



*Chartered Insurance  
Institute of Nigeria*

*Chief Examiners' Report*

*April 2024*

*Foundation Level (F01 to F08)*

# GENERAL RELATED ISSUES TO WATCH OUT FOR IN FUTURE SITTINGS

DO'S	DON'TS
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><b>CANDIDATES SHOULD VISIT &amp; UNDERSTAND THE CONTENTS, REGULATIONS AND GUIDELINES/MARKET AGREEMENTS ETC ON THE FOLLOWING SITES <a href="http://naicom.com">naicom.com</a> (NAICOM), <a href="http://nigeriainsurers.org">nigeriainsurers.org</a> (NIA), <a href="http://ncrib.net">ncrib.net</a> (NCRIB), <a href="http://nigeriailan.com">nigeriailan.com</a> (ILAN), <a href="http://clinigeria.com">clinigeria.com</a> (CIIN)</b></p>	
<p><b>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).</b></p>	
<p><b>STOP WORKING HARD TO FAIL!!! START WORKING EFFORTLESSLY TO PASS OUTSTANDINGLY!!!</b></p>	

**F01**

**CHARTERED INSURANCE INSTITUTE OF NIGERIA**

**FOUNDATION**  
**F01 - INSURANCE, LEGAL AND REGULATORY**  
**YEAR 2024 APRIL DIET**



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

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

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL)  
WILL ATTRACT STATED SANCTIONS AS STATED IN THE April 2024  
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 three (3) 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. What is the most effective form of risk control?  
(a) Adoption (b) Elimination (c) Reduction (d) Assessment
2. When discussions relate to the overflow of water tanks, such discussions may be centered on one of the alternatives below.  
(a) Peril (b) Hazard (c) Frequency (d) Severity
3. According to the Insurance Act 2003, Section ... classifies insurance.  
(a) 1 (b) 2 (c) 3 (d) 67
4. One of the following does not belong to the alternatives considering the categorisation of insurance business according to the Insurance Act 2003.  
(a) Accident and Liability Insurance Business (b) Fire Insurance Business  
(c) Marine and Aviation Insurance Business  
(d) Engineering Insurance Business
5. One of the following is an exception in marine hull insurance cover.  
(a) Physical damage to the ship (b) Physical theft of the cargo  
(c) Machinery and equipment  
(d) Some liability insurance in case of contact with other vessels
6. ... company is not a category of insurer by ownership.  
(a) Proprietary (b) Mutual (c) Insurance (d) Captive
7. In reinsurance parlance, the insurance company that buys the reinsurance cover is known by the following except ...  
(a) reinsured (b) cedant (c) underwriter (d) ceding company
8. Loss Adjusters, Actuaries, Underwriters and Claims personnel are all examples of ...  
(a) insurance market organisations (b) insurance intermediaries  
(c) professionals in insurance  
(d) members of the Nigerian Insurers Association
9. If an Insurance undergraduate approaches you to seek a clarification on who a professionally qualified person who applies probability and statistical theory to problems of insurance, investment, financial and risk management, and demography is, your answer will be that the person is ...  
(a) a risk manager (b) an actuary  
(c) an independent loss adjuster (d) a risk assessor
10. When an agent seemingly acts on his behalf while acting for another person, that other person is known as ...  
(a) principal (b) disclosed principal  
(c) undisclosed principal (d) principal at law

11. In an insurance class, the tutor wrote the following on the board “there need be no valid insurable interest at the time of claim”. This is the decision in the case of ...
- (a) Pawsey v. Scottish Union and National  
 (b) Dalby v. The India and London Life Assurance Company  
 (c) Macaura v. Nothern Assurance (d) Godsall v. Boldero
12. The financial interest a person has in the subject matter of insurance is called ...
- (a) subject matter of the relationship (b) subject matter of the contract  
 (c) subject matter of the property (d) subject matter of the parties
13. Mr. Denge approaches you for a clarification on the class of insurance whose insurable interest exists at time of loss. Your answer should be ... insurance.
- (a) marine (b) life (c) general (d) fire
14. The provision “Every circumstance is material which would influence the judgment of a prudent insurer in fixing the premium or determining whether he will take the risk” is contained in Section ...
- (a) 18(1) Marine Insurance Act 1906 (b) 18(2) Marine Insurance Act 1906  
 (c) 18(2) Marine Insurance Act 1907 (d) 18(1) Marine Insurance Act 1907
15. The leading case that explained the duty of disclosure in insurance contracts was ...
- (a) Carter v. Bowen (1866) (b) Carter v. Boehm (1866)  
 (c) Carter v. Bowem (1766) (d) Carter v. Boehm (1766)
16. One of these is not an example of physical hazard in fire insurance.
- (a) Construction of the building (b) Nature of stock  
 (c) Nature of use (d) Heating
17. The provision of Insurance Act 2003 that in an insurance contract a breach of term whether called a warranty or a condition shall not give rise to any right by or afford a defence to the unless the term is material and relevant to the risk or loss insured against is found in Section ...
- (a) 56(1) (b) 56(2) (c) 55(1) (d) 55(2)
18. The importance of the principle of indemnity was emphasized by Bret LJ in the case of ...
- (a) Castelain v. Preston (1883) (b) Castellain v. Preston (1883)  
 (c) Castellian v. Preston (1883) (d) Castellain v. Prestin (1883)
19. One of the following alternatives is not one of the benefits of the use of nominated retailers by insurers.
- (a) The discounts that they receive mean lower claims cost  
 (b) Using replacement option can prevent or at least minimise fraudulent claims  
 (c) The discounts that they receive mean higher claims cost  
 (d) Customer service is improved by use of quality retailers

20. If there is under-insurance or any other policy term that limits or reduces loss and an excess or deductible applies to the same loss, the excess or deductible taken care of by ...  
(a) deducting it first of all (b) deducting it last  
(c) never deducted (d) none of the above
21. The right of an insurer to recover part of a claim payment where two or more policies cover the same interest, same risk, and same subject matter is ...  
(a) subrogation (b) restitution (c) contribution (d) constitution
22. Under common law, everyone has a duty to act in a reasonable way towards others a breach of which is called ...  
(a) contract (b) state (c) statute (d) tort
23. In order to avoid disputes about quantifying subrogated claims, reduce costs and ensure prompt settlement, four key elements are incorporated and one of these is not included.  
(a) Legal costs should be avoided wherever possible  
(b) All material supporting documentary evidence need not be volunteered together with salvage value and the basis of calculation for vehicles written off  
(c) Consistency of practice in the control of own damage claims regardless of any subrogation rights  
(d) Subrogated claims are to represent the net cost to the insurer after all discounts and certain items such as emergency treatment fees are excluded
24. According to the Insurance Act 2003 per Section 67, the insurance of ... is compulsory.  
(a) exportation (b) chattel (c) ship (d) importation
25. The process of putting together cash into financial system and converting it into financial assets is called ...  
(a) legitimization (b) integration (c) layering (d) placement
26. There are three principal offences under the terms of the Criminal Justice Act 1993 as stated in the following alternatives except one.  
(a) Assistance to criminal where you either know or suspect, or ought to know or suspect that money laundering was taking place  
(b) Failing to report either actual knowledge or suspicion of money laundering  
(c) Tipping off (d) None of the above
27. The legislation which gave individuals legal protection in organization lost, disclosed without authorisation or retained inaccurate information about them is ...  
(a) Data Protection Act 1984 (b) Data Protection Act 1998  
(c) Data Protection Law 1984 (d) Data Protection Law 1998
28. One of the following is not a sensitive personal data according to GDPR.  
(a) Race (b) Genetics (c) Politics (d) Height

29. Under the GDPR consent has the following features except ...
- (a) it must be freely given
  - (b) it must be unspecific
  - (c) it must be informed
  - (d) it must be unambiguous
30. An individual who wants his information deleted from a firm because there is no need for the firm to further hold them is exercising his right ...
- (a) to be informed
  - (b) of access
  - (c) to rectification
  - (d) to erasure
31. To whom of the following will code of conduct for CIIN apply?
- (a) Staff of Insurance companies
  - (b) Staff of Engineering firm
  - (c) Staff of Accounting firm
  - (d) None of the above
32. One of the following is not a central principle of Code of Ethics.
- (a) Act responsibly and with integrity in their professional activities at all times to their clients and the society as a whole
  - (b) Apply subjectivity in making professional judgements and in giving opinions and statements
  - (c) Uphold professional standards in all dealings and relationships
  - (d) Respect the confidentiality of information acquired in professional and business relationships
33. One of the following alternatives does not belong to the key areas of training and competence.
- (a) Assessing Competence
  - (b) Record Keeping
  - (c) Maintaining Competence
  - (d) Recruitment
34. Which of the following refers to the basic concept of insurance that the losses of the few who suffer misfortune are met by the contributions of the many who are exposed to similar potential loss?
- (a) Pulling of Risks
  - (b) Padding of Risks
  - (c) Pooling of Risks
  - (d) Pushing of Risks
35. Engineering/breakdown insurance is generally grouped under all the following headings except ...
- (a) boilers and pressure plant
  - (b) electrical plant
  - (c) lifting machinery
  - (d) excavating ramp
36. XYZ is the faithful or loyal performance of a duty. What is XYZ?
- (a) Fidelity Guarantee
  - (b) Legal Expenses
  - (c) Credibility Guarantee
  - (d) Infidelity Guaranty
37. The insurance which was originally sold to cover the gap between the amount paid out by a motor insurance policy and the amount still to be repaid on the finance that was taken out to buy the vehicle is known as ... insurance.
- (a) guaranteed asset protection
  - (b) guaranteed liability protection
  - (c) guaranteed motor
  - (d) (a) and (b)only



38. Provision of payments in the event of accidental death or bodily injury is taken care of by ... insurance.
- (a) personal accident (b) public health  
(c) impersonal accident (d) bodily injury insurance
39. The insurance which provides payment in the event of the diagnosis of a defined range of serious illness is known as ... insurance.
- (a) medical accident (b) private medical  
(c) sickness medical (d) critical illness
40. One of the followings is not a buyer of insurance.
- (a) Partnerships (b) Associations and Clubs  
(c) Public Bodies (d) None of the Above
41. Any company wishing to transact insurance business in Nigeria must be authorised to do so by ...
- (a) NAICOM (b) NIA (c) NCRIB (d) CIIN
42. One of the following is not included in the number of categories of ownership in the insurance global market.
- (a) Proprietary Insurance (b) Property Insurance  
(c) Mutual Insurance (d) Captive Insurance
43. An insurance company that works on the principle that in any transaction, risk and profit should be shared between the participants is known as ... insurance company.
- (a) captive (b) takaful (c) Gharar (d) mutual indemnity
44. Takaful insurance embraces all but one of the following.
- (a) Common Interest (b) Solidarity  
(c) Uncertainty (d) Joint Indemnity
45. One of the following is not the purpose of reinsurance.
- (a) Smooth peaks and troughs in claims experience  
(b) Provide improved customer service  
(c) Provide a smooth mechanism process between the original insured and the reinsurer  
(d) Protect the portfolios
46. One of the following personnel is saddled with the role of providing an independent and objective assessment of the effectiveness and efficiency of a company's operations with specific regards to its internal control.
- (a) External Auditor (b) Environmental Auditor  
(c) Internal Auditor (d) (a) & (b) only
47. The NCRIB is the association of all registered insurance brokers in Nigeria. What does NCRIB mean?
- (a) National Council of Registered Insurance Brokers

- (b) National Corporation of Risk Insurance Brokers
- (c) Nigerian Council of Registered Insurance Brokers
- (d) Nigerian Corporation of Registered Insurance Brokers

48. The CIIN means one of the following.
- (a) Certified Insurance Industry of Nigeria
  - (b) Chartered Insurance Institute of Nigeria
  - (c) Chartered Insurance Institution of Nigeria
  - (d) None of the above
49. All but one of these is an essential of a valid contract.
- (a) Offer
  - (b) Acceptance
  - (c) Consideration
  - (d) Validity
50. A person who is entrusted with someone else's goods and it becomes necessary to act in certain way in order to preserve the property in an emergency is called an agent by ...
- (a) consent
  - (b) necessity
  - (c) ramification
  - (d) ratification
51. An agency can be terminated in one of the following ways except by ...
- (a) mutual agreement
  - (b) withdrawal of agency by the principal
  - (c) simultaneous death of the parties
  - (d) death of either party
52. The expectation of acquiring insurable interest at some time in the future however certain is known as ...
- (a) time insurable interest
  - (b) acquired insurable interest
  - (c) anticipated insurable interest
  - (d) All of the above
53. The Act making all contracts of gambling and wagering null and void is one of the following.
- (a) Gambling Act (1845)
  - (b) Gaming Act (1845)
  - (c) Wagering Act (1845)
  - (d) Betting Act (1845)
54. All the Statutes below modify the principle of Insurable Interest but not ...
- (a) Carriage of Goods by Sea Act 1971
  - (b) Hotel Proprietors' Act 1956
  - (c) Trustee Act 1925
  - (d) Carrier of Goods by Air Act 1842
55. ... is the positive duty to voluntarily disclose accurately and fully all facts material to the risk being proposed whether requested or not.
- (a) Utmost Good Faith
  - (b) Good Faith
  - (c) Voluntary Good Faith
  - (d) Accurate Good faith.
56. Facts of law, facts of public knowledge, facts that lessen the risk are all examples of ...
- (a) facts that must be disclosed
  - (b) facts that must be verified
  - (c) facts that do not need be disclosed
  - (d) facts that are classified
57. The perils named in the policy as covered are called ... perils.
- (a) insurance
  - (b) insured
  - (c) expected
  - (d) uninsured perils

58. Where a loss is caused by an insured peril, the loss is covered where ...  
 (a) insured peril is the proximate cause  
 (b) excepted peril is the proximate cause  
 (c) insured peril is the excepted cause (d) All of the above
59. Where a loss is caused by an unnamed peril, the loss is covered where ...  
 (a) insured peril is the proximate cause  
 (b) excepted peril is the proximate cause  
 (c) uninsured peril is the proximate cost (d) All of the above
60. Reinstatement means that the insurer agrees to restore a/an ... that has been damaged by an insured peril.  
 (a) vehicle (b) ship (c) building (d) aircraft

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

**Answer True (T) or False (F).**

61. Two common ways of sharing risk with others are co-insurance and multiple insurance.
62. Property insurances cover risks to actual property.
63. Business interruption insures against losses due to an interruption in business occurring immediately before and in consequence of material damage to property.
64. The only cover provided by aviation insurance unlike in marine insurance is for loss of or damage to the hull only.
65. Partnerships do have a separate legal existence.
66. Takaful is not a type of insurance that has its roots in the Islamic financial services industry.
67. When considering indirect marketing channels, the responsibility for advice rests upon the independent intermediary.
68. NCRIB is the association of all registered insurance loss Adjusters in Nigeria.
69. The loss adjusters are impartial claims specialists.
70. The relationship between the insured and the subject matter of the insurance must be recognised at law.
71. A tenant does not have insurable interest in a rented property.
72. Under the CIDRA 2012, remedies are available to the insurer if the misrepresentation is a qualifying misrepresentation.
73. Reinstatement is an extension of the principle of Indemnity.

74. Though it is necessary for the insurable interest, peril and subject matter to be common to all policies, there is no requirement for the policies to be identical but there must be some overlap.
75. The Pension Reform Act 2004 made Employees' group life insurance policy compulsory for all user of motor on the public roads.
76. Elimination, though the most effective form of risk control, is relatively cheap and practicable.
77. In the context of insurance, peril means hazard.
78. A very difficult insured is an example of moral hazard.
79. Inspection of plants under engineering insurance should be carried out once in two years.
80. In money insurance cover may be provided where members of staff suffer injury or damage to their clothing when robbery takes place.
81. When an insurer authorises an independent intermediary to receive and handle proposal forms on its behalf and confirm cover he is considered to be an agent of the insurer.
82. Joint owners can insure the property for the full amount as they are considered trustees
83. Fire policies are long term contracts hence, are not renewable yearly.
84. Nature of stock, its value and type of car are examples of physical hazard in Theft insurance.
85. Section 54(4) of the Insurance Act 2003 provides that where an insurer requires an insured to complete a proposal form or other application form for insurance, the form shall be drawn up in such manner as to elicit such information as the insurer considers material.

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

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

Caulcrick offered to sell his property worth ~~€~~5billion to Liam who in turn offered ~~€~~4.5billion. Caulcrick refused. Liam, after some consideration, later decided to increase his offer to ~~€~~5billion to which Caulcrick refused.

86. What type of contract would have been between Caulcrick and Liam?
- |                               |                               |
|-------------------------------|-------------------------------|
| (a) Insurance Contract        | (b) Contract of Uberima Fidei |
| (c) Contract of Caveat Emptor | (d) Contract of Sale          |
87. Liam's action is called ...
- |                   |                |           |                   |
|-------------------|----------------|-----------|-------------------|
| (a) consideration | (b) acceptance | (c) offer | (d) counter offer |
|-------------------|----------------|-----------|-------------------|

88. What is the case establishing the above scenario?
- (a) Currie v. Misa (1875) (b) Hyde v. Wrench (1840)  
(c) Clyde v. Wensh (1940) (d) Curry v. Myssa (1841)
89. What was the decision in the decided case in (3) above?
- (a) There was no contract  
(b) The defendant was asked to accept the second offer  
(c) The claimant was advised to increase the offer  
(d) The claimant should pay the initial offer
90. The essential of contract that played out in the above scenario is calle ...
- (a) legality of purpose (b) consideration  
(c) offer and acceptance (d) capacity to contract

A son injured his father in the course of his employment as they were fellow workers. The insurers paid out for the father's injury under Employer's liability policy and sought to recover their outlay from the son as a result of lack of reasonable care on his part.

91. What is the principle of insurance in the above scenario?
- (a) Contribution (b) Subrogator  
(c) Subrogation (d) Utmost Good Faith
92. The decided case in the scenario described in the case study is ...
- (a) Lister v. Rashford Ice and Gold Storage Ltd (1957)  
(b) Lister v. Romford Ice and Cold Storage Nigeria Ltd (1957)  
(c) Lister v. Romford Ice and Cold Storage Ltd (1957)  
(d) Lister v. Rashford Ice block and Cold Storage ltd (1957)
93. How was the case decided?
- (a) It was decided in favour of the father  
(b) It was decided in favour of the son  
(c) It was decided in favour of the insurer  
(d) It was decided in favour of the company
94. What is the effect of the decision in the action against the son?
- (a) It was a welcome decision in the insurance industry  
(b) The insurance industry rejected the decision  
(c) The insurance industry criticised the decision because it was considered harsh  
(d) The insurance industry called for a review of the decision
95. How did the insurance industry resolve the effect of the decision?
- (a) There was general agreement to challenge it in court  
(b) They generally agreed to refund the son  
(c) They agreed to stop the father from employment  
(d) They generally agreed not to pursue recovery right against negligent fellow workers

A farming stock valued at ₦50,000.00 and insured for ₦30,000.00 which is less than the value at risk got damaged with a loss figure of ₦20,000.00 reported.

96. What form of average would the insurer employ?
- (a) Pro-Rata Condition of Average      (b) Two Conditions of Average  
(c) Special Condition of Average      (d) None of the Above
97. How much will the insured bear if any?
- (a) ₦8,000.00      (b) ₦12,000.00  
(c) ₦24,000.00      (d) None of the above
98. How much will the insurer pay the insured?
- (a) ₦8,000.00      (b) ₦12,000.00  
(c) ₦24,000.00      (d) None of the above
99. The formula to be used for farm stock as in the scenario above is ...
- (a)  $\frac{75}{\text{Loss}} * 100$       (b)  $\frac{\text{Sum Insured}}{\text{Value at Risk}} * 100$   
(c)  $\frac{\text{Sum Insured}}{\text{Value at Risk}} * \text{loss}$       (d)  $\frac{\text{Sum Insured}}{\text{Value at Risk}} * 75$
100. Another name for the condition applied in the scenario above is known as ...
- (a) 75% average      (b) 80% average  
(c) Particular average      (d) Pro-rata average

**Chief Examiner's Comment**

There seem to be a lull in the pass rates and candidates need to be able to study in-depth and not peripherally.

**Comments on Overall Performance**

The performance can be improved upon and candidates should motivate themselves to study more.

**Suggestion(s) on Improvements (if any)**

More in-depth studies are encouraged for all candidates.

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

F02

CHARTERED INSURANCE INSTITUTE OF NIGERIA

**FOUNDATION**  
F02 - GENERAL INSURANCE BUSINESS  
YEAR 2024 APRIL DIET



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**FOUNDATION**

**F02 – GENERAL INSURANCE BUSINESS**

**INSTRUCTIONS TO CANDIDATES**

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**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.

## F02 - GENERAL INSURANCE BUSINESS

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

1. Which of these motor insurance policy types is not available in Nigeria?  
(a) Road Traffic Act only (b) Third party only  
(c) Third party, fire and theft (d) Comprehensive
2. The Brown Card was established in ...  
(a) Lagos (b) Accra (c) Monrovia (d) Cotonou
3. Cranes are examples of ...  
(a) goods-carrying vehicles (b) passengers-carrying vehicles  
(c) forestry vehicles (d) special types vehicles
4. Which of these general insurance policies is not a full contract of indemnity?  
(a) Life Assurance (b) Personal Accident Insurance  
(c) Fidelity Guarantee Insurance (d) Motor Insurance
5. Which of these policies would pay medical expenses benefit?  
(a) Fire Insurance (b) Fidelity Insurance  
(c) Critical Illness Insurance (d) Personal Accident Insurance
6. According to the Insurance Act 2003, Section ... classifies insurance.  
(a) 1 (b) 2 (c) 3 (d) 67
7. Content insurance is found in ... insurance.  
(a) household (b) general accident (c) money (d) liability
8. Which of these will not have an operative clause?  
(a) Motor Insurance (b) All Risk Cover  
(c) Combined Cover (d) Special Cover
9. Which of these is NOT a class of motor insurance?  
(a) Private Cars (b) Goods-in-Transit  
(c) Motor Cycles (d) Commercial Vehicles
10. The levels of cover available will include all except ...  
(a) Road Traffic Act only (b) Third Party Only  
(c) Third Party Fire and Theft (d) Standard
11. Aircraft is an example of ...  
(a) miscellaneous perils (b) social perils  
(c) perils of nature (d) perils of a chemical type
12. An example of pecuniary insurance is ... insurance,  
(a) business interruption (b) money (c) glass (d) theft

13. The victim in liability is expected to suffer from ...  
 (a) injury (b) loss (c) negligence (d) defamation
14. Fleet insurance is commonly found in ... insurance  
 (a) marine (b) goods-in-transit (c) travel (d) motor
15. Which of these policies will cover an 'own damage' loss?  
 (a) Road Traffic Act only (b) Standard  
 (c) Third Party only (d) Comprehensive
16. Under a third party only motor cycle policy, what cover is provided as standard?  
 (a) Damage to clothing and personal effects (b) Emergency treatment fees  
 (c) Medical expenses (d) Personal accident benefits
17. Which of these policies that could pay disablement benefit due to ill-health?  
 (a) Sickness Insurance (b) Medical Expenses Insurance  
 (c) Theft Insurance (d) Fidelity Guarantee
18. Which of these will provide cover for individuals who seek medical treatment outside the NHS?  
 (a) Sickness Insurance (b) Personal Accident Insurance  
 (c) Medical Expenses Insurance (d) Personal Accident and Sickness Insurance
19. The provision of Insurance Act 2003 that in an insurance contract a breach of term whether called a warranty or a condition shall not give rise to any right by or afford a defence to the unless the term is material and relevant to the risk or loss insured against is found in Section ...  
 (a) 56(1) (b) 56(2) (c) 55(1) (d) 55(2)
20. Which of these will pay a percentage of the sum in the event of a loss of toes or fingers?  
 (a) Permanent Partial Disablement (b) Temporary Total Disablement  
 (c) Permanent Total Disablement (d) Temporary Partial Disablement
21. Under which circumstance(s) will the benefits from medical expenses policy become payable?  
 (a) When unable to work due to accident  
 (b) When unable to work due to illness  
 (c) On diagnosis of a critical condition  
 (d) On undergoing minor surgery
22. The two options for settlement of household claims where the items are irreparable are:  
 (a) indemnity and contributions (b) indemnity and subrogation  
 (c) indemnity and proximate cause (d) indemnity and new for old
23. Building in household insurance will include all except ...  
 (a) shed (b) double glazer (c) greenhouses (d) fence and paths

24. "No picture or other work of art, stamp collection, precious metal, jewellery or fur will be treated as being of greater value than, say 5% 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. ... is not covered under a money policy.
- (a) Luncheon Vouchers (b) Travel Tickets  
(c) Premium Bonds (d) Lottery Tickets
26. In travel insurance, where the cover is not an annual policy, cover provided will be for ...
- (a) one month (b) three months (c) six months (d) nine months
27. John's travel insurance policy provides cover under all sections for him and his family. Which of the following occurrence can he NOT claim for under this policy?
- (a) Theft from his home while away on holiday  
(b) Bring home his son's dead body  
(c) Delay in departure of holiday flight  
(d) Loss of his daughter's limb whilst on holiday
28. Any company wishing to transact insurance business in Nigeria must be authorised to do so by ...
- (a) NAICOM (b) NIA (c) NCRIB (d) CIIN
29. The fire policy covers damage to property caused by ...
- (a) lightning (b) explosion resulting from fire  
(c) earthquake or subterranean fire (d) its own spontaneous fermentation
30. Which of these is an example of miscellaneous perils?
- (a) Heating (b) Locked-Out Workers (c) Aircrafts (d) Explosions
31. Which of these is not an optional extension in theft insurance?
- (a) Breakage of Glass (b) Replacement of Locks  
(c) Index Linking (d) Theft of a Radio while in the Premise
32. For theft of shop stocks to be covered under a standard theft policy, there would only usually need to be ...
- (a) forcible and violent entry or exit (b) forcible and violent entry and exit  
(c) forcible or violent entry or exit (d) forcible or violent entry and exit
33. Material damage warranty is found in which of these classes of insurance?
- (a) Motor Insurance (b) Fidelity Guarantee  
(c) Money Insurance (d) Business Interruption Insurance

34. Which of these policies will pay compensation to a staff who suffered injury in the course of his official assignment?
- (a) Public Liability Insurance (b) Employers' Liability Insurance  
(c) Products Liability Insurance (d) Directors' and Officers' Insurance
35. Which of the following types of loss will the insured's loss recovery services under a comprehensive motor policy **NOT** assist the insured?
- (a) Loss of Use of the Vehicle Whilst Being Repaired  
(b) Personal Injury (c) Policy Excess  
(d) Repairs to the Insured Vehicle
36. The rehabilitation period for a probationary order under the Rehabilitation of Offenders Act 1974 is ...
- (a) one year on completion (b) four years  
(c) five years (d) seven years
37. Which of these documents will contain questions pertaining to a risk being offered for insurance?
- (a) Proposal Form (b) Policy (c) Certificate (d) Cover Note
38. Slip is commonly used in what class of insurance?
- (a) Motor Insurance (b) Money Insurance  
(c) Marine Insurance (d) Fire Insurance
39. Adjustable premium is commonly used in ... insurance.
- (a) Fire and Marine (b) Theft and Fidelity Guarantee  
(c) Motor and General Accident (d) Employers' Liability and Stock Declaration
40. The A to Z Manufacturing Company is a company that produces spare car parts. Its turnover is ₦28m per year. Beewise Insurance Company offers products liability insurance for a limit of indemnity of ₦2m at a rate of 0.5 per mille on turnover. If A to Z wishes to increase the limit to ₦5m Beewise has quoted an increased rate of 0.7 per mille. Calculate the premium for a proposal of ₦2m limit of indemnity?
- (a) ₦19,600.00 (b) ₦14,000.00 (c) ₦196,000.00 (d) ₦140,000.00
41. The NCRIB is the association of all registered insurance brokers in Nigeria. What does NCRIB mean?
- (a) National Council of Registered Insurance Brokers  
(b) National Corporation of Risk Insurance Brokers  
(c) Nigerian Council of Registered Insurance Brokers  
(d) Nigerian Corporation of Registered Insurance Brokers
42. Which of these documents is required by law to be issued under a compulsory insurance?
- (a) Cover Note (b) Certificate of Insurance  
(c) Policy Document (d) Renewal Notice

43. The part of the policy where the cover provided is stated is ...  
 (a) recital clause (b) operative clause  
 (c) schedule (d) headings
44. ... is the common law right of an insurer to call upon other insurers similarly but not necessarily equally liable to the same insured in order to share the claim costs.  
 (a) Contribution (b) Subrogation  
 (c) Arbitration (d) Cancellation
45. ... is the name usually given to a very large excess.  
 (a) Excess (b) Franchise (c) Warranties (d) Deductible
46. ... are used to define the extent of policy cover.  
 (a) Warranties (b) Excess (c) Exclusions (d) Deductibles
47. A public liability policy contains a condition precedent to liability concerning precautions to be taken when using cutting torches. In the event of a claim for damage arising out of the use of cutting torches, if the insured has specifically failed to comply with this condition then the insurer will normally ...  
 (a) cancel the policy (b) offer part payment  
 (c) settle and sue the insured for recovery (d) refuse to settle the claim
48. The CIIN means one of the following.  
 (a) Certified Insurance Industry of Nigeria  
 (b) Chartered Insurance Institute of Nigeria  
 (c) Chartered Insurance Institution of Nigeria (d) None of the above
49. The proposer has a duty to ...  
 (a) conceal material circumstance  
 (b) survey his risk before presentation for insurance  
 (c) request for claims for losses whether insured or not  
 (d) take reasonable care not to make a misrepresentation if a consumer
50. The rehabilitation period for custodial sentences of between 6-30 months is ...  
 (a) never spent (b) 4 years (c) 2 years (d) 1 year
51. If the insurer can prove a breach of a material circumstance was reckless, it can ...  
 (a) refund the premium collected  
 (b) request for payment of additional premium  
 (c) carry out further survey on the proposed risk by the insured  
 (d) avoid the contract and refuse to pay claims
52. Which of these has to do with the attitude of the insured?  
 (a) Risk (b) Peril (c) Moral Hazard (d) Physical Hazard

53. The factor that might alter the frequency and severity of the peril occurring is generally referred to as ...  
 (a) risk (b) perils (c) uncertainty (d) hazard
54. Brick or Concrete Fire-Resistant Wall is an example of ...  
 (a) good physical hazard (b) moral hazard  
 (c) bad physical hazard (d) peril
55. Uses of chemicals and oils are examples of bad physical hazard in ... insurance.  
 (a) fire (b) theft (c) personal accident (d) employers' liability
56. Which of these documents would contain questions that the insured must have to answer?  
 (a) Policy (b) Proposal Form (c) Claims Form (d) Endorsement
57. Which of these is an example of specific questions in theft insurance?  
 (a) Noise Risk (b) Manufacturing Processes  
 (c) Ages of Drivers (d) Breakdown of Types of Stock
58. Which of these is another way for an insurer to get a material fact from a proposer?  
 (a) Survey (b) Engineering (c) Underwriting (d) Rating
59. There are many areas where questionnaires can be used, except one of the following ...  
 (a) public liability risks (b) money risks  
 (c) marine insurance (d) fire insurance
60. Which of these are popular with some insurers when dealing with particular aspects of risks?  
 (a) Survey (b) Supplementary Questionnaires  
 (d) Writing the Proposer (d) Meeting the Client

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

**Answer True (T) or False (F).**

61. Firms must offer to a consumer, upon inception or renewal of specified contracts what the FCA refers to as cancellation rights.
62. The premium rate is not a figure set by the insurer.
63. Certificate of insurance is a temporary document not required by law.
64. Credit facility is a method of premium collection in Nigeria.
65. Every insurer has its own form of scheduled policy for the various classes of business it offers.
66. War risks and related perils exclusions are standard exclusions in most general insurance policies.

67. Arbitration clause is not intended to deal with any disputes that arises as to the amount to be paid in settlement of a claim under a policy.
68. Franchise is the first amount of each and every claim for which the insured is responsible. 69. Implied warranties are not found in marine insurance.
70. Roadworthiness of the vehicle is an example of continuing conditions precedent.
71. Representations mean statement made during the negotiation of the contract.
72. Most general insurance policies are issued for periods of twelve months.
73. The duties of the insured following a loss can be divided into implied duties and warranted duties.
74. Average is the penalty for underinsurance.
75. Express duties are duties written into the contract, and are usually found as the claims conditions in the policy.
76. The purpose of a claim form is to establish whether the insured is entitled to indemnity under the policy.
77. Accident report form is used in making claim in personal accident insurance.
78. Arbitration is a policy condition where the dispute arises out of liability.
79. Contribution is the right of an insurer to call on other insurers similarly, but not necessarily equally, liability to the same insured to share the loss of indemnity payment.
80. In mediation, the parties do not choose to participate for the dispute to be resolved.
81. Reinstatement is a form of indemnity used for building.
82. Third party fire and theft give the widest cover in motor insurance.
83. In specified rider insurance, the subject-matter of insurance is the rider rather than the motor cycle.
84. Insurance companies are also broking firms.
85. When an insured is unable to work due to accident the medical expenses policy benefit will become payable.



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

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

Quick Healing Hospital has approached a professional insurance intermediary to assist the hospital to buy insurance cover that would protect its patients, employees and even its assets.

86. The professional insurance intermediary the company approached to place the insurance is a/an ...  
(a) loss adjuster (b) loss assessor (c) agent (d) broker
87. The liability that would cover claims following doctors' negligence in the hospital is ... insurance.  
(a) product liability insurance (b) public liability insurance  
(c) employers' liability insurance (d) professional indemnity insurance
88. The policy that would protect visitors to the hospital is ...  
(a) product liability insurance (b) public liability insurance  
(c) employers' liability insurance (d) professional indemnity insurance
89. The policy to protect the employees is ...  
(a) product liability insurance (b) public liability insurance  
(c) employers' liability insurance (d) professional indemnity insurance
90. The policy that would protect the hospital against liability arising from the food/meals that were served to patients is ...  
(a) product liability insurance (b) public liability insurance  
(c) employers' liability insurance (d) professional indemnity insurance

Intercontinental Plc is a company that manufactures wheat for local consumption. The company has its factory in Jos, Plateau State, but normally transport its products to Lagos State where they are used for further production. Last year, one of their major distributors' factory was burned. This affected the net profit of Intercontinental Plc was reduced due to low sales following the incident.

91. Which policy would Intercontinental Plc buy to protect its loss of net profit?  
(a) Fidelity Guarantee Insurance (b) Product Liability Insurance  
(c) Business Interruption Insurance (d) Credit Insurance
92. The policy that the company should buy to protect the loss of goods being moved from Jos to Lagos is ...  
(a) Motor Insurance (b) Goods-in-Transit Insurance  
(c) Marine Insurance (d) Transportation Insurance
93. Which of these classes of insurance would be regarded as the material damage policy for the policy identified in (92) immediately above?  
(a) Motor Insurance (b) Goods-in-Transit Insurance  
(c) Fire Insurance (d) Fidelity Guaranty Insurance

94. What policy would their consumer whose factory got burnt would have used to protect itself against such loss?
- (a) Business Interruption Insurance      (b) Legal Expenses Insurance  
(c) Money Insurance      (d) Fidelity Insurance
95. The company reported theft of goods by staff and asked you as its agent to recommend a policy to cover this. Which policy will cover such losses?
- (a) Business Interruption Insurance      (b) Legal Expenses Insurance  
(c) Money Insurance      (d) Fidelity Insurance

Many small businesses are faced with similar risks which instead of insuring them one by one they may decide to insure all of those risks together as one policy. This is a common practice in most insurance markets, Nigeria inclusive.

96. The form of policy that may be included within one policy document to provide coverage for all the covers required by a particular type of policyholder would be for...
- (a) individuals only      (b) business only  
(c) individuals and business      (d) commercial entities
97. This form of cover identified above is called a/an ... policy.
- (a) all-risk      (b) packaged      (c) single document      (d) commercial
98. An example of the above policy will not cover ... peril.
- (a) motor      (b) theft      (c) fire      (d) liability
99. In this form of cover, there may be need for homogeneity of risk, which means that ...
- (a) the risks need not share similar characteristics and similar trends  
(b) the risks need not share similar characteristics but should share similar trends  
(c) the risks need to share similar characteristics and similar trends  
(d) the risks need to share similar characteristics but should not share similar trends
100. Which of these is an example of this form of policy?
- (a) Fire Insurance      (b) Theft Insurance  
(c) Money Insurance      (d) Household Insurance

**Chief Examiner's Comment(s)**

A total of 411 candidates wrote the examination with 75.92% (312) of the candidates that passed. Performance for this diet was better than the performance of last diet.

**Comments on Overall Performance**

The performance can be improved upon and candidates should motivate themselves to study more.

**Suggestion(s) on Improvement(s) (if any)**

Candidates are advised to attend tutorial classes and endeavor to prepare more adequately before presenting themselves for future examinations.

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

**F03**

**CHARTERED INSURANCE INSTITUTE OF NIGERIA**

**FOUNDATION**  
**F03 - LIFE ASSURANCE, ANNUITY**  
**AND PENSIONS ADMINISTRATION**  
**YEAR 2024 APRIL DIET**



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

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

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL)  
WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL 2024  
DIET CANDIDATES' INSTRUCTIONS.**

**CHARTERED INSURANCE INSTITUTE OF NIGERIA**

**FOUNDATION**

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

**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. If one joint tenant dies under a joint tenancy, the interest would be passed on to ...  
(a) other survivor (b) brother (c) estate (d) family
2. An example of an intermediary in a reinsurance is ...  
(a) direct insurers (b) syndicates  
(c) rooms (d) management companies
3. Joint life annuity is used to provide benefits for a ...  
(a) single persons (b) widows (c) married couples (d) partners
4. A lapsed policy means that the assured has ... the premium.  
(a) discounted (b) discovered (c) discontinued (d) denied
5. In an endowment policy, the sum assured is paid ...  
(a) on maturity (b) on death or surrender, whichever comes first  
(c) on maturity or death whichever comes first (d) on surrender only
6. Who is required to premium for a group life cover under the Pension Reform Act 2014?  
(a) Employer (b) Employee (c) Trustee (d) Administrator
7. According to the Insurance Act 2003, Section ... classifies insurance.  
(a) 1 (b) 2 (c) 3 (d) 67
8. The declaration in the proposal form must be signed by the ...  
(a) proposer (b) agent (c) broker (d) underwriter
9. The standard exclusion in the policy document includes all except ...  
a) suicide (b) HIV and AIDS  
(c) pregnancy and childbirth (d) unintentional injury
10. Which of these is not a type of mortgage?  
(a) Second Mortgage (b) Transfer Mortgage  
(c) Popular Mortgage (d) Collateral Mortgage
11. The standard grace period in life insurance is for ... days.  
(a) 21 (b) 30 (c) 60 (d) 90
12. A contingent policy pays the sum assured when the assured ...  
(a) dies (b) does not die during the specified period  
(c) during the life time of another specified person (d) lapsed the policy
13. Which of these is not a form of business assurance cover?  
(a) Partnership Share Protection (b) Directors' Share Protection  
(c) Key Person Insurance (d) Income Protection

14. The policy that would give the assured the option to upgrade to a higher cover is ...  
 (a) renewal term assurance (b) level term assurance  
 (c) convertible term assurance (d) decreasing term assurance
15. The person that purchase life policy for himself is known as ...  
 (a) insured (b) assured (c) beneficiary (d) reinsured
16. Mr. John Adamu took a policy on the life of Miss. Ayo Femi having had a valid insurable interest, a scenario like this is called ...  
 (a) simply life policy (b) life of another policy  
 (c) joint life policy (d) first death policy
17. Which of these is the simplest way of providing term assurance?  
 (a) Renewable Term Assurance (b) Family Income Protection  
 (c) Level Term Assurance (d) Unit Linked Policies
18. The contracts that are referred to as bonds and are the simplest form of unit-linked policy are ...  
 (a) non-profit whole life policies (b) low-cost whole life policies  
 (c) simple premium unit-linked whole life  
 (d) regular premium unit-linked whole life policies
19. Which of these are riders to the basic life policies?  
 (a) Bolt-On policies (b) Partnership Group Life Assurance  
 (c) Income Protection Insurance (d) Proportionate Benefit
20. The concept that is referred to as the basis of life assurance contract is ...  
 (a) policy (b) consensus ad idem  
 (c) capacity (d) proposal form
21. Which of these is not part of occupations with above average risk of death by accident?  
 (a) Scaffolders (b) Trawlerman (c) Professional Boxers (d) Publicans
22. In which of the following is it that the life of an x-years-old man with chronic bronchitis might be rated “plus 5” and be charged normal premium rate for a 50-old man.  
 (a) Monetary Extra (b) Rating up (c) Postponement (d) Declinature
23. A proposal form in a life assurance business will *not* contain all these except ...  
 (a) condition (b) warranty (c) declaration (d) schedule
24. The details of the insured in a life policy would be contained in ...  
 (a) operative clause (b) warranty (c) condition (d) schedule
25. Amaka wants to change the beneficiary of her life policy from her husband to her son after a quarrel. This can be done through ...  
 (a) alteration (b) reinstatement (c) assignment (d) surrender value

26. The policy that would not pay death benefit is ...  
(a) term assurance (b) annuity (c) whole life (d) endowment
27. A form of treaty reinsurance whereby the principal office reassures a fixed percentage of risk in a particular class of business is ...  
(a) original term reinsurance (b) morbidity reinsurance  
(c) quota premium reinsurance (d) quota share reinsurance
28. The amount of money paid to a retiree for the number of years worked in bulk is called ...  
(a) annuity (b) group life benefit (c) pension (d) gratuity
29. The underwriter that could not accept a proposal on ordinary rate would do all these except ...  
(a) decline the proposal (b) impose some of special terms  
(c) obtain further information (d) accept proposal anyhow to gain the business
30. The provision of Insurance Act 2003 that in an insurance contract a breach of term whether called a warranty or a condition shall not give rise to any right by or afford a defence to the *insured* unless the term is material and relevant to the risk or loss insured against is found in Section ...  
(a) 56(1) (b) 56(2) (c) 55(1) (d) 55(2)
31. The underwriter will impose a ... loading if the premiums are to be paid more frequently.  
(a) higher (b) lower (c) basic (d) blanket
32. 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
33. 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
34. 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
35. The proposal form covers the following except ...  
(a) the identity of the life to be assured (b) details of the life  
(c) the bank details of the life to be assured  
(d) details of the contract required
36. For underwriting in term life assurance, the minimum policy term is ... years.  
(a) 2 (b) 3 (c) 5 (d) 10



37. Any company wishing to transact insurance business in Nigeria must be authorised to do so by ...  
(a) NAICOM (b) NIA (c) NCRIB (d) CIIN
38. 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
39. 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
40. Critical Illness Cover (CIC) does not cover ...  
(a) stroke (b) cancer (c) heart attack (d) diabetes
41. Family income policy is a form of which of these policies?  
(a) Term Assurance (b) Whole Life Assurance  
(c) Endowment (d) Pure Endowment
42. 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
43. 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
44. The NCRIB is the association of all registered insurance brokers in Nigeria. What does NCRIB mean?  
(a) National Council of Registered Insurance Brokers  
(b) National Corporation of Risk Insurance Brokers  
(c) Nigerian Council of Registered Insurance Brokers  
(d) Nigerian Corporation of Registered Insurance Brokers
45. Which of these will pay the sum assured whenever the assured dies?  
(a) Term Assurance (b) Whole Life Assurance  
(c) Annuity (d) Endowment Assurance
46. 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

47. The CIIN means one of the following.
- (a) Certified Insurance Industry of Nigeria
  - (b) Chartered Insurance Institute of Nigeria
  - (c) Chartered Insurance Institution of Nigeria
  - (d) None of the above
48. ... 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) Contingent Policies
  - (c) Waiver of Premium Offer
  - (d) Double Accident Benefits
49. ... 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
50. Which of these medical conditions need not be investigated in medical underwriting?
- (a) Overweight
  - (b) Malaria
  - (c) Eye Disease
  - (d) Glandular Disorder
51. ... 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
52. 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
53. The process of bringing a lapsed life policy back to active status is called ...
- (a) renewal
  - (b) reinstatement
  - (c) resurrection
  - (d) review
54. Maturity payment will be made in ... policy.
- (a) term assurance
  - (b) annuity
  - (c) whole life assurance
  - (d) endowment assurance
55. 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
56. ... 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
57. A proposal can be accepted at ordinary rate or at ...
- (a) difficult terms
  - (b) hard terms
  - (c) soft terms
  - (d) special terms

58. For underwriting a traditional life assurance proposal, the minimum entry age is ... years  
(a) 6 (b) 18 (c) 21 (d) 60
59. 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
60. 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

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

61. Most life policies are single life policies, with only one life assured.
62. The sum assured in decreasing term assurance remains constant while the age of the assured decreases.
63. Term assurance can be purchased as a with profit policy.
64. Bolt-on options are riders to the basic life policies.
65. Terminal illness cover is Not similar to critical illness cover.
66. The group of lives to be assured must exist for some purpose other than assurance.
67. Income protection insurance is usually not assignable by most offices.
68. Income protection insurance can be sold as a group policy.
69. Key person insurance may be arranged so as to provide for the sum assured to be payable by instalments.
70. NAICOM is the sole regulator for life insurance policy for employees.
71. An underwriter must not bear in mind that a life assurance contract is based on utmost good faith.
72. Most offices have what are described as non-medical limits under which proposals will be considered without a medical report necessarily being required.
73. The occupation of the proposer is not material for underwriting purposes.

74. No extras will be required for proposers who fly as fare-paying passengers on normal commercial flights.
75. Declinature is not use in life assurance for abnormal risk.
76. Motor racing is an example of constant extra risk.
77. The major loading is NOT to cover the expenses of the life office.
78. Waiver of premium is an additional benefit.
79. A renewal notice is an addition to a standard policy document.
80. The policy remains in force as long as the surrender value exceeds the total outstanding premiums and late payment charges.
81. Under the Gender Recognition Act 2004, a change of gender has great effect on any existing policy.
82. Under a joint tenancy, if one joint tenant dies their interest passes automatically to the survivor(s).
83. An assignment must be dated during the currency of the policy and during the lifetime of the life assured.
84. Proof of title is not required before a claim is paid.
85. Life policies are not used as collateral for loans.

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

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

Once upon a time in Ijebu Ode, Mr. Ademola Yusuf a caring entrepreneur, decided to implement a life assurance policy for his dedicated team of staff. Recognising the importance of their well-being, he sought to provide financial security and peace of mind. With the guidance of a reputable insurance adviser, *Mr.* Yusuf carefully selected a comprehensive policy for this purpose.

86. The life assurance required for this purpose under the Pension Reform Act 2014 is ...
- (a) Group Life Assurance (b) Group Pension Assurance  
(c) Group Term Assurance (d) Group Endowment Assurance
87. A policy that he would purchase on the life of a staff who is very important to the survival of the organisation is ...
- (a) critical illness insurance (b) keyman insurance  
(c) term assurance (d) whole life assurance
88. The minimum staff required under the Pension Reform Act 2014 for the company to compulsorily buy the policy identified in question (6) above is ...
- (a) 3 (b) 10 (c) 15 (d) 20
89. Under the Pension Reform Act 2014, the company is to contribute what percentage of the staff's salary to the staff PFA account.
- (a) 8 (b) 10 (c) 15 (d) 20
90. Company would contribute what percent of the premium for the policy identified in question (89) above?
- (a) 10 (b) 20 (c) 50 (d) 100

Mr. Musa Mohammed purchased a term policy from Network Life Insurance Plc for a period of thirty years in Zaria, Kaduna State. 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. Network 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

Carrier Nigeria limited a company that manufactures air conditioners in Nnewi, Anambra State approached an intermediary, Mr. Michael Ikechukwu to assist them to arrange life insurance covers for their staff from a reputable company. Mr. Johnson Nwike, the administrative manager also personally requested that the intermediary should help him procure a policy that would pay school fees for his son that would enter university in the next seven years.

96. The intermediary in this case is a/an ...  
(a) broker (b) adviser (c) agent (d) insurer
97. The reputable company is a/an ...  
(a) assurer (b) life assured (c) assured (d) insurer
98. Carrier Nigeria Limited is ...  
(a) assurer (b) life assured (c) assured (d) insurer
99. The best cover to be recommended to Mr. ~~Ikechukwu~~ Johnson Nwike is ...  
(a) flexidowment (b) annuity certain  
(c) pure endowment (d) education endowment
100. In cases where Mr. ~~Ikechukwu~~ Johnson Nwike wants only to buy a policy that would pay benefit if he survives a period of five years, which policy would you recommend to him?  
(a) Flexidowment (b) Annuity Certain  
(c) Pure Endowment (d) Education Endowment

**Chief Examiner's Comment**

75% or 282 of the candidates who sat for the examination passed. A review of the candidates' performance showed that most of them made the mistake of picking the wrong options from the multi-choice questions. Candidates are advised to read the questions very well so as not to pick the wrong options while writing the examinations. The review also shows that some of the candidates did not prepare fully before sitting for the examinations. This may have been the reason for the low performance by them.

**Comment(s) on Overall Performance**

The performance can be much better.

**Suggestion(s) on Improvement (if any)**

Candidates are advised to study their coursebooks very well; attend tutorial classes and endeavor to prepare better before next examination.

<b>F03 – LIFE ASSURANCE, ANNUITY AND PENSIONS ADMINISTRATION</b>									
1	A	21	D	41	A	61	T	81	T
2	D	22	A	42	B	62	F	82	T
3	C	23	C/Bonus	43	C	63	F	83	T
4	C	24	D	44	C	64	F	84	F
5	C	25	C	45	B	65	F	85	F
6	A	26	B	46	D	66	T	86	A
7	B	27	D	47	B	67	T	87	B
8	A	28	D	48	D	68	T	88	C
9	D	29	D	49	D	69	T	89	B
10	C	30	C	50	B	70	F	90	A
11	A	31	B	51	A	71	F	91	B
12	A/C	32	D	52	A	72	T	92	D
13	C	33	B	53	B	73	F	93	C
14	C	34	B	54	D	74	T	94	D
15	B	35	C	55	B	75	F	95	B
16	B	36	C	56	B	76	T	96	C
17	C	37	A	57	D	77	T	97	A
18	C	38	A	58	B	78	T	98	C
19	A	39	A	59	D	79	F	99	D
20	D	40	D	60	D	80	T	100	C

F04

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION  
F04 - BUSINESS COMMUNICATION AND  
INFORMATION TECHNOLOGY  
YEAR 2024 APRIL DIET



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

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

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL)  
WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL 2024  
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. In business communication, the channel of communication is decided by -----.  
(a) the decoder      (b) the managing director      (c) the secretary      (d) the encoder
2. One of the following is not a reason for business communication. To -----.  
(a) inform      (b) influence      (c) exchange ideas      (d) entertain
3. Principles of business communication include all but one of the following?  
(a) Precision      (b) Clarity      (c) Length      (d) Accuracy
4. One of the following reasons is why information recording in business communication is essential. It ....  
(a) enables other members of staff to see a piece of information communicated  
(b) ensures that the head endorses every piece of information communicated  
(c) ensures that information is set out clearly for future reference  
(d) establishes when and by whom the record was made
5. ... is a good example of internal downward communication.  
(a) communication from a junior officer to a management staff  
(b) communication among colleagues on the same level  
(c) communication from an organization to the public  
(d) communication from the departmental head to the unit head
6. Business communication is adjudged to be effective and successful if -----.  
(a) the message is received by its target audience  
(b) the receiver(s) understand(s) and act(s) on the information encoded  
(c) the message is free from any form of barrier  
(d) the message is documented by the receiver(s)
7. The sender in the communication process is the same as the -----.  
(a) operator      (b) encoder      (c) decoder      (d) recipient
8. Which of the following is not a form of internal business communication?  
(a) memos      (b) workshops      (c) meetings      (d) None of the above
9. One of the following is not a formal means of business communication.  
(a) Grapevine      (b) Newsletter      (c) Meetings      (d) e-mails
10. Formal types of communication include all but one of the following:  
(a) A private discussion among colleagues  
(b) Interviews      (c) Training sessions      (d) Presentations at business meetings
11. Internal business communication refers to -----.  
(a) the transmission of information between two friends in an organisation  
(b) the transmission of information from a manager to another manager in an organisation  
(c) the transmission of information between or among family members  
(d) the transmission of official information between or among members of the same company or group of companies

12. External business communication is -----.
- (a) the transmission of information from an organization to a person or entity outside the organisation
  - (b) the transmission of information between or among unit heads in an organisation
  - (c) the transmission of information between or among staff of an organisation
  - (d) the transmission of information between or among unit heads in an organisation
13. The purpose of internal communication is not one of the following.
- (a) To request information
  - (b) To provide information
  - (c) To hoard information
  - (d) To record information
14. Oral communication is unsuitable in situations where -----.
- (a) many people are involved
  - (b) immediate feedback is required
  - (c) a lot of information is required
  - (d) the sender is a foreigner
15. One of the merits of oral communication is that it -----.
- (a) is easily documented
  - (b) is usually short and precise
  - (c) gives the audience power to control the communicated process
  - (d) guarantees immediate feedback
16. One of the goals of external business communication is to -----.
- (a) improve an organisation's image
  - (b) support the government
  - (c) improve staff corporate social responsibilities
  - (d) promote staff
17. Which of the following is not a form of oral communication?
- (a) Face-to-face communication
  - (b) Telephone conversations
  - (c) Discussions at meetings
  - (d) emails
18. Feedback in business communication is best defined as -----.
- (a) the exchange of information between an encoder and a decoder
  - (b) non-verbal response to a message
  - (c) verbal response to a message
  - (d) the response or acknowledgement of the decoder to the encoder
19. One of the benefits of feedback to an organisation is that it -----.
- (a) exposes unprofessional conducts by staff
  - (b) generates staff strength
  - (c) reduces staff strength
  - (d) has the capacity to increase productivity
20. In a situation where the receiver in business communication is unable to provide information required by the sender, s/he is expected to -----.
- (a) ensure that the information is made available to him/her
  - (b) inform the sender of the time such information will be available or who can provide
  - (c) report to the head of the department
  - (d) None of the above
21. One of the following is not a form of body language.
- (a) Sirens
  - (b) Hugging
  - (c) Facial Expressions
  - (d) Voice Tone

22. Which of the following can be omitted in a business letter?  
(a) The address of the writer (b) The address of the receiver  
(c) The writer's designation (d) None of the above
23. A memorandum is used to communicate information to -----.  
(a) members of the an organisation only (b) members of the public  
(c) clients of an organisation  
(d) members and non-members of an organisation
24. How many sections are Internet e-mail messages divided into?  
(a) Five (b) Three (c) Two (d) Four
25. Internal lateral communication refers to communication between/among -----.  
(a) colleagues on the same level (b) friends within the same organisation  
(c) the public (d) all staff of an organisation
26. One of the following is not a business report.  
(a) Medical Report (b) Auditor's Report  
(c) Progress Report (d) Inspection Report
27. One advantage of a memorandum over a letter is that it can be -----.  
(a) less clearly written than a letter  
(b) used for internal and external communication  
(c) more detailed than a letter (d) much less formally written than a letter
28. Which of the following section(s) is/are found in a formal report?  
(a) Complementary Close (b) Conclusion and Recommendation(s)  
(c) Address of the writer (d) Opening salutation
29. Which of the following is not true about a report? It -----.  
(a) must be written by a committee (b) is a feedback on an investigation  
(c) communicates definite information (d) is a formal document
30. A press release has the following except -----.  
(a) the address of the sender (b) the telephone number or e-mail of the sender  
(c) the name of the sender (d) the status of the sender
31. In a press release, the symbol ### indicates -----.  
(a) its end (b) its beginning  
(c) its middle (d) attention to a particular item
32. Which of the following is true about billboard advertisements? They are usually -----.  
(a) mobile (b) cheap (c) placed in hidden places (d) immobile
33. One of the merits of magazine advertisements is that they -----.  
(a) are sold at strategic locations (b) reduce the cost of production  
(c) are always available (d) reach their audience quickly and easily

34. The cost of a television advertisement depends on -----.
- (a) the presenter on duty
  - (b) time slot of the advertisement
  - (c) time of the advertisement
  - (d) its persuasive impact on the audience
35. The major advantage of an online directory over the printed type is that it -----.
- (a) contains more information than the printed type
  - (b) reduces cost of production
  - (c) allows its users the opportunity of making adjustments in the information communicated in it
  - (d) None of the above
36. Dichotomous questions in a questionnaire allow respondents to -----.
- (a) make a choice out of two answers
  - (b) give weight to the response of the question
  - (c) express themselves freely
  - (d) give multiple answers to questions
37. Which of the following best describes a customer's complaint?
- (a) A customer's appraisal of a company's products or services
  - (b) A customer's expression of dissatisfaction about a company's products bought or services given
  - (c) A customer's expression of unwillingness to continue patronizing a company's products or services
  - (d) None of the above
38. ----- enables a company's management to elicit information from its employees.
- (a) Positive feedback
  - (b) Operational feedback
  - (c) Negative feedback
  - (d) Online forms
39. Which of the following is a precursor to a meeting?
- (a) The agenda
  - (b) The notice of the meeting
  - (c) The date of the next meeting
  - (d) Apologies
40. An approved proposed during a meeting is said to have been -----.
- (a) moved by the committee
  - (b) documented
  - (c) endorsed
  - (d) agreed on
41. One of the following is not a type of meetings required by law in order to ensure that directors give of a company give a full report to their shareholders.
- (a) Annual General Meetings
  - (b) Extraordinary General Meetings
  - (c) Board Meetings
  - (d) Management Meetings
42. One of the following is the usual order of routine items in a meeting agenda.
- (a) minutes of previous meetings, any other business, matters arising
  - (b) matters arising, any other business, minutes of previous meeting
  - (c) opening prayer, minutes of previous meeting, apologies
  - (d) apologies, minutes of previous meeting, matters arising

43. The advantages of the application of technology to business include one of the following.  
 (a) It increases its cost of production. (b) It guarantees its success.  
 (c) It improves its products or services to gain competitive advantage  
 (d) Its devices can replace the entire human labour.
44. Artificial Intelligence has the capacity to do one of the following.  
 (a) recreate information (b) redesign information  
 (c) detect wrong information (d) recognise speech
45. Robots have the capacity to -----.  
 (a) carryout non-human operations only  
 (b) carryout human operations only  
 (c) carryout both human and non-human operations (d) None of the above
46. One of the following is an advantage of cloud storage of information.  
 (a) Data stored can be accessed by anybody who wishes to  
 (b) Data stored are error free (c) Data stored can be accessed from any location  
 (d) Data stored require no password to be accessed
47. Which of the following technologies used in business is uncommon in recent times?  
 (a) E-mails (b) Skype (c) Blogs (d) Faxes
48. A major setback in the use of Artificial Intelligence is its lack of -----.  
 (a) accuracy (b) flexibility (c) speed (d) efficiency
49. The following except one are the advantages of basic enterprise software.  
 (a) It enables a company to automate its record keeping  
 (b) It enables interaction between a company and its customers  
 (c) It disallows communication from non-members of a company  
 (d) It helps in managing a company's payroll
50. In Information Technology, ----- enables connected devices to send and receive data.  
 (a) the radio (b) internet of things (c) Skype (d) social networks

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

51. (a) outragously (b) outragiously (c) outrageously (d) outrageously
52. (a) mischeivously (b) mischeiveously (c) mischievously (d) mischieveously
53. (a) trivialise (b) trivalise (c) trivealise (d) triviarlise
54. (a) preditable (b) predictable (c) prediatable (d) predictabe
55. (a) authoritative (b) authoriative (c) orthoritative (d) autoritative
56. (a) comprehensible (b) comprihensible (c) conprehemsible (d) comprehensible
57. (a) typographical (b) typographicle (c) typographecal (d) typogaphical
58. (a) adherance (b) adherence (c) adhearance (d) adherince
59. (a) confidentail (b) confidential (c) comfidential (d) confidental
60. (a) pigeonhole (b) pidginhole (c) pigeanhole (d) piginhole

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

61. (a) Peter cannot cope up with the rigours of academic life.  
(b) Peter cannot cope along the rigours of academic life.  
(c) Peter cannot cope along with the rigours of academic life.  
(d) Peter cannot cope with the rigours of academic life.
62. (a) The club's anniversary was rounded off with dinner.  
(b) The club's anniversary was rounded up with dinner.  
(c) The club's anniversary was rounded with dinner.  
(d) The club's anniversary was round up with dinner.
63. (a) The children were discussing about their teachers at home.  
(b) The children were discussing on their teachers at home.  
(c) The children were discussing their teachers at home.  
(d) The children were discussing of their teachers at home.
64. (a) We will be travelling with our car. (b) We will be travelling in our car.  
(c) We will be travelling on our car. (d) We will be travelling along with our car.
65. (a) Joan is more prettier than her sister. (b) Joan is most prettier than her sister.  
(c) Joan is prettier than her sister. (d) Joan is pretty than her sister.
66. (a) You were asked to put the matter in writing.  
(b) You were asked to put the matter into writing.  
(c) You were asked to put the matter inside writing.  
(d) You were asked to put the matter on writing.
67. (a) I demanded an explanation of his action.  
(b) I demanded for an explanation of his action.  
(c) I demanded on an explanation of his action.  
(d) I demanded that an explanation of his action.
68. (a) The news gave Jim much needed upliftings.  
(b) The news gave Jim a much needed upliftment.  
(c) The news gave Jim a much needed uplift.  
(d) The news gave Jim a much needed upliften.
69. (a) He has been making insulting remarks about his boss.  
(b) He has been making insulted remarks about his boss.  
(c) He has been making insult remarks about his boss.  
(d) He has been making insulting remarks about his boss.
70. (a) You may need to request more information before completing the form.  
(b) You may need to request for more information before completing the form.  
(c) You may need to request as more information before completing the form.  
(d) You may need to request for more other information before completing the form.

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

71. (a) David and mary are getting married in December.  
(b) David and Mary are getting married in december.  
(c) David and Mary are getting married in December.  
(d) David and Mary are getting married, in December.
72. (a) Oh! Were lost in the middle of nowhere.  
(b) Oh, were lost in the middle of nowhere.  
(c) Oh, we're lost in the middle of nowhere.  
(d) Oh! We're lost in the middle of nowhere.
73. (a) I don't feel very well, he said weakly. (b) I dont feel very well he said, weakly.  
(c) "I don't feel very well", he said weakly.  
(d) I don't feel very well, "he said weakly".
74. (a) Would you pass the salt, please? (b) Would you, pass the salt please.  
(c) Would you pass the salt please? (d) would you pass, the salt, please?
75. (a) In 1958 a severe earthquake caused a great landslide in Montana.  
(b) In 1958, a severe Earthquake caused a great landslide in Montana.  
(c) In 1958, a severe earthquake caused a great landslide in montana.  
(d) In 1958, a severe earthquake caused a great landslide in Montana.
76. (a) China, is the third largest country in the world.  
(b) china is the third largest Country in the world.  
(c) China is, the third largest country in the World.  
(d) China is the third largest country in the world.
77. (a) In what city does your sister live in, New York or New Jersey?  
(b) In what city does your sister live in New york or New jersey?  
(c) In what city does your sister live in? New York or New Jersey.  
(d) In what city, does your sister live in; New York or new jersey?
78. (a) Should we take the train/the cab to victoria island?  
(b) Should we take the train or the cab to Victoria Island?  
(c) should we take the train; the cab to Victoria island?  
(d) Should we, take the train or the cab to victoria Island?
79. (a) mr. Ben the chairman is yet to arrive.  
(b) Mr. ben the chairman, is yet to arrive.  
(c) Mr. ben, the chairman is yet to arrive.  
(d) Mr. Ben, the chairman, is yet to arrive.
80. (a) have you read animal farm by George Orwell?  
(b) Have you read Animal farm by George Orwell?  
(c) Have you read "Animal Farm" by George orwell.  
(d) Have you read "Animal Farm" by George Orwell?



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

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

81. I could not attend the meeting, so I asked my sister to stand ----- for me.  
(a) by (b) up (c) in (d) on
82. The manager is leaving the company to ----- a new appointment elsewhere.  
(a) take over (b) take on (c) take up (d) take off
83. The accused stated ----- that he was innocent of the crime.  
(a) feebly (b) unequivocally (c) excitedly (d) ashamedly
84. After his defeat in the war, the General ----- his army and went into retirement.  
(a) disbanded (b) retired (c) fired (d) disowned
85. It is high time you ----- smoking.  
(a) should stop (b) stopped (c) stop (d) must stop
86. Ben is ----- troublesome than I had imagined.  
(a) more less (b) the least (c) much less (d) very less
87. If I ----- what actually happened, I would have punished him.  
(a) have had (b) had had (c) have heard (d) had heard
88. Judith was punished because she ----- last week without permission.  
(a) must not have travelled (b) ought not to travel  
(c) will not have travelled (d) ought not to have travelled
89. The president's speech ----- at 7.00p.m. yesterday.  
(a) is broadcast (b) were broadcast (c) has been broadcast (d) was broadcast
90. The students refused to appear before the ----- panel set up to look into their demands.  
(a) five-man's (b) five-men's (c) five men (d) five-man

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

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

Artificial Intelligence (AI) is undoubtedly, one of the major advances in Technology in the last twenty years or so. Simply put, AI is the science of enabling a machine or computer to sense, act, reason or adapt like a human. Machines and computers used in AI are so designed that they can be used for a wide range of tasks such as calculations, voice recognition, grading of paperwork. Not only do they have the ability perform these tasks and many more, they do so with speed, accuracy and precision.

However, as much as AI has helped in changing man's world in terms of the volume of work it has taken off his shoulders, the truth remains that it has some limitations and can never replace human intelligence. One of the limitations of AI lies in its lack of creativity. Its output for instance is a function of the quality of input it receives from humans. The dependence of output on input describes what is referred to in computer language as the GIGO principle which in plain language means "garbage in garbage out". In other words, computers and machines as facilitators of AI have no independent reasoning or intelligence but are indirectly dependent on human intelligence.

Another limitation of AI is its lack of flexibility. Unlike humans, machines and computers lack the capacity to detect erroneous data and to change routine even when necessary.

91. One of the things that can be deduced from the passage is that -----.
- (a) human intelligence is inferior to artificial intelligence
  - (b) artificial intelligence is superior to human intelligence
  - (c) artificial intelligence is dependent on human intelligence
  - (d) neither artificial intelligence nor human intelligence is superior to the other.
92. According to the passage, machines and computers lack creativity because -----.
- (a) their output depends on input
  - (b) they facilitate human jobs
  - (c) they detect errors
  - (d) they can change routines
93. The GIGO principle in computer language means that -----.
- (a) output influences input
  - (b) output is dependent on input
  - (c) input and output are the same
  - (d) there is no relationship between input and output
94. Which of the following is not true about Artificial Intelligence according to the passage? It -- ----.
- (a) is an aid to man
  - (b) man cannot do without it
  - (c) has improved man's world
  - (d) is laudable
95. The word "precision" as used in the passage means -----.
- (a) reliability
  - (b) inconsistency
  - (c) speed
  - (d) consistency

Political Parties are indispensable in every democratic government for they provide the citizenry the opportunity to choose from among individuals seeking political positions during elections. Individuals who are elected from the various political parties registered with the electoral body in a country or state form the government.

The term “government” on its own means a group of people or a body vested with the responsibility of directing the day to day affairs of a nation or state. As a body, it has the responsibility of maintaining law and order within its jurisdiction. It also provides social services such as good health facilities, good roads, electricity, potable water etc.

Again, government creates enabling environment for meaningful economic activities which promote both individual and national growth and development; promotes and defends the rights of the citizens as entrenched in the nation’s constitution and maintains external relations with other nations through the activities of the head of state, the external affairs ministry and other relevant agencies.

96. Which of the following is implied in the passage?
- (a) Only members of political parties registered with the electoral body in a nation are eligible to contest for political positions
  - (b) Any individual is eligible to contest for political positions
  - (c) Every political party must present candidates for elections
  - (d) Political parties form a government.
97. One of the following is not a function of government stated in the passage.
- (a) To maintain law and order
  - (b) To ensure that the citizenry enjoys unlimited rights
  - (c) To provide social services to the citizenry
  - (d) To maintain external relations
98. Through which of the following does a government maintain external relations?
- (a) the Ministry of Internal Affairs
  - (b) all the ministries
  - (c) the Ministry of External Affairs
  - (d) all its agencies
99. As stated in the passage, the aim of creating an enabling environment for economic activities by a government is to -----.
- (a) ensure individuals’ growth and development
  - (b) promote the activities of political parties
  - (c) ensure both individual and national growth and development
  - (d) None of the above
100. Which of the following is not true about the passage? It states that a government -----.
- (a) has unlimited powers
  - (b) has the right to maintain law and order within its jurisdiction
  - (c) defends the citizens’ rights only within the confines of its constitution
  - (d) None of the above

**Chief Examiner's Comment**

Impressive performance with passes from 353 candidates out of 420 candidates.

**Comments on Overall Performance**

The overall performance of candidates is quite impressive.

**Suggestion(s) on Improvements (if any)**

The performance can always be improved upon and candidates should motivate themselves to study more.

<b>F04 – BUSINESS COMMUNICATION AND INFORMATION TECHNOLOGY</b>									
1	D	21	A	41	A	61	D	81	C
2	D	22	C	42	D	62	A	82	C
3	C	23	A	43	C	63	C	83	B
4	C	24	C	44	D	64	B	84	A
5	D	25	A	45	C	65	C	85	B
6	B	26	A	46	C	66	A	86	C
7	B	27	D	47	D	67	A	87	D
8	D	28	B	48	B	68	C	88	D
9	A	29	A	49	C	69	D	89	D
10	A	30	D	50	B	70	A	90	D
11	D	31	A	51	C	71	C	91	C
12	A	32	D	52	C	72	D	92	A
13	C	33	D	53	A	73	C	93	B
14	A	34	B	54	D	74	A	94	B
15	D	35	C	55	D	75	D	95	D
16	A	36	A	56	A	76	D	96	A
17	D	37	B	57	A	77	A	97	B
18	D	38	B	58	B	78	B	98	C
19	D	39	B	59	B	79	D	99	C
20	B	40	A	60	C	80	D	100	A

F05

CHARTERED INSURANCE INSTITUTE OF NIGERIA

**FOUNDATION**  
F05 - INSURANCE UNDERWRITING PROCESS  
YEAR 2024 APRIL DIET



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

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

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL)  
WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL 2024  
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. The amount of premium required to cater for the cost of claims is called the ... premium.  
(a) gross (b) risk (c) net (d) discounted
2. In a year, thousands of flights take off and land at the airport in the course of three years with only two serious accidents reported, in terms of frequency and severity. This is depicted as ...  
(a) low frequency, high severity (b) low frequency, low severity  
(c) high frequency, low severity (d) high frequency, high severity
3. The accumulation of many claims all arising from a common event such as an earthquake is a/an ...  
(a) large claim (b) target risk  
(c) occasional claim (d) catastrophe
4. Return on capital employed is a measure of ...  
(a) profitability (b) turnover increase  
(c) slave capital appreciation (d) dividend growth
5. The Combined Operating Ratio indicates how well an insurance company is performing in its core technical operations. Which of these is not a constituent of the Combined Operating Ratio?  
(a) Dividend (b) Claims (c) Commission (d) Expenses
6. Commission is a major expense of insurance business to remunerate the intermediary that introduces the business. The highest commission level payable in the Nigerian Market at the moment in line with the Insurance Act 2003 is  
(a) 10% (b) 12.5% (c) 15% (d) 20%
7. Latent claims take a very long time to materialize and many years to be settled. These occur in which line of business?  
(a) Business Interruption (b) All Risks  
(c) Liability (d) Fire and Special Perils
8. Which of these is not an element of a valid contract?  
(a) Offer (b) Acceptance (c) Franchise (d) Consideration
9. Rate per mille means rate per ...  
(a) 100 (b) 1,000 (c) 1,000,000 (d) 10,000,000
10. Flat premium is used in ... insurance.  
(a) employer's liability (b) money insurance  
(c) fidelity guarantee (d) motor insurance

11. According to the Insurance Act 2003, Section ... classifies insurance.  
 (a) 1 (b) 2 (c) 3 (d) 67
12. Which of these is subjected to Values Added Tax in Nigeria?  
 (a) Staff Salary (b) Insurer's Premium  
 (c) Intermediaries' Commission (d) Claims Payment
13. Which of these is not a part of a policy document?  
 (a) Declaration (b) Information and Facilities  
 (c) Conditions (d) Preamble
14. Which of these is also referred to as "preamble"?  
 (a) Excess (b) Franchise  
 (c) Recital Clause (d) Operative Clause
15. A policy schedule will not contain ...  
 (a) insured name (b) premium (c) franchise (d) policy number
16. The first amount of each and every claim for which the insured is responsible is ...  
 (a) excess (b) franchise (c) arbitration (d) average
17. A general question in a proposal form will NOT include ...  
 (a) period of insurance (b) past insurance history  
 (c) proposer's correspondence address (d) proposer's risk address
18. Premiums are usually arrived at by applying ...  
 (a) risk to premium rate (b) risk to premium base  
 (c) premium rate to claim base (d) premium rate to premium base
19. The technical term for a very large excess is ...  
 (a) arbitration (b) deductible (c) average (d) franchise
20. The provision of Insurance Act 2003 that in an insurance contract a breach of term whether called a warranty or a condition shall not give rise to any right by or afford a defence to the unless the term is material and relevant to the risk or loss insured against is found in Section ...  
 (a) 56(1) (b) 56(2) (c) 55(1) (d) 55(2)
21. Which of these is not a description of a warranty in insurance? Conditions that ...  
 (a) must be strictly and literally complied with  
 (b) insurers must consider materiality of any breach  
 (c) must not appear in the policy  
 (d) must be written into the policy, except where implied
22. Which of these motor covers will have personal effects as an extension?  
 (a) Road Traffic Act (RTA) only (b) Third Party only  
 (c) Third Party, Fire and Theft (d) Comprehensive



23. A policy that will pay for disablements due to sickness is ...  
 (a) general accident (b) personal accident (c) sickness (d) medical expenses
24. Which of these is not a benefit under personal accident insurance?  
 (a) Death (b) Permanent Total Disablement  
 (c) Medical Expenses (d) Maturity Expenses
25. A specific exclusion will include all of the below except ...  
 (a) wear and tear (b) insects of vermin  
 (c) temporary removal (d) deeds, bonds and document
26. Which of the below is an example of "all risks policy"?  
 (a) Fire Insurance (b) Bicycle Insurance  
 (c) Fidelity Guarantee Insurance (d) Public Liability Insurance
27. An example of specific exclusion on freezer contents will NOT include ...  
 (a) fire, lighting or explosion damage (b) deterioration of freezer contents  
 (c) deliberate restriction of supply by supplying authority  
 (d) willful or deliberate act of the insured
28. Any company wishing to transact insurance business in Nigeria must be authorised to do so by ...  
 (a) NAICOM (b) NIA (c) NCRIB (d) CIIN
29. Which of these is not a specific exclusion in sports equipment insurance?  
 (a) Damage to Specialist Sport Clothing (b) Living Creatures  
 (c) Golf Balls (d) Pedal Cycles
30. Most travel policies will cover all the risks below except ...  
 (a) Personal Accident Benefits (b) Loss of Deposit  
 (c) Loss of Money (d) Hospital Cash Benefits
31. Which of these policies will grant cover to the buyers of mechanical and electrical goods?  
 (a) Money Insurance (b) Extended Warranties Insurance  
 (c) Product Liability Insurance (d) Money Insurance
32. The standard fire cover will cover ...  
 (a) lightning (b) aircraft  
 (c) subterranean fire (d) storm and flood
33. Standard exclusions in fire insurance will NOT include ...  
 (a) war risks (b) marine policies (c) sonic bang (d) escape of water
34. An exclusion in theft insurance will NOT include ...  
 (a) collusion (b) fire and explosion  
 (c) cash, bank notes, e.t.c. (d) temporary removal

35. Money insurance will cover money except ...
- (a) money in premiums of the insured (b) loss due to error or omissions  
(c) money in safe (d) money in private residence of a director
36. Which of these items are not found in Motor Insurance Certificate?
- (a) Name of policyholder (b) Expiry Date  
(c) Address of policyholder (d) Limitations as to use
37. The NCRIB is the association of all registered insurance brokers in Nigeria. What does NCRIB mean?
- (a) National Council of Registered Insurance Brokers  
(b) National Corporation of Risk Insurance Brokers  
(c) Nigerian Council of Registered Insurance Brokers  
(d) Nigerian Corporation of Registered Insurance Brokers
38. The most common method by which the proposer conveys information about the risk to be insured to the insurer is by means of a/an ...
- (a) cover note (b) accident report form  
(c) proposal form (d) satisfaction note
39. In which of these classes of insurance will fees earned be used as the basis for calculating the rate?
- (a) Professional Indemnity (b) Product Liability  
(c) Public Liability (d) Business Interruption
40. For most property insurances, the premium rate is applied to the ...
- (a) value (b) limit (c) turnover (d) fees
41. Which of these clauses is intended to deal with quantum disputed in claims settlement?
- (a) arbitration (b) deductible (c) average (d) franchise
42. Adjustable premiums are a feature of which of these policies?
- (a) All Risks (b) Burglary (c) Motor (d) Employers' Liability
43. The CIIN means one of the following.
- (a) Certified Insurance Industry of Nigeria  
(b) Chartered Insurance Institute of Nigeria  
(c) Chartered Insurance Institution of Nigeria (d) None of the above.
44. The policy document is a very vital document in insurance transaction. Which of these is not true of a policy document?
- (a) It is not the contract itself but only the evidence of the contract  
(b) The absence of a policy document invalidates the contract  
(c) It is a proof of the intentions of both parties  
(d) It contains the terms, conditions and exceptions of the contract terms

45. A document issued by the insurer as evidence that insurance cover has been guaranteed pending the issuance of a policy document is called a/an ...  
 (a) interim certificate (b) cover note (c) endorsement (d) book entry
46. Which level of the information pyramid would be concerned with issues of profitability return on capital?  
 (a) Board Level (b) Manager Level (c) Operational Level (d) Regulator
47. Some of these situations below could lead to risk accumulation except one.  
 (a) A premises with many buildings (b) Insuring both landlord and the tenants  
 (c) Flood occurrence in densely populated areas  
 (d) A lone duplex building in a large premise
48. Which policy will pay in the event of accidental death or bodily injury?  
 (a) General Accident (b) Personal Accident (c) Sickness (d) Medical Expenses
49. Which of these has the effect of reducing claims payments under general insurance policies on proportion to any under-insurance?  
 (a) excess (b) franchise (c) arbitration (d) average
50. ... is a fixed amount or period that acts as a threshold to determine whether claims are payable.  
 (a) arbitration (b) deductible (c) average (d) franchise

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

51. The typical general insurance is a contract of indemnity especially personal accident and permanent health insurance.
52. The Data Protection Act and General Data Protection Regulations are to regulate the systems for holding and processing data relating to any living person who can be identified.
53. Fraud in insurance is only limited to incidence related to claims.
54. There is comprehensive scope of cover for all classes of motor except motorcycle.
55. In contingent third-party liability, the cover is vicarious liability for loss or damage caused by an employee using own vehicle for the employer's business.
56. Just like personal accident, sickness and medical expenses policy, employer's liability also comes under health insurance.
57. It is usual to find single article limit of 5% in the contents section of household policy.
58. The All-Risks policy because of its comprehensive nature is such that it has no exceptions.

59. Building by definition in the Household policy will not just be the main building but include anything you would normally leave behind when moving from the house.
60. The Third-Party Fire and Theft cover will indemnify the policyholder if the vehicle is stolen and recovered in a damaged state.

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

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

Johnson Ude purchased a house in Benin City, Edo State, Nigeria in a high brow area of the City. In order to meet his taste, he decided to buy cosy furniture from a big furniture company in London, United Kingdom. The value of the house was ₦50,000,000.00 which he had insured fully, while he decided to insure the furniture valued for ₦20,000,000.00 as against its real value of ₦35,000,000.00. There was a total loss to the insured items.

61. Which type of policy will John buy to cover the fire peril?  
 (a) Subterranean Fire Policy (b) Household Insurance  
 (c) Comprehensive Insurance (d) Fidelity Guaranty Policy
62. In the identified policy above, the section that would pay for damaged television set is ...  
 (a) Building Insurance (b) Content Insurance  
 (c) All Risk Insurance (d) Personal Effects Insurance
63. The policy that would pay for loss to John's wife jewellery is ...  
 (a) Building Insurance (b) Content Insurance  
 (c) All Risk Insurance (d) Personal Effects Insurance
64. The insurer will pay ... for the loss of the insured furniture.  
 (a) ₦11,428,000.00 (b) ₦20,000,000.00  
 (c) ₦35,000,000.00 (d) ₦50,000,000.00
65. The total amount payable to John for his loss is ...  
 (a) ₦20,000,000.00 (b) ₦36,428,000.00  
 (c) ₦50,000,000.00 (d) N51,428,000.00

Maximum Benefit Insurance Company was incorporated in Rwanda to provide general insurance business to Rwandees and it is regulated by the country's Government. Mr. Michael Adam that lives in the country has approached the company for a theft policy and the company had given him a document to complete in order to show the details of his risk. This was done before the company appointed an expert to help them to verify the items to be covered for insurance.

66. Maximum Benefit will not sell ... policy.  
 (a) Personal Accident Insurance (b) Glass Insurance  
 (c) Term Assurance (d) Money Insurance

67. The document given to Mr. Adam is ...  
 (a) renewal notice (b) policy document  
 (c) claims form (d) proposal form
68. The expert that was appointed by the company is a ...  
 (a) risk surveyor (b) loss assessor  
 (c) loss adjuster (d) risk superintendent
69. If Maximum Benefit is to be registered in Nigeria the company would be regulated by  
 (a) NCRIB (b) NIA (c) CIIN (d) NAICOM
70. A company that sells only general insurance products is called a ... company.  
 (a) specialist (b) proprietary (c) mutual (d) composite

Omodada Ventures in Osogbo, Osun State, Nigeria is an alternative medicine producer. The company's drugs are taken by young and old people especially the elderly ones. It claims to cure many illnesses at the same time especially malaria and typhoid. The company allow buyers and other customers into their premises which are potential legal liability to them.

71. What must be proved in case a visitor to the premises wants to claim against in case of legal liability that Omodada Ventures owe to him?  
 (a) Fault (b) Negligence  
 (c) Visitor's Liability (d) Contingency Liability
72. Which policy would you recommend to Omodada Ventures for the liability to customers who come onto its premises?  
 (a) Public Liability (b) Customers' Liability  
 (c) Third Party only (d) Contingency Liability
73. What policy will cover the liability of the Omodada Ventures to its workers?  
 (a) Legal Expense (b) Public Liability  
 (c) Professional Indemnity (d) Employers' Liability
74. The policy that Omodada Ventures buy to protect itself against the loss of its produced herbal drugs by staff is ... insurance.  
 (a) product liability (b) fidelity guarantee  
 (c) public liability (d) employers' liability
75. The policy that would protect Omodada Ventures against claim from the consumers of the herbal medicine who may have died or suffer injury from consumption of the product is ...  
 (a) product liability (b) fidelity guarantee  
 (c) public liability (d) employers' liability

**Chief Examiner's Comment**

The pass rate is not impressive. Candidates need to be able to study in-depth and not peripherally.

**Comments on Overall Performance**

The performance is not impressive and candidates should motivate themselves to study more.

**Suggestion(s) on Improvements (if any)**

More in-depth studies are encouraged to all candidates.

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

F06

CHARTERED INSURANCE INSTITUTE OF NIGERIA

**FOUNDATION**  
F06 – MOTOR INSURANCE PRODUCTS  
YEAR 2024 APRIL DIET



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

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

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL)  
WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL 2024  
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 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 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. The layout and content of a certificate of motor insurance prescribed by the Motor Vehicle (Third Party Risks) Insurance Act 1950 in Nigeria will include facts relating to all these except ...
  - (a) details of the vehicle covered
  - (b) appointed maintenance savage
  - (c) limitations as to use
  - (d) name of the policy holder
2. Where the registration number of the vehicle is stated on the certificate of insurance, it is referred to as ...
  - (a) designated certificate
  - (b) endorsed certificate
  - (c) blank certificate
  - (d) specified certificate
3. The cover given by the “driving other cars extension” is ...
  - (a) third party
  - (b) comprehensive
  - (c) third party fire and theft
  - (d) own damage only
4. When a cover ~~note~~ *note* is issued physically/manually, who keeps the original copy of it?
  - (a) Brokers
  - (b) Insurer
  - (c) Insured
  - (d) Booklet
5. The document or item that customises the policy to provide an outline of the cover granted a particular insured is ...
  - (a) proposal form
  - (b) endorsement
  - (c) the schedule
  - (d) the cover note
6. When the insurer request for the drivers’ license number, what information would be expecting to obtain from DVLA?
  - (a) Vehicle Identification
  - (b) Conviction History
  - (c) Driver’s Occupation
  - (d) Scope of Cover
7. The statement of facts in reception to material facts is issued by ...
  - (a) brother
  - (b) insured
  - (c) insurer
  - (d) solicitor
8. A condition in the policy ~~while~~ *which* allows the insurer to pursue recovery at the outset of a claim based on the rights of the insured is ...
  - (a) negotiation
  - (b) contribution
  - (c) documentation
  - (d) subrogation
9. The “no premium no cover” provision in Section 50 of the Insurance Act 2003 applies to these classes of insurance ...
  - (a) aviation risks only
  - (b) motor reliable historical only
  - (c) all classes of insurance covers
  - (d) oil & gas only
10. Guidelines relating to complaints procedure can be found in which part of the policy document?
  - (a) Source Information
  - (b) Preamble
  - (c) Operative
  - (d) Exceptions

11. A consolidating statute is ...  
(a) a statute that nullifies all previous laws  
(b) a law that introduces a new cause of action  
(c) a statute that demonstrates as well as international career  
(d) a statute that brings together all prevail
12. According to the Insurance Act 2003, Section ... classifies insurance.  
(a) 1 (b) 2 (c) 3 (d) 67
13. The provision of Insurance Act 2003 that in an insurance contract a breach of term whether called a warranty or a condition shall not give rise to any right by or afford a defence to the unless the term is material and relevant to the risk or loss insured against is found in Section ...  
(a) 56(1) (b) 56(2) (c) 55(1) (d) 55(2)
14. Any company wishing to transact insurance business in Nigeria must be authorised to do so by ...  
(a) NAICOM (b) NIA (c) NCRIB (d) CIIN
15. A subrogated claim is one which the dealing insurer is dealing with ...  
(a) a claim from a policy holder as a result of contractile arrangement  
(b) the claim under a coinsurance arrangement  
(c) the claim because the policy holder has died  
(d) the claim because the accident happened whilst the vehicle was in use in another country
16. Which of these is not correct in relation to payment of emergency treatment under the Road Traffic Act?  
(a) The insured person can include a person outside the vehicle  
(b) It is a compulsory inclusion in the insurance cover  
(c) It reduced the NCD (No Claim Discount) by one level  
(d) The payment is made whether or not the motorist and relisting
17. The NCRIB is the association of all registered insurance brokers in Nigeria. What does NCRIB mean?  
(a) National Council of Registered Insurance Brokers  
(b) National Corporation of Risk Insurance Brokers  
(c) Nigerian Council of Registered Insurance Brokers  
(d) Nigerian Corporation of Registered Insurance Brokers
18. A sentence of imprisonment cannot be considered 'spent' under the Rehabilitation of Offenders Act 1974 if it exceeds ... years  
(a) 1½ (b) 2 (c) 3 (d) 4
19. The limitation period for personal injury claim is ... years  
(a) 3 (b) 4 (c) 5 (d) 6

20. Insurance business operates in a cycle. Which of these is not correct about the features of the cycle?
- (a) When there is a soft market, premiums are low
  - (b) When there is a soft market, premiums are high
  - (c) When the market is hard, business is profitable
  - (d) Hard market attracts new entrants
21. Joint policies are normally issued to ...
- (a) joint venture partners
  - (b) companies that are limited in liability
  - (c) group of companies under the same ownership
  - (d) spouses or domestic partners
22. A motor trade policy that is purely road risks can be rated on any of these bases except ...
- (a) vehicle sum insured
  - (b) named drivers
  - (c) trade plate
  - (d) points basis
23. The body set up to pay compensation to victims of 'hit and run' motorists in the united Kingdom is the ...
- (a) Lloyds Corporation
  - (b) Motor Insurance Database
  - (c) Association of British Insurers
  - (d) Motor Insurers' Bureau
24. The CIIN means one of the following.
- (a) Certified Insurance Industry of Nigeria
  - (b) Chartered Insurance Institute of Nigeria
  - (c) Chartered Insurance Institution of Nigeria
  - (d) None of the above
25. A motorist in Nigeria has just purchased a third-party insurance cover on his car. He wants to be sure that he has genuine cover. Where can he check the genuineness of the cover?
- (a) Website of Issuing Insurer
  - (b) Nigeria Insurance Industry Database
  - (c) Police-Public Relations Site
  - (d) Nigerian Insurance Broker's Platform
26. The agency of government in Nigeria charged with issuing driver's license is the ...
- (a) Nigeria Security Defense Corps
  - (b) State Vehicle Inspection Services
  - (c) Federal Road Safety Corps
  - (d) Nigeria Immigration Service
27. To travel across the countries of West Africa, ... document will show that the motorist has insurance cover that makes the minimum requirement in each country visited.
- (a) ECOWAS Policy Document
  - (b) International Travel Certificate
  - (c) ECOWAS Brown Card
  - (d) ECOWAS International Passport
28. NAICOM as the regulatory body in the Nigerian Insurance Industry perform very important functions. Which of the following is not one of them?
- (a) Determine the staff requirement of each insurer
  - (b) Approve rates of insurance premiums of all classes of insurance
  - (c) Act as an advisor to the Federal Government on all insurance related matters
  - (d) Establish standards for the conduct of insurance business

29. Under the latest regulation by NAICOM, as at date, in respect of motor insurance business, what is the premium rate for private motor third party cover in Nigeria as at date?  
 (a) ₦5,000.00 (b) ₦10,000.00 (c) ₦15,000.00 (d) ₦20,000.00
30. The claims department of an insurance company performs very important roles, which of these is not one of them?  
 (a) Assessing the proposal form for rating  
 (b) Indemnifying the insured in accordance with policy terms  
 (c) Ensuring that only valid claims are paid  
 (d) Dealing with third party claims while protecting the policy holder's interest
31. The insured must be able to prove that the subject matter exists and that will benefit from its continued existence and suffer financially from its loss. This relates to the principle of ...  
 (a) utmost good faith (b) let the buyer beware  
 (c) proximate cause (d) insurable interest
32. The policyholder should be placed in the same position after a loss as s(h)e enjoyed financially prior to it. This deals with which fundamental principle in insurance  
 (a) insurable interest (b) contribution (c) indemnity (d) betterment
33. A vehicle was involved in an accident, the door was affected and changed but the whole car was repainted at the request of the insured. The insurer requested for a contribution from the insured as this will take place the car in a better condition than it was prior to the loss. This contribution is known as ...  
 (a) bargain (b) discount (c) betterment (d) enhancement
34. Two policies covering the same subject matter and the same interests are to pay ratably for a loss. This is the application of the principle of ...  
 (a) insurable interest (b) contribution (c) subrogation (d) proximate cause
35. The principle of insurance that operates to ensure that an insured does not receive a claim payment from the insurance company and also from a negligent party is ...  
 (a) subrogation (b) contribution (c) compensation (d) maximization
36. The Insurance Act 2003 in Nigeria mandates insurance companies to settle a claim within ... days after submission of executed discharge voucher.  
 (a) 30 (b) 45 (c) 60 (d) 90
37. A front seat passenger in a vehicle was injured in an accident. It was discovered that he was not wearing a seat belt at that material time and this contributed to the extent of the injury. What would the insurer plead to reduce the award?  
 (a) Res Ipsa Loquitor (b) Contributory Negligence  
 (c) Strict Liability (d) Innocence
38. The situation in which the identity of a broken/crushed vehicle is taken and used on a stolen vehicle or motorcycle is called ...  
 (a) replacement (b) duplicating (c) ringing (d) transition

39. A policyholder claimant was asked to sign a document by the repair garage to which the insurance company sent the car for repairs after the car has been fully repaired. This document is known as ... note.  
 (a) indemnity (b) waybill (c) satisfaction (d) release
40. The professional employed by insurers to assist with analytical evaluations and/or premium determination is the ...  
 (a) actuary (b) marketer (c) accountant (d) surveyor
41. The amount that an insurance company is required to pay only claims, expressed in percentage terms, is known as ...  
 (a) outstanding claim (b) reserve ratio  
 (c) claims ratio (d) expense ratio
42. The MIB (Motor Insurers' Bureau) Police helpline  
 (a) help to determine where the vehicle was purchased  
 (b) helps the police to determine if a vehicle is insured  
 (c) assist the police to confirm the identity of the driver  
 (d) assist the police to confirm the market price
43. Rating is a very important process in the underwriting process to determine the premium to be charged for each risk. The following are rating factors for private car insurance except ...  
 (a) vehicle (b) proposer (c) use (d) color
44. Liability to third party for death or injury is unlimited. Which scope of policy cover in motor insurance does not give this cover?  
 (a) Road Traffic Act (b) Third Party  
 (c) Third Party Fire and Theft (d) None
45. When a new insurer takes on a new fleet insurance policy, they would require the experience of the account from the previous underwriter. How many years record will they usually require?  
 (a) 4 (b) 3 (c) 2 (d) 1
46. Fleets can be categorised into how many groups?  
 (a) 1 (b) 2 (c) 3 (d) 4
47. Cherished or classic types of vehicles are not subject to depreciation as ordinary practical, what type of policy is issued in their respect?  
 (a) Agreed Value (b) Sliding Scale  
 (c) Stationary Sum (d) Appreciation Cost
48. The Brown Card system is coordinated by which organ in the continent?  
 (a) The Different Countries (b) Council of Bureau  
 (c) The Regulators in each Country (d) All of the Above

49. The premium charged is an aggregate of various costs and expenses making up the combined operating cost. Which of these is not one of its constituents?  
(a) Claims (b) Commission (c) Dividend (d) Expenses
50. A typical policy of motor insurance is subject to renewal after a specified period. What is the normal period for a typical insurance contract?  
(a) 6 months (b) 12 months (c) 18 months (d) 20 months

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

**Answer True (T) or False (F)**

51. There are basically four types of cover under the motor policy.
52. The third party in a motor insurance contract is any other party involved in an accident aside the insured and insurer.
53. The driving other cars extensions are available only in relation to own damage cover under comprehensive and third-party fire and theft insurance covers.
54. Details of the excess applicable to each policy is found in the operative clause section of the policy.
55. When we say market value, we mean the price the vehicle was sold at the showroom on the day of purchase?
56. A motorcycle owner parked his motorcycle in an open parking lot of a supermarket to buy some items for the house. Before he came back, some accessories had been stolen by unknown persons. He posits that he has a valid claim as these accessories were left while attached to the motorcycle! Is his posit true or false?
57. The Security and Development Fund established in both the NAICOM Act 1997 and Insurance Act 2003 is to help build capacity for the industry to handle bigger risks.
58. The Green Card System allow motorists to travel within the EU just like the ECOWAS Brown Card allow motorists to travel through all member countries of the AU.
59. The contingent liability policy is to cover the vicarious liability of the employer in respect of liability incurred by their employees whilst using their personal vehicles
60. Cover for personal effects and clothing are only available to only the comprehensive scope of motor cover.

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

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

Mrs. Ekat completed a proposal form for a private car she bought indicating that she is just learning how to drive but that her husband, who would also drive from time to time, is well experienced. She has not made up her mind on the type of cover to purchase since it would be her first time of insuring a car.

61. How would you guide her with information that is helpful assuming that the car has an element of loan from her employers as it relates to the type of cover that will fully protect her and take care of the interest of the employers in the event of a total loss from any cause?
- (a) Road Traffic Act (b) Third Party  
(c) Third Party Fire and Theft (d) Comprehensive
62. She is just learning to drive, what additional “caution focused” underwriting term would the insurer insert knowing this fact?
- (a) Welcome Bonus (b) Inexperienced Driver’s License  
(c) Police Clearance Certificate (d) Driving Exemption
63. What would you say the premium represent in the contract if she decided to insure?
- (a) Consideration (b) Excess (c) Offer (d) Penalty
64. In setting a good overview of premium rates and terms in the market, where would she be able to find different offerings by various insurer?
- (a) Motor Vendor (b) Reinsurers  
(c) Aggregators (d) Motor Insurance Bureau
65. On completion of the transaction, which document will the insurer give to her to prove to the police and any other body that she has cover that meets the provisions of the Road Traffic Act in respect of third-party liabilities?
- (a) Policy Document (b) Certificate of Motor Insurance  
(c) Official Receipt of Payment (d) Proposal Form Copy

The ratings of the proposal brought to the insurer to produce a premium takes some many things into consideration. Educate a group of insurance/transport news reporters on this aspect of motor insurance for the benefit of the public as they pose several questions which agitate their minds.

66. In an insurance transaction, which is a contract which party normally makes the acceptance?
- (a) Brokers (b) Insured (c) Insurer (d) Surveyor
67. In Nigeria, if an insured has made payment as required by the insurance company, how many days do the insurer have under the Insurance Act 2003 to deliver the policy document?
- (a) 60 days (b) 45 days (c) 30 days (d) 15 days
68. If you are driving on the roads in Lagos, Ibadan or Abuja and are stopped by the Police or FRSC, which document does the Motor Vehicle (Third Party) Insurance Act (1950) recommend should be shown to them as evidence of having insurance that meets the minimum level of covers required by the Act?

- (a) Proposal Form
- (b) Endorsement
- (c) Offer Letter
- (d) Certificate of Insurance

69. The policy document plays these roles except one.

- (a) The proposal form is the basis of the contract and linked to it
- (b) The policy is the contract between the two parties
- (c) The policy schedule gives details of the particular insured
- (d) The conditions and exceptions are reflected on the policy

70. One of the reporters noted that he was once involved in an accident where a third party was at fault. He complained that his insurance company paid him the claim but did not allow him to take compensation from the third party and their insurer; but they went after the third party for recovery. Which principle will you explain to him?

- (a) Contribution
- (b) Betterment
- (c) Subrogation
- (d) Insurable interest

If claims are not made and paid there will be no need to insure, thus making it a key operation in every insurance company. Some persons had come together at a forum to share their experiences with you on what they perceive as the downside of insurance claims. You are required to attend to their respective questions/enquires.

71. The details of a loss that gives rise to a claim is known to the insured. These details are traditionally conveyed through ...

- (a) prospectus
- (b) bulletin
- (c) discharge form
- (d) accident report form

72. In Nigeria, the Insurance Act 2003 lay so much importance on the settlement of claims that it stipulates a maximum time frame within which discharge voucher must be settled. What is the time frame?

- (a) 120 days
- (b) 90 days
- (c) 60 days
- (d) 30 days

73. One of the persons in the group complained that when their vehicle was involved in *an accident that was a total loss* total loss, the insurance company did not treat them fairly as they did not pay them the full sum insured. On what basis did the insurance company settle the claim?

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

74. A condition of the policy is to the effect that if there exist another policy of insurance in the name of the insured covering the same subject matter, the two policies shall contribute proportionally to settle a claim. This is the application of the principle of ...

- (a) subrogation
- (b) compromise
- (c) insurable interest
- (d) contribution

75. A condition of the policy which makes the insured to bear the first proportion or specified amount of the claim is called ...

- (a) penalty
- (b) franchise
- (c) excess
- (d) retention



**Chief Examiner's Comment**

The pass rate is not impressive. Candidates need to be able to study in-depth and not peripherally.

**Comments on Overall Performance**

The performance is not impressive and candidates should motivate themselves to study more.

**Suggestion(s) on Improvements (if any)**

More in-depth studies are encouraged to all candidates.

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

**FOUNDATION**  
F07 - HOUSEHOLD INSURANCE PRODUCTS  
YEAR 2024 APRIL 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.
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- Ensure that you write the full and correct candidate's number.
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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. What does a buildings-only policy typically cover in household insurance?  
(a) Personal belongings only (b) Structure of the building only  
(c) Both personal belongings and structure (d) Liability coverage
2. What does a standard package insurance policy typically include?  
(a) Coverage for buildings only (b) Coverage for contents only  
(c) Combined coverage for buildings and contents  
(d) Coverage for fraudulent claims only
3. Which type of household policy covers the replacement cost of damaged or stolen items with new equivalents?  
(a) Standard Package Insurance (b) New for Old Cover  
(c) Bancassurance (d) Peer-to-Peer Insurance
4. According to the Insurance Act 2003, Section ... classifies insurance.  
(a) 1 (b) 2 (c) 3 (d) 67
5. Which financial institution is typically involved in bancassurance?  
(a) Insurance Companies (b) Credit Unions  
(c) Banks (d) Peer-to-Peer Lenders
6. In bancassurance, what role do banks play in the distribution of insurance products?  
(a) Selling Insurance Policies (b) Providing Insurance Coverage  
(c) Assessing Insurance Claims (d) None of the Above
7. What is the primary concept behind peer-to-peer insurance?  
(a) Insurance provided by peer-reviewed companies  
(b) Individuals coming together to pool risk and provide coverage  
(c) Insurance coverage for online peer interactions  
(d) Insurance exclusively for peer-reviewed communities
8. What is a potential benefit of peer-to-peer insurance?  
(a) Lower Premiums (b) Limited Coverage Options  
(c) Exclusive Policies for High-Risk Individuals  
(d) Longer Claims Processing Times
9. Which statement best describes the role of technology in peer-to-peer insurance?  
(a) Technology is not involved in peer-to-peer insurance  
(b) Technology facilitates the efficient management of claims  
(c) Technology increases premiums in peer-to-peer insurance  
(d) Technology is limited to policy issuance only
10. Who investigates and assesses the validity of a claim when fraud is suspected?  
(a) Insured Individual (b) Insurance Broker  
(c) Claims Adjuster or Investigator (d) Government Regulator

11. What legal consequences can individuals face if found guilty of submitting fraudulent claims?  
(a) Higher insurance premiums (b) Community service  
(c) Civil and criminal penalties  
(d) Exclusion from future insurance coverage
12. What does a standard package insurance policy typically cover?  
(a) Only structural damage to the building  
(b) Both buildings and contents  
(c) Only personal belongings (d) Liability claims only
13. In a standard package insurance policy, what is typically covered under "contents"?  
(a) Only permanent fixtures  
(b) Personal belongings within the home  
(c) Structural elements of the building (d) Liability claims
14. How does a standard package insurance policy differ from specialised policies?  
(a) It offers limited coverage options  
(b) It provides coverage for specific perils only  
(c) It combines coverage for various risks into a single policy  
(d) It excludes liability claims
15. The provision of Insurance Act 2003 that in an insurance contract a breach of term whether called a warranty or a condition shall not give rise to any right by or afford a defence to the unless the term is material and relevant to the risk or loss insured against is found in Section ...  
(a) 56(1) (b) 56(2) (c) 55(1) (d) 55(2)
16. Which of the following is commonly covered under a buildings insurance policy?  
(a) Personal belongings (b) External landscaping  
(c) Furniture and appliances (d) Roof and foundations
17. What is the primary purpose of buildings insurance in a household policy?  
(a) Coverage for personal belongings  
(b) Protection against fraudulent claims  
(c) Reimbursement for temporary accommodation  
(d) Safeguarding the physical structure of the property
18. Which peril is commonly excluded from buildings cover if the property is unfurnished or unoccupied for more than 60 days?  
(a) Fire (b) Vandalism (c) Theft (d) Storm Damage
19. What is the significance of the 60-day threshold in relation to perils excluded from buildings cover?  
(a) It is the waiting period for coverage to begin  
(b) It marks the end of the policy term  
(c) It triggers exclusions due to increased risk  
(d) It determines the maximum coverage limit

20. How can homeowners mitigate the risk of perils excluded from buildings cover in unfurnished or unoccupied properties?
- (a) Increase the coverage limit                      (b) Install security measures  
(c) Cancel the insurance policy                      (d) Seek coverage from multiple insurers
21. Which of the following items is typically considered part of the "contents" in a household policy?
- (a) Fixed appliances                                      (b) Structural beams  
(c) Roof and foundations                              (d) External walls
22. In a household policy, which category does furniture, electronics, and clothing fall under?
- (a) Buildings                                              (b) Contents  
(c) Standard Package Insurance                      (d) Fraudulent Claims Insurance
23. What is a common extension to a household policy that provides coverage for additional living expenses if the insured home becomes uninhabitable?
- (a) Peer-to-Peer Insurance                              (b) Buildings Extension  
(c) Standard Package Insurance                      (d) Loss of Use Extension
24. What does a "loss of use" extension in a household policy cover?
- (a) Loss of personal belongings                      (b) Loss of rental income  
(c) Loss of credit cards                                      (d) Loss of structural integrity
25. Any company wishing to transact insurance business in Nigeria must be authorised to do so by ...
- (a) NAICOM              (b) NIA                      (c) NCRIB                      (d) CIIN
26. In a household policy, which extension is focused on providing coverage for items that are not typically covered by standard policies, such as valuable jewelry or art?
- (a) Valuables Extension                                      (b) Standard Package Extension  
(c) Fraudulent Claims Extension                              (d) Buildings Extension
27. Under the frozen foods extension, what event would trigger coverage for the loss of frozen items?
- (a) Power outage                                              (b) Appliance malfunction  
(c) Accidental damage to the freezer                      (d) All of the above
28. What does the money and credit cards extension in a household policy typically cover regarding credit cards?
- (a) Coverage for unauthorised transactions  
(b) Coverage for credit card debt  
(c) Coverage for credit limit increases  
(d) Coverage for credit card rewards

29. How does the money and credit cards extension contribute to overall protection in a household policy?
- (a) It only covers physical cash
  - (b) It provides coverage for fraudulent credit card transactions
  - (c) It excludes coverage for online purchases
  - (d) It focuses on credit card interest rates
30. Why is coverage for credit cards included in a household policy's money and credit cards extension?
- (a) To promote responsible financial management
  - (b) To encourage the use of credit cards
  - (c) To address the risk of credit card theft or loss
  - (d) To provide coverage for credit card interest payments
31. In a block of flats, what is commonly covered under the insurance of buildings?
- (a) Personal belongings in each flat
  - (b) Structural elements shared by multiple flats
  - (c) Individual tenant improvements
  - (d) External landscaping and garden
32. What distinguishes the insurance of buildings of a block of flats from individual buildings insurance?
- (a) Coverage for personal belongings
  - (b) Coverage for shared structures and common areas
  - (c) Exclusively covers external walls
  - (d) Excludes coverage for structural elements
33. What specific conditions might be included in insurance policies for shared homes to address the unique risks?
- (a) Higher coverage limits
  - (b) Exclusion of personal belongings
  - (c) Joint liability requirements
  - (d) Unlimited coverage for all perils
34. What policy condition is often emphasised in insurance policies for rented homes to ensure compliance with safety standards?
- (a) Regular inspections by the landlord
  - (b) Installation of security systems
  - (c) Adherence to local building codes
  - (d) Exclusion of coverage for personal belongings
35. What is the primary purpose of including specific policy conditions for rented homes in an insurance policy?
- (a) To discourage tenants from obtaining insurance
  - (b) To address the unique risks associated with rented properties
  - (c) To exclude coverage for personal belongings
  - (d) To provide unlimited coverage for all perils

36. Which statement best describes the key difference between civil law and criminal law?  
(a) Civil law deals with private disputes, while criminal law addresses public offenses  
(b) Civil law only applies to corporations, while criminal law applies to individuals  
(c) Civil law has more severe penalties than criminal law  
(d) Criminal law focuses solely on financial compensation for victims
37. Which of the following is an example of a civil law matter?  
(a) Theft (b) Breach of contract  
(c) Assault (d) Robbery
38. In a household policy, why might the frozen foods extension be particularly relevant?  
(a) To cover the cost of appliance repairs  
(b) To address the risk of foodborne illnesses  
(c) To provide coverage for non-perishable items  
(d) To exclude coverage for food-related claims
39. How does the money and credit cards extension contribute to overall protection in a household policy?  
(a) Covers only physical cash  
(b) Provides coverage for fraudulent credit card transactions  
(c) Excludes coverage for online purchases  
(d) Focuses on credit card interest rates
40. What does "insurance of buildings of a block of flats" typically cover?  
(a) Coverage for individual flats  
(b) Coverage for common areas and shared structures  
(c) Coverage for furniture and appliances  
(d) Coverage for fraudulent claims only
41. Which of the following is a primary reason for having insurance for the buildings of a block of flats?  
(a) To cover personal belongings of individual tenants  
(b) To protect the structural integrity of the entire building  
(c) To exclude coverage for common areas  
(d) To encourage individual tenants to obtain their own insurance
42. The NCRIB is the association of all registered insurance brokers in Nigeria. What does NCRIB mean?  
(a) National Council of Registered Insurance Brokers  
(b) National Corporation of Risk Insurance Brokers  
(c) Nigerian Council of Registered Insurance Brokers  
(d) Nigerian Corporation of Registered Insurance Brokers
43. In the context of a block of flats, what is commonly covered by individual tenants' insurance?  
(a) Common areas and shared structures (b) External landscaping  
(c) Personal belongings within the tenants' flat(s)  
(d) Structural elements of the entire building





54. Arbitration in insurance is a method of alternative dispute resolution.
55. Paying the premium on time is an example of an express duty in an insurance policy.
56. Express duties are never communicated to the policyholder in the policy documentation.
57. A combined policy covers both buildings and contents in a single insurance package.
58. The integration of insurance products with banking services is a characteristic of bancassurance.
59. Policyholders cannot tailor a Standard Package Insurance policy to their specific needs.
60. Outbuildings, such as sheds and garages, are not covered under the buildings section of a household policy.

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

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

Mr. and Mrs. Anderson, a couple in their early thirties, recently purchased their first home. Eager to protect their investment, they opted for a comprehensive buildings insurance policy. A few months later, a severe storm hit their neighbourhood, causing damage to the roof and windows of the property. The Andersons contacted their insurance provider to file a claim. The policy covered structural elements, including walls, roof, and windows. The insurance company dispatched an assessor to evaluate the damage and approved the claim, allowing the Andersons to proceed with necessary repairs.

61. What additional elements besides the roof and windows might be covered under the buildings in household policy?
  - (a) Personal belongings inside the home
  - (b) Landscaping and outdoor structures
  - (c) Rental income from the property
  - (d) The cost of temporary accommodation
62. In the context of buildings insurance, what is the purpose of an assessor in the claims process?
  - (a) To decide on the validity of the claim
  - (b) To evaluate the extent of the damage and assess the cost of repairs
  - (c) To represent the insurance company in legal proceedings
  - (d) To negotiate the settlement amount with the policyholder
63. How might the coverage under a building in household policy differ from a contents insurance policy?
  - (a) Contents insurance covers structural elements, while buildings insurance covers personal belongings
  - (b) Buildings insurance covers the physical structure of the property, while contents insurance covers personal belongings inside the home.

- (c) Both policies provide the same coverage
- (d) Contents insurance only covers losses due to theft

64. What preventive measures could the Andersons take to minimize the risk of storm damage in the future?
- (a) Cancel the insurance policy during storm seasons
  - (b) Reinforce windows and doors
  - (c) Increase the deductible in the insurance policy
  - (d) None, as storms are unpredictable
65. Under what circumstances might the insurance company deny a claim for structural damage?
- (a) If the policyholder forgets to activate the alarm system during a storm
  - (b) If the damage results from a covered peril specified in the policy
  - (c) If the damage is deemed intentional or fraudulent
  - (d) If the policyholder files the claim more than a year after the incident.

The Adebimpe family, comprising of the two parents and two children, recently embarked on a significant life change by moving into a new home. Recognising the importance of safeguarding their property and possessions, they wisely opted for a comprehensive standard package insurance policy. Unfortunately, a few weeks after settling into their new abode, the Adebimpe family found themselves victims of a break-in, an unsettling event that shattered the sense of security they had hoped to establish in their new home. The burglars managed to infiltrate the property, resulting in the theft of several valuable items that held both sentimental and monetary value for the family. As they navigated the aftermath of the break-in, the family initiated the claims process, providing the necessary documentation and details required by their insurance provider.

66. What type of insurance did the Adebimpe family choose for their new home, and why is it considered comprehensive?
- (a) Health insurance; because it covers medical expenses
  - (b) Auto insurance, because it safeguards against accidents
  - (c) Standard packaged insurance; because it offers comprehensive coverage for various risks
  - (d) Travel insurance; because it protects against trip cancellations.
67. Describe the impact of the break-in on the Adebimpe family, considering both sentimental and monetary aspects.
- (a) The break-in had no significant impact on the family's well-being
  - (b) The family experienced heightened stress and financial loss due to the theft
  - (c) Sentimental loss was negligible compared to the monetary loss
  - (d) The family was unaffected emotionally, focusing solely on the financial aspect
68. How does a standard package insurance policy typically address risks such as burglary and theft?
- (a) By excluding coverage for property crimes
  - (b) By providing coverage only for damage caused by natural disasters
  - (c) By offering comprehensive coverage for a range of perils, including burglary and theft

(d) By limiting coverage to specific high-value items within the home

69. What steps should the Adebimpe family take when initiating the claims process after the break-in?

- (a) File a police report and notify the insurance provider promptly
- (b) Wait for the insurance provider to contact them automatically
- (c) Delay the claims process to gather more evidence
- (d) Skip the claims process, as it may be time-consuming

70. Reflecting on the incident, why is having a robust insurance policy crucial for homeowners?

- (a) Insurance policies are unnecessary for homeowners
- (b) Robust insurance policies provide financial reassurance and mitigate the impact of unforeseen events
- (c) Insurance policies only benefit the insurance companies
- (d) Homeowners can rely on personal savings instead of insurance coverage

The residents and owners of Maple Grove, a block of flats, exhibited foresight and community-mindedness by jointly opting for collective insurance coverage for the entire building. This strategic decision was driven by the shared recognition that individual policies might leave gaps in coverage for structural elements, common areas, and facilities that were collectively owned and utilized by all residents. The objective was clear – to ensure that the insurance coverage extended comprehensively to safeguard the entire property against a range of potential risks. Their collective insurance coverage became especially relevant when Maple Grove faced the destructive force of a severe storm. The storm caused substantial damage to the roof and exterior walls of the building, presenting an immediate need for repairs to maintain the structural integrity of the flats.

In the face of this unforeseen event, the residents, well-aware of their collective insurance arrangement, promptly contacted their insurance provider to initiate the claims process and address the necessary repairs. The insurance coverage for Maple Grove, being a collective policy, was structured to cover not only individual units but also the shared and common elements of the building. This included coverage for structural components such as the roof and exterior walls, aligning with the unique needs of a multi-unit dwelling. Upon filing the claim, the insurance provider engaged in the claims process, evaluating the extent of the storm damage and determining the coverage applicable under the collective policy.

71. Why did the residents of Maple Grove decide to collectively secure insurance for the entire building?

- (a) To minimise insurance costs for individual residents
- (b) To ensure comprehensive coverage for shared areas and facilities
- (c) To exclusively protect individual units
- (d) To rely on personal insurance for structural elements

72. What motivated the residents to contact the insurance provider after the severe storm?

- (a) To cancel the insurance policy
- (b) To inquire about individual coverage
- (c) To file a claim for necessary repairs
- (d) To explore alternative insurance providers

73. What specific components of Maple Grove were damaged by the severe storm?
- (a) Individual units only
  - (b) Shared facilities and common areas
  - (c) Exterior walls and roof
  - (d) Interior elements of the building.
74. Why is collective insurance coverage crucial for multi-unit residential buildings like Maple Grove?
- (a) Individual policies are more cost-effective
  - (b) To shift the financial burden of repairs onto individual owners
  - (c) To ensure comprehensive coverage for shared elements
  - (d) Collective insurance is only applicable to commercial properties
75. What does the claims process involve in the context of Maple Grove's collective insurance policy?
- (a) Claiming reimbursement for personal belongings
  - (b) Evaluating the financial status of individual residents
  - (c) Assessing the extent of storm damage and determining applicable coverage
  - (d) Ignoring the storm damage and proceeding with repairs independently

**Chief Examiner's Comment**

Though there was an improvement in the performance of candidates that sat for the examination this diet, when compared to prior recent diets, a pass rate of 67% needs to be improved further upon. Candidates need to be able to study in-depth and not peripherally.

**Comments on Overall Performance**

The performance is not impressive and candidates should motivate themselves to study more.

**Suggestion(s) on Improvements (if any)**

More in-depth studies are encouraged to all candidates.

<b>F07 – HOUSEHOLD INSURANCE PRODUCTS</b>							
1	B	21	A	41	B	61	B
2	C	22	B	42	C	62	B
3	B	23	D	43	C	63	B
4	B	24	B	44	B	64	B
5	C	25	A	45	B	65	C
6	A	26	A	46	B	66	C
7	B	27	D	47	B	67	B
8	A	28	A	48	C	68	C
9	B	29	B	49	C	69	A
10	C	30	C	50	C	70	B
11	C	31	B	51	F	71	B
12	B	32	B	52	F	72	C
13	B	33	C	53	T	73	C
14	C	34	C	54	T	74	C
15	C	35	B	55	T	75	C
16	D	36	A	56	F		
17	D	37	B	57	T		
18	B	38	B	58	T		
19	C	39	B	59	T		
20	B	40	B	60	F		

F08

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION  
F08 - HEALTHCARE INSURANCE PRODUCTS  
YEAR 2024 APRIL DIET



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

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

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL)  
WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL 2024  
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. In Nigeria, ... regulates the private health insurance operate by Health Management Organisations.  
(a) FMBN                      (b) NAICOM                      (c) NMA                      (d) NHIS
2. Before the establishment of NHS in UK, the poor rely on all except?  
(a) Traditional health remedies  
(b) Healthcare provided by religious organisation  
(c) Healthcare provided by charities  
(d) Healthcare provided by the government.
3. What options does a firm employing 25,000 people have if it wants them all to benefit from private healthcare treatment for acute conditions, funded by the company? The firm could ...  
(a) not take out a group private medical insurance scheme and pay premiums to an insurance company  
(b) start a health trust, again using a TPA  
(c) pay for the cost of treatment as it arises, administering the scheme itself  
(d) could use a third party administrator to do that for it
4. How has the NHS tended to balance demand and resources for acute hospital care?  
(a) By disallowing waiting lists to build up  
(b) By allowing waiting lists to build up  
(c) By not allowing waiting lists to build up  
(d) By paying for the treatment
5. The major advantages gained by people for procuring private medical treatment does not included?  
(a) More time waiting for operations on non-urgent conditions e.g. varicose veins, hip replacement, e.t.c.  
(b) Choice of consultant, who will perform the operation  
(c) Choice of hospitals  
(d) A private room with more pleasant facilities
6. Which of these is not a characteristic of a provident association?  
(a) All their operating surplus are counted as part of their reserves and subject to corporation tax  
(b) It is a non-profit making Organisations for the provision of medical insurance  
(c) It has shareholders  
(d) Any losses from its activities cannot attract tax relief
7. Which of these services as provider of Workmen Compensation insurance in Nigeria?  
(a) NSITF                      (b) NHIS                      (c) NAICOM                      (d) HMOs

8. Which one of the options is not part of the complimentary or alternative medicine?
- (a) Mastectomy (b) Acupuncture  
(c) Osteopathy (d) Homoeopathy
9. When were the Provident Associations introduced?
- (a) Between 1920s and 1930s (b) Between 1925 and 1930  
(c) Between 1930s and 1940s (d) None of the above
10. Which one of the options is not one of the strengths of TPAs and Consultancies?
- (a) Data collection (b) Independence  
(c) Information (d) Motivation
11. Which one of the options is not benefit of the report under Market Size and Structure?
- (a) Highlights issue around service quality and its attendant effects on the enrollees  
(b) Provides information on the Health Insurance industry and provides a broad insight of the industry's operations  
(c) Provides an overview of the regulator and regulations guiding the industry  
(d) Examines the industry size, structure and competitive profit of the operators and outcome key competitive aids pertinent to the success of a HMO
12. According to the Insurance Act 2003, Section ... classifies insurance.
- (a) 1 (b) 2 (c) 3 (d) 67
13. Expatriate International medical insurance policies usually have different pricing structures depending on the countries covered. Which of the places is not correct?
- (a) Europe only (b) Republic Ireland  
(c) A specific country or region i.e. Africa  
(d) Rest of the World (excluding North America)
14. .... trace their ancestry as a movement back to Late Victoria Times.
- (a) Health trust (b) Health cash plans  
(c) Third party administrator (d) Commercial insurers
15. In addition to insurance, the small but significant proportion of private medical schemes being run on behalf of employers for their employees is called?
- (a) NHIS (b) Third Party Administrator  
(c) Commercial Insurers (d) Mutual Organisations
16. The major client base of independent intermediaries in the distributive of healthcare products are?
- (a) Middle Class Group (b) High Income Earning  
(c) Low Income Earners (d) Grassroot
17. Which of the following operations is a complex major?
- (a) Wisdom teeth removal (b) Partial thyroidectomy  
(c) Heart by-pass (d) Removal of skin lesions

18. ... is an alternative way for expatriates to deliver private healthcare for employees.
- (a) Provident insurers                      (b) Health cash plan  
(c) Health trust                              (d) Health Maintenance Organisations
19. Which of these is not a challenge of using self - insurance for provision of medical insurance?
- (a) People keep enough to care for their bills  
(b) If more treatment is required in the future, extra costs will be incurred  
(c) People often underestimate the total cost of such healthcare  
(d) Even low-cost events can add up to substantial sums if a number of treatments are required
20. The provision of Insurance Act 2003 that in an insurance contract a breach of term whether called a warranty or a condition shall not give rise to any right by or afford a defence to the unless the term is material and relevant to the risk or loss insured against is found in Section ...
- (a) 56(1)                      (b) 56(2)                      (c) 55(1)                      (d) 55(2)
21. Which of these is not true?
- (a) Group scheme covers non-acute medical conditions  
(b) Employees needing accident and emergency treatment or requiring a consultation with a GP must go through the HMO  
(c) Group scheme covers non-emergency conditions  
(d) None of the above
22. Which of these is a disadvantage to the healthcare insurers of the direct sales approach?
- (a) Presenting a service that can be distinguished from that of competitors  
(b) Main better control over the sales process with the customers  
(c) Getting reactions direct from customers about their needs  
(d) Customer only receives information on one insurer's healthcare insurance products
23. One of these is not a direct distributor channels for healthcare insurers?
- (a) Using financial intermediaries                      (b) Having mobile sales consultants  
(c) Direct marketing                                      (d) Social and electronic media
24. Why is a Private Medical Insurer unlikely to cover cosmetic surgery?
- (a) Cosmetic surgery is cheap  
(b) Cosmetic surgery is specifically cover under NHS  
(c) Cosmetic surgery is covered by other policies  
(d) Cosmetic surgery is elective
25. Which of these is not a main advantage gained by people buying private medical treatment?
- (a) Less time waiting for operations on non-urgent  
(b) Choice of admission dates                      (c) Choice of hospitals  
(d) Non-choice of consultant

26. A policy excess is ...
- (a) The amount to be shared between the insurer and the claimant
  - (b) The amount claimant will bear before the insurer will pay anything
  - (c) The amount the insurer will pay on every claim
  - (d) All of the above
27. Accident insurance typically has a schedule of benefits that does not include
- (a) accidental death
  - (b) permanent and total disability
  - (c) loss of limb, hand, e.t.c.
  - (d) none of the above
28. Which of these is not an example of illness covered by critical illness insurance?
- (a) Malaria
  - (b) Heart Attack
  - (c) Stroke
  - (d) Cancer
29. What type of policy could provide someone with an income until retirement if they become long term ill or disabled?
- (a) Critical Illness Insurance
  - (b) Income Protection Insurance
  - (c) Health Cash Plan
  - (d) Mortgage Payment Protection Insurance
30. Private medical insurance does not normally include the cost of preventive medicine or health check-up which are usually known as...
- (a) soft benefit
  - (b) medical assessment
  - (c) healthcare plan
  - (d) health screening
31. Radiology has to do with ...
- (a) X-rays/body scans
  - (b) Blood & Urine Test
  - (c) Consultation
  - (d) None of the above
32. What is the main purpose of setting up a health trust?
- (a) Health trusts are alternative to NHIS
  - (b) Health trusts enable employers to provide healthcare insurance cover to their employees without marring IPT except on any stops cover
  - (c) Health trusts provide free medical care for all citizens
  - (d) None of above
33. Which of these is a disadvantage of the direct sales in healthcare insurance?
- (a) A source of customer feedback
  - (b) Often brand identification
  - (c) Perceived as being easier to control
  - (d) Need for advertising
34. Any company wishing to transact insurance business in Nigeria must be authorised to do so by ...
- (a) NAICOM
  - (b) NIA
  - (c) NCRIB
  - (d) CIIN
35. In Germany, private health insurance is mainly for all except ...
- (a) the self employed
  - (b) low income earners
  - (c) employees whose income is above the earning ceiling for contributions assessment
  - (d) civil servants

36. Pathology has to with ...  
 (a) consultation (b) blood and urine test  
 (c) X-rays/body scans (d) None of the above
37. An international medical insurance policy may not cover ...  
 (a) all expenses for in-patient, day-patient and out-patient treatments  
 (b) surgeons, anesthetists and physicians' fees  
 (c) drugs and dressing (d) none of the above
38. .... allows individuals to buy some protection against the cost of private treatment whilst keeping premiums to a minimum.  
 (a) Budget policies (b) Standard policies  
 (c) Comprehensive policies (d) International policies
39. Everyday activities under ADLs will not include ...  
 (a) feeding (b) toileting (c) dressing (d) sleeping
40. ... pays out a predetermined lump sum on either the diagnosis of one of a specified range of illness or an undergoing one of a specified range of operations.  
 (a) Cancer Only Cover (b) Major Medex  
 (c) Long-Term Care Insurance (d) Critical Illness Insurance
41. An international medical insurance policy may not cover ...  
 (a) all expenses for in-patient, day-patient, and out-patient treatments  
 (b) drugs and dressing  
 (b) surgeons, anesthetists and physicians' fees (d) none of the above
42. Early plans paid a cash lump sum on undergoing ... that involved an incision being made under anesthetic.  
 (a) surgery (b) treatment (c) assessment (d) all of the above
43. Medex are sold in a form of ...  
 (a) budget PMI (b) budget policies  
 (c) budget cash plan (d) none of the above
44. Which of these is not part of independent intermediaries?  
 (a) Brokers (b) Healthcare Providers  
 (c) Other Intermediaries (d) Employees Benefit Consultant
45. ... schemes are generally scheme for fifty (50) or more members.  
 (a) Small Group (b) Large Group  
 (c) Voluntary (d) International
46. PMI policies that do not usually cover the cost of preventive medicine or health check-up is known as health ...  
 (a) assessment (b) examination (c) screening (d) none of the above

47. Cash plans now include a payment towards the cost of ... and the cost may also be covered under some comprehensive PMI policies.  
 (a) health screen (b) drugs (c) consultation (d) accommodation.
48. ... will provide information on a menu basis.  
 (a) Active Helpline (b) Passive Helpline  
 (c) Pre-Recorded Tape (d) None of the above
49. The NCRIB is the association of all registered insurance brokers in Nigeria. What does NCRIB mean?  
 (a) National Council of Registered Insurance Brokers  
 (b) National Corporation of Risk Insurance Brokers  
 (c) Nigerian Council of Registered Insurance Brokers  
 (d) Nigerian Corporation of Registered Insurance Brokers
50. The CIIN means one of the following.  
 (a) Certified Insurance Industry of Nigeria  
 (b) Chartered Insurance Institute of Nigeria  
 (c) Chartered Insurance Institution of Nigeria (d) None of the above
51. ... exclusion applies in most medical insurance policies, unless it is waived by the underwriter, and applies to both underwritten and moratorium policies.  
 (a) Specific (b) General Basic  
 (c) Moratorium (d) All of the above
52. Which of these are not required by the underwriter in underwriting the medical insurance?  
 (a) Income (b) Previous Medical History  
 (c) Current State of Health (d) Family History
53. Fixed moratorium is referred to as ... moratorium.  
 (a) rolling (b) flat (c) related (d) none of the above
54. Which of these serves as “insurer” in providing health insurance in Nigeria?  
 (a) HMOs (b) NHIS (c) NSITF (d) NHS
55. In Nigeria, primary healthcare is the responsibility of ...  
 (a) State Government (b) Council Wards  
 (c) Local Government (d) Federal Government
56. Which of these policies is also referred to as mortgage payment protection insurance?  
 (a) Payment Protection Insurance (b) Pre-Funded Policy  
 (c) Long Term Care (d) Accident Sickness and Unemployment Insurance
57. The personal accident policy will cover the insured per day for ... hours.  
 (a) 8 (b) 12 (c) 24 (d) 48

58. Which of the is referred to as an alternative to traditional PMI?  
 (a) Travel Insurance (b) Cancer only  
 (c) Health Care Plan (d) Major Medical Expenses
59. The CIIN means one of the following.  
 (a) Certified Insurance Industry of Nigeria  
 (b) Chartered Insurance Institute of Nigeria  
 (c) Chartered Insurance Institution of Nigeria (d) None of the above
60. Vulnerable group social health insurance products will cover all these except?  
 (a) Pregnant Women (b) Beggars  
 (c) Physical Challenged Persons (d) Armed Forces Members

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

61. PMI does not pay for treatment for out-patient.
62. Some insurers provide an out-of-band scale, which deals exclusively with accommodation costs.
63. Hospital charges apply to day case treatment.
64. With advances in medical research and technology, an increasing amount of treatment is now provided on an out-patient basis.
65. Most PMI policies are not supported by a table of benefits.
66. Electronic billing is a specialist software used by hospitals or specialists to record details of claim along with their costs or fee.
67. PMI insurers have not employed medical professionals to develop clinical guidelines sometimes known as protocols, or care pathway.
68. A session is defined as a notional half day.
69. NAICOM is the regulator of health insurance in Nigeria.
70. 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.
71. Pre-authorisation means that the insurer is not consulted prior to the member receiving medical treatment.

72. In some cases, an insurer may be prepared to offer continued personal medical exclusions (CPME), which may be marketed as its switching terms.
73. Individual policies are usually not subjected to the strictest levels of underwriting.
74. Age is not a rating factor in health insurance.
75. Most traditional schemes simply exclude all pre-existing conditions.
76. Income protection is usually underwriting in the same way as a life insurance policy.
77. The main advantage to be gained by people buying private medical treatment is that they will have more waiting time for surgeries.
78. Provident associations were introduced during the 1920s and 1930s.
79. Medical insurance is designed to pay for the treatment of acute medical conditions.
80. Examples of chronic conditions include asthma and diabetes.
81. Limited benefit policies concentrate on providing cover for the more important or expensive types of treatment such as in-patient costs and day case treatment.
82. One of the disadvantages of flexible benefits schemes is that employees have control over the benefits they choose reflecting their lifestyle.
83. The international health insurance also pay for hospital bills incurred locally.
84. Individuals with major medex style products may not choose to have treatment abroad.
85. Medical insurance can enable people to avoid finding themselves in a mixed sex ward.

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

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

Alhaji and Hajia Danlandi Aminu propose for healthcare insurance policy for their family. The couple got married eight years ago, and Hajia Aminu has had a caesarean operation twice. The first operation took place about five years ago and the second surgery was done about three years ago. The couple is expecting the third child and they decided to move their insurance covers from existing HMO believing they are paying higher premium.

86. Underwriting is about ... for every proposal initiated by their customer.
  - (a) analysing
  - (b) investigation
  - (c) assessment
  - (d) diagnosing an applicant's medical condition



87. From the above, Alhaji and Hajia Aminu's story in underwriting, Hajia Aminu is considered as a ...  
 (a) higher risk (b) physical hazard (c) moral hazard (d) low risk
88. From the above narration, insurer will always look at each case differently. Would the underwriter consider the care of Alhaji and Hajia Aminu as ...  
 (a) varying degree of risk (b) same degree of risk  
 (c) severity (d) frequency and risk
89. What options do you think the underwriter will consider over the high risk Hajia Aminu represented?  
 (a) Loading the Premium (b) Declare the Premium  
 (c) Reviewing the Premium (d) Accept the Cover
90. In Risk Management, how would you have compared Hajia Aminu with her husband?  
 (a) Frequency (b) Frequency and Severity  
 (c) Severity (d) None the above

Mr. Stephen Peter enrolled himself, his wife and four children with Abuja HMO. His youngest son named Simon had already secured admission into University of Abuja to study Medicine and was currently in 300Level. He became ill and was rushed to the school hospital by his room-mates for treatment and after his full recovery, the hospital gave Simon his incurred bill before he would be discharged. He told the hospital's accountant that his family have a cover purchased from Abuja HMO.

91. To initiate a claim from the Abuja HMO, what must be done for the HMO to settle the bill?  
 (a) Completion of Claim Form (b) Payment of determination  
 (c) Eligibility Checks (d) Use of Code
92. How would the HMO assess the claim against the insured previous claims history to determine?  
 (a) Location of the Hospital (b) Date of the Treatment  
 (c) Annual Maximum Benefits (d) All of the above
93. After the validity of the claim has been accepted by the HMO, what else is necessary to determine?  
 (a) The amount of the payment to be made, and to whom it should be made  
 (b) Was the treatment received in a recognised establishment and from a recognised specialist?  
 (c) Is the patient covered by the policy (d) All of the above
94. How many sufficient information must the claim form contain?  
 (a) 5 (b) 6 (c) 8 (d) 10
95. Simon spent three nights at the hospital while receiving treatment, the access of accommodation is called hospital ...  
 (a) rating (b) category (c) band (d) none of the above.

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

96. If she requires treatment for a back condition in the future her PMI policy will ... her.  
(a) cover (b) not cover (c) exempt (d) exclude
97. Supposing the insurer wants to give a general basic exclusion. What is this 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
98. In case Bolanle 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
99. The situation where there is no requirement – and no opportunity – for the applicant to declare their medical history, is called ...  
(a) Full Medical Underwriting (FMU)  
(b) Exclusion of All Pre-Existing Medical Conditions  
(c) Moratorium Underwriting (d) Medical History Disregarded
100. Which of these will pay disability benefit in case she was sick and out of work for a period of six months?  
(a) Personal Accident Insurance (b) Medical Insurance  
(c) Health Insurance (d) Sickness Insurance

**Chief Examiner's Comment**

The performance is worrisome and candidates should encourage themselves to excelling.

**Comment(s) on Overall Performance**

The pass rate is below average.

**Suggestion(s) on Improvement (if any)**

Those writing the exams should endeavor to study the coursebook at least twice before any examination. Secondly, they should study and understand the Insurance Act 2003.

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