particular career.
 - (d) People would do better if they choose or are guided in their choice of a career.

Chief Examiner's Comments

This diet's general performance was quite impressive. The coursebook is written in simple, straightforward English which makes it easy for the candidates to understand.

Comments on Overall Performance

It was a good performance with 76.63% pass rate.

Suggestion(s) on Improvements

Candidates should keep up the good performances.

**F04 – BUSINESS COMMUNICATION AND
INFORMATION TECHNOLOGY**

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

FOUNDATION
F05 - INSURANCE UNDERWRITING PROCESS
OCTOBER 2023 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
2023 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.

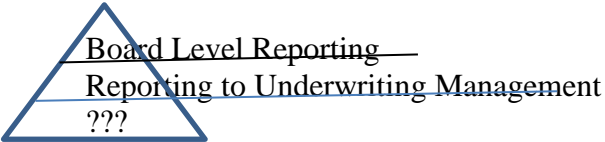
SECTION A - ATTEMPT ALL QUESTIONS (Questions 1 - 50)

1. “parole evidence rule” in insurance policy documentation has to do with ...
(a) duration of the contract (b) negotiations leading up to the contract
(c) classifications of warranties attaching to the contract
(d) policies with a short duration
2. Which section of the policy contains the specific information about an insured?
(a) Heading (b) Preamble (c) Operative Clause (d) Schedule
3. In the framing of “special perils” in an insurance policy, such may be included as follows:
(a) loss of property insured (b) risk of property insured
(c) damage caused to the property by (d) practice of the insurer
4. The section of the policy that connects the proposal form to be a part of the insurance contract is the ...
(a) preamble (b) heading
(c) operative clause (d) information and facilities
5. This part of the policy where details of the actual cover provided by the policy is stated as the ...
(a) heading (b) preamble (c) schedule (d) operative clause
6. Lightning will be covered by all these except ... insurance.
(a) household (b) “all risk” (c) pecuniary (d) standard fire
7. The penalty invoked by the insurers when the insured insures at a sum insured that is lower than the value of the property is referred to as ...
(a) average (b) subrogation (c) indemnity (d) arbitration
8. The 2003 Insurance Act seems to prompt the delivery of the policy document as evidence of the contract within a stipulated period after the payment of the first premium. What is the period within which it should be delivered?
(a) 30 days (b) 60 days (c) 45 days (d) 15 days
9. To qualify as Riot and Civil Commotion, what is the minimum number of persons that must be involved in the act of public disturbance?
(a) 10 (b) 20 (c) 15 (d) 12
10. One of these perils is not part of the “standard fire cover”.
(a) Malicious Damage (b) Domestic Explosion (c) Fire (d) Lightning
11. The law that defines theft is the ...
(a) Burglary Act 1932 (b) Public Order Act 1886
(c) Theft Act 1968 (d) Insurance Act 2003

12. In money insurance, which of these will not be covered under the policy?
 (a) Cash-in-transit (b) Money on counter
 (c) Goods-in-transit (d) Money in safe
13. In Business Interruption Insurance, the maximum time the income of the business could be affected as a result of damage caused by fire is known as the ...
 (a) excess period (b) indemnity period
 (c) average period (d) waiting period
14. The material damage proviso is found in which of the following classes of insurance?
 (a) Motor Insurance (b) Engineering Insurance
 (c) Theft Insurance (d) Business Interruption Insurance
15. In which of these policies is the concept of negligence important to liability?
 (a) Public Liability (b) Personal Accident
 (c) Burglary (d) Erection All Risks
16. In an Employers Liabilities Insurance Policy, who is the “Insured” as per the schedule? It is the ...
 (a) public (b) union (c) employer (d) employee
17. Which of these liability policies will not cover losses to third parties?
 (a) Employers’ Liability Insurance (b) Public Liability Insurance
 (c) Product Liability Insurance
 (d) Director and Officers Liability Insurance
18. From the Information Pyramid, which level of the company requires data/information relating to group performance/profitability?
 (a) Board (b) Union (c) Manager (d) Operational
19. Private Motor Insurance providing policyholders with ... hours access to call centres for assistance in the event of a vehicle breakdown.
 (a) 6 (b) 12 (c) 18 (d) 24
20. Which of these will not lead to risk accumulation?
 (a) Insuring a number of insureds occupying the same premises
 (b) Insuring a bungalow belonging to a family
 (c) Storm and flood affecting a large area
 (d) Insuring both landlord and tenants in a high-rise building
21. In this form of loss ratio, the claims are related to the premium earned up to the end of the accounting date. Which of these is the form of loss ratio?
 (a) Claims Loss Ratio (b) Outstanding Loss Ratio
 (c) Earned Loss Ratio (d) Pooled Loss Ratio

22. The Exxon Valdez Oil Tanker oil spillage was one of the most terrible in human history. In terms of frequency and severity, this can be illustrated as:
- (a) High Severity, High Frequency (b) Low Frequency, High Severity
(c) Low Frequency, Low Severity (d) High Frequency, Low Severity
23. The most appropriate monitoring period for performance of individual policies is ...
- (a) the policy year (b) the underwriting year
(c) the calendar year (d) the accounting year
24. Certain elements must be present in a contract for it to be legally binding. Which of these is not one of those elements.
- (a) Offer (b) Acceptance
(c) Policy Document (d) Consideration
25. Which of these statements is not true in relation to disclosure of material fact?
- (a) The insurer is under no duty of disclosure
(b) The proposer is the main supplier of material information
(c) Both parties are under the duty to disclose material facts
(d) The insured is under duty to disclose material facts even if not expressly requested
26. Which of these will not be taken as a physical record?
- (a) Dishonest disposition by a proposed insured
(b) Proposer's occupation
(c) Property construction like building of concrete blocks
(d) Burglary restraint bars on windows
27. All except one of these can be classified as moral hazard.
- (a) Social attitude of the general population regarding stealing
(b) Careless/carefree attitude to matters
(c) Unguarded machinery on the factory floor
(d) Dishonesty of a person who has made fraudulent claims in the past
28. The proposal form is the main method of obtaining information material to the risk. Which of these is not an alternative way of obtaining information?
- (a) Risk Survey (b) Broking Slip
(c) Supplementary Questionnaires (d) Cover Note
29. In underwriting, a professional is said to be "eyes and ears" of the underwriter in risk evaluation. Who is this professional?
- (a) Agent (b) Surveyor (c) Broker (d) Accountant
30. In which class of insurance would one encounter "No Claims Discount"?
- (a) Burglary/Theft (b) Contractors All Risks
(c) Motor Insurance (d) Goods-in-Transit

31. Which if these is not a factor in the underwriting of health insurance?
 (a) Occupation (b) Age
 (c) Family Circumstances (d) Type of Use
32. At what stage in the risk management process is frequency and severity of occurrence covered? It is at the stage of risk ...
 (a) analysis (b) control (c) inception (d) identification
33. A customer care officer of an insurance company discussing with a proposer mentioned that the company has a list of “approved repairers” that could be used in the event of a claim. Which type of policy could this be?
 (a) Workmen’s Compensation Policy (b) Professional Indemnity Policy
 (c) Motor Insurance Policy (d) Fidelity Guarantee Insurance Policy
34. The important consideration in the underwriting of Theft Insurance will NOT include ...
 (a) existence of pre-existing conditions (b) trade
 (c) any moral hazard of the owner (d) nature and construction of the policy
35. Ms. Betty was driving her car on a slightly free road when she suddenly noticed a stray animal, in panic she lost control and hit a pole by the road damaging the frontal part of her car. Which of these motor cover will offer her indemnity?
 (a) Road Traffic Act (b) Third Party Only
 (c) Third Party Fire and Theft (d) Comprehensive
36. Which of these is not an exclusion under a comprehensive motor policy?
 (a) Wear and tear (b) Damage from theft or attempted theft
 (c) Depreciation in value over time (d) Loss of use by the insured
37. A vehicle used by the owner to convey cargoes can be classified as ...
 (a) vehicles of special construction (b) passenger-carrying vehicles
 (c) agricultural and forestry vehicles (d) goods carrying vehicles
38. Which of these is NOT a form of database?
 (a) Motor Insurance Database (b) Art Loss Register
 (c) Fraudulent Claimants Index (d) Claims and Underwriting Exchange
39. A policyholder used to insure a group of vehicles under single ownership is called ...
 (a) multiple insurance (b) fleet insurance
 (c) contingent insurance (d) corporate insurance
40. One of these general business policies is a benefit policy.
 (a) Private Motor (b) Personal Accident
 (c) Product Liability (d) All Risk

41. Health insurance can be said to comprise of the following except one.
 (a) Employer's Liability (b) Medical Expenses
 (c) Sickness (d) Personal Accident
42. Continental scale is used in personal accident for the calculation of which type of benefit?
 (a) Death (b) Temporary Total Displacement
 (c) Permanent Total Displacement (d) Permanent Partial Displacement
43. The personal accident policy is subject to exclusions that does not include ...
 (a) self-inflicted injury (b) pre-existing illness or infirmity
 (c) disappearance (d) childbirth and pregnancy
44. Single Articles Limits are a usual feature of Theft Insurance in which of these policies can it also be found?
 (a) Product Liability Insurance (b) Fire Standard Policy
 (c) Householders' Insurance (d) Public Liability Insurance
45. Which of these cannot be classed as part of 'building' under a householder's comprehensive insurance?
 (a) Swimming Pool (b) Tennis Court
 (c) Framed Works of Art (d) Sheds
46. A general insurance policy is normally issued for what period of time?
 (a) 3 months (b) 6 months (c) 9 months (d) 12 months
47. 
 ??? in the diagram above refers to ...
 (a) customer base (b) operational data
 (c) strategic data (d) physiological needs
48. When an insured cancels the policy mid-term, the premium retained is charged on what basis?
 (a) Short Period (b) Pro-Rate
 (c) Full Premium (d) Full Refund
49. The price, therefore, needs to consider the amount of such variable costs for each product line. Which of these is not an example of variable costs?
 (a) Underwriting (b) Staff Cost
 (c) Commission (d) Claims handling
50. Which of these is usually calculated by an actuary?
 (a) Claims Cost (b) Underwriting Expenses
 (c) Risk Capital Requirement (d) A Charge per Claim

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

Answer True (T) or False (F)

51. Low Claims Rebates (LCRs) are paid based in the previous year's performance.
52. The Underwriter plays a very important role in the management of the pool one of which investing the pool fund in the best investment combinations.
53. Excess, Deductible; Franchise and Warranty all belong to the same group when discussing insurance policy terms.
54. In personal accident insurance, there is a general practice of grouping occupations into four or five classes according to the level of accidents.
55. Both general contracts of caveat emptor and an insurance contract will contain utmost good faith as an underlying guiding principle.
56. It is a statutory requirement that employers must retain expired certificate under the Employers' Liability policy for 40 years.
57. A certificate of insurance must be issued for all policies issued across the board to give authenticity.
58. Adjustable premium is used where the exposure quantum is not known at the inception of cover. Employer's liability will be a good example of this.
59. The "No Premium, No Cover" provision in the Insurance Act of 2003 only applies to business placed by brokers.
60. You are told that a reinsurance arrangement is such that the ceding companies paid claims up to a specified amount and claims above this amount are paid by the reinsurer. This would be a quota share treaty.

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

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

Julison purchased a new vehicle and sent the details of the vehicle and of himself to Mountain Strength Insurance Limited requesting for a quote for motor insurance. Based on the information supplied, the insurer provided a quotation which consisted of a rate and pre-condition to sight the vehicle inclusive of a timeframe of seven (7) days within which to pay. Mr. Julison finds the terms okay and pays the premium on the fifth day to obtain cover.

61. The details of the vehicle and of Mr. Julison sent through the means of a document specially designed by the insurer to the insurer by Mr. Julison is called the ...
 - (a) application form
 - (b) request form
 - (c) proposal form
 - (d) claim form

62. The principle of insurance that will not allow Julison not to get more than what he lost is called ...
 (a) indemnity (b) insurable interest
 (c) proximate cause (d) contribution
63. The acceptance in this transaction is on the part of the ...
 (a) insurer (b) insured (c) agent (d) adviser
64. For a valid contract to be in place, there must be consideration. What constitutes the consideration in this scenario?
 (a) Premium (b) Vehicle (c) Proposal Form (d) conditions
65. In sending details of the car and himself as the prospective insured, he must disclose all information that are material. This is to say insurance is a contract of ...
 (a) caveat emptor (b) let the buyer beware
 (c) smart buyer (d) utmost good faith

An insurance company prepares an account at the end each year to show financial details of its operations over the year reflecting items of “income and expenses”, as well as the “profit or loss” it has made. You are requested to help with explanations about some of the items in the account statement.

66. The main item on the income/revenue side of the account will be ...
 (a) claims (b) commission (c) reserves (d) premium
67. The company’s underwriting result will include all but one of these items.
 (a) Loss Ratio (b) Investment Income
 (c) Expenses (d) Commission
68. A normal account for an insurance company will cover what time period?
 (a) 12 months (b) 15 months (c) 18 months (d) 24 months
69. Which of these items will be on the expense side of the account of an insurance company as an outflow?
 (a) Claims (b) Reinsurance (c) Premium (d) Staff Cost
70. Insurers must make provisions for reserves to take care of outstanding claims in their account, some claims may have happened towards the end of the year which have not been reported but must be provided for in the reserves. What is this special provision called?
 (a) Latent Claims (b) Large Claims
 (c) Incurred but not Reported (d) Catastrophe Claims

Mr. Musa Abubakar requested for quotation from Messrs. XYZ Insurance Company on 1st December 2022. Insurers responded and gave rate and terms on 2nd December 2022 specifically stating that the rate and terms were valid for fourteen (14) days (issuance date inclusive). Mr. Abubakar was out of office and did not see the letter from the insurer until a week later when he returned from a trip. He found the rate and terms in order and confirmed acceptance via payment on 15th December 2022.

71. When is cover effective in this case?
- | | |
|-----------------------------------|------------------------------------|
| (a) No cover | (b) 2 nd December 2022 |
| (c) 9 th December 2022 | (d) 15 th December 2022 |
72. What is the last date on which Mr. Abubakar could make payment if he found the terms in order?
- | | |
|-----------------------------------|------------------------------------|
| (a) 1 st December 2022 | (b) 2 nd December 2022 |
| (c) 9 th December 2022 | (d) 15 th December 2022 |
73. For the insurance company to send quotation rate and terms, in contract terms, this will amount to the ...
- | | |
|--------------------|-------------------|
| (a) representation | (b) consideration |
| (c) offer | (d) acceptance |
74. If the insurer had made an error in their quotation, when was the earliest date the insurer could have withdrawn the quotation if the proposer had not conveyed to the insurer that he found the quotation in order?
- | | |
|------------------------------------|------------------------------------|
| (a) 2 nd December 2022 | (b) 9 th December 2022 |
| (c) 15 th December 2022 | (d) 16 th December 2022 |
75. In this instance, when did acceptance take place?
- | | |
|-----------------------------------|-------------------------------------|
| (a) 1 st December 2022 | (b) 2 nd December 2022 |
| (c) 9 th December 2022 | (d) 15 th December 2022. |

Chief Examiner's Comment

The paper is designed to introduce candidates to the core functions of an insurance company. Candidates can do better by devoting more time to their study. Past examination report would be useful in the preparation for the examination.

Comments on Overall Performance

The overall performance at 28.75% pass rate was poor. Pass rate is just over a quarter of the candidates that took the examination. Performance level can improve.

Suggestion(s) on Improvements

There is no short route. Candidates must be able to start preparation early and complement efforts with study classes.

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

F06

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F06 – MOTOR INSURANCE PRODUCTS
OCTOBER 2023 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
2023 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.

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

1. A driver who is involved in an accident causing third party injury and/or damage may be required to give their own personal and insurance details by one having reasonable grounds. If they could not do so immediately, what time frame are they given to do so?
(a) 24 hours (b) 12 hours (c) 6 hours (d) 3 hours
2. The definition of "Road" in the Road Traffic Act will include all of the following except ...
(a) supermarket parking lot (b) expressway
(c) residential garage (d) underpass bridges
3. The Road Traffic Act allows "security" in place of insurance but this is a route that is rarely followed. Who are the few who make use of this option?
(a) Security firms on the stock exchange (b) Various private security firms
(c) Multinational corporations (d) The public service
4. Liability for third party liabilities for cars are usually light unless heavy duty trucks and articulated trailer. What is the minimum third-party property damage for this class of commercial vehicles as required by the Insurance Act 2003?
(a) ~~£~~1million (b) ~~£~~2million (c) ~~£~~3million (d) ~~£~~4million
5. The Third Parties (Rights Against Insurers) Act 2010 is to address which of these situations?
(a) Where there are two sources of indemnity.
(b) Where the policyholder becomes bankrupt.
(c) Where the individual involved is a minor.
(d) Where the victim is a colleague of the policyholder.
6. How often is the amount for inpatient and outpatient treatment received?
(a) Quarterly (b) Bi-Annual (c) Annually (d) Half-Yearly
7. Rehabilitation of Offenders Act 1974 seeks to rehabilitate persons convicted of criminal offences. Conviction periods of what period can never be spent or rehabilitated?
(a) Over 3 years (b) Over 4 years (c) Over 5 years (d) Over 6 years
8. In torts, the principal period of limitation for property damage is ...
(a) 6 years (b) 3 years (c) 2 years (d) 1 year
9. When the proportion of the negotiated estimate of repairs to sum insured is 75% making it rather uneconomical to proceed with repairs, the insurer will usually treat the claim as ...
(a) constructive total loss (b) partial loss
(c) average loss claim (d) supplementary claim

10. Under the Motor Vehicle (Third Party) Insurance Act 1950 of Nigeria, certain categories of drivers are exempted from having motor insurance. Which of these does not belong to the group?
- (a) Motor Vehicle owned by the Government
 - (b) User of a motor vehicle owned by a person who has deposited with the Accountant General of the Federation
 - (c) Motor Vehicle belonging to a chief executive of a multinational
 - (d) Motor vehicle at a time it is in use for police purposes
11. The cover provided in the TPO cover is for the benefit of the third parties. The third party is ...
- (a) the insured
 - (b) any other person apart from the insured or insurer involved in an accident
 - (c) the owner of the vehicle been driven by an employee/driver
 - (d) the insurance industry regulator
12. The Road Traffic Act in the UK will cover all these except one.
- (a) Non-road use
 - (b) Legal cost of defending an action
 - (c) Emergency treatment
 - (d) Legal liability to third party for death
13. The Third-Party, Fire and Theft gives some cover to the vehicle insured. Which of these is not amongst the cover given by the TPFT policy?
- (a) Loss or damage to the vehicle from electrical fire from engine areas
 - (b) Damage done to the vehicle by lightning
 - (c) Damage done to the vehicle in a lone accident involving the insured vehicle alone
 - (d) Damage done in the course of attempted theft
14. If the costs of repairs exceed the value of the car or a predetermined percentage of the vehicle's value, the insurer will treat the vehicle as beyond economical repair and pay ...
- (a) the sum insured reflected in the policy schedule
 - (b) the salvage value
 - (c) the gross estimate of repairs
 - (d) market value or total loss
15. You have sent a private motor policy to an insured who recently took up a new policy with your company. Where within the policy would you advise him to check for details of applicable excesses? The ...
- (a) preamble
 - (b) schedule
 - (c) exclusions
 - (d) operative clause
16. Although the comprehensive cover provides broad coverage for the vehicle and third-party liabilities, which of these is not an exclusion?
- (a) Consequential cost of alternative vehicles
 - (b) Damage done in the course of attempted theft
 - (c) Wear and tear
 - (d) Mechanical/electrical breakdown

17. For a vehicle to be classed under bus or coach, the seating capacity must exceed seating capacity of ...
 (a) 8 (b) 10 (c) 12 (d) 16
18. A situation where one person may rely on another person to arrange insurance but such insurance proves inoperative and incurs liability in situations in which they have no direct control. They can protect themselves by taking out a/an ... policy.
 (a) professional indemnity (b) public liability
 (c) contingent liability (d) employer's liability
19. Where two policies in motor insurance have exclusion contribution condition that cancel each other, what is recommended on the principle of equity/justice?
 (a) The insured will forfeit their right to indemnity
 (b) The policy with the higher sum insured will pay all
 (c) Both insurers will subject themselves to arbitration
 (d) Both parties will contribute equally
20. The Security Development Fund under the control of NAICOM is ...
 (a) to support ailing insurance companies to pay claims
 (b) for payment of claims from accident caused by uninsured drivers
 (c) to be utilised in campaigns for better image for insurance
 (d) to be insured as inferior backup for insurers with liquidity issues
21. The claims department plays an important role in the technical services delivery of an insurance company. Which of these is not one of their functions?
 (a) To ensure that there is no overpayment, fraud and high expenses in the claims handling process
 (b) To ensure that only valid claims are paid
 (c) To invest funds meant for outstanding claims and reserves
 (d) To provide fast, efficient and friendly service to claimants
22. In which part of the policy document would the principle of indemnity be mentioned? In the ...
 (a) preamble (b) heading
 (c) operating clause (d) information and facilities
23. Insurable interest is a must in every contract of insurance, motor insurance inclusive. The duty will apply to all except one of these?
 (a) Owner of the vehicle as the person insured
 (b) Third party
 (c) The driver of the vehicle
 (d) Any person authorised to use the vehicle
24. Mr. Gabbies car was hit by a motorcyclist who was plying a road prohibited for motorcycles in the bid to escape arrest by law enforcement agents; damaging the right-hand side door

extensive. Mr. Gabbies requested for a new door and a total re-spray of the whole car. The insurer agreed but asked that he must bear part of the cost. This is an example of ...

- (a) contribution
- (b) excess
- (c) average
- (d) contributory negligence

25. Mr. Chukwuma bought a car through the staff cooperative society. Immediately he received the car documents, he got a friend who works in an insurance company to arrange for insurance cover on the car oblivious to the fact that the cooperative society had also advised their insurance to put cover in place. In the event of an accident, both policies will be called to action. Which principle of insurance is at play?

- (a) Vicarious Liability
- (b) Contribution
- (c) Insurable Interest
- (d) Average

26. You are told that an insurance company having settled a claim said that they wished to avail themselves the rights and remedies of the insured. Which principle of insurance is the insurance company involving?

- (a) Insurable Interest
- (b) Indemnity
- (c) Proximate Cause
- (d) Subrogation

27. Subrogation and contribution are tied to which of these main principles?

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

28. The statement of insurance provided by the insurer to the insured relates to ...

- (a) Claim Notification
- (b) Underwriting Enquiries
- (c) Reinsurance Arrangement
- (d) Premium Payment

29. Where there is a dispute in a claim in respect of liability, in which the insure repudiates a claim, the parties can decide to go to ...

- (a) arbitration
- (b) the Broker
- (c) the Adjuster
- (d) court

30. Approved repairers are an important part of motor insurance. Which of these is not part of the functions they offer?

- (a) Tow a disabled vehicle to their garage for repairs
- (b) Negotiate prices of spare parts with sellers
- (c) Renew expired vehicle license for the insured
- (d) Provide courtesy car to the insured following an accident when their vehicle is undergoing repairs

31. A vehicle was stolen while the policyholder was in the superstore to get provisions for the house. The thief did not fully understand the working of the car as it is a relatively new model. He made mistakes and could not control the brakes on excessive speed, resulting in a collision with a concrete road divider that renders the vehicle damaged beyond economic repairs. What would be the level of indemnity offered for this total loss?

- (a) Market Value
- (b) Sum Insured
- (c) Agreed Value
- (d) Showroom Price

32. When a car is damaged severely and becomes a “write off”, the damaged remains of the vehicle handed over to the insurer is known as a ...
 (a) relic (b) salvage (c) remnant (d) derelict
33. All total loss and theft cases in the UK are registered on industry computer base called ...
 (a) CUE (b) MIAFTR
 (c) Lloyd’s Council (d) Thatcham Centre
34. You are told that all extensively damaged vehicles should not be returned for use on roads. From which body, in the United Kingdom, can you confirm details of vehicles so designated and documented?
 (a) MIB (b) DVLA (c) MID (d) FOS
35. Which of these is not a contributory negligence situation?
 (a) The injured passenger did not use a seatbelt
 (b) The third-party passenger in a motorcycle accident was not putting on a helmet at the time of accident
 (c) The claimant dishonestly added none damaged parts in their claim
 (d) The claimant knowingly travelled as a passenger in a vehicle they know the driver to be drunk
36. In pursuing a claim for personal injury, the claimant would have a time of how long from time of accident to lodge their claim?
 (a) 9 months (b) 1 year (c) 2 years (d) 3 years
37. A provision in the insurance Act 2003 which states that a policy on insurance shall not be made on the life of a person or other event without inserting in the policy the name of the person interested in it is contained in Section ...
 (a) 57 (b) 59 (c) 60 (d) 62
38. Mr. Biggie’s claim was processed by his insurer who issued a discharge voucher but is yet to effect settlement three weeks after issuance and submission of the executed discharge voucher. After how many days can he report to NAICOM?
 (a) 90 days (b) 75 days (c) 60 days (d) 45 days
39. In a typical certificate of insurance issued in Nigeria pursuant to the Motor Vehicle (Third Party Risks) Insurance Act 1950, there will be all BUT one of the following:
 (a) Registration number of vehicle covered
 (b) Scope of cover granted (c) Name of policyholder
 (d) Effective date of commencement of cover
40. Blanket certificate would mostly be used in ...
 (a) individual private cars (b) own goods minivans
 (c) small fare paying passenger vehicles (d) motor trade

41. The certificate of motor insurance is a very important document in relation to a policy issued under the Road Traffic Act. In the course of underwriting, which document is issued temporarily in lieu pending submission of all information/documents?
 (a) An Endorsement (b) A Prospectus
 (c) A Cover Note (d) A Policy
42. The statement of facts in relation to material facts/information is issued by ...
 (a) a Broker (b) an insurer (c) an agent (d) a surveyor
43. The insurance market has multiple channels of providing information to potential buyers of motor insurance and their intermediaries. Which of these is not one of them?
 (a) Motor Insurance Database (b) Aggregators
 (c) Electronic Data Interchange (d) Software Houses
44. The Motor Insurers Bureau plays a vital part in insuring that victims of untraced drivers or uninsured drivers have access to compensation. Where does it get its funding from?
 (a) Motor Insurance Underwriters
 (b) Members of the Association of British Insurance
 (c) Government Subventions
 (d) Penalties on Road Traffic Offenders
45. The insurer has a duty of disclosure to the insured. This is a statement of fact and is also contained in Section ... of the Insurance Act 2003.
 (a) 54 (b) 55 (c) 68 (d) 69
46. Insurance companies in Nigeria can be classed as composite, general, life and reinsurers. Motor policy can be purchased from two of these directly. Which ones are they?
 (a) Composite and Life (b) Life and Reinsurer
 (c) Composite and General (d) Reinsurer and Composite
47. The Nigerian equivalent of the United Kingdom MID is the ...
 (a) FRSC (b) NIID (c) NCRIB (d) NIA
48. In the assessment of vehicle for many rating purposes, which of these will not be a factor?
 (a) Repair Costs (b) Value
 (c) Colour/Paint Type (d) Performance
49. Under standard circumstances, the maximum NCD in the Nigerian insurance market as reflected in the Nigerian Insurance Market Motor Tariff is ...
 (a) 50% (b) 55% (c) 60% (d) 70%
50. The motor insurance premium is an addition of a number of elements. Which of them represent the amount that is required to pay claims?
 (a) Fixed Cost (b) Variable Cost
 (c) Contingent Reserve (d) Claims Ratio

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

51. Fleet policies are rated based on the combination of the industry's commercial and private motor claims experience.
52. Joint policy in private motor may be issued to the policyholder and his/her employer.
53. The widest cover issued in motor insurance is the comprehensive scope of cover.
54. In commercial vehicle insurance, the cover granted to specified trailers will be the same as that granted on the towing vehicle.
55. Payment of emergency treatment fees consequent upon an accident is compulsory and does not affect the NCD arrangement.
56. The Brown Card System is functional in most African countries.
57. The limitation period to bring an action for property damage is 3 years.
58. Where a certificate is issued within the currency of the cover note, it will be in order to use the commencement date of the cover note as the commencement date of the certificate.
59. Cherished or classic type of vehicles insured at "agreed value" will be settled on market value basis in the event of a theft or total loss.
60. Each renewal of motor insurance is a new contract.

SECTION C - ATTEMPT ALL QUESTIONS (Questions 61 - 75)
Read the cases below carefully and answer the questions which follow.

Mr. Danjuma was convinced to put in place a comprehensive cover on his car. He was guided to complete the proposal form, paid and was given a motor insurance certificate. At the conclusion of the transaction a policy document was delivered to him. Being the first time, he has so many questions to ask about the process and the documents he encountered.

61. The proposal form is the means by which the insurance company obtains ...
 - (a) premium payment details
 - (b) corporate registration facts
 - (c) material facts
 - (d) employment history
62. If Mr. Danjuma is stopped by the Police in the course of a checking exercise, which document does he present to them as a proof of insurance in compliance with the Road Traffic Act?
 - (a) Official Receipt of Payment
 - (b) Certificate of Insurance
 - (c) Proposal Form
 - (d) Policy Document

63. Of the documents encountered in the transaction process, which one is the evidence of the contract of insurance?
- (a) Proposal Form (b) Broking Slip
(c) Certificate of Insurance (d) Policy Document
64. He wants to confirm the genuineness of the certificate of insurance issued to him, where does he do this?
- (a) NIID (b) ILAN (c) RISAN (d) ARIAN
65. Which section of the policy document does he look for details that are personal to him and the car he is insuring?
- (a) The Operative Clause (b) The Schedule
(c) The Preamble (d) The Exception

Mr. Cosmas purchased a vehicle about nine months ago and was ran into by a truck that suffered a defective brake causing severe damage to the vehicle. The vehicle, purchased at the cost of ₦2,000,000.00 and insured for the same amount, was extensively damaged that the repair cost was negotiated for ₦1,500,000.00. The impact affected the insured, Mr. Cosmas, who had to spend a week in the hospital. Similarly affected was, Mr. Damien, his co-worker, who unfortunately did not remember to put on the seatbelt, an act that led to increasing the extent of his injury especially to the head making him spend about three weeks in the hospital. Both vehicles were insured, though by different insurance companies.

66. On which form will he submit details of the accident to his insurers?
- (a) Discharge Voucher (b) Proposal Form
(c) Prospectus (d) Claim Form
67. Mr. Cosmas's insurers on receiving details of the accident asked him for the identity of the negligent third-party motorist for them to reach out for reimbursement of their outlay. Which principle of insurance are they exercising?
- (a) Contribution (b) Betterment
(c) Subrogation (d) Uberimas Fidei
68. The proportion of the negotiated estimate of repairs to sum insured is 75% making it rather uneconomical to proceed with repairs. The insurer will treat the claim as ...
- (a) constructive total loss (b) partial loss
(c) average loss claim (d) supplementary claim
69. The insurer of the third-party truck observed that Mr. Damien who was injured in the accident was not putting on a seatbelt at the time of the accident and sought to reduce their liability payment as they countered that the injury would not have been so extensive. On which principle of law are they relying on?
- (a) Proximate Cause (b) Contributory Negligence
(c) Vicarious Liability (d) Strict Liability

70. Mr. Cosmas was settled for a total of ₦1,620,000.00 net of policy excess and depreciation. He also submitted bills for hospital treatment for himself and his colleagues; as well as claims for damages for inability for inability to work and for partial disability. What would be the limit of the third-party insurer's liability for industry to the two persons?
- (a) ₦1,620,000.00 (b) ₦1,000,000.00 (c) ₦2,620,000.00
 (d) Unlimited but Subject to Reasonableness

Mr. Johnnie a PRO practitioner had a business dinner in a posh restaurant in Victoria Island. He parked his car and was asked to deposit his car key with the security men. One of the security operatives in a bid to make way for another vehicle to exit the restaurant gate house, hit another car and damaged the vehicle badly in the front compartment as well as a whole side affecting the two doors. For a car not too common the standard garage gave an estimate of ₦2,000,000.00, whereas the sum insured was ₦2,500,000 despite the fact that current sales price of similar vehicles in its current state is ₦4,500,000.00.

71. Mr. Johnnie, although has insurance cover, held the restaurant liable for the damage done to his car. The restaurant is said to be ...
- (a) independent of his employees (b) vicariously liable
 (c) under strict liability (d) under contributory negligence
72. In arriving at an indemnity, settlement for the car will be based on ...
- (a) ₦2,000,000.00 less excess less depreciation
 (b) ₦2,500,000.00 less excess less depreciation
 (c) ₦4,500,000.00, which is the current market price
 (d) Average of ₦2,500,000.00 and ₦4,500,000.00
73. Having taken a decision on the indemnity, this is conveyed to the insured through the medium of ...
- (a) a proposal letter (b) an acknowledgement letter
 (c) an endorsement (d) an offer letter
74. When the loss on the car is settled on a total loss basis, the ownership reverts to the insurance company. The wrecked car taken over by the insurer is called ...
- (a) remnant (b) reject (c) salvage (d) excess
75. Assuming that the third party's motorist's insurance cover is limited to the statutory third-party property damage limit. How much would they be liable to reimburse Mr. Johnnie's insurer under this heading?
- (a) ₦2,000,000.00 (b) ₦2,500,000.00 (c) ₦1,000,000.00
 (d) Unlimited but Subject to Reasonableness

Chief Examiner's Comments

The examination paper covered every aspect of the syllabus/course book. This was done to ensure that the candidates have a good spread of the various areas of Motor Insurance Products.

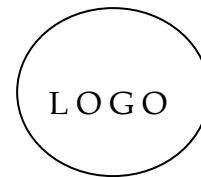
Comments on Overall Performance

The overall performance at 33.33% pass rate was abysmally poor.

Suggestion(s) on Improvements

Candidates should create more time on a consistent basis, and should not start studying few weeks to the examination.

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



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- 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.

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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.

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

1. A policy that broadens the cover provided by a buildings-only or contents-only policy by including a range of optional extensions to the basic cover is called ...
(a) an additional item policy (b) loss of rent cover
(c) a combined policy (d) standard policy
2. Which of the following best describe an arrangement where insurance buyers pool their risk together by paying premiums that is then pool to pay future claims
(a) Market Square Insurance (b) Combined Insurance
(c) Traditional Insurance (d) Peer-to-Peer Insurance
3. How many takaful insurance companies had been registered in Nigeria as at 31st December 2019?
(a) 3 (b) 4 (c) 6 (d) 7
4. Under which of the standard perils is the downward movement of the land on which a building stand is classified?
(a) Fire (b) Ground Heave
(c) Subsidence (d) Landslide
5. What risk is covered under the escape of oil or water covers?
(a) Damages caused by escape of oil or water
(b) Repair of appliance water or oil escaped from
(c) Wear and tear (d) Additional item cover
6. Which of the following is the total value of valuable items is not to exceed one third of the contents sum insured, unless specifically agreed?
(a) Multiple Limit (b) Valuables Limit
(c) Money Limit (d) Single Article Limit
7. Which of the following is not an optional extension to a household policy?
(a) Money and credit cards (b) Pedal cycles
(c) Contents (d) Sports equipment
8. Common exclusions under the money and credit cards insurance includes damages caused by the following except ...
(a) any loss that is not reported to the policy within a specified period of time
(b) loss of value (c) unauthorised use of credit cards
(d) loss resulting from theft
9. Pedal cycles cover will cover ...
(a) loss/theft of pedal cycle while left unattended
(b) damage due to electrical or mechanical breakdown
(c) loss resulting from accidental loss or damage to pedal cycles
(d) wear and tear

10. Which event is covered under the frozen foods' extensions?
 (a) Change in temperature by freezing agent
 (b) Cost of hiring temporary alternative freezer space
 (c) Contamination (d) All of the above
11. What type of assistance are provided under the assistance services/emergency helplines extension?
 (a) Legal advice (b) First aid treatment
 (c) Grazing service (d) None of the above
12. Under the caravan cover, liability for the following are excluded except ...
 (a) liability for injury to employees
 (b) injury or damage occurring while towing the caravan
 (c) legal liability for third party bodily injury
 (d) damage to property belonging to or in control of the insured
13. The two main types of travel insurance policies include ...
 (a) one-way ticket trip (b) single and annual trip
 (c) return ticket trip (d) all of the above
14. Which of the following is not an extension on the main travel insurance policy?
 (a) Hospital cash benefit (b) Personal liability
 (c) Travel delay (d) Pet care
15. Medical and associated benefit covers the following except
 (a) Emergency medical treatment
 (b) Additional cost of bringing the insured home
 (c) Cost of travel (d) Capital sum for death
16. The code on conduct of the NCRIB emphasizes the need to ...
 (a) abide with all relevant laws, principles and regulations
 (b) act with integrity and honesty
 (c) All of the above (d) none of the above
17. Which of the following best describe cover that provides reimbursement of cost of travel and accommodation in proportion to the amount of the insured person has not been able to use?
 (a) Reimbursement (b) Cancellation
 (c) Curtailment (d) Travel delay
18. Which of the following best describe the type of insurance that covers the insured's liability for injury to third parties or damage to third party property while on holiday?
 (a) Combined Insurance (b) Personal Liability
 (c) Personal Accident (d) All of the above

19. ... provides daily benefit of stated amount while the insured is confined to hospital, subject to an overall limit.
- (a) Travel delay (b) Delayed baggage
(c) Hospital cash (d) Travel interruption
20. Which of the following is an exclusion under the travel policies?
- (a) Loss of luggage by confiscation (b) Terrorism
(c) Travel against medical advice (d) All of the above.
21. Travel insurance is mostly required because of ...
- (a) the willingness to travel
(b) the risk of losing deposit payment made for a non-refundable ticket
(c) unforeseen circumstances (d) None of the above
22. ... is not an exclusion under the mobile phone insurance cover.
- (a) Cost of unauthorised calls
(b) Damage caused by computer virus
(c) Theft of the mobile phone (d) Failure to take reasonable care
23. The geographical limit for mobile phone insurance cover is ...
- (a) anywhere within the issuance country (b) anywhere in the world
(c) (a) and (b) (d) none of the above
24. ... is not a basis of settlement under the economic slaughter section of a horse insurance policy.
- (a) The market value (b) Age of the horse
(c) All of the above (d) None of the above
25. ... is not included as part of the cover that may be needed when working.
- (a) Professional indemnity (b) Business money
(c) Travel delay (d) Business interruption
26. ... are the two types of packaged policies available for homeworking.
- (a) Cancellation and curtailment policies
(b) Business interruption and travel delay policies
(c) Home-business and stand-alone business policies
(d) All the above
27. The insurer has a duty of disclosure to the insured. This is a statement of fact and is also contained in Section ... of the Insurance Act 2003.
- (a) 54 (b) 55 (c) 68 (d) 69
28. Holiday homes portends a higher risk to insurers because ...
- (a) they are mostly unoccupied and therefore are vulnerable to theft
(b) they easily managed (c) they are very expensive
(d) None of the above

29. ... is responsible for insuring a block of flats.
- (a) Local council (b) Landlord or freeholder
(c) Tenant (d) All of the above
30. Employers' liability cover is required as an extension to a block of flats policy to ...
- (a) liabilities resulting from the activities of landlord's employees
(b) liabilities resulting from the activities of the tenants
(c) liabilities resulting from the activities of the landlord
(d) None of the above
31. One of the following may be included as part of the additional condition on policies covering shared and rented homes.
- (a) Notify the insurers if the building becomes unoccupied
(b) No additional premium shall be required if the building becomes unoccupied again
(c) There is no requirement to inspect the property where it becomes unoccupied
(d) All of the above.
32. Which of the following is not part of the common extensions to a household policy?
- (a) Money and Credit Cards (b) Frozen Foods
(c) Pedal Cycles (d) None of the above
33. ... is not one of the reasons for exclusions to the personal possessions section of a policy.
- (a) Exclusion of property where separate insurance is available
(b) Exclusion of losses that insurers are not prepared to cover
(c) Perils covered under the personal possessions section of a policy
(d) All the above
34. ... was embedded in the pedal cycle extension to minimum high theft claims.
- (a) Cover for personal effect and money
(b) Cover for personal accident
(c) Exclusion of theft while the pedal cycle is unattended
(d) Public liability
35. Which of the following is not part of the applicable geographical limit to a sport equipment extension?
- (a) Cover applies while within the country of policy issuance
(b) Cover applies while anywhere in the world for up to 60 days in total in any one period of cover
(c) Cover applies while temporarily on a different continent for a period of one year
(d) All the above
36. ... is not an automatic extension to the cover provided for the caravan and equipment section of a caravan policy.
- (a) Travel cost (b) Travel delay
(c) Removal of debris after an accident
(d) Protection and removal to a specialist repairer

37. Which of the policy is not part of the basic sections of a travel policy?
 (a) Medical and associated benefit (b) Personal liability
 (c) Personal accident benefit (d) None of the above
38. ... covers the main structure of the insured's home, including swimming pools, ornamental ponds and fountains.
 (a) Mansion insurance (b) Household policy
 (c) Contents only policy (d) All of the above
39. ... is not an exclusion under the buildings cover if the property is unfurnished or unoccupied for a period more than 60 days.
 (a) Escape of oil or water (b) Theft
 (c) Riot or civil commotion (d) None of the above
40. ... is the downward movement of the land on which the buildings stand, due to underground workings or loss of moisture in the soil.
 (a) Landslip (b) Subsidence
 (c) Ground Heave (d) Tremor
41. A provision in the insurance Act 2003 which states that a policy on insurance shall not be made on the life of a person or other event without inserting in the policy the name of the person interested in it is contained in Section ...
 (a) 57 (b) 59 (c) 60 (d) 62
42. Common exclusions under the household policy includes damages caused by the following except ...
 (a) War risks (b) Sonic bangs
 (c) Confiscation (d) All of the above
43. Frozen foods cover will provide cover for losses arising from ...
 (a) of food stored in a freezer caused by a change in temperature
 (b) resulting from contamination by freezing agents
 (c) caused by freezer breakdowns (d) all of the above
44. Legal expenses cover will cover all the following except ...
 (a) recovery cost for legal actions
 (b) prosecution defense cost for certain criminal charges
 (c) legal cost involved in the defense of civil claims not covered by other forms of insurance
 (d) accidental to the insured property
45. Which of the following geographical limits applies to the sport equipment extensions?
 (a) Anywhere in the country of issuance
 (b) Anywhere in the city of policy issuance
 (c) Only applies to State of issuance
 (d) All of the above

46. Which of the following cover is covered by caravan insurance?
 (a) Loss of or damage to the caravan and equipment (b) Mechanical breakdown
 (c) Material damage caused by electrical failure (d) None of the above
47. Which of the following principal exclusion specifically applies to a caravan policy?
 (a) Property more specifically insured
 (b) Storm damage to a trailer or tent
 (c) All of the above (d) None of the above
48. Which of the following is covered under the basic travel policies?
 (a) Personal accident benefit (b) Baggage, personal effect and money
 (c) (a) and (b) above (d) (b) only
49. Personal accident benefit covers the following ...
 (a) death (b) loss of limb
 (c) temporary total disablement (d) All of the above
50. ... are the types of risk under which a specialist household policy would be more appropriate than a standard package policy.
 (a) Homeworkers and Holiday Homes (b) Rental cover
 (c) Loss of rent (d) None of the above

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

51. Coverage under the home insurance usually includes contents and building.
52. The building itself is not covered under home insurance.
53. Completion of a proposal form or statement of fact will not give insurers sufficient information to adequately assess the risk in respect of majority of household risks.
54. Insurers have rights of entry to the insured building, where any loss or damage has occurred.
55. The worth of a property may be decided by the replacement cost minus depreciation.
56. Donoghue v. Stevenson (1942) is often cited as the source of the tort of negligence.
57. A child is not responsible for his/her own tort.
58. In determining the replacement cost of a building, cost of the land is usually considered.
59. Homeowners insurance is designed to cover general personal possessions, not valuable collections like antiques, jewellery or original art.
60. Insurance companies deliberately limit their coverage of expensive possessions so that household premiums are more affordable to everyone.

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

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

Mr. Kunle acquired a bungalow on the 5th of January 2022 for the sum of ₦50million and insured the property with ABC Insurance Plc on 6th January 2022 at a total value of ₦45million to lessen the burden of premium on the insurance. He moved into the house on the 10th of the same month. Unfortunately, four months after, he lost his job and became unemployed. Being a very hardworking individual, Mr. Kunle registered a catering service business on the 1st of July 2022 and started operating his business from his place of residence. He partnered with dispatch riders to help deliver goods to his customers. While picking up orders, one of the dispatch riders fell and sustained a leg injury on 31st December 2022. By January 6th, 2023, Mr. Kunle renewed the household policy after duly informing the insurer that he operates his business from his place of residence.

61. What is/are the core cover(s) that might have been granted to Mr. Kunle on the policy purchased on the January 6th, 2022?
- (a) Building insurance (b) Content
(c) Legal liability (d) All of the above
62. In the event of a building collapse, what will be the maximum liability of ABC Insurance on the insured building?
- (a) ₦45million (b) ₦50million (c) ₦55million (d) None of the above
63. Mr. Kunle suffered a fire incident on 10th November 2022, resulting in damage to some of his catering equipment. What will be the maximum liability of ABC Insurance for the damaged equipment?
- (a) ₦45million (b) ₦50million (c) ₦55million (d) None of the above
64. Who is responsible to pay benefit in respect of injury sustained by the dispatch rider?
- (a) The insurer (b) The dispatch rider
(c) Mr. Kunle (d) None of the above
65. What action should have been taken by Mr. Kunle immediately after his catering business was launched?
- (a) Inform his local council (b) Inform his insurer
(c) No action is required (d) None of the above

David and his wife, Yemi, have three children; Danielle aged 18, Sandra aged 10 and Pelumi aged 7. They live in a four-bedroomed detached house. The contents are insured separately via a local broker and cover extended to the family's bicycles.

This year the family went on a camping holiday to Ghana, taking Yemi's car and carrying the bicycles on the back of the car. Whilst they were in Ghana, a third party crashed into the back of their car and also damaged the bicycles. David and Yemi had taken the precaution of taking out travel insurance for the family.

On their return home later in the year the family were preparing for a fireworks party and Yemi leaves the house briefly to go shopping, leaving Sandra and Pelumi at home on their own. Pelumi decides to light one of the fireworks outside and injured a neighbour.

66. Which section of David and Yemi's household insurance policy will usually provide cover for any additional item they are planning to install?
(a) All risks (b) Buildings (c) Contents (d) Liabilities
67. What premium factor will the insurer take into account when including the family bicycles under the policy?
(a) The number of bicycles (b) The size of the bicycles
(c) The use of the bicycles (d) The value of the bicycles
68. Who is most likely to be legally liable for the injury to the neighbour?
(a) Sandra (b) Pelumi
(c) Yemi (d) The fireworks manufacturer
69. Who should David and Yemi contact to claim for the damaged bicycles?
(a) Building Society (b) Local Broker
(c) Motor Insurer (d) Travel Insurer
70. Under the personal accident section of the travel insurance policy, there is a permanent total disablement benefit. Which members of the family would be covered?
(a) David and Yemi only (b) David, Yemi and Danielle only
(c) David, Yemi, Danielle and Sandra only (d) All of the family

Mr. and Mrs. Steve live in a semi-detached house, in the Ikeja area of Lagos State and have standard household insurance with personal possessions, plus pedal cycle extensions. They have recently purchased a caravan which the insurer has included as an additional extension.

They make a last-minute decision to travel to Abuja for the weekend with some friends using Steve's caravan, which was later parked at a garage in Wuse 2, Abuja. The next day, a sudden storm causes the caravan to overturn, damaging some parked vehicles in the garage; while also realising that his laptop left unattended inside the caravan had been stolen.

71. The caravan park owner submits a claim to their insurer for the damage to a third-party vehicle and they are unhappy with the delays. What action should they take?
- (a) Contact the insurer
 - (b) Continue to wait as the claim is complicated
 - (c) Register a complaint with the NIA
 - (d) Register a complaint with the NAICOM
72. Steve submits a claim for their damaged caravan, but the claim is subsequently denied. What would be the main reason behind the insurer's decision?
- (a) The caravan was not insured for material damage
 - (b) The caravan was not situated on a permanent site
 - (c) Damage for this type of incident is not covered
 - (d) They were not informed of the weekend trip
73. Mr. and Mrs. Steve intend to hire out their caravan. How would an underwriter assess this additional risk?
- (a) Decline to accept this additional risk for this type of policy
 - (b) Increase the premium based on the new circumstances
 - (c) Request additional information about the number of hirings
 - (d) Request a survey to be undertaken
74. Under what section, if any, of the household insurance policy would the stolen item be covered?
- (a) Personal possessions
 - (b) The caravan extension section
 - (c) The home working section
 - (d) It would not be covered
75. Steve's friends wish to borrow the caravan for a weekend holiday. Steve refers this request to his insurer for consideration. His insurer would typically ...
- (a) charge an additional premium
 - (b) confirm there is no cover
 - (c) provide cover but include a compulsory ₦100,000.00 excess
 - (d) provide cover within the policy terms and conditions

Chief Examiner's Comments

This diet's performance indicated that majority of the candidates were not adequately prepared for the examination.

Comments on Overall Performance

Overall performance was very poor with 38.46% pass rate.

Suggestion(s) on Improvements

Candidate should be encouraged to study their course books and prepare adequately for the examination.

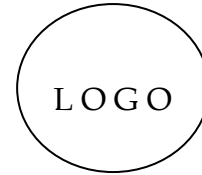
F07 - HOUSEHOLD INSURANCE PRODUCTS

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

F08

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F08 – HEALTHCARE INSURANCE PRODUCTS
OCTOBER 2023 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
2023 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.

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

1. Which of these is not an objective of the Employee Compensation Act 2010?
 - (a) to provide for an open and fair system of guaranteed and adequate compensation for all employees
 - (b) to pay the retirement benefits to all staff whose company did not put in place such
 - (c) to provide rehabilitation to employees with work disability
 - (d) to provide for fair and adequate assessments for employers

2. The principal differences between National Health Service and the Private Healthcare System will include all except?
 - (a) The time spent waiting to be treated and choice regarding when to be treated
 - (b) The choice of facilities
 - (c) The private sector allows a complete choice of specialist
 - (d) The private sector is not allowed to use technologies not available at the NHS

3. Which of these is non-essential surgery that will change a person's appearance?
 - (a) PMS
 - (b) Emergencies
 - (c) Complimentary Medicine
 - (d) Cosmetic Surgery

4. Which of these is not an advantage from getting treatment from the private medical sector?
 - (a) Less time waiting for operations
 - (b) Choice of consultant
 - (c) Free medical treatment
 - (d) Choice of hospital

5. Which of these is not a criterion for the provident insurers? They ...
 - (a) are not profit-making
 - (b) have shareholders
 - (c) count all their operating surplus as part of their reserves
 - (d) are equally unable to attract tax relief for any losses

6. Which of these is the largest provident association?
 - (a) AXA
 - (b) NHS
 - (c) BUPA
 - (d) HSA

7. Which of these is not a reinsurance benefit to health insurer?
 - (a) Capital
 - (b) Stop loss
 - (c) Product design
 - (d) Medical treatment

8. A growing proportion of private medical schemes are now run on behalf of employers for their employees, by ...
 - (a) Third-Party Administrator
 - (b) Health and Dental Cash Plans
 - (c) National Health Service
 - (d) Private Medical Insurance

9. Which of these is not a benefit of the Augusto & Co report?
 - (a) To provide information on the Health insurance industry
 - (b) To examine the industry's size, structure and competitive profile of operators
 - (c) To review the financial condition of operators

- (d) To pay for the treatment of the identified insureds under the scheme
10. The medical insurance market is divided into three categories, which does not include ...
 (a) individual paid (b) indemnity paid groups (c) company paid
 (d) affinity or voluntary employee-paid groups
11. When the employers decide to pay for healthcare treatment for their employees as these costs arise, rather than use insurance, it is called?
 (a) Self-funded schemes (b) Health Trusts
 (c) Health and Dental Cash Plans (d) National Health Service
12. Which country spends the most amounts on healthcare?
 (a) USA (b) Japan (c) Spain (d) Ireland
13. An international medical insurance policy will not cover ...
 (a) home nursing (b) surgeons' fee
 (c) all expenses for in-patient day patient (d) None of the above
14. Which of these is not a rating factor in travel insurance?
 (a) Age (b) Income (c) Countries to be visited
 (d) The length of cover required
15. The name for choosing to have treatment abroad in the lowest cost country offering a similar quality is ...
 (a) health tourism (b) health financing
 (c) health cover (d) health arbitrage
16. The private medical insurance is also known as ...
 (a) capitation (b) Third Party Administrator
 (c) medical insurance (d) National Health Service
17. An amount which the insured will bear for each and every loss is called a/an ...
 (a) limit (b) franchise (c) excess (d) claim
18. Which of these is not a healthcare-acquired infection?
 (a) MRSA (b) DPIS (c) MSSA (d) MPIS
19. ... is a disease, illness or injury that has one or more of the characteristics of: it needs ongoing or long-term monitoring through consultations, examinations, check-ups, and/or tests; it needs ongoing or long-term control or relief of symptoms; e.t.c.
 (a) Acute condition (b) Chronic condition
 (c) Severe situation (d) Specialist situation
20. The PMI policy will not be cancelled if the insured ...
 (a) fails to pay the premium (b) dies
 (c) is sick (d) moves abroad

21. The highest band covers ...
 (a) the cheapest in accommodation (b) the most beautiful hospital
 (c) the most expensive in accommodation
 (d) what the insurer feels about the hospital
22. The widest Personal PMI is provided as ...
 (a) Standard (b) Comprehensive (c) Band (d) International
23. Which of these is referred to as a surgical implanted device intended to remain permanently in a part of the body?
 (a) Physiotherapy (b) Prosthesis
 (c) Theatre Treatment (d) surgical dressing
24. Treatment that does not require a patient to stay in hospital overnight is called ...
 (a) in-patient treatment (b) complementary therapies
 (c) prosthesis (d) day case treatment
25. The procedure for the removal of skin lesion for an Anaesthetist is classified as?
 (a) Major Plus (b) Intermediate (c) Minor (d) Standard
26. What is the term for x-rays/body scans?
 (a) Prosthesis (b) Pathology (c) Radiology (d) Physiotherapy
27. The increase in the cost of equipment or surgical procedure is referred to as ...?
 (a) medical cost inflation (b) RPI (c) billing
 (d) accommodation fees
28. Which of these policies provide similar cover to comprehensive policies with the exception of certain benefits such as the cash benefit?
 (a) Standard (b) Basic (c) Mid-Range (d) International
29. Which of these policies have become increasingly popular by allow individuals to buy some protection against the cost of private treatment while keeping premiums to a minimum?
 (a) Mid-range policies (b) Comprehensive policies
 (c) International policies (d) Budget policies
30. The Limited Benefit Policies are forms of ...
 (a) mid-range policies (b) comprehensive policies
 (c) international policies (d) budget policies
31. One way in which insurers can help people lower the cost of PMI is to split benefits along ...
 (a) menu lines (b) cost of treatment
 (c) nursing fees (d) accommodation cost

32. The item not covered by the policy is called ...
 (a) exclusion (b) endorsement (c) warrant (d) band
33. Which of these is usually paid for by the employer and based on a personal policy, perhaps with discounted premiums?
 (a) Small Group Schemes (b) Middle Group Schemes
 (c) Large Group Schemes (d) Affinity Schemes
34. What is “morbidity risk”? It is the ...
 (a) risk of dying (b) risk of getting involved in accidents
 (c) risk of falling sick (d) risk of disability
35. ... is a contract where the insurer carries the full financial risk in return for a known premium liability paid by the company.
 (a) Fully insured (b) Risk share (c) Cost plan (d) Self insured
36. Which of these are essentially self-funded medical plans?
 (a) Fully insured (b) Risk share (c) Cost plan (d) Self-insured
37. Which of these is an advantage of flexible benefits schemes?
 (a) Employees having control over the benefits they choose reflecting their lifestyle
 (b) Costs for the employer of administering the scheme including IT costs and general administration
 (c) Employees are able to upgrade their cover from a core level of cover
 (d) Savings on NICs and tax for both the employer and the employee for some benefits
38. A medical insurance policy has a policy excess of ₦100.00, how much will John pay for a medical bill of ₦60.00 given to for a treatment in the hospital?
 (a) ₦0.00 (b) ₦60.00 (c) ₦100.00 (d) ₦160.00
39. Which of these of these is not a form of discounts insurers offered in a PMI policy?
 (a) Affinity discounts (b) Voluntary discounts
 (c) Payment discounts (d) Earned discounts
40. Which of these is not part of other benefits in health cash plan?
 (a) Consultations with a specialist (b) Dental cost
 (c) A cash payment for each night spent in hospital (d) Helplines
41. Which of these is not a way that a capitation plan works?
 (a) The plan is not sold by a dentist
 (b) The dentist undertakes an initial dental examination
 (c) The dentist carries out all dental work for the customer
 (d) The scheme may also include insurance against accidents, injuries and mouth cancer
42. Which of these is not part of life insurance business in Nigeria?

- (a) Personal Accident Insurance (b) Individual Life Insurance
(c) Group Life Insurance (d) Health Insurance
43. Which of these is also known as surgical cash?
(a) Major Medical Expenses (b) Cancer Only Cover
(c) Travel Insurance (d) Health Cash Plan
44. Personal accident is a contract of ...
(a) indemnity (b) subrogation
(c) benefit payment (d) all of the above
45. The policy to be taken in order to care for elderly people is ...
(a) Accident Sickness and Unemployment insurance
(b) Long term care (c) Payment protection insurance
(d) Pre-funded policy
46. Which of this best describes the ability to move from a bed to an upright chair or wheelchair and vice versa?
(a) Walking (b) Mobility (c) Transferring (d) Trekking
47. Under which policy will the customer pay either regular premiums or a single premium into an insurance policy?
(a) Accident Sickness and Unemployment insurance
(b) Long term care (c) Payment protection insurance
(d) Pre-funded policy
48. Which of these policies is also known as long-term disability insurance?
(a) Intermediate needs or policy of need policy
(b) Income protection insurance (c) Critical Illness Insurance
(d) Long term care
49. Which of these is also called permanent health insurance?
(a) Intermediate needs or policy of need policy
(b) Income protection insurance (c) Critical Illness Insurance
(d) Long term care
50. Health checks is also called ...
(a) morbidity survey (b) medical risk assessment
(c) health screening (d) health wavering
51. A provision in the insurance Act 2003 which states that a policy on insurance shall not be made on the life of a person or other event without inserting in the policy the name of the person interested in it is contained in Section ...
(a) 57 (b) 59 (c) 60 (d) 62
52. In an activity helpline, the telephone will ...
(a) provide information on menu basis (b) be manned by a person

- (c) provide information on menu and be manned by a person
 (d) pay for itself service
53. The insurer has a duty of disclosure to the insured. This is a statement of fact and is also contained in Section ... of the Insurance Act 2003.
 (a) 54 (b) 55 (c) 68 (d) 69
54. Which of these is not an advantage of direct in health insurance?
 (a) Control (b) Increased business volume
 (c) Ability to create-sell other products (d) Lack of choice
55. Which of these is a disadvantage of direct marketing of health insurance?
 (a) Control of business (b) Expertise
 (c) Cost (d) Training
56. Which of these is not a form of intermediaries in health insurance?
 (a) Brokers (b) Insurers (c) IFAs
 (d) Employee benefits consultants
57. The advantage of intermediate sales will not be one of these?
 (a) Impartial advice
 (b) Only intermediaries can offer an unbiased full market review
 (c) A policy of expansion by brokers consolidation has led to more larger intermediaries, at the expense of smaller firms
 (d) Intermediaries can offer analytical advice on cost containment and on future budgeting
58. The disadvantage of intermediate sales will not include
 (a) Lower acquisition and administrative cost for PMI providers
 (b) Most intermediaries have concentrated on the company paid SME or large corporate markets
 (c) Some intermediaries have propagated 'churning'
 (d) There is no industry standard that ensures professional and impartial advice
59. The assessment of risk for an individual is based on all these except ...
 (a) age (b) existing medical condition (c) marital status
 (d) the number of employees
60. Which of these policies predate critical illness (CI) cover but work in a similar way?
 (a) Major Medical Expenses (b) Cancer Only Cover
 (c) Travel Insurance (d) Health Cash Plan

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

Answer True (T) or False (F).

61. In some cases, an insurer may be prepared to offer continued personal medical exclusions (CPME), which may be marketed as its switching terms.
62. Individual policies are usually not subjected to the strictest levels of underwriting.
63. Members of an affinity group may get discounts as long as they remain a member of that affinity group.
64. Travel insurance covers all pre-existing conditions.
65. Critical Illness insurance is usually underwritten in the same way as life insurance policy.
66. Pre-authorisation means that the insurer is not consulted prior to the member receiving medical treatment.
67. Claim forms are not always necessary but will typically still be used on contentious claims, dental and health cash plans.
68. PMI insurers do not negotiate pricing agreements with hospital for each bed category, procedure, diagnostic and consumable, with prices fixed against mutually agreed limits.
69. Networks are where an insurer selects specific facilities, consultants and/or medical protocols to form a network to carry out particular forms of treatment or diagnostics.
70. One of the objectives of NHIS is to protect families from the financial hardship and huge medical bills.
71. PMI is to provide social health insurance in Nigeria where health care services of contributors are paid from the common pool of funds contributed by the participants of the Scheme.
72. There is no difference between public and private sector healthcare system.
73. PMI policies routinely include cover for the costs incurred as a result of normal pregnancy and childbirth.
74. Medical insurance is designed to pay for the treatment of acute medical conditions.
75. PMI pays for the treatment of only in-patients.
76. The insurer could also cancel the policy if fraud is suspected.

77. Geographical location does not tend to determine the price band of a hospital or a hospital room.
78. Radiology is same as blood and urine test.
79. Corporate deductible policies are conventional PMI policies but where the employer has chosen to have a large deductible.
80. Health insurance is a social security system that guarantees the provision of needed health services to persons on the payment of contributions at regular intervals.
81. The international health insurance also pay for hospital bills incurred locally.
82. Individuals with major medex style products may not choose to have treatment abroad.
83. A key element of travel insurance policy is cover for health treatment abroad.
84. Medical insurance can enable people to avoid finding themselves in a mixed sex ward.
85. Hospital charges apply to day case treatment.

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

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

Mrs. Ola Johnson works for UDF Textile Company situate at Falomo in Lagos State, Nigeria. The company has decided to key into the compulsory medical scheme in the country and Ola is also thinking of buying a personal cover in addition to that of the company.

86. Which of these is the compulsory medical insurance in Nigeria?
 (a) NHS (b) NHIS (c) PMI (d) African Insurance
87. The individual medical insurance Mrs. Johnson wants to buy in addition is ...
 (a) NHS (b) NHIS (c) PMI (d) African Insurance
88. The policy that will pay if Mrs. Johnson is ill is the ...
 (a) personal accident insurance (b) sickness insurance
 (c) medical insurance (d) money insurance
89. The policy that will pay disablement benefit in case Ola becomes disabled is the ...
 (a) personal accident insurance (b) sickness insurance
 (c) medical insurance (d) money insurance
90. Supposing that Mrs. Johnson is in London which of these is the compulsory insurance in that country?
 (a) NHS (b) NHIS (c) PMI (d) African Insurance

Rukayat saw her doctor a few months ago complaining of a bad back. The doctor undertook an investigation but could not find anything wrong. Jane was given painkillers and advice regarding correct posture. Although she had not had any recurrence, her PMI underwriter has applied an exclusion related to her back.

91. If she requires treatment for a back condition in the future her PMI policy will ...
- (a) cover her
 - (b) not cover her
 - (c) exempt her
 - (d) exclude her
92. Supposing the insurer wants to give a general basic exclusion what is it called in medical insurance policies?
- (a) Full medical underwriting (FMU)
 - (b) Exclusion of all pre-existing medical conditions
 - (c) Moratorium underwriting
 - (d) Medical history disregarded
93. In case Rukayat belongs to large group schemes where pre-existing medical conditions are covered, what is this called?
- (a) Full medical underwriting (FMU)
 - (b) Exclusion of all pre-existing medical conditions
 - (c) Moratorium underwriting
 - (d) Medical history disregarded
94. In a situation where there is no requirement – and no opportunity – for the applicant to declare their medical history. What is this situation called?
- (a) Full medical underwriting (FMU)
 - (b) Exclusion of all pre-existing medical conditions
 - (c) Moratorium underwriting
 - (d) Medical history disregarded
95. Which of these will pay disability benefit in case she was ill and out of work for a period of six months?
- (a) Personal Accident insurance
 - (b) Medical Insurance
 - (c) Health Insurance
 - (d) Sickness Insurance

Chief Okeke Adam is an 80-year-old man who had retired but bought an insurance to take care of his activities of daily living. While he was in service, he had purchased a policy that was to protect the mortgage he had taken from the bank as well as a policy to take care of a range of specified illnesses that could be life-threatening.

96. Which of these policies will cover activities of daily living?
(a) Critical Illness insurance (b) Long-Term Care Insurance
(c) Payment Protection Insurance (d) Pre-Funded Policy
97. The policy that will protect the mortgage is ...
(a) critical illness insurance (b) long-term care insurance
(c) payment protection insurance (d) pre-funded policy
98. Which of these policies will pay if the insured gets infected with cancer?
(a) Critical Illness insurance (b) Long-Term Care Insurance
(c) Payment Protection Insurance (d) Pre-Funded Policy
99. Which of these policies will allow Chief Adam to pay either regular premium or a single premium into the insurance policy?
(a) Critical Illness insurance (b) Long-Term Care Insurance
(c) Payment Protection Insurance (d) Pre-Funded Policy
100. In case Chief Adam gets infected with cancer, in what mode will he get his benefit, if any of the policies were liable?
(a) Annuity (b) Installment (c) Lump Sum (d) Regular

Chief Examiner's Comments

The performance of the candidates in the examination was poor. This could be as a result of unfamiliarity with practice of health regulation in Nigeria.

Comments on Overall Performance

The overall performance was poor with 23.05% pass rate.

Suggestion(s) on Improvements

Candidates are encouraged to study their domesticated course book to understand current practices in Nigeria and the principles of life and health insurances.

F08 - HEALTH INSURANCE PRODUCTS									
1	C	21	C	41	A	61	T	81	F
2	D	22	B	42	A	62	F	82	F
3	D	23	B	43	A	63	T	83	T
4	C	24	D	44	C	64	F	84	T
5	B	25	B	45	B	65	T	85	T
6	B	26	C	46	C	66	F	86	B
7	D	27	A	47	D	67	T	87	C
8	A	28	C	48	B	68	F	88	C
9	D	29	D	49	C	69	T	89	A
10	B	30	D	50	C	70	T	90	A
11	A	31	A	51	A	71	F	91	B
12	A	32	A	52	B	72	F	92	B
13	D	33	A	53	A	73	F	93	D
14	B	34	C	54	D	74	T	94	D
15	D	35	A	55	A	75	F	95	B
16	C	36	C	56	B	76	T	96	B
17	C	37	B	57	C	77	F	97	C
18	B	38	B	58	A	78	F	98	A
19	B	39	B	59	D	79	T	99	D
20	C	40	B	60	B	80	T	100	C