



*Chartered Insurance
Institute of Nigeria*

Chief Examiners' Report

April 2020 Examination

Certificate in Insurance (CFI-CFI)

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 |
| CANDIDATES SHOULD VISIT & UNDERSTAND THE CONTENTS, REGULATIONS AND GUIDELINES/MARKET AGREEMENTS ETC ON THE FOLLOWING SITES naicom.com (NAICOM), nigeriainsurers.org (NIA); ncrib.net (NCRIB); nigeriaallan.com (ILAN); clinigeria.com (CIIN) | |
| 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). | |
| STOP WORKING HARD TO FAIL!!! START WORKING EFFORTLESSLY TO PASS OUTSTANDINGLY!!! | |

CF1

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE
CF1 - INSURANCE, LEGAL AND REGULATORY
YEAR 2020 FIRST DIET

LOGO

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 on form B.
- ✚ 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 calculators are prohibited.
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FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL) WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL 2020 DIET CANDIDATES' INSTRUCTIONS.

CHARTERED INSURANCE INSTITUTE OF NIGERIA
CERTIFICATE IN INSURANCE
CF1 - INSURANCE, LEGAL AND REGULATORY

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

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

Example:

A comprehensive motor insurance policy would provide cover for:

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

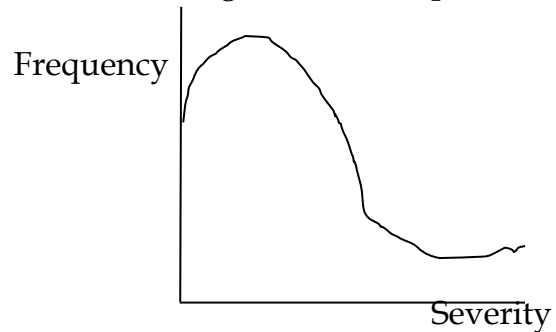
The correct option is (a).

ATTEMPT ALL QUESTIONS

1. A different slant to the term 'risk will not include
 - (a) the possibility of an unfortunate occurrence
 - (b) doubt concerning the outcome of a situation
 - (c) unpredictability
 - (d) the impossibility of loss
2. Which of these is not a category of risk?
 - (a) Financial and non financial
 - (b) Pure and speculative
 - (c) Dynamic and mobile
 - (d) Particular and fundamental
3. Change in fashion is an example
 - (a) financial risk
 - (b) non-financial risk
 - (c) pure risk
 - (d) speculative risk
4. A risk that has its origin and impact on known individual is
 - (a) particular risk
 - (b) fundamental risk
 - (c) speculative risk
 - (d) financial risk
5. A risk that affects the society, at large is called
 - (a) particular risk
 - (b) fundamental risk
 - (c) speculative risk
 - (d) financial risk
6. The risk that has the tendency of loss, no loss or gain is referred to as
 - (a) financial risk
 - (b) non-financial risk
 - (c) pure risk
 - (d) speculative risk
7. A risk with the tendency of loss, no loss or gain is a form of
 - (a) financial risk
 - (b) non-financial risk
 - (c) pure risk
 - (d) speculative risk
8. Which of these is not a characteristic of an insurable risk?
 - (a) Fortuitous event
 - (b) Speculative risk
 - (c) Insurable interest
 - (d) Public policy
9. Homogeneous exposures mean
 - (a) same number of risks
 - (b) law of similar number of risks
 - (c) law of large number of risks
 - (d) middle number of risks
10. Fortuitous means
 - (a) accidental
 - (b) unpredictability
 - (c) certainty
 - (d) impossibility

11. Which of these is not a feature of an uninsurable risk?
- (a) Fundamental
 - (b) Deliberate act
 - (c) Not against public policy
 - (d) One-offs
12. Which of these is not a feature of an insurable risk?
- (a) Fortuitous event
 - (b) Against the public interest
 - (c) Insurable interest
 - (d) Homogeneous exposures
13. Which one of these is not a component of risks?
- (a) Uncertainty
 - (b) Premium
 - (c) Level of risk
 - (d) Peril and hazard
14. Which of these is a measure of the number of occurrence of a risk?
- (a) Quantum
 - (b) Severity
 - (c) Frequency
 - (d) Uncertainty
15. Which of these is a measure of the amount of loss which time a risk occurs?
- (a) Severity
 - (b) Likelihood
 - (c) Frequency
 - (d) Peril

16. The diagram below represents



- (a) low frequency and high severity losses
 - (b) low frequency and low severity losses
 - (c) high frequency and low severity losses
 - (d) high frequency and high severity losses
17. Carelessness is an example of
- (a) peril
 - (b) physical hazard
 - (c) moral hazard
 - (d) uncertainty
18. The concept of insurance is that the losses of the few are met by the contribution of the
- (a) few
 - (b) same number of people
 - (c) average number of people
 - (d) many
19. Which of these is not a benefit of insurance?
- (a) Employees are kept in work
 - (b) Losses are increased in size and number

- (c) The nation benefits from investments made by insurers
- (d) The nation benefits from so-called invisible exports
20. is used when there are two or more policies in force which cover the same risk?
- (a) Self insurance
- (b) Composite insurance
- (c) Dual insurance
- (d) Specialist insurance
21. The standard fire policy will cover
- (a) tempest
- (b) storm
- (c) lightning
- (d) earthquake
22. Which of these is arranged on 'all risks' basis?
- (a) Fire insurance
- (b) Thief insurance
- (c) Money insurance
- (d) Household insurance
23. Which of these will cover losses consequent upon material damage to property?
- (a) Fidelity guarantee
- (b) Credit insurance
- (c) Business interruption
- (d) Legal expenses
24. Marine insurance does not relate to
- (a) Hull
- (b) Cargo
- (c) Freight
- (d) Boilers
25. The person whose official role is to assess before cover is provided is the
- (a) assessor
- (b) adjuster
- (c) underwriter
- (d) surveyor
26. Which of these is an intermediary in Nigeria?
- (a) Consultant
- (b) Lloyd's Broker
- (c) Broker
- (d) Home Service Representative
27. An individual who is authorised by another party to bring that party into contractual relationship with another is called
- (a) agent
- (b) principal
- (c) principle
- (d) third Party
28. The role of the claims personnel does not include to
- (a) deal quickly and fairly with all claims submitted
- (b) be able to distinguish between real and fraudulent claims
- (c) bring new businesses, as a duty, to the organisation

- (d) determine whether others, such as loss adjusters, need to be involved.
29. Who is an expert in processing claims from start to finish?
An/A
- (a) assessor
 - (b) adjuster
 - (c) underwriter
 - (d) surveyor
30. The loss assessor is appointed by the
- (a) insurer
 - (b) broker
 - (c) insured
 - (d) reinsurer
31. may be defined as a professionally qualified person who applies probability and statistical theory to problems of insurance, investment, financial and risk management and demography
- (a) Risk managers
 - (b) Actuaries
 - (c) Assessors
 - (d) Underwriters
32. Who is a backer and provides a further means for spreading risk?
- (a) Buyers
 - (b) Intermediaries
 - (c) Insurers
 - (d) Reinsurers
33. An insurance company that sells motor, theft and fire insurance is regarded as
- (a) captive company
 - (b) specialist insurance company
 - (c) composite insurance company
 - (d) direct insurance company
34. A company that sells only life insurance products is
- (a) captive company
 - (b) specialist insurance company
 - (c) composite insurance company
 - (d) direct insurance company
35. The minimum number of partner(s) in partnerships is/are
- (a) 1
 - (b) 2
 - (c) 10
 - (d) 20
36. A company that is owned by shareholders is regarded as
- (a) proprietary company
 - (b) mutual company
 - (c) captive company
 - (d) lloyds
37. An example of a market in insurance is
- (a) proprietary company
 - (b) mutual company

- (c) captive company
(d) lloyds
38. A company that is owned by policyholders is
(a) proprietary company
(b) mutual company
(c) captive company
(d) lloyds
39. A company that is owned by a parent body whose business is not insurance is
(a) proprietary company
(b) mutual company
(c) captive company
(d) lloyds
40. The main law for the regulation of insurance practice in Nigeria is
(a) Financial Service and Markets Act 2000
(b) Insurance Act 2005
(c) Insurance Act 2003
(d) Nigerian Council of registered Insurance Brokers Act 2003
41. The underwriting members who carry risks at Lloyd's are called
(a) surveyors
(b) assessors
(c) names
(d) brokers
42. Which of these will many independent intermediaries not involve in?
(a) Risk Management
- (b) Further Spread of Risk
(c) Claim Notification
(d) Reviewing Client Needs
43. Which of these is not an objective of reinsurance?
(a) Stability
(b) Spread of Risk
(c) Confidence
(d) Adjusting
44. Retrocession means provision of cover to the
(a) insured
(b) broker
(c) insurer
(d) reinsurer
45. Which of these is not an activity that are outsourced?
(a) Claims functions are outsourced to a loss adjuster
(b) Quotations are provided by utilising specialist call centre
(c) Accounting functions are outsourced to an accounting firm
(d) Regulatory duties are outsourced to specialist firm
46. Lloyd's corporate members have for their share of risks accepted
(a) no liability
(b) limited liability
(c) unlimited liability
(d) shared liability

47. The duties of an agent do not include
- (a) remuneration
 - (b) obedience
 - (c) good faith
 - (d) accountability
48. Agency will be terminated by
- (a) mutual agreement
 - (b) withdrawal
 - (c) death
 - (d) all of the above
49. Which of the insurance principles has to do with the legal right for one to insure?
- (a) indemnity
 - (b) insurable interest
 - (c) proximate cause
 - (d) utmost good faith
50. The duty of disclosure is the focus of
- (a) indemnity
 - (b) insurable interest
 - (c) proximate cause
 - (d) utmost good faith
51. The principles that deals with the issue pertaining to putting the insured in the same position he was before the loss is
- (a) indemnity
 - (b) insurable interest
 - (c) proximate cause
 - (d) utmost good faith
52. Material fact has to do with
- (a) indemnity
 - (b) insurable interest
 - (c) proximate cause
 - (d) utmost good faith
53. Which of these helps us to know whether the cause of loss is an insured or uninsured peril?
- (a) Indemnity
 - (b) Insurable interest
 - (c) Proximate cause
 - (d) Utmost good faith
54. The principle that deals with the situation whereby the insured insures his risk with two or more insurers is
- (a) indemnity
 - (b) proximate cause
 - (c) subrogation
 - (d) contribution
55. The right of an insurer having indemnified the insured to take the position of the insured in recouping the loss is
- (a) indemnity
 - (b) proximate cause
 - (c) subrogation
 - (d) contribution
56. Insurable interest in motor insurance will exist
- (a) at inception
 - (b) at the time of loss
 - (c) both at the inception and time of loss
 - (d) need not exist

57. Insurance interest in marine insurance will exist
- (a) at inception
 - (b) at the time of loss
 - (c) both at the inception and time of loss
 - (d) need not exist
58. An agreement, enforceable by law, between two or more persons to do something is referred to as
- (a) offer
 - (b) contract
 - (c) consideration
 - (d) acceptance
59. Which of these is not an essential of a valid contract?
- (a) Offer and acceptance
 - (b) Proximate cause
 - (c) Consideration
 - (d) Consensus ad idem
60. The case law on counter-offer is
- (a) Hyde v. Wrench (1840)
 - (b) Household Fire Insurance Co. V. Grant (1879)
 - (c) Currie v. Misa (1875)
 - (d) Murfitt v Royal Insurance (1922)
61. Which of these cases is on postal acceptance?
- (a) Hyde v. Wrench (1840)
 - (b) Household Fire Insurance Co. V. Grant (1879)
 - (c) Currie v. Misa (1875)
 - (d) Murfitt v Royal Insurance (1922)
62. The case on consideration is
- (a) Hyde v. Wrench (1840)
 - (b) Household Fire Insurance Co. V. Grant (1879)
 - (c) Currie v. Misa (1875)
 - (d) Murfitt v Royal Insurance (1922)
63. Which of these case is on Agency?
- (a) Hyde v. Wrench (1840)
 - (b) Household Fire Insurance Co. V. Grant (1879)
 - (c) Currie v. Misa (1875)
 - (d) Murfitt v Royal Insurance (1922)
64. Which of these is not a way to create relationship of principal and agent?
- (a) Consent
 - (b) Capacity
 - (c) Necessity
 - (d) Ratification
65. The most usual way to create relationship with principal and agent is by
- (a) Consent
 - (b) Capacity
 - (c) Necessity
 - (d) Ratification
66. arises where a person is entrusted with someone else's goods and it becomes necessary to act in a

- certain way in order is preserve the property in an emergency.
- (a) Agency by consent
 (b) Agency by capacity
 (c) Agency by necessity
 (d) Agency by ratification
67. refers to a situation where an agent acts outside the terms of the agency agreement, but the principal accepts the act.
 (a) Consent
 (b) Capacity
 (c) Necessity
 (d) Ratification
68. Insurable interest in life assurance will exist
 (a) at inception
 (b) at the time of loss
 (c) both at inception and the time of loss
 (d) need with exist
69. Insurable interest will not arise
 (a) at common law
 (b) under contract
 (c) under agency
 (d) under statute
70. Every circumstances is material which would influence the judgement of a prudent insurer in fixing the premium is a definition of
 (a) disclosure
 (b) material fact
 (c) non-disclosure
 (d) proximate cause
71. Which of these is a fact that must be disclosed?
 (a) Facts of law
 (b) Facts of public knowledge
 (c) Facts that increases the risk
 (d) Facts that a survey should have revealed
72. Which of these is a compulsory insurance in Nigeria?
 (a) Group life assurance
 (b) Fire Insurance
 (c) Theft Insurance
 (d) Money Insurance
73. The case of *Pawsey v. Scottish Union and National (1907)* has to do with
 (a) contribution
 (b) subrogation
 (c) utmost good faith
 (d) proximate cause
74. The principle of proximate cause does not deal with
 (a) insured perils
 (b) excepted perils
 (c) mobile perils
 (d) uninsured peril
75. is a peril named in the policy as covered.
 (a) Insured perils
 (b) Excepted perils
 (c) Mobile perils
 (d) Uninsured peril

76. is a peril not mentioned at all in the policy.
- (a) Insured perils
 - (b) Excepted perils
 - (c) Mobile perils
 - (d) Uninsured peril
77. The options available to insurer in the principle of indemnity does not include
- (a) reward
 - (b) repair
 - (c) replacement
 - (d) reinstatement
78. Which of these is commonly used in glass insurance?
- (a) Reward
 - (b) Repair
 - (c) Replacement
 - (d) Reinstatement
79. Which of these will the insurer undertake to restore or rebuild a building?
- (a) Reward
 - (b) Repair
 - (c) Replacement
 - (d) Reinstatement

Hugh Brown & Co had a fire in its shop and claimed for a loss of ~~₦600.00~~. The loss adjuster instructed by the insurers, was satisfied that the loss claimed was correct but reported that the insured's account showed there was ~~₦10,000.00~~ worth of goods in stock but the sum insured under the policy was ~~₦8,000.00~~.

80. What concept of insurance is involved?
- (a) Reinstatement
 - (b) New for old cover
 - (c) Underinsurance
 - (d) Dual insurance
81. How much will the insurer pay for the loss?
- (a) Nothing
 - (b) ~~₦120.00~~
 - (c) ~~₦480.00~~
 - (d) ~~₦600.00~~
82. How much will the insured bear for the loss?
- (a) Nothing
 - (b) ~~₦120.00~~
 - (c) ~~₦480.00~~
 - (d) ~~₦600.00~~
83. What 'condition' is applied here?
- (a) reinstatement condition
 - (b) under insurance conductive
 - (c) average condition
 - (d) dual insurance condition
84. The amount which the insured will bear for each and every loss is called
- (a) excess
 - (b) franchise
 - (c) limit
 - (d) under insurance
85. Which of these is not a form of double insurance?

- (a) An 'all risk' policy and a travel insurance
- (b) A specific warehouse stock policy and a floating policy covering stock over several warehouses
- (c) The household contents and personal effects section of a motor policy both covering personal effects
- (d) None of the above
86. Which of these will not arise for contribution to arise?
- (a) Common contract
- (b) Common interest
- (c) Common peril
- (d) Common subject matter
87. The case of North British and Mercantile v. Liverpool and London and Globe (1877) has to do with
- (a) common contract
- (b) common interest
- (c) common peril
- (d) common subject matter
88. Subrogation right will not arise in
- (a) tort
- (b) peril
- (c) contract
- (d) statute
89. In which case is the insurer not allowed to recover more than they have paid out in subrogation?
- (a) Pawsey v. Scottish Union and National (1907)
- (b) Lister v. Romford Ice and cold Storage Ltd (1957)
- (c) Gaskarth v. Law Union (1876)
- (d) Yorkshire Insurance Co. V. Nisbet Shipping Co. Ltd (1961)
90. A breach of duty to reasonably take care of another person is called
- (a) contract
- (b) statute
- (c) tort
- (d) hazard
91. is covered by an insurance policy
- (a) Subject matter of insurance
- (b) Subject matter of contract
- (c) Tort
- (d) Statute
92. The compulsory insurance policy for insurance brokers is
- (a) motor insurance
- (b) money insurance
- (c) professional indemnity insurance
- (d) product liability insurance

93. The principal law regulating insurance in Nigeria is
(a) Insurance Act 1961
(b) Insurance Decree 1976
(c) Insurance Decree 1997
(d) Insurance Act 2003
94. The trade association of insurance brokers in Nigeria is
(a) NCRIB
(b) NIA
(c) ILAN
(d) ARIAN
95. is the amount by which assets must exceed liabilities.
(a) Asset - liability balance
(b) Solvency margin
(c) Authorisation fund
(d) Prudential fund
96. is the process by which criminals convert money that has been obtained illegally.
(a) Terrorism
(b) Money trafficking
(c) Money laundering
(d) Solvency margin
97. The ABI code covers the claims a policyholder makes, but exclude
(a) on their own
(b) a group
(c) by the State
(d) claims that are made on someone else
98. Which of these is in the forefront of insurance education in Nigeria?
(a) NAICOM
(b) CII
(c) CIIN
(d) NIA
99. The fees of an assessor is paid by
(a) insurer
(b) insured
(c) broker
(d) reinsurer
100. The association of insurance companies in West Africa is known as
(a) WAI
(b) WAICA
(c) WIA
(d) WCIIN

| CF1 - INSURANCE, LEGAL & REGULATORY | | | | | | | | | |
|-------------------------------------|---|----|---|----|---|----|---|-----|---|
| 1 | D | 21 | C | 41 | C | 61 | B | 81 | C |
| 2 | C | 22 | C | 42 | B | 62 | C | 82 | B |
| 3 | C | 23 | C | 43 | D | 63 | D | 83 | C |
| 4 | A | 24 | D | 44 | D | 64 | B | 84 | A |
| 5 | B | 25 | C | 45 | D | 65 | A | 85 | D |
| 6 | D | 26 | C | 46 | B | 66 | C | 86 | A |
| 7 | D | 27 | A | 47 | A | 67 | D | 87 | B |
| 8 | B | 28 | C | 48 | D | 68 | A | 88 | B |
| 9 | C | 29 | B | 49 | B | 69 | C | 89 | D |
| 10 | A | 30 | C | 50 | D | 70 | B | 90 | C |
| 11 | C | 31 | B | 51 | A | 71 | C | 91 | A |
| 12 | B | 32 | D | 52 | D | 72 | A | 92 | C |
| 13 | B | 33 | C | 53 | C | 73 | D | 93 | D |
| 14 | C | 34 | B | 54 | D | 74 | C | 94 | A |
| 15 | A | 35 | D | 55 | C | 75 | A | 95 | B |
| 16 | C | 36 | A | 56 | C | 76 | D | 96 | C |
| 17 | C | 37 | D | 57 | B | 77 | A | 97 | D |
| 18 | D | 38 | B | 58 | B | 78 | D | 98 | C |
| 19 | B | 39 | C | 59 | B | 79 | C | 99 | B |
| 20 | C | 40 | C | 60 | A | 80 | C | 100 | B |

Chief Examiner's Summarized Statistics

Pass Rate: 76.1%

Highest Score: 94%

Lowest Score: 28%

Average Score: 78.1%

Breakdown Updates

Candidates still do not have a full grasp of regulation and future tutorials should concentrate on this from all concerned parties.

Chief Examiner's Comments on Overall Performance:

76% of the candidates performed impressively notwithstanding the covid-19 pandemic.

Chief Examiner's Suggestions on Improvement:

Candidates should study materials relating to regulation in addition to the coursebook.

CF2

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE
CF2 - GENERAL INSURANCE BUSINESS
YEAR 2020 FIRST DIET 2020

LOGO

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CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE

CF2 – GENERAL INSURANCE BUSINESS

INSTRUCTIONS TO CANDIDATES

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

Questions 61 – 100 are to be answered as either True (T) or False (F). Select your chosen option and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Example:

A comprehensive motor insurance policy would provide cover for:

- (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).

OR

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).

ATTEMPT ALL QUESTIONS

1. Which of these is NOT a class of motor insurance?
 - (a) Private cars
 - (b) Road Traffic Act
 - (c) Motorcycles
 - (d) Commercial Vehicles
2. The minimum cover in motor insurance is
 - (a) Road Traffic Act only
 - (b) Third Party only
 - (c) Third Party Fire and Theft
 - (d) Comprehensive
3. The widest cover in motor insurance is provided in
 - (a) Road Traffic Act only
 - (b) Third Party only
 - (c) Third Party Fire and Theft
 - (d) Comprehensive
4. Limited cover for personal belongings and clothing is covered in
 - (a) Road Traffic Act only
 - (b) Third Party only
 - (c) Third Party Fire and Theft
 - (d) Comprehensive
5. Which of these is a benefit policy?
 - (a) Motor Insurance
 - (b) Fire Insurance
 - (c) Theft Insurance
 - (d) Personal Accident Insurance
6. Which of these will be subject to a time franchise?
 - (a) Motor Insurance
 - (b) Goods in Transit
 - (c) Sickness Insurance
 - (d) Life Assurance
7. Sickness cover will exclude sickness contracted within the first
 - (a) 7 days
 - (b) 14 days
 - (c) 21 days
 - (d) 28 days
8. Which of these is not a benefit under a personal accident insurance?
 - (a) Permanent Total Disablement
 - (b) Death
 - (c) Sickness
 - (d) Permanent Partial Disablement
9. Which of these is not an exclusion in a personal accident cover?
 - (a) The insured being under the influence of drugs
 - (b) Self-inflicted injury
 - (c) Childbirth
 - (d) Medical Expenses

10. The policy that will pay the hospital bill is
- (a) Sickness Insurance
 - (b) Medical Expenses Insurance
 - (c) Personal Accident Insurance
 - (d) Money Insurance
11. Reinstatement means the policy was issued on
- (a) indemnity basis
 - (b) "new for old" basis
 - (c) benefit basis
 - (d) replacement basis
12. The term "building" will not include
- (a) main structure
 - (b) garages
 - (c) shades
 - (d) none of the above
13. The standard policy cover for household insurance will not cover
- (a) falling trees
 - (b) fire
 - (c) money
 - (d) escape of oil
14. "Every risk is covered except those specifically excluded". What form of cover is this?
- (a) Household Insurance
 - (b) Combined Policy
 - (c) "All Risk" Insurance
 - (d) None of the above
15. The standard fire policy does not cover
- (a) lightning
 - (b) fire
 - (c) storm
 - (d) explosion
16. Which of these is NOT covered as a form of all risks insurance?
- (a) Money insurance
 - (b) Household insurance
 - (c) Freezer content
 - (d) Bicycles
17. Which of these is NOT covered in Travel Insurance?
- (a) Personal Accident Benefit
 - (b) Loss of Deposit
 - (c) Personal Liability
 - (d) None of the above
18. Which of these is an optional extension of commercial insurance?
- (a) Legal expenses
 - (b) Fire and additional perils
 - (c) Business interruption
 - (d) Theft
19. An insurance document which brings together fire, special perils, theft, business interruption, money and other types of insurance for a small business in a single contract is known as
- (a) an "all risk" policy
 - (b) an open cover policy
 - (c) a trader's combined policy

- (d) a collective policy
20. Which of these is NOT a specific exclusion in an "All Risks" insurance?
- (a) Official confiscation
 - (b) Mechanical breakdown
 - (c) Deeds, bonds, documents
 - (d) Bank notes, coins, stamps
21. Which of these is an example of perils of chemical type?
- (a) explosion
 - (b) strikers
 - (c) subsidence
 - (d) impact
22. Which of these is an example of social peril?
- (a) explosion
 - (b) strikes
 - (c) subsidence
 - (d) impact
23. Which of these is an example of perils of nature?
- (a) explosion
 - (b) strikers
 - (c) subsidence
 - (d) impact
24. Which of these is an example of miscellaneous perils?
- (a) explosion
 - (b) strikers
 - (c) subsidence
 - (d) impact
25. If an excess of ₦250.00 applies to a policy, how much would the insurer pay for a claim of ₦300.00?
- (a) Nothing
 - (b) ₦50.00
 - (c) ₦250.00
 - (d) ₦300.00
26. ... is a rapid movement under the influence of gravity of a mass of rock or earth on a slope.
- (a) Subsidence
 - (b) Ground heave
 - (c) Landslip
 - (d) Earthquake
27. ... is the movement of the land on which the premises stand due to movements, falls or changes in the underground workings.
- (a) Subsidence
 - (b) Ground heave
 - (c) Landslip
 - (d) Earthquake
28. The term "theft" was defined by the
- (a) Theft Act 1945
 - (b) Theft Act 1958
 - (c) Theft Act 1968
 - (d) Insurance Act 2003
29. Which of these theft is covered?
- (a) A key
 - (b) A trick

- (c) Forcible and violent means
- (d) Hiding in the premises while the premises are open for business
30. Exclusions in theft insurance will not include ...
- (a) forcible and violent means
- (b) collusion
- (c) fire and explosions
- (d) cash and bank notes
31. Assume that a money policy has a limit of ₦500.00 in respect of money left out of the safe on the insured's premises overnight. How much would the insurers pay for a loss of ₦600.00?
- (a) ₦100.00
- (b) ₦500.00
- (c) ₦600.00
- (d) ₦1,100.00
32. What does the definition of money under standard money policy exclude?
- (a) Lottery ticket
- (b) Luncheon vouchers
- (c) Postage stamps
- (d) Postal orders
33. Which of these is NOT covered under a group legal benefit policy?
- (a) Employment cover
- (b) Motor cover
- (c) Conveying cover
- (d) Property disputes cover
34. The period beginning with the occurrence and ending not later than the maximum indemnity period thereafter is known as
- (a) interruption insurance
- (b) indemnity period
- (c) contribution period
- (d) subrogation period
35. Which of these is NOT a common business interruption policy?
- (a) Fire and special peril
- (b) Money and turnover
- (c) "All Risks"
- (d) Engineering
36. Under a typical legal expenses policy, what limit of cover, if any, usually applies within the period of cover?
- (a) Cover is usually unlimited
- (b) Overall cover is usually limited but there is no further limit per claim
- (c) Overall cover is usually unlimited but there is a limit per claim
- (d) Overall cover is usually limited and there is also a limit per claim

37. Which of these is NOT a liability insurance?
- (a) Product Liability Insurance
 - (b) Directors' and Officers' Insurance
 - (c) Professional Indemnity Insurance
 - (d) Fidelity Guarantee Insurance
38. The liability insurance that will cover the negligent act of an expert is ...
- (a) Product Liability Insurance
 - (b) Directors' and Officers' Insurance
 - (c) Professional Indemnity Insurance
 - (d) Fidelity Guarantee Insurance
39. ... is defined as any person who is under a contract of service or apprenticeship.
- (a) An agent
 - (b) An employee
 - (c) A broker
 - (d) An actuary
40. The compulsory insurance in Nigeria that covers injury or death to employees in the course of employment is known as:
- (a) Employee Compensation Insurance
 - (b) Employers Liability Insurance
 - (c) Professional Indemnity Insurance
 - (d) Directors' and Officers' Insurance
41. Which of these will cover injuries or death arising out of goods or products manufactured?
- (a) Products Liability Insurance
 - (b) Directors' and Officers' Insurance
 - (c) Professional Indemnity Insurance
 - (d) Fidelity Guarantee Insurance
42. Which of the following types of loss will the uninsured loss recovery services under a comprehensive motor policy not assist the insured?
- (a) Loss of use of the vehicles whilst it is being repaired
 - (b) Personal injury
 - (c) Policy excess
 - (d) Repairs to the insured vehicle
43. The facts that need to be disclosed is
- (a) facts of law
 - (b) facts of public knowledge
 - (c) facts that increases the risk
 - (d) facts that a survey should reveal

44. Which of these is not a peril?
 (a) High value sports car
 (b) Subsidence
 (c) Thatched roof
 (d) Flooding location
45. Which of these is not a hazard?
 (a) Flooding location
 (b) Subsidence
 (c) Explosion
 (d) Fire
46. The document that insurers use to alter the content of a policy is
 (a) warranty
 (b) proposal form
 (c) condition
 (d) endorsement
47. The basis of the insurance contract is the
 (a) proposal form
 (b) policy document
 (c) endorsement
 (d) renewal notice
48. The document used to inform the insured that his policy is about to expire is the
 (a) proposal form
 (b) policy document
 (c) endorsement
 (d) renewal notice
49. Which of these is the evidence of the contract?
 (a) proposal form
 (b) policy document
 (c) endorsement
 (d) renewal notice
50. Which of these is not a general question in an insurance proposal form?
 (a) The proposer's name
 (b) The proposer's address
 (c) Details of the previous claims
 (d) Ages of drivers
51. Which of these describe the scope of cover in detail?
 (a) Operative clause
 (b) Schedule
 (c) Conditions
 (d) Declaration
52. Which of these is not used by underwriters as a means of obtaining material facts?
 (a) Surveys
 (b) Supplementary questionnaires
 (c) Meeting with clients
 (d) Policy Document
53. EDI in EDI System means?
 (a) Electronic Documentation Institution
 (b) Exchange Data Interchange
 (c) Electronic Data Interchange
 (d) Exchange Documentation Institute

54. ... is the amount paid to an insurer in consideration for an insurance cover.
- (a) Price
 - (b) Claim
 - (c) Premium
 - (d) Excess
55. In relation to employer's liability insurance policy, what is likely to form the base to be used to establish the consideration to be paid?
- (a) Sales receipt
 - (b) Sum insured
 - (c) Total salary bill
 - (d) Turnover
56. Which of these is a temporary certificate?
- (a) Policy
 - (b) Endorsement
 - (c) Renewal notice
 - (d) Cover note
57. The cause of loss in an insurance contract is
- (a) Peril
 - (b) Hazard
 - (c) Severity
 - (d) Frequency
58. Which of these is not contained in a motor insurance certificate?
- (a) Address of insured
 - (b) Name of policyholder
 - (c) Expiry date
 - (d) Limitation of use

59. Which of these is not contained in an insurance policy document?
- (a) Heading
 - (b) Declaration
 - (c) Recital clause
 - (d) Exceptions
60. Which of these is found in a proposal form?
- (a) Operative clause
 - (b) Schedule
 - (c) Conditions
 - (d) Declaration

Answer True (T) or False (F) to the following questions from 61 to 100

61. Insurance policies of all kinds contain a number of general exclusions, or exclusions which apply to the entire contract.
62. War and related perils are standard insurance covers.
63. Marine policies are standard exclusions in all property insurance policies.
64. Under-Insurance is the penalty for average.
65. The Insurance Act 2003 prohibits the use of warranties in insurance contracts in Nigeria.

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| <p>66. Days of grace is applicable to Motor Insurance in Nigeria as at date.</p> <p>67. In a claim, the onus of proof rests on the insured.</p> <p>68. The Insurance Act 2003 allows the selling of insurance in Nigeria on credit.</p> <p>69. Implied duties are stated on the policies.</p> <p>70. Implied duties applies to all types of insurance.</p> <p>71. In Motor Insurance, the form used in making a claim is known as "accident report form" rather than a "claim form".</p> <p>72. Straight-Forward small claims are commonly negotiated and settled by the insurer's in-house claims staff.</p> <p>73. Contribution will arise in a life assurance contract.</p> <p>74. Life assurance is a contract of indemnity.</p> <p>75. In some forms of insurance, notably property, if the sum insured is not adequate to cover the full value of the risk insured, the insurer will</p> | <p>apply the principle of average.</p> <p>76. Arbitration clause is intended to deal with underwriting challenges.</p> <p>77. The MIB operates under two agreements.</p> <p>78. After the payment of a claim for a total loss, the salvage automatically belongs to the insured in law.</p> <p>79. Subrogation is the right of the insurer to make a recovery from the insured.</p> <p>80. Alt is an error in the program.</p> <p>81. Compatible means able to share data.</p> <p>82. Servers are medium-sized machines which allow complex applications to be run using relatively modest hardware at the desktop end.</p> <p>83. Electronic mail is not a key component of office automation systems.</p> <p>84. Internal customers of an organisation are the employees.</p> |
|--|---|

85. Policyholders are the only external customers of an insurance company.
86. The Road Traffic Act 1988 is the law regulating motor insurance in Nigeria.
87. Personal accident insurance cover medical expenses necessarily incurred for treatment following an accident.
88. The benefits from a medical expenses policy become payable on diagnosis of a critical condition.
89. Falling trees or branches are not covered in the household insurance.
90. Package insurances were introduced to cover small business risks.
91. The standard fire policy covers explosion resulting from fire.
92. "All Risks" policy has no exclusion.
93. Unlike Fire and Theft policies, a money policy is not subject to average.
94. Legal expenses insurance cover theft of money.
95. The indemnity period applies in engineering insurance.
96. Damage caused by explosion is not fire damage in fire insurance.
97. Turnover is used in fire insurance.
98. There is no "standard" Employers' Liability policy with same wordings between insurers.
99. The public liability insurance is an "open" policy in that instead of scope of cover being specified by the insured perils, it is defined by the exclusion of specific perils.
100. Professional indemnity insurance protects a professional person against claims following injury from their actions or advice.

| CF2 - GENERAL INSURANCE BUSINESS | | | | | | | | | |
|----------------------------------|---|----|---|----|-----------|----|---|-----|---|
| 1 | B | 21 | A | 41 | A | 61 | T | 81 | T |
| 2 | A | 22 | B | 42 | D | 62 | F | 82 | T |
| 3 | D | 23 | C | 43 | C | 63 | T | 83 | F |
| 4 | D | 24 | D | 44 | Cancelled | 64 | F | 84 | T |
| 5 | D | 25 | B | 45 | Cancelled | 65 | F | 85 | F |
| 6 | C | 26 | C | 46 | D | 66 | F | 86 | F |
| 7 | C | 27 | A | 47 | A | 67 | T | 87 | T |
| 8 | C | 28 | C | 48 | D | 68 | F | 88 | F |
| 9 | D | 29 | C | 49 | B | 69 | F | 89 | F |
| 10 | B | 30 | A | 50 | D | 70 | T | 90 | T |
| 11 | B | 31 | B | 51 | A | 71 | T | 91 | T |
| 12 | D | 32 | A | 52 | D | 72 | T | 92 | F |
| 13 | C | 33 | D | 53 | C | 73 | F | 93 | T |
| 14 | C | 34 | B | 54 | C | 74 | F | 94 | F |
| 15 | C | 35 | B | 55 | C | 75 | T | 95 | F |
| 16 | B | 36 | C | 56 | D | 76 | F | 96 | T |
| 17 | D | 37 | D | 57 | A | 77 | T | 97 | F |
| 18 | A | 38 | C | 58 | A | 78 | F | 98 | T |
| 19 | C | 39 | B | 59 | B | 79 | F | 99 | T |
| 20 | C | 40 | A | 60 | D | 80 | F | 100 | T |

Chief Examiner's Summarized Statistics

Pass Rate: 72.4%

Highest Score: 92%

Lowest Score: 41%

Average Score: 77.5%

Breakdown Updates

Although the performance was above average; candidates failed to correctly respond to questions that has to do with practice.

Chief Examiner's Comments on Overall Performance:

72% of the candidates did very well which is impressive bearing in mind that this is the foundation stage.

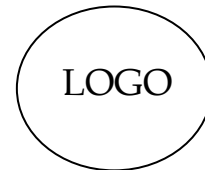
Chief Examiner's Suggestions on Improvement:

Candidates are encouraged to continually visit relevant websites in order to ensure they are abreast of regulation.

CF3

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE
CF3 – INSURANCE UNDERWRITING PROCESS
YEAR 2020 FIRST DIET 2020



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 on form B.
- ✚ 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 calculators are 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 2020 DIET CANDIDATES' INSTRUCTIONS.

CHARTERED INSURANCE INSTITUTE OF NIGERIA
CERTIFICATE IN INSURANCE
CF3 - INSURANCE UNDERWRITING PROCESS

INSTRUCTIONS TO CANDIDATES

**READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY
QUESTIONS**

The questions in this section are numbered and **four** options follow each question. The options are labeled a, b, c, d. Only **one** of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark. You will find that there is space for 100 responses on the front of the answer form. You will only need to use numbers **1** to **75** inclusively.

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).

ATTEMPT ALL QUESTIONS

1. A classic insurance cycle consist of how many phases or stages?
 - (a) 4
 - (b) 5
 - (c) 6
 - (d) 7
2. In an insurance cycle, when the market is experiencing lower profits which phase follows next?
 - (a) Withdrawal of capacity
 - (b) Increase in capacity
 - (c) Inactive Market
 - (d) Higher profits
3. The risk surveyor is involved in the identification of which one of these?
 - (a) EML
 - (b) First Loss
 - (c) Other
 - (d) Spare parts
4. Which of these is not a reason for arranging reinsurance?
 - (a) Protection of company's capital
 - (b) For entering into a new market
 - (c) For protecting itself against a large claim
 - (d) For advertisement purpose
5. When a ceding company cedes a fixed proportion of all insurances into the treaty and recoups the same fixed proportion of all claims, the ceding company has ... arrangement
 - (a) a surplus
 - (b) an excess of loss
 - (c) a quota share
 - (d) a stop loss
6. What type of reinsurance treaty is arranged to cover losses and is arranged in layers in excess of one another?
 - (a) Excess of loss
 - (b) Stop loss
 - (c) Surplus
 - (d) Quota share
7. In which type of insurance are multi-lingua helpline facilities used?
 - (a) Motor
 - (b) Travel
 - (c) Fire
 - (d) Consequential loss
8. Under which policy will helpline provide legal advice and legal cost services and emergency services?
 - (a) Car insurance
 - (b) Commercial Vehicle
 - (c) Money Insurance
 - (d) Household

9. The risk management process has three steps. What is the second of the three steps called?
- Underwriting
 - Risk survey
 - Risk Analysis
 - Loss Inspection
10. Who serves as the “eyes” and “ears” of the insurer in the identification of risks?
- Underwriters
 - Risk Surveyor
 - Adjuster
 - Automobile Engineer
11. Mr. Yakubu was hit at the rear by Mr. Jack in traffic. Mr. Yakubu’s car was visibly dented at the rear with broken lights, Mr. Jack is insured against third party but Mr. Yakubu will want to claim from his own insurer. Which item will constitute uninsured to him under his own comprehensive policy?
- Cost of the rear light
 - Alternative/courtesy car
 - Treatment fee for emergency care
 - Cost of replacement of damaged boot
12. Which items are so important that they are said to be the “principal cost of production” for an insurance company?
- Stationery costs
 - Administrative expenses
 - Corporate taxes
 - Claims costs
13. Severity is important in the assessment of risk. Which of these depict severity in claim analysis?
- All risk claim of jewelry
 - Fire claim on building
 - Air crash of a jetliner
 - Accident between two vehicles
14. The Heinrich Triangle is the graphical illustration of industrial incidents and the resultant injuries. Which type of accident occupy the base of the triangle?
- Non-Injury incidences
 - Motor injuries
 - Fatal injuries
 - Minor injuries
15. The chemical factory explosion disaster in India which left so vast a damage to property and human lives can be depicted in relation to severity and frequency as:
- Low frequency, High severity
 - Low frequency, Low severity

- (c) High frequency, High severity
- (d) High frequency, Low severity
- 16) "Actual" loss ratio is useful in the fact that it represents the
- (a) extracted figures from claim files
- (b) gross filed by the claimant without adjustment
- (c) net due to the insurer after deducting recovery
- (d) claims outstanding from large claims only
17. Which of these is not part of the three levels of the "information" pyramid in a typical insurance company?
- (a) Public
- (b) Board
- (c) Underwriting manager
- (d) Operational
18. The concept of the "common pool" is made up of contributions of
- (a) underwriters
- (b) premium
- (c) claimants
- (d) risk
19. Which one is not a duty of the underwriter?
- a) Decide the investment mix for the premiums received
- b) Calculate a suitable premium
- (c) Decide whether to accept the risk or not
- (d) Decide on the terms, conditions and scope of cover
20. In travel insurance, which of these facts will not be considered relevant?
- (a) Country of destination
- (b) Purpose of the journey
- (c) Duration of the journey
- (d) Country of residence
21. In the acceptance for fire and special perils insurance, which of these will not be an important factor?
- (a) Mode of payment for the building purchase
- (b) Use to which building is put
- (c) Construction and materials
- (d) Number of floors
22. In a theft policy, all these factors except one are essential in the underwriting considerations.
- (a) Trade
- (b) Geographical area
- (c) Country of manufacture
- (d) Security features/precautions

23. An underwriter is concerned with how quickly a business can get back into production from after a loss and also the possibility of operating from another premises during a loss which damages the factory extensively. Which policy will the underwriter be thinking about?
- Fidelity Guarantee
 - Business Interruption
 - Erection All Risks
 - Fire and Specials Perils
24. Which of these does not amount to insurance fraud?
- Inventing an event that never took place
 - Collecting an ex-gratia claim
 - Deliberately creating an insured event
 - Increasing the number of items lost or damaged
25. The use of pooled claims database where insurers can share information with each other and try to track those involved in repeated claims is geared towards
- premium avoidance
 - premium purchase
 - fraud detection
 - technology theft
- 26) A vehicle developed electrical fault and caught fire causing a total loss of the vehicle. Which level of motor cover will offer compensation?
- Road Traffic Act only
 - Third Party only
 - Road Traffic Act and Third Party only
 - Third Party, Fire and Theft and Comprehensive
27. A motorist on the road got distracted by what was happening on the other side of the road thereby losing concentration and hitting his vehicle on the concrete road divide which damaged part of his front bonnet, light and part of the front door. Which level of motor cover will offer indemnity?
- Comprehensive
 - Third Party Fire and Theft
 - Third Party only
 - Road Traffic Act
28. A pedestrian walking by the side of the road was seriously injured when the brake of a vehicle malfunctioned. Which scope of policy will be called upon to offer legal liability for the treatment in the hospital?
- Comprehensive only
 - Third Party only
 - All the types of motor policy will cover

- (d) Third Party, Fire and Theft only
29. Which of these is not an operational extension?
 (a) Breakage of glass in non-comprehensive policy
 (b) Foreign use
 (c) Loss of use
 (d) Bodily injury
30. Into how many types can commercial vehicles be divided?
 (a) 6
 (b) 5
 (c) 4
 (d) 3
31. A policy which covers a group of vehicles under single ownership under one policy is known as
 (a) fleet policy
 (b) group car policies
 (c) pool car policy
 (d) combination policy
32. Which of these cannot be classed under health insurance?
 (a) Personal Accident
 (b) Employer's Liability
 (c) Sickness
 (d) Medical Expenses
33. You are told that the typical standard coverage is limited to those between the ages of 16-65 years. Which policy would this likely be?
 (a) Employer's Liability
 (b) Fidelity Guarantee
 (c) Motor Private Car
 (d) Personal Accident
34. What type of disability would this be: a situation in which an insured is injured in an accident but healed after hospital treatment and returned to the normal occupation without any disability?
 (a) Permanent Partial Disablement
 (b) Temporary Partial Disablement
 (c) Temporary Total Disablement
 (d) Permanent Total Disablement
35. Which of these is not an exclusion under personal accident policy?
 (a) Child birth/pregnancy
 (b) Travelling on a commercial flight
 (c) Self inflicted injury
 (d) Accident under the influence of steroid/drug
36. A typical in-patient medical expenses cover is very useful and could cover all but one of these.
 (a) Hospital charges

- (b) Evacuation expenses by air
- (c) Specialist consultant's fees
- (d) Additional costs such as ambulance fees
37. Under which policy would you find "cost of alternative accommodation" as a benefit?
- (a) Burglary
- (b) Performance Bond
- (c) All risks
- (d) Household insurance
38. Where items are not specifically insured, what percentage is customarily assumed as "single article limit"?
- (a) 2.5%
- (b) 5.0%
- (c) 7.5%
- (d) 10.0%
39. To which of this policy would you normally find a franchise in place of an excess?
- (a) Fire insurance
- (b) Household insurance
- (c) Sickness insurance
- (d) All risks
40. Consideration is very essential in every legal contract - insurance inclusive. What is the benefit received from the insured by the insurer that amounts to a consideration?
- (a) The subject matter of insurance
- (b) Proposal form
- (c) Premium
- (d) Product brochure
41. Who decides ultimately what constitutes a material fact in the event of a dispute?
- (a) The court
- (b) The complaints bureau
- (c) The association of insurers
- (d) The broker
42. There are some exceptions to the rule that the proposer should disclose material facts. Which of these is not one of them?
- (a) Facts relating to recent losses
- (b) Facts relating to law
- (c) Facts relating to public knowledge
- (d) Facts relating to spent conviction
43. What is the effect of the modification of the duty of disclosure by the policy condition?
- (a) It dispenses with the duty of disclosure
- (b) It limits the duty to the inception of the policy
- (c) It makes the duty of disclosure a

- continuous one during the period of cover
- (d) It requires disclosure only at the end of the insurance period
44. A building proposed for fire insurance is built of treated wood and roofed with thatch as a tourist attraction. What constitutes the peril in this proposal?
- (a) The roof
 (b) Fire
 (c) The wood
 (d) The tourists
45. Of all the list below, which is the odd one out of the group?
- (a) Risk survey
 (b) Supplementary questionnaire
 (c) Proposal form
 (d) Claim form
46. The "standard fire cover" is made up of three parts. Which of these is not one of the parts?
- (a) Fire
 (b) Flood
 (c) Lightning
 (d) Explosion (restricted to domestic use of gas only)
47. All risks insurance covers all loss or damage not specifically excluded with exclusions attached. Into how many groups are these exclusions classified?
- (a) 7
 (b) 5
 (c) 3
 (d) 4
48. First loss insurance refers to
- (a) Insuring for an amount less than full value to the knowledge of both parties
 (b) The sum insured for the first location where the insured has more than one branch or location
 (c) The first claim made under a policy during the insurance period
 (d) Combination of all the values in the various location onto one
49. A man smuggles himself into a building whilst it was opened, stole some items of contents and escaped whilst no one was watching. What is the correct position under a standard burglary policy?
- (a) There is dishonest appropriation so the policy will cover
 (b) There was intention to deprive the owner so the policy will cover
 (c) There was no violent entry into or exit from

- the premises, so the policy will not cover
- (d) Property belonging to another was deprived, so the policy will cover
50. Which policy covers the firm or company against costs arising from the need to take action in court or defend in court, an action brought against it, covering the firm's/company's cost and their employee's time spent in court?
- (a) All risk insurance
 (b) Combined industrial all risks
 (c) Legal expenses insurance
 (d) Personal effects insurance
51. In which liability policy is "work away" from premises a feature?
- (a) Professional indemnity
 (b) Product liability
 (c) Employers' Liability
 (d) Public liability
52. A vehicle had a defective brake system from the factory that led to an accident which damaged the car and caused injury to the occupant of the car, which liability policy will a claim be filed under?
- (a) Professional indemnity
 (b) Product liability
 (c) Employers' Liability
 (d) Public liability
53. Mr. Fisher bought a washing machine at the stores; the machine came with a guarantee from the manufacturers that defects within one year will be repaired free of charge. The sales person also encouraged him to buy an insurance policy that would extend the guaranteed repair period to three years. What is this policy called?
- (a) Long Term Repairs Insurance
 (b) All risks Extended Insurance
 (c) Miscellaneous Perils Insurance
 (d) Extended Warranty Insurance
54. What is the purpose of the parol evidence rule?
- (a) It is to ensure that only the policy document is relied on as conclusive evidence
 (b) It is to join the discussions before the production of the policy document at the time of a dispute

- (c) It is the evidence of the policy in respect of the contract
- (d) It is the agreement by the parties to bring a third party to mediate in the dispute
55. The general rule of interpreting an ambiguous contract against the party that drafted it is called
- penalty
 - contra proferentem
 - strict liability
 - mens rea
56. The part of the policy which mentions the name of the insurer and sometimes the insurer's address is the
- signature
 - opening clause
 - operative clause
 - heading
57. The section of the policy that contains the definition of terms/ words, complaints procedure and customer service statements is the
- extension
 - extended warranties
 - schedule
 - information and facilities
58. War is termed a fundamental risk and thus excluded from commercial insurance coverage. In which of these policies is it included as an extension?
- Consequential loss
 - Aviation
 - Fire and Special perils
 - Burglary/Theft
59. The riot and civil commotion as an exclusion is not found in one of these policies. Which one is it?
- Fire policies
 - All risks policies
 - Money insurance policies
 - Liability policies
60. Why is fundamental risks generally considered uninsurable by the commercial insurance market?
- They only affect certain countries
 - They are better dealt with by individual victims
 - They affect societies generally
 - They have little financial effects
61. A motorist has a comprehensive policy cover. His vehicle was damaged in an accident in which the other motorist was at fault. He claimed under his motor policy and the insurer in

- turn requested for reimbursement of their outlay from the insurer of the liable motorist. What is this process called?
- (a) Subrogation
 - (b) Declaration
 - (c) Contribution
 - (d) Average
62. Which of these is true of the arbitration clause inserted in most insurance policies?
- (a) It is used at inception to agree sum insured
 - (b) It is invoked when the insurer does not accept liability
 - (c) It is the cost of rebuilding recommended by the Adjuster
 - (d) It is resorted to when there is dispute to quantum
63. BCD is a big commercial concern. In order to have discount on its premium, it chose to refrain from claim from all losses covered by the policy up to a limit of ₦10,000,000.00. This is an example of a/an
- (a) deductible
 - (b) franchise
 - (c) excess
 - (d) claim consideration
64. A sickness policy has a franchise of three days but the insured fell ill and was admitted in the hospital for seven days and treated as an outpatient for another seven days before he was discharged. How many days will the policy pay for?
- (a) 3 days
 - (b) 14 days
 - (c) 11 days
 - (d) 10 days
65. A promise made by the insured relating to fact or performance concerning the risk affirming that a situation will be maintained is an
- (a) agreement
 - (b) prohibition
 - (c) warranty
 - (d) disagreement
66. Notification in respect of an alteration of risk can be grouped under which condition?
- (a) Condition precedent to the contract
 - (b) Condition precedent to liability
 - (c) Condition subsequent to the contract
 - (d) Condition subsequent to liability
67. Written or oral statements made during the period of insurance contract negotiation is called

- (a) representation
(b) campaign
(c) condition
(d) warranty
68. Which of these is not a main component of an insurance policy?
(a) Operative clause
(b) Exception
(c) Preamble
(d) Offer
69. The normal period for most insurance policy is for twelve months. Which of these insurances is an exception?
(a) Marine cargo
(b) All risks
(c) Money insurance
(d) Professional Indemnity
70. How do insurers overcome the limitations imposed by the Road Traffic Act when cover is not renewed on due date?
(a) A certificate is issued before renewal
(b) The renewal notice incorporates a temporary certificate
(c) The old certificate can still be used for another month
(d) Once the insured has the intention to renew, he can continue to use the existing certificate
71. The insurer can exercise the option to cancel the policy by sending a notice to this effect to the insured at their recorded address. How many days' notice is required?
(a) 7 days
(b) 14 days
(c) 21 days
(d) 28 days
72. When an insured request for cancellation of the policy midterm, what basis does the insurer use to charge premium due from the insured?
(a) Flat premium rate
(b) Pro-Rata Premium
(c) Short period rate
(d) Annual premium
73. When the financial year comes to an end, there are losses that have occurred but have not been reported to the insurer. Provision for this is made by way of
(a) IBNR
(b) IBNER
(c) Supplementary provision
(d) Additional outstanding
74. Which of these is not a constituent of the pure premium?
(a) Cost of claims
(b) Expenses
(c) Profit

(d) Investment

75. The profit made on the capital employed in the business of insurance is called

- (a) value added tax
- (b) capital gains
- (c) debt ratio equity
- (d) return on capital employed

| CF3 - INSURANCE UNDERWRITING PROCESS | | | | | | | |
|--------------------------------------|---|----|---|----|---|----|---|
| 1 | A | 21 | A | 41 | A | 61 | A |
| 2 | A | 22 | C | 42 | D | 62 | D |
| 3 | A | 23 | B | 43 | C | 63 | A |
| 4 | D | 24 | B | 44 | B | 64 | B |
| 5 | C | 25 | C | 45 | D | 65 | C |
| 6 | A | 26 | D | 46 | B | 66 | C |
| 7 | B | 27 | A | 47 | D | 67 | A |
| 8 | D | 28 | C | 48 | A | 68 | D |
| 9 | C | 29 | D | 49 | C | 69 | A |
| 10 | B | 30 | C | 50 | C | 70 | B |
| 11 | B | 31 | A | 51 | D | 71 | A |
| 12 | D | 32 | B | 52 | B | 72 | C |
| 13 | C | 33 | D | 53 | D | 73 | A |
| 14 | A | 34 | C | 54 | A | 74 | D |
| 15 | A | 35 | B | 55 | B | 75 | D |
| 16 | A | 36 | B | 56 | B | | |
| 17 | A | 37 | D | 57 | D | | |
| 18 | B | 38 | B | 58 | B | | |
| 19 | A | 39 | C | 59 | D | | |
| 20 | D | 40 | C | 60 | C | | |

Chief Examiner's Summarized Statistics

Pass Rate: 55.0%

Highest Score: 92%

Lowest Score: 25%

Average Score: 71.5%

Breakdown Updates

The candidates performed well as many of them showed good understanding of the examined topics.

Chief Examiner's Comments on Overall Performance:

Good performance overall. It would be nice if this performance can be replicated in the next examination.

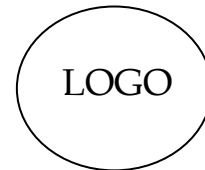
Chief Examiner's Suggestions on Improvement:

Candidates should continue to study hard as there is no short cut to passing.

CF4

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE
CF4 - INSURANCE CLAIMS HANDLING PROCESS
YEAR 2020 FIRST DIET 2020



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 on form B.
- ✚ 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 calculators are 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 2020 DIET CANDIDATES' INSTRUCTIONS.

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE

CF4 - INSURANCE CLAIMS HANDLING PROCESS

INSTRUCTIONS TO CANDIDATES

**READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY
QUESTIONS**

The questions in this question paper are numbered and four options follow each question. The options are labeled a, b, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark. You will find that there is space for 100 responses on the front of the answer form. You will only need to use numbers 1 to 75 inclusively.

Example:

In order to be insurable, the risk to be insured, as far as the insured is concerned, must be

- (a) avoidable
- (b) fortuitous
- (c) inevitable
- (d) unavoidable

The answer is option (b)

ATTEMPT ALL QUESTIONS

1. When an insurer uses approved repairer, what is the main advantage?
 - (a) Marketing
 - (b) Premium Discount
 - (c) Lower Dividends
 - (d) Cost Control
2. The Complaint Bureau in Nigeria is a part of the regulatory organ of the insurance industry. This is an organ of:
 - (a) Nigerian Insurers Association
 - (b) National Insurance Commission
 - (c) Nigerian Council of Registered Insurance Brokers
 - (d) Insurance Industry Consultative Council
3. Mogboju suffered a fire loss to part of his building. In replacing the old window of wood and glass, he put in modern aluminium one. His insurance company informed him that they would reduce the payment made on the vastly improved window on the basis of
 - (a) Indemnity
 - (b) Average
 - (c) Single Article Limit
 - (d) Insurable Interest
4. It is important under a fire insurance that the loss must be proved as one covered by the policy. On whom does this duty rest?
 - a) The Insured
 - (b) The Insurer
 - (c) The Broker
 - (d) The Loss Adjuster
5. Under all property insurance, it is expected that full value of the subject matter will be the sum insured. Where there is under-insurance, which condition of the policy is involved at the time of a claims?
 - (a) Contribution
 - (b) Arbitration
 - (c) Average
 - (d) Subrogation
6. Mr. Okechukwu Olorunwa had a minor accident with his vehicle when he slightly misjudged whilst driving in a flooded section of the road. His car was damaged and was taken to a garage at his choice for repairs. In what form will the insurer dispense indemnity?
 - (a) Reinstatement
 - (b) Replacement
 - (c) Cash
 - (d) Repair

7. A claim was reported to the insurer immediately the loss occurred and they put in place all necessary procedures. Under which reserve will provision be made?
- Outstanding Claims
 - Incurred But Not Reported (IBNR)
 - Adjustment Reserves
 - Current Risks
8. Which of these would not affect the indemnity offered to an insured?
- Application of Average
 - Fee payable to the adjuster
 - Premium for policy excess
 - Limit of liability
9. An Arbitration condition was inserted in an All Risk policy, which type of disputes is this to address?
- Claim not accepted at all
 - Contribution principle is the issue
 - Claim accepted, quantum in dispute
 - Subrogation is the key dispute
10. When a motorist is driving his vehicle across the border of his country which document does he need to produce as evidence with reference to Nigeria and West Africa?
- Policy document
 - Proposal form
 - Certificate of Insurance
 - Brown card
11. The contribution condition on the policy serve to achieve which of the following?
- Limits the liability of the insurance to pay the ratio of their sum insured to the aggregate sum insured under all the liable policies
 - It increased the insurer's liability by making them
 - It has no effect on the insurer's liability
 - It compensates the insured with full payments from each of the policy involved.
12. Where a burglary policy on household does not specify a single article limit, what percentage is used by custom and practice?
- 25% of the sum insured
 - 33.3% of the sum insured
 - 5% of the sum insured
 - 10% of the sum insured
13. Insurance company accepted a risk of a large industrial complex. In a bid to assess the

- risk inherent in the risk, it sent a professional. Which professional will this be?
- (a) The Risk Surveyor
 (b) An Adjuster
 (c) An Automobile Engineering
 (d) An Estate Manager
14. When a reinsurer reinsures part of the risk they have accepted, it is called
- (a) placement
 (b) retrocession
 (c) co-insurance
 (d) bordereaux
15. Alade has just purchased a car and is taking a motor insurance for the first time. He was told that if he has claim, he would have to bear a small portion of the claim amount. What was this referring to?
- (a) Average
 (b) Sum Insured
 (c) Excess
 (d) Insurable Interest
16. There are duties expected of the policyholder in the event of loss/damage that becomes a claim. In which document will these duties be stated?
- (a) Certificate of Insurance
 (b) Offer of Settlement
 (c) Proposal form
 (d) The policy document
17. Which of these information is not required by law to be reflected on the motor insurance certificate?
- (a) Name of the policyholder
 (b) Registration number
 (c) Inception and expiry dates
 (d) Scope of cover
18. Which insurance principle requires an insurer to call on others similarly liable to share in the claim settlement?
- (a) Average
 (b) Contribution
 (c) Subrogation
 (d) Insurable Interest
19. Leakage in relation to claims relate to
- (a) over-payment of claims
 (b) soft fraud
 (c) unemployment of Claims
 (d) payment made pursuant to subrogation rights
20. An Extended Warranty policy stretches the warranty period given by the manufacturer. In which way is the claim settlement offer?
- (a) Through the bank
 (b) Payment on account basis
 (c) Repair/Replacement
 (d) Sales

21. Which is the odd one out?
 (a) Policyholder
 (b) Broker
 (c) Insured
 (d) Claimant
22. Which department is seen as the 'shop window' of an Insurance company?
 (a) Marketing Department
 (b) HR/Personnel Department
 (c) Claims Department
 (d) Special Risk Department
23. The primary onus of proof that a loss has occurred within the meaning of the policy is the duty of
 (a) Insurer
 (b) Broker
 (c) Solicitor
 (d) Insured
24. ABI General Insurance Claims Code is concerned about all these except one?
 (a) Disposal of salvage emanating from the claim
 (b) Speed and accuracy of response to claim by insurers
 (c) Communication procedure of lodging the claim
 (d) Complaint procedure
25. Policy conditions are generally group into how many, considering the time the duties attaching to them are supposed to take place?
 (a) 5
 (b) 4
 (c) 3
 (d) 6
26. These policy conditions gives an indication that a claim may not be met up to the insured's expectation/loss? Which is not one of them?
 (a) Average Clause
 (b) New for Old
 (c) Sum Insured
 (d) Excess
27. The section of the policy entitled 'claims procedure' or 'action by the insured' has to do with
 (a) express duties
 (b) implied duties
 (c) penalties
 (d) premium adjustment
28. Which of these cannot be classified as 'implied duties'?
 (a) Insured must not hinder the insurer in claims investigation
 (b) Insured should act as though they are uninsured
 (c) Insured must take all necessary steps to curtail the loss
 (d) Insured should give proof and details of loss in writing

29. The incident report form is the same as the
- (a) proposal form
 - (b) claim form
 - (c) survey form
 - (d) offer form
30. The purpose of the claim form to the insurer are many but one of these is not part of it. Which one is it?
- (a) Provide sufficient information to put the claim process in place
 - (b) Enables the insurers determine if insured is entitled to indemnity
 - (c) Enables the insurer determine the quantum of return premium
 - (d) Enable the insurer assess the likely severity of the loss
31. Which of these principles of insurance deals with whether peril bring about the loss is covered in the given circumstance?
- (a) Utmost good faith
 - (b) Proximate cause
 - (c) Insurable interest
 - (d) Subrogation
32. It is usual to classify perils that operate on a policy. Which of these is not part of the classification?
- (a) Uninsured peril
 - (b) Excepted peril
 - (c) Insured peril
 - (d) Neutral peril
33. In proving a loss, the insured must prove that the loss took place and quantum thereof. In which policy is there a slight exception to the quantum aspect?
- (a) Fidelity Guarantee
 - (b) Public Liability
 - (c) All Risks
 - (d) Motor Commercial policy
34. How many levels of cover do we have in motorcycle insurance?
- (a) 4
 - (b) 3
 - (c) 6
 - (d) 5
35. In the UK market, which of these scopes does not give unlimited third party property damages cover?
- (a) Comprehensive
 - (b) Third Party Fire and Theft
 - (c) Third Party Only
 - (d) Road Traffic Act only
36. Which of these is not an exclusion under the comprehension scope of cover?
- (a) Wear and tear
 - (b) Loss of Use
 - (c) Malicious Damage
 - (d) Depreciation

37. Commercial vehicles can be classified into how many types?
- (a) 2
 - (b) 4
 - (c) 6
 - (d) 8
38. Under which class of motor insurance would you find liability attaching to loading and unloading risks?
- (a) Goods-in-Transit
 - (b) Motorcycle
 - (c) Private Motor
 - (d) Commercial Vehicle
39. When a set of vehicles, 10 units or more, belonging to the same owner are insured under the same policy; it is called?
- (a) Plurality rating
 - (b) Fleet rating
 - (c) Double rating
 - (d) Volume rating
40. Fred who has a sickness policy falls ill within the meaning of the policy which was subject to a franchise of 7 days. His illness which doctors said will not last more than 14 days eventually kept him down for 45 days. How many days will he receive as claim-due-days under the policy?
- (a) 45 days
 - (b) 14 days
 - (c) 38 days
 - (d) 31 days
41. For most personal accident policies for death benefit, the death must occur within a stipulated date of the accident/event. What is this time frame?
- (a) 3 months
 - (b) 24 months
 - (c) 12 months
 - (d) 6 months
42. There is no standard household policy in the market, but which of these risks will you not find under the varieties that abound?
- (a) Private Motor
 - (b) Building
 - (c) Contents
 - (d) All Risks
43. Building under the household insurance is said to include not just the main house but anything you would normally leave behind on moving from the house. Samuel had asked you about which of these items he has that does not form part of the building. Which one is it?
- (a) Generator Shed
 - (b) Fitted Kitchen
 - (c) Tennis Court
 - (d) Gym Apparatus
44. In the absence of specific sum insured for valuables, what limit will the Household

- policy take as the maximum exposure?
- (a) One quarter of total sum insured
 - (b) One third of total sum insured
 - (c) One fifth of total sum insured
 - (d) One tenth of total sum insured
45. Bugudu took a facility from a finance/investment company to purchase an item for use as side business. The business failed but he continued servicing the instalment payment until he was disengaged by his employer along with others because the company was not doing well. Which policy will pick his outstanding instalments payments?
- (a) Money Insurance
 - (b) Creditor Insurance
 - (c) Fidelity Guarantee
 - (d) Consequential Loss
46. All but one of these will not be picked up by a Travel Insurance Policy?
- (a) Baggage Loss
 - (b) Travel Delay
 - (c) Personal Accident
 - (d) Pre-Existing Sickness
47. Taiwo approaches you to say that on going through the Fire (Business premises) Insurance cover granted to his company somebody told him about standard fire cover and he is worried if the policy he was given covers this as well. You will tell him the perils that are covered as below except one:
- (a) Pollution
 - (b) Fire
 - (c) Lighting
 - (d) Explosion (from domestic gas usage)
48. Which of these is not part of standard market exclusions under a fire policy?
- (a) Sprinkler leakage
 - (b) Consequential Loss
 - (c) Radioactive Contamination
 - (d) Pollution
49. Thomas approached you that he wants insurance cover for some valuables against fire and damage in case they fall down and got damaged. He is also worried that because some of the items are portable and he carries them about, they might get stolen. He says he wants only one insurance policy that would take care of all the risks he has identified which policy will you recommend to him?
- (a) Fire and special perils
 - (b) Goods in Transit
 - (c) All Risks
 - (d) Extended Warranty

50. When a full theft policy is given, which of these statements would hold true?
- (a) The sum insured is equal to be value at risk
 - (b) The values/sum insured are all in one location
 - (c) The premises are without locks in windows and doors
 - (d) The violent forcible entry clause is deleted
51. Which of these will not be covered under a Glass Insurance policy?
- (a) Damage to doors
 - (b) Fire damage to glazed partitions
 - (c) Damage to fanlights
 - (d) Damage to opaque windows glass
52. Legal expenses insurance is of vital importance to companies to cover the cost of taking or defending legal actions. When offered to an individual, it is usually an add-on to which of these policies?
- (a) Theft
 - (b) Household
 - (c) Goods in Transit
 - (d) Personal Accident
53. One of these is not covered by a Business Interruption policy?
- (a) Variable charges
 - (b) Wages
 - (c) Auditor's fees
 - (d) Gross Profit
54. A consequential loss policy is normally issued to complement a policy that offers indemnity for property damage. Which of these is not normally related to a consequential loss policy?
- (a) Fire and Special perils
 - (b) All Risks
 - (c) Engineering Policy
 - (d) Money Insurance
55. Lack of care in civil law which results in loss/damage to another person is
- (a) strict liability
 - (b) negligence
 - (c) severance
 - (d) evaluation
56. In which policy does the law require that a certificate of insurance must be displayed in each place of business or branch?
- (a) Motor Insurance
 - (b) Public Liability
 - (c) Professional Indemnity
 - (d) Employers' Liability
57. Which liability policy protects against liability to the generality of people excluding those with contractual relationships?
- (a) Public Liability

- (b) Professional Indemnity
(c) Employers Liability
(d) Product Liability
58. Which of these is not true of product liability insurance?
(a) Cover is usually combined with the public liability policy
(b) Insured damage or damage must occur during the period of insurance
(c) The failure of the product to carry out the desired purpose is covered
(d) There is an annual aggregate limit of indemnity
59. A firm of three people came together to form a professional consulting outfit. The firm got a job that involved advisory services but they were negligent in the advice offered and this made their client to lose funds. Under which policy can the firm turn to for indemnity bearing in mind that there was no injury to any person?
(a) Money Insurance
(b) Fidelity Guarantee
(c) Professional Indemnity
(d) Performance Bond
60. The role of the claims personnel is very vital and would include all but one of these?
(a) Estimate accurately the outstanding claims
(b) Quote the premium due for each new business
(c) Ensure that claims are settled within agreed time frame
(d) Settle claim with minimum leakage
61. Customer service has become a dominant issue for all of these reasons except one.
(a) Customers have a high expectation of service
(b) Consumer awareness is on the increase generally
(c) There is still competition amongst insurers for business
(d) The marketing department is not projecting the image of the company well
62. In insurance claims, which of these partners would you regard as the third party?
(a) Insured
(b) Insurer
(c) Victim of Insured's negligence
(d) Victim of the insurer's negligence
63. The process of a company assessing the level of funds

- that are required to meet current and future claims liabilities is
- (a) reserving
 - (b) cession
 - (c) co-insurance
 - (d) contribution
64. There are various methods of handling claims disputes. Which of these is not one of them?
- (a) Arbitration
 - (b) Mediation
 - (c) Conciliation
 - (d) Reinstatement
65. The insurance Ombudsman Service is very helpful in resolving the small claims dispute with private individual or small businesses. The major limitation is that the maximum amount they can award is rather low. What is the limit?
- (a) £50,000
 - (b) £75,000
 - (c) £100,000
 - (d) £125,000
66. XYZ limited alleged that there was a burglary in one of the warehouses where a large value of stock was lost. The insurance company carried out very discrete investigation, which did not support the insured's claim and therefore repudiated liability. If the insured wish to take up the matter, where would they approach?
- (a) The Court
 - (b) The Industry Trade Association
 - (c) Arbitration
 - (d) Ombudsman Service
67. Under the motor insurance policy condition, which type of accidents is the insured under obligation to report?
- (a) Accidents involving death only
 - (b) Accidents involving third parties
 - (c) All Accidents
 - (d) Accidents relating to damage to own vehicle only
68. In an accident that took place at a suburb of Lagos, Gregory was riding his motorcycle against normal traffic when he had an accident. The insurer of the motorist that hit him accepted liability but in the end, reduced his award because he was also said to have some degree of blame. What the insurer is referring to is
- (a) average
 - (b) contribution
 - (c) subrogation
 - (d) contributory negligence

69. In which class of insurance does the approved repairers send their invoice directly to the insurer once it is established that the loss was covered?
- Money Insurance
 - All Risk Insurance
 - Personal Effects Insurance
 - Glass Insurance
70. In a personal accident policy, the settlement figure has already been agreed one; all the insured has to do is to prove the injury. This is because?
- It is a benefit policy
 - It is a reinstatement policy
 - It is an indemnity policy
 - It is an evidence policy
71. With personal accident and sickness insurance, insurers would not usually make any payment until the claimant has recovered or is starting to recover. Why do they observe this practice?
- They want to be sure that it is the insured that was insured
 - Insurers wait so that the reserve can be invested longer
 - The insurer hopes that the insured would recover from the insurer
 - The insured may subsequently die and it becomes a death claim.
72. Why are personal accident and sickness insurances classified as benefit policies?
- The payments are compensations
 - The payments are not subject to excess deductions
 - A pre-agreed sums assured are already set
 - Reward for wisdom to insure
73. Thomas had a fire incident in his apartment for which he lost his television set, clothes, towel and window curtains to the fire damage. Which of these items would be settled on 'new for old' basis?
- Television Set
 - Clothes
 - Towel
 - Window Curtains
74. Otunba suffered a fire loss to his bungalow building in which he replaced his old iron roofing sheets with new aluminium roof. His insurers accepted the claim but stated in their offer that a percentage will be deducted as the new roof was more superior to the former. This is known as

- (a) betterment
 - (b) penalty
 - (c) average
 - (d) discount
75. Claims under Extended Warranties are not subjected to fraudulent practices on the scale of other insurance policies because

- (a) settlement is for their party persons
- (b) there is no case incentive to be gained
- (c) insured submit estimates from companies known to insurers
- (d) repairs are done by approved standard garaged.

CF4 - INSURANCE CLAIMS HANDLING

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

Chief Examiner's Summarized Statistics

Pass Rate: 60%

Highest Score: 92%

Lowest Score: 56%

Average Score: 75.6%

Breakdown Updates

This course is not a favorite of candidates judging by the magnitude of candidates that sat for it. Those who did performed averagely well.

Chief Examiner's Comments on Overall Performance:

Good performance by the candidates.

Chief Examiner's Suggestions on Improvement:

Candidates should start preparations early and endeavour to cover the whole course book in order to guarantee success.

CF5

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE
CF5 - MOTOR INSURANCE PRODUCTS
YEAR 2020 FIRST DIET 2020



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 on form B.
- ✚ 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 calculators are 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 2020 DIET CANDIDATES' INSTRUCTIONS.

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE

CF5 - MOTOR INSURANCE PRODUCTS

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTION

This question paper is in two sections: Section A and Section B.

SECTION A

The questions in Section A are numbered and four options follow each question. The options are labeled a, b, c, d. Only **one** of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark. You will find that there is space for 100 responses on the front of the answer form. You will only need to use numbers 1 to 50 inclusive.

Example:

Which insurance principle does new for old overrule?

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

The answer is option (c).

SECTION B

This section contains five (5) 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, d, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark. For Section B you will need to use numbers 51 to 75 inclusive.

ATTEMPT ALL QUESTIONS

1. Bolanle is seeking an insurance quotation for her unique new vehicle. The method she is most likely to use to obtain this will not include
 - (a) telephoning a direct insurer
 - (b) using a direct insurer's website
 - (c) contacting an insurance broker
 - (d) contacting a loss adjuster

2. What type of claim, if any, will currently be considered by the Motor Insurers Bureau from a victim of a road traffic accident caused by an untraced driver?
 - (a) Personal injury to the victim only
 - (b) Damage to the victim's property only
 - (c) Both personal injury of the victim and damage to the victim's property
 - (d) No claim will be considered

3. The driver of a vehicle insured on a third party, fire and theft basis is injured in a road traffic accident. He submits a claim under the medical expenses section of his motor insurance policy.

How is the insurer likely to respond to the claim?

 - (a) The insurer will reimburse the driver up to the limits shown on the policy schedule
 - (b) The claim will be rejected as only medical expenses arising from a passenger's injuries are covered
 - (c) The insurer will pay all medical expenses incurred by the driver arising from the accident
 - (d) The claim will be rejected as medical expenses are only paid under a comprehensive motor policy

4. In accordance with the Insurance Act 2003, what is the minimum third party property damage limit provided under a commercial vehicle insurance policy in Nigeria?
 - (a) ₦1,000,000.00
 - (b) ₦2,000,000.00
 - (c) ₦5,000,000.00
 - (d) ₦10,000,000.00

5. A private motor insurance policy that includes motor legal protection cover will

- provide the policyholder with what additional non-insurance benefit?
- (a) Contingent legal protection in the event that the policyholder inadvertently breaches the terms and conditions of his policy
 - (b) Legal costs incurred in submitting a claim to the Financial Ombudsman Service
 - (c) Legal defence costs in the event that the policyholder is sued by a third party who has suffered injury or loss for which the policyholder is responsible
 - (d) Legal expenses cover enabling the recovery of uninsured losses and costs, such as the policyholder's excess, from a responsible third party
6. A commercial vehicle insurance policyholder has a clause in his policy stating that he is liable for the first ₦5,000.00 of any claim. What is this term known as?
- (a) A deductible
 - (b) An excess
 - (c) A franchise
 - (d) A warranty
7. Which type of cover does a motor insurance policyholder need to provide cover for accidental damage to his commercial vehicle?
- (a) Breakdown cover
 - (b) Comprehensive cover
 - (c) Third party only cover
 - (d) Third party, fire and theft cover
8. An insured is most likely to contact her insured's 24-hour telephone helpline to
- (a) discuss renewal terms
 - (b) obtain a brown card
 - (c) report an accident
 - (d) pay a premium
9. Part VI of the Road Traffic Act 1988 requires the driver of a private motor car to insure against
- (a) damage to third party property only
 - (b) damage to driver's own property only
 - (c) personal injury and damage to the driver's own property
 - (d) third party injury and damage to third party property
10. Which of these is a policy benefit in motor insurance?
- (a) Damage to tyres from braking
 - (b) Loss/damage as a result of a deliberate

- act by the insured person
- (c) Loss/damage to the unoccupied car if the keys are left in or on the car
- (d) Breakage of glass
11. What is the minimum age for obtaining a licence to drive an agricultural tractor?
- (a) 16 years
- (b) 17 years
- (c) 18 years
- (d) 20 years
12. Which of these headings would you expect to find in an accident report form?
- (a) Admission of liability
- (b) Use
- (c) Policy details
- (d) Witnesses
13. What is the minimum legal limit of indemnity in respect of third party death or bodily injury under a motorcycle insurance policy?
- (a) ₦250,000.00
- (b) ₦2,500,000.00
- (c) ₦5,000,000.00
- (d) There is no limit
14. What is the standard limitation period in respect of personal injury claims?
- (a) Three years
- (b) Four years
- (c) Five years
- (d) Six years
15. Evidence of cover as required by the Road Traffic Act 1991 must be in the form of a
- (a) certificate of insurance
- (b) letter confirming cover
- (c) policy document
- (d) policy schedule
16. Which Act allows the non-disclosure of spent convictions? The
- (a) Road Traffic Act 1991
- (b) Limitation Act 1980
- (c) Rehabilitation of Offenders Act 1974
- (d) Road Traffic (New Drivers) Act 1995
17. Who is always responsible for the accuracy of the information provided on a proposal form when it is completed in a broker's office?
- (a) The broker
- (b) The insurer
- (c) The proposer
- (d) Whoever completed the proposal form
18. Which class of use under a private motor insurance policy will attract the highest premium?
- (a) Business use by employees and the insured
- (b) Business use by the insured in person

- (c) Commercial banking
(d) Commuting to and from work
19. The “**power to weight ratio**” of a motor vehicle primarily indicates the vehicle’s
- (a) age
(b) performance
(c) type
(d) value
20. The conditions detailed in a motor insurance policy are known as
- (a) express conditions
(b) implied conditions
(c) representations
(d) warranties
21. Apart from the type of car, what are the main rating considerations when underwriting private motor insurance? The
- (a) value of the car and district of use
(b) year of make and insured’s status
(c) car manufacturer’s price list and the goods to be carried
(d) manufacturer’s guarantee and the use of the car
22. The limitations of use relating to a private motor insurance policy can be found in the
- (a) certificate of insurance
- (b) policy conditions
(c) policy operative clause
(d) policy recital clause
23. An insured makes a claim following an accident involving a third party, which occurred whilst the insured was using the vehicle for a purpose excluded under his comprehensive motor insurance policy. What will be the insurer’s position?
- (a) The insurer may repudiate the claim entirely
(b) The insurer may repudiate the third party claim but must pay the own damage claim
(c) The insurer may repudiate the own damage claim but must pay the third party claim and may seek recovery of its costs from the insured
(d) The insurer must pay the claim in full but is entitled to an additional premium reflecting the increased risk
24. Adaku receives the documents for the new motor insurance policy she has just taken out and wishes to check that all the

- car's details are correct.
Where will she find this information?
- (a) The certificate of insurance
(b) The policy booklet
(c) The policy conditions
(d) The policy schedule
25. What is the purpose of underwriting new motor business?
- (a) To ensure the vehicle is roadworthy
(b) To arrive at a fair premium for the risk
(c) To comply with the Road Traffic Act
(d) To collect data for the Motor Insurer's Bureau
26. Where in the policy document is the restriction on the use of the insured's car shown?
- (a) General conditions
(b) General exclusions
(c) Policy extensions
(d) Policy warranties
27. The benefit to a policyholder of a no claims discount is that it
- (a) provides compensation to the policyholder after an accident
(b) provides compensation to a third party after an accident
(c) rewards the policyholder for not lodging a claim
(d) rewards the policyholder for increasing his own damage excess
28. For which type of car would an agreed value insurance policy be most appropriate?
- (a) A high-performance car
(b) A new commercial vehicle
(c) A standard car
(d) A vintage or classic car
29. Bolaji always renews his comprehensive motor insurance policy, but this year, the renewal date occurred whilst he was on holiday and he did not pay the premium on time. He had an accident 10 days after the renewal date, which damaged his car and injured a pedestrian. What is his insurer's legal obligation, if any?
- (a) To pay the claim in full
(b) To pay compensation to the pedestrian
(c) To repair the damage to Bolaji's car
(d) It has no legal obligation

30. What is the fundamental difference between a proposal form and a statement of fact?
- (a) A proposal form is composed of various sections, whereas a statement of fact is composed of only one section
 - (b) A proposal form is completed by the proposer whereas a statement of fact is prepared and issued by the insurer
 - (c) A proposal form is evidence of the insurance contract, whereas a statement of fact is a summary of the insurance contract
 - (d) A proposal form is used for personal insurance risks, whereas a statement of fact is used for commercial insurance risks.
31. A claim has been submitted for the theft of an unrecovered motorcycle in the first year of a third party, fire and theft insurance policy. The insurer subsequently discovered the motorcycle had been written off 12 months previously and not repaired. How would it deal with the claim?
- (a) It would cancel the policy from inception and refund the premium
 - (b) It would cancel the policy from inception and retain the premium
 - (c) It would cancel the policy from the date of notification and repudiate the claim
 - (d) It would repudiate the claim, but allow the policy to continue until renewal
32. The most cost effective way for a broker to transact motor insurance business is via
- (a) Electronic data interchange (EDI)
 - (b) Email
 - (c) Submission of a proposal form
 - (d) Telephone
33. Tolu had an accident in her car and no one else was involved. She organized repairs of the car herself and submitted a claim for the costs to the insurer which grossly exceeded the actual amount paid. What action is the insurer likely to take on discovery of the exaggerated claim?
- (a) Repudiate the claim without refunding the premiums paid

- (b) Repudiate the claim and refund the premiums paid
- (c) Partially pay the claim
- (d) Pay the claim in full
34. The conduct of claim condition of the insurance policy gives the insurer the right to
- (a) impose restrictions on the use of the vehicle to present a claim
- (b) handle the claim in order that it may be dealt with to the best advantage
- (c) refuse to pay a claim if the policy conditions are not met
- (d) seek arbitration to settle a dispute over the amount to be paid in the event of a claim
35. On what basis, if any, does the Complaints Bureau in the National Insurance Commission levy a charge on complainants for its services?
- (a) It does not levy a charge
- (b) It charges a percentage of the award
- (c) It charges a flat fee
- (d) It charges a fee based upon the claim resolved
36. In the event of a three-year old car becoming a total loss,
- what is the maximum amount an insurer would pay?
- (a) The manufacturer's list price
- (b) The market value
- (c) The purchase price
- (d) The sum insured
37. Following an accident, the insurer often arranges an inspection of a damaged vehicle by a
- (a) claims handler
- (b) loss adjuster
- (c) loss assessor
- (d) motor engineer
38. Johnbull is a broker to a private motor insurance policyholder who has exhausted every avenue of complaint with his insurer. Where should he refer the complaint to?
- (a) Nigerian Insurers Association
- (b) Motor Technical Committee
- (c) Ministry of Finance
- (d) Nigerian Council of Registered Insurance Brokers
39. The policy condition which allows the insurer to take over, defend, or settle any motor insurance claims on behalf of the insured is known as
- (a) arbitration

- (b) contribution
(c) representation
(d) subrogation
40. If a motorist on demand cannot produce the motor insurance certificate, this must be produced within what time thereafter?
(a) 7 days
(b) 5 days
(c) 3 days
(d) 24 hours
41. The expression "after a loss, the insured is put back in the same financial position he enjoyed prior to the loss" is represented by the insurance principle called
(a) utmost good faith
(b) indemnity
(c) arbitration
(d) insurable interest
42. The information needed in a motor insurance certificate include all but one of the following
(a) Policy number
(b) Name of insured
(c) Address of the Insured
(d) Registration number of the vehicle
43. The regulator of motor insurance practice in Nigeria is
(a) NIA
(b) NCRIB
(c) NAICOM
(d) ILAN
44. The combined effect of claims cost plus commission and expenses is called
(a) combined operating ratio
(b) combined ratio
(c) claims ratio
(d) underwriting and claims expense ratio
45. In fleet rating, there are three classifications as shown below except
(a) small fleet
(b) great fleet
(c) medium fleet
(d) large fleet
46. What is the main role of a motor engineer appointed by the insurer?
(a) To determine who is responsible and liable for any damage to the vehicle
(b) To ensure the terms and conditions of the policy have been met
(c) To inspect and assess the damaged vehicle prior to authorizing a claim
(d) To repair the damaged vehicle under the terms of the policy

47. Who would have the authority to recommend a repairer following a claim on a motor policy?
- (a) Broker
 - (b) Hire purchase company
 - (c) Insured
 - (d) Insurer
48. A "new car benefit" option would come up when in a motor insurance claim, the claim cost is
- (a) below 80% of the sum insured
 - (b) above 60% of manufacturer's price list
 - (c) above 90% of the sum insured
 - (d) not economically viable to repair
49. The excess applicable to motor policies are as listed below except
- (a) own damage excess
 - (b) young inexperienced drivers' excess
 - (c) third party excess
 - (d) first loss excess
50. What is not covered under a standard comprehensive private motor insurance?
- (a) Emergency medical expenses
 - (b) Loss of vehicle use
 - (c) Passenger liability
 - (d) Personal accident

ATTEMPT ALL QUESTIONS

SECTION B

Idowu and Wunmi, both aged 20, are married. They drive a small two-door saloon car and have a comprehensive motor insurance policy with an insurer which they started on Idowu's 20th birthday. Idowu is the main driver on the policy and Wunmi is a named driver. When he was 16, Idowu was fined ₦10,000.00 for riding a vehicle without lights but the insurer is not aware of this and he also did not disclose it. In July 2019, Wunmi bought a brand-new Toyota Corolla and took out a comprehensive motor insurance policy on it. The policy insures her for social, domestic and pleasure use. This is the first time she has taken out a motor policy in her own name and she did not include Idowu as a named driver. She also wanted to use her Corolla for a car-sharing arrangement with three other friends at work and intended to split the running costs, including the cost of the petrol; while also using it as an uber taxi at weekends. However, Wunmi's insurer declined to insure her whilst car-sharing and also for uber services cover; and this was communicated to her in writing in September 2019. In February 2020, Wunmi was been driven to work in the Corolla and there was an accident; the claim was lodged stating on the completed claim form that the person driving the car as at the time of the accident was Idowu.

51. What is the most likely reason for which Wunmi's insurer refused her cover for car-sharing?
- (a) She intended to share more than just the cost of the petrol
 - (b) She is too young
 - (c) She did not include her husband as a named driver
 - (d) The policy is in its first year
52. What should be the response of the insurer to the claim lodged by Wunmi in February 2020?
- (a) Admit liability on the claim and process since the car is comprehensively covered
 - (b) Request for other substantiating documents
 - (c) Repudiate the claim
 - (d) Ask for a police report

53. What principle of insurance has to do with the issue of disclosure of fact?
- (a) Proximate cause
 - (b) Subrogation
 - (c) Utmost good faith
 - (d) Indemnity
54. Why did Idowu not need to declare his fine when he proposed for the motor policy?
- (a) He previously owed a different class of vehicle
 - (b) He was a minor when convicted of the offence
 - (c) The rehabilitation period had expired
 - (d) The amount of the fine was below the minimum level which needs to be declared
55. If Idowu had declared his fine with all required information, what is the most probable action that the insurer would have taken?
- (a) Ignore the declaration
 - (b) Rate up the premium
 - (c) Decline the business
 - (d) Counsel him on better driving and checking of vehicle before driving

Clive and Lorraine are married with three children: Keith, aged 22, Maria, aged 21 and Dominic, who has just celebrated his 15th birthday. Clive obtained his full motorcycle driving licence 15 years ago and Keith acquired his motorcycle licence two months ago. Maria is currently learning to ride a motorcycle.

Keith rides a two-year-old 125cc motorcycle which, excluding any accessories, is currently valued at £2,000.00. He has a comprehensive specified motorcycle policy with a compulsory excess of £100.00 and a voluntary accidental damage excess of £150.00. Clive and Maria are included under the policy as named riders. The policy also covers Keith whilst he is riding any other motorcycle. Keith spends a lot of money on the motorcycle and has fitted it with several accessories worth a total of £400.00. Recently, whilst it was locked in his parents' garage, a thief broke in and stole the motorcycle's fitted accessories, although the actual motorcycle was not stolen.

Last week, whilst Keith was riding his motorcycle with Lorraine as a pillion rider, he lost control of the motorcycle and crashed it. Lorraine fell off and seriously injured both herself and a pedestrian.

Keith's friend Steve, aged 26, owns a 250cc motorcycle which is insured for third party, fire and theft. The policy also covers Steve whilst he is riding any other motorcycle. On 5th June 2018, Steve's wife Gemma, aged 21, was stopped by a police patrol car whilst riding his motorcycle. She was successfully prosecuted on 18th January 2019 for speeding and was fined £500.00.

56. The earliest that Dominic could apply for a motorcycle driving licence is in how many years?
- (a) One year
 - (b) Two years
 - (c) Three years
 - (d) Four years
57. Which of the motorcycles belonging to Keith and Steve, if either, is Maria currently licensed to ride?
- (a) Neither of the motorcycles
 - (b) Keith's motorcycle only
 - (c) Steve's motorcycle only
 - (d) Both of the motorcycles
58. What maximum amount, if anything, will Keith receive under his policy as a result of the recent theft?
- (a) Nil
 - (b) £150.00
 - (c) £250.00
 - (d) £400.00
59. If Steve has an accident whilst riding Keith's motorcycle, under whose policy would the cost of the third party claim be met?
- (a) Keith's policy only
 - (b) Steve's policy only
 - (c) Both policies shared equally
 - (d) Either policy at their option
60. If the thief had stolen Keith's motorcycle at the same time as the accessories, what is the maximum Keith could have received from his insurer.
- (a) £1,750.00
 - (b) £2,150.00
 - (c) £2,300.00
 - (d) £2,400.00

Brian lives with his daughter, Amy and his son, Darren, aged 21. Brian drives a medium-sized family car which is comprehensively insured. In 2019, he changed his insurer and had a temporary cover note from 15th November 2019 until his policy document came through.

Brian's previous car, another medium-sized family car which was also insured under a comprehensive insurance policy, was stolen when he left it outside a shop whilst he bought a newspaper. The door was unlocked as he had left the keys in the ignition and he claimed under his policy for the loss. Brian's only previous claim was for the theft of money, a company mobile phone and travelers' cheques from the locked glove compartment of his car, when a thief broke the side window to gain access.

Darren rides a motorcycle, which is insured for third party, fire and theft. He recently suffered two thefts involving the motorcycle. His helmet was stolen when he took it into a café and his navigation system, which was attached to his motorcycle, was also stolen. On 2nd February 2019, he was fined for a motoring offence.

Amy owns a medium-sized family car which is comprehensively insured. The policy is paid annually by cheque and is due for renewal on 12th May. She recently made a successful claim when she was involved in an accident with another car. Terry acting on behalf of the insurer, examined the car.

Brian intend to drive to Spain for his holiday via ferry. He has already contacted his insurer and paid an additional premium to arrange for his insurance cover to be continued whilst abroad.

Brian's friend, Nigel, drives a small economy car and lives in London. On 10th January 2020, he was convicted of fraud for attempting to claim under two separate motor insurance policies when his car was written-off in an accident. Both policies are renewable on the same date, the claims appeared on a computer system and both insurers decided to cancel their respective policies. Neither insurer is a member of the Claims and Underwriting Exchange.

61. When Brian is on holiday, what difference, if any, is there likely to be on his policy between the cover provided whilst at home and on holiday?

- (a) None
- (b) He will only have third party, fire and theft cover whilst on the ferry
- (c) He will be subject to a higher excess whilst on holiday
- (d) He will only have third party cover whilst on holiday.

62. Which of the items stolen from the glove compartment, if any, would typically have been covered under Brian's insurance policy?
- (a) None of the above
 - (b) The money only
 - (c) The travelers' cheques only
 - (d) The mobile phone only
63. Which of the thefts relating to Darren's motorcycle, if either, would be covered under his insurance policy?
- (a) Neither of the thefts would be covered
 - (b) The theft of the helmet only
 - (c) The theft of the navigation system only
 - (d) The mobile phone only
64. Under Section 147 of Part VI of the road Traffic Act 1988, as amended by the road Traffic Act 1991, what requirement must have taken place in order to have the insurance cover to be valid?
- (a) A proposal form must have been completed
 - (b) The premium must have been paid
 - (c) Proof of a no claims discount must have been established
 - (d) The cover note must have been delivered
65. Terry was asked to examine Amy's vehicle in order to
- (a) ascertain liability for the accident
 - (b) assess viability of the repairs
 - (c) determine the service history of the vehicle
 - (d) explain the policy cover to the insured

John is married to Laura and they have a daughter. Kate, who passed her driving test on 12th August 2019. John owns an executive-style family saloon car, which they are all insured to drive, although John is the main driver. The car has comprehensive insurance cover, with a policy excess of £150.00 and an inexperienced driver excess of £100.00. The policy includes trailer cover up to a maximum of £200.00. John has a full no claims discount of 65% but has not protected it. The annual renewal date is 15th August.

John works as a salesman and travels to clients' homes with product samples. He had an accident in July 2019 in which a pedestrian, Fiona, was seriously injured and spent several months in hospital. The accident was not his fault and the damage to his car was superficial. The only payment in respect of this claim was for Fiona's emergency treatment fees.

The family like to take their caravan on holiday to the south coast of England, Whilst John was towing it on holiday in September 2019, he had an accident causing £300.00 damage to the caravan.

John's previous car, which he had owned since new, was stolen on 18th December 2018 from their garage. Kate was the last person to use it when on a night out with her friends. The insurer replaced it with a new car of the same make and model. A company mobile phone, tickets for a show and £50.00 in cash were stolen with the car and were not recovered.

Kate's boyfriend, Gavin, aged 20, owes a convertible car. He uses it to travel to work and it is insured on a third party, fire and theft basis with a one year no claims discount. He recently tried to add a voluntary excess, but this was not possible, Gavi has deliberately not relicensed his car. On 2nd September 2019, the police stopped him for driving with a broken light and he was unable to produce his certificate of insurance.

66. Which of the level of cover will give John a minimum cover as required by the RTA 1988?
- (a) RTA Cover
 - (b) Third Party only
 - (c) Third Party, Fire and Theft Insurance
 - (d) Comprehensive Insurance
67. When John comes to renew his insurance policy and assuming he has made no claims other than for the accident involving Fiona, how will his no claims discount be affected, if at all?
- (a) It will not be affected
 - (b) It will be reduced by one year
 - (c) It will be reduced by two years
 - (d) It will be removed altogether
68. Why did Gavin's insurer refuse to allow him to amend his policy?
- (a) He is too young

- (b) His no claims discount is below the maximum
 - (c) He drives the wrong type of car
 - (d) His insurance does not provide comprehensive cover
69. The decision made by John's insurer to replace his car with a brand new one typically confirms that he purchased the car on or after which date?
- (a) 18th September 2017
 - (b) 18th December 2017
 - (c) 18th March 2018
 - (d) 18th June 2018
70. Following the theft of John's car, what excess would typically be applied, if any, in connection with the loss?
- (a) Nil
 - (b) £100.00
 - (c) £150.00
 - (d) £250.00

Jennifer Smith bought a car which cost ~~£~~6,000,000.00 and proposed to insure it against legal liabilities, fire and theft only. She has an existing policy that insures her existing two cars against road accident third party, fire and theft. The premium rate on her existing car is 10% of the value of the car while it was 6% on the new car.

She also enjoyed a 10% discount for having multiple vehicles insured with the Company and a 40% NCD has accrued to her over the years.

71. How much would have been paid as annual premium on the new car without considering the NCD?
- | | |
|-----------------------------|-----------------------------|
| (a) £ 600,000.00 | (b) £ 540,000.00 |
| (c) £ 360,000.00 | (d) £ 324,000.00 |
72. What is NCD as referred to in the case above?
- | | |
|------------------------|------------------------|
| (a) National Car Drive | (b) No Claim Discount |
| (c) No Claim Debt | (d) None of the above. |
73. If the 40% discount is transferred to the new car, what would be the premium if cover remains as insured?
- | | |
|---------|-----------------------------|
| (a) Nil | (b) £ 129,600.00 |
|---------|-----------------------------|

(c) ~~₦~~194,400.00

(d) ~~₦~~540,000.00

74. In case the insured is to pay a gross premium on the existing vehicle, how much would he have paid as premium?

(a) ~~₦~~600,000.00

(b) ~~₦~~340,000.00

(c) ~~₦~~360,000.00

(d) ~~₦~~324,000.00

75. Which cover will the insured buy to give her the maximum protection in motor insurance?

(a) Act only

(b) Third Party only

(c) Third Party, Fire and Theft

(d) Comprehensive

CF5 - MOTOR INSURANCE PRODUCTS

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

Chief Examiner's Summarized Statistics

Pass Rate: 0%

Highest Score: 68%

Lowest Score: 37%

Average Score: 54.3%

Breakdown Updates

It is obvious that the candidates do not have a good understanding of this highly technical course. Instead, they relied on "experience" which failed them.

Chief Examiner's Comments on Overall Performance:

This is the worst result in recent times in the whole examination. No one passed the examination – a certificate level course at that!!!

Chief Examiner's Suggestions on Improvement:

Candidates should endeavour to answer questions based on the contents of the coursebook and not on industry experience.

CF6

CHARTERED INSURANCE INSTITUTE OF NIGERIA



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

- ✚ Two hours are allowed for this paper
- ✚ Fill in the information requested on the answer form and on form B.
- ✚ 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 calculators are 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 2020 DIET CANDIDATES' INSTRUCTIONS.

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE

CF6 - HOUSEHOLD INSURANCE PRODUCTS

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTION

This question paper is in two sections: Section A and Section B.

SECTION A

The questions in Section A are numbered and four options follow each question. The options are labeled a, b, c, d. Only **one** of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark. You will find that there is space for 100 responses on the front of the answer form. You will only need to use numbers 1 to 50 inclusive.

Example:

Which insurance principle does new for old overrule?

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

The answer is option (c).

SECTION B

This section contains five (5) 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, d, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark. For Section B you will need to use numbers 51 to 75 inclusive.

ATTEMPT ALL QUESTIONS

1. An individual enters the details of a standard risk into an insurer's internet quotation system. How will the risk normally be underwritten?
 - (a) An underwriter will input the information onto the system, which will produce the terms
 - (b) An underwriter will manually consider the risk and formulate the terms
 - (c) If the risk is acceptable, the system will automatically produce the premium and terms
 - (d) The information is assessed by the system, but an underwriter will manually decide the premium.
2. What is the major drawback for an insurer in developing internet distribution channels for its insurance policies?
 - (a) Some customers may be alienated
 - (b) The acquisition costs of new businesses are high
 - (c) The technology is unreliable
 - (d) The development costs are high
3. When the financial ombudsman services make an award after reviewing a dispute between an insurer and a policyholder, on whom, if anyone, is the award binding?
 - (a) Neither the insurer nor the policyholder
 - (b) On the insurer only
 - (c) On the policyholder only
 - (d) On both the insurer and the policy holder.
4. Mediation and conciliation are two methods of
 - (a) alternative dispute resolution
 - (b) calculating average
 - (c) calculating a cancellation refund
 - (d) making a liability claim
5. Which insurance principle does "new for old" overrule?
 - (a) Average
 - (b) Contribution
 - (c) Indemnity
 - (d) Subrogation
6. A house suffers substantial fire damage. What cost will be deducted from the claim settlement?
 - (a) The architect's fees
 - (b) The cost of alternative accommodation

- (c) The cost of removing the debris
 - (d) The excess applicable
7. The duty to substantiate the amount of a loss falls on the
- (a) insurer
 - (b) policyholder
 - (c) loss adjuster
 - (d) broker
8. What is the principal benefit to an insurer of having an in-house anti-fraud unit?
- (a) It allows enhanced access to police crime record
 - (b) It allows qualification for membership of the insurance fraud investigators group
 - (c) It provides a consistent anti-fraud program overseen by experts
 - (d) It results in a systematic reduction of all claims settlement
9. A loss adjuster is asked to deal with a fire claim. In what capacity does he normally operate?
- (a) As an agent to the policyholder
 - (b) As an employee of the insurer
 - (c) As an independent professional investigator
 - (d) As a representative of the repairer
10. A policyholder telephones her insurer to add frozen food cover to her current insurance policy. During the discussion, she advises that the freezer was inherited from her late mother. What other factor, if any, will the insurer need to take into account?
- (a) None, as cover would automatically be included in the contents sum insured
 - (b) The age of the freezer
 - (c) The size of the freezer
 - (d) Where the freezer will be located
11. When new for old cover is provided under an insurance policy, claims for which items will normally be handled on an indemnity basis?
- (a) Children's toys
 - (b) Electrical appliances
 - (c) Household linen
 - (d) Musical instruments
12. Since taking out a household policy four years ago, Steve Aged 33, has noticed that his premiums reduced between 15% and 20%. What is the most likely cause for this?
- (a) The compulsory excess

- has been increased
- (b) Steve has made no claims against the policy
- (c) Steve has moved into a lower risk category because of his age
- (d) Steve's policy is not index-linked.
13. On what basis is the sum insured for a caravan established?
- (a) Agreed value
- (b) First loss
- (c) Indemnity
- (d) Reinstatement
14. Under a household policy, the premium for personal liability cover is normally ...
- (a) based upon the age of the insured
- (b) based upon the number of occupants
- (c) included within the buildings premium
- (d) included within the contents premium
15. A survey will normally not be conducted for a high net worth insurance policy to check
- (a) that a claim is not fraudulent
- (b) the information on the proposal form
- (c) the security of the premises
- (d) the value of the contents
16. What property is insured under standard household insurance policy?
- (a) All property owned by the policyholder when the premium is paid
- (b) Only property acquired by the policyholder during the period of insurance
- (c) Only property as specified on the certificate of insurance
- (d) Only property as specified on the policy schedule
17. An insurer is asked to cover an expensive painting; it can check that the item has not been stolen by referring to the
- (a) Art Loss Register
- (b) Association of British Insurers
- (c) Claims and Underwriting Exchange
- (d) Financial Services Authority
18. What, if anything, would it be advisable for an individual to do when arranging insurance cover for his property which is in an area prone to flooding?

- (a) Nothing, as cover is no longer available for areas which is flooded
- (b) Accept cover on an indemnity basis
- (c) Allow the insurer to apply a franchise
- (d) Take measures to limit the impact of any flooding
19. Bola and Kola have purchased a property for ₦15,000,000.00 but have been advised to insure it for ₦25,000,000.00. What is the most likely reason for this level of sum insured?
- (a) The property is situated in an area where there is rapid price inflation
- (b) The property is situated in an area where risk is considered to be significant
- (c) To allow for alternative accommodation expenses in the event of damage to the property
- (d) The rebuilding cost is higher than the market value
20. What is the most common method used by an insurer for obtaining information about a risk to be insured?
- (a) The Claims and Underwriting Exchange
- (b) A customer questionnaire
- (c) A proposal form
- (d) A survey
21. Chukwudi runs a business from home and wishes to extend his household insurance policy to cover it. He has been asked by his insurer whether there are ever any business related visitors to the premises. To which type of cover does this question primarily relate?
- (a) Employers' liability
- (b) Legal expenses
- (c) Personal accident
- (d) Public liability
22. When insuring the contents in a rented property which is not self-contained, the main concern for the insurer is the increased risk of
- (a) fire
- (b) theft
- (c) vandalism
- (d) water leakage
23. The main reason for which a block of flats is normally insured as a whole is because
- (a) it is difficult to assess the risk of individual flats
- (b) it is difficult to establish the

- rebuilding cost of individual flats
- (c) insuring the whole block of flats generates more premium income
- (d) individual occupiers often raise objections to particular insurers
24. How is the frozen food extension to a standard contents insurance policy normally rated?
- (a) As an additional premium depending on the size of the property
- (b) As a percentage of the replacement cost of the freezer
- (c) It is included in the standard contents premium for a fixed sum insured
- (d) It is included in the standard contents premium for a percentage of the contents sum insured
25. A policyholder is held liable under the principle established in the case of *Rylands v. Fletcher (1868)*. This principle relates to
- (a) negligence
- (e) nuisance
- (f) strict liability
- (g) trespass
26. A child wanders onto a neighbour's farm without permission, climbs onto a cowshed's fragile roof and falls through. Under which Act could the farmer be potentially liable for the child's injuries?
- (a) The Animals Act 1971
- (b) The Defective Premises Act 1972
- (c) The Occupiers Liability Act 1957
- (d) The Occupiers Liability Act 1984
27. How would it be decided that a breach of duty has occurred when a defendant is being accused of acting negligently in the event of an accident?
- (a) The court must have evidence that the highest standards of care have not been applied
- (b) The court would compare the circumstances of the case with the actions a "highly cautious" man would have taken in order to prevent the accident occurring?
- (c) The court would compare the circumstances of the case with the actions a "reasonable" man would have taken in order to prevent the accident occurring?

- (d) The court would only consider whether any statute had been breached.
28. Lekwa leaves his seven-year-old son, Tope, alone at home. Whilst Lekwa is out, Tope escapes and climbs into Lekwa's car, letting the handbrake off. The car rolls into a neighbour's car which is rightfully parked nearby. Under which tort is the neighbor most likely to recover the costs of the damage?
- (a) Breach of statutory duty
(b) Negligence
(c) Nuisance
(d) Trespass
29. What is the limitation period for a personal injury claim following the dates of knowledge of an actionable claim?
- (a) One year
(b) Three years
(c) Six years
(d) Seven years
30. A homeowner arranges for an extension to be built onto his house. Under the Defective Premises Act 1972, whose duty is it to ensure that the extension is fit for habitation?
- (a) The builder
(b) The council's planning officer
- (c) The homeowner
(d) The mortgage provider
31. The Defective Premises Act 1972 does not apply to which type of building?
- (a) An adapted building
(b) A converted building
(c) Industrial premises
(d) A newly-built house
32. A bonfire started in a garden and spread to a neighbour's property, causing damage to a fence and outbuildings. Under which tort can the neighbor take action against the perpetrator and succeed?
- (a) Negligence
(b) Nuisance
(c) Strict liability
(d) Trespass
33. In order for an action in negligence to be successful, there must be a duty of care owed by the defendant to the claimant and there must have been a breach of that duty by the defendant. What is the other essential element?
- (a) The loss must be quantifiable at the time
(b) The loss is restricted to damage of property and excludes death or bodily injury
(c) The claimant must have contractual liability
(d) The claimant must have suffered damage as a

- result of the breach of the duty of care
34. You are asked to provide contents cover for one occupant in shared accommodation. What restriction would you normally impose?
- (a) Alarm warranty
 - (b) Forcible violent entry or exit clause
 - (c) Indemnity condition
 - (d) Unoccupancy warranty
35. Under a pet insurance policy, what is normally the basis of settlement for the death of a cat?
- (a) The market value
 - (b) The agreed value
 - (c) The purchase price
 - (d) The replacement cost
36. A valuable painting has been exposed to direct sunlight over time and has faded very badly. Its value has diminished due to the damage sustained and the owner wishes to make a claim under the contents section of his household insurance policy for the loss incurred. How will the insurer normally deal with the claim?
- (a) The claim will be paid provided independent valuations are obtained from specialists
 - (b) The claim will not be paid as cover is not provided for damage caused by atmospheric conditions
 - (c) The claim will not be paid, because even in its damaged state, the painting would sell for a higher sum than the owner paid for it
 - (d) The claim will only be paid if the painting is actually sold and a loss is suffered
37. What is usually the maximum number of consecutive days an insurer will allow a property to be unoccupied before limiting cover?
- (a) 7 days
 - (b) 15 days
 - (c) 45 days
 - (d) 60 days
38. Where would insurers classify insurance needs specifically for members of professional bodies, society or organisations?
- (a) Group Personal Accident
 - (b) Affinity Group Schemes
 - (c) Group Life Assurance
 - (d) Association Scheme
39. Which feature of a standard household insurance policy is not normally found in a holiday home insurance policy?

- (a) An option to include contents cover
 (b) An exclusion relating to non-occupancy
 (c) An increased premium for non-standard construction
 (d) A requirement to fit industry acceptable standard locks
40. The definition of money under a household insurance policy does not cover
 (a) telephone cards
 (b) postal orders
 (c) stamp collections
 (d) travel tickets
41. Under which section of a household insurance policy would the insured be able to make a claim following the loss of his camera whilst on holiday?
 (a) The accidental damage section
 (b) The all risks/personal possessions section
 (c) The household contents section
 (d) The personal liability section
42. If a building suffers structural damage over a period of time, it will only be covered under a household insurance policy when the damage is caused by
 (a) coastal erosion
 (b) dry rot
 (c) structural alteration
 (d) ground heave
43. Wunmi and Idowu's house has been burgled. The items missing are a motorcycle, an outboard motor for a speedboat, money and their pet dog, Lucky. Which of the missing items is likely to be insured under their standard household contents insurance policy?
 (a) The motorcycle
 (b) The outboard motor
 (c) The money
 (d) The pet dog, Lucky
44. In direct insurance, the creation of call centre allows ... to be offered over the telephone.
 (a) premium
 (b) survey
 (c) quotations
 (d) discharge voucher
45. The effect of socio-cultural changes prompted creation of which of the products below?
 (a) Homeowners Policies
 (b) Employers' Liability Policies
 (c) Holiday Home Insurance
 (d) Both "a" and "c"
46. What is the name given to computer generated form

- based on response obtained from a proposer or agent?
- (a) Material facts
 - (b) Statement of detail
 - (c) Statement of fact
 - (d) Questionnaire
47. Conventionally, the period of insurance of a household policy is ...
- (a) 12 months
 - (b) 15 months
 - (c) 18 months
 - (d) 24 months
48. When a claim is made too late, such is described as being ...
- (a) barred
 - (b) statute dropped
 - (c) legal barred
 - (d) statute barred
49. How many insurers can a single-tied agent market their products?
- (a) 4
 - (b) 3
 - (c) 2
 - (d) 1
50. Landlord policies are designed to cover all but one of the following.
- (a) Cost of evicting a bad tenant
 - (b) Property owner's liability
 - (c) Loss of rental income
 - (d) Cost of debris removal

**ATTEMPT ALL QUESTIONS
SECTION B**

Omolabi and his wife, Sola, lives in a detached house and their contents are insured through their bank. The policy is on a new for old basis and includes a sum insured of ₦500,000.00 for unspecified personal possessions. This is ₦200,000.00 more cover than they actually need but Omolabi wants to ensure that they are adequately covered. He has also specified a wristwatch worth ₦1,000,000.00, which he wears every day. Omolabi has recently claimed under the policy for the loss of a suit and a gold pen, which were stolen from his office. He has also recently purchased a ₦350,000.00 necklace as a birthday gift for Sola and intends to add it as a specified item to his policy.

Omolabi owns a house in the village in Ise-Ekiti, which he sometimes rents out. The house is insured under a separate standard home buildings and contents insurance policy, the policy does not include any optional extras, but Omolabi has ensured that he complies with the policy requirements for keeping the property secure. This includes having security personnel who secures the property – especially at night.

One of his friends, Tolulope, recently rented the house and whilst there seriously cut his hand on a window ledge that had been repaired by a local builder.

51. Assuming Omolabi successfully claims for the stolen items under his household insurance policy, on what basis is the claim likely to be settled?
 - (a) New for old for the pen and indemnity for the suit
 - (b) New for old for the suit and indemnity for the pen
 - (c) New for old for both items
 - (d) Indemnity for both items

52. When Omolabi adds cover for Sola's gift, what effect, if any, will this have on the household insurance policy?
 - (a) An additional premium will be charged
 - (b) An additional excess will be imposed
 - (c) An unoccupancy condition will be added
 - (d) There will be no effect

53. Omolabi files a claim for the loss of his mother's wristwatch of ₦100,000.00 when staying his house for a vacation, under his unspecified personal possession. How will insurers treat the claim?
 - (a) Promptly settle the claim since the value is within the value of unspecified personal possessions

- (b) Repudiate the claim since the wristwatch is neither his or his wife's
 - (c) Request for the receipt of purchase of the wristwatch to determine its actual value
 - (d) Request for a police report to determine the circumstance of loss
54. What security will Omolabi normally be required to have for his house in the village?
- (a) Approved locks on the doors only
 - (b) Approved locks on the doors and windows
 - (c) A burglar alarm
 - (d) Window burglary proofs
55. Tolulope's wound was treated by Omolabi and he filed a claim for the recovery of the medical expenses. How will the insurer treat the claim?
- (a) Accept liability and process the claim since it is covered
 - (b) Repudiate liability and do not process the claim since it is not covered
 - (c) Request for further documentation to enable them assess the claim
 - (d) Do not accept liability but still pay the claim in order to retain Omolabi as a client

Owa and Lizzy live in a bungalow in Abuja, Nigeria and arranged their buildings and contents insurance through their Broker. Both policies include accidental damage and are index-linked. The buildings were insured last year for the correct amount, however, over the last year, properties in the area have increased significantly in value and their property is now worth an additional ₦2,000,000.00.

Their boiler has not been serviced for over eight years and recently a valve on the boiler cracked, causing water damage to their carpets. Whilst repairing the boiler, Bolaji, the engineer, slipped on a loose piece of carpet on the stairs and sprained his ankle.

Three years ago, Owa mistakenly split some paint on his lounge carpet. As they did not think they were covered for the damage, they moved their settee over the stain to hide it rather than replace the whole carpet. Owa's friend, Pele, has just pointed out to them that they are covered for the damage and should therefore claim.

56. The legal liability for Bolaji's accident will be covered within which section of the household insurance policy?
- (a) The buildings section
 - (b) The contents section
 - (c) The employers' liability section
 - (d) The legal expenses section
57. Owa and Lizzy are concerned about the cover they have under their insurance policies for the recent leak. Which of the costs incurred, if either, will be covered?
- (a) Neither the damage to the carpets, not the repairs to the boiler
 - (b) Only the damage to the carpets
 - (c) Only the repairs to the boiler
 - (d) Both the damage to the carpets and the repairs to the boiler
58. The intermediary as a broker in Nigeria should belong to
- (a) NIA
 - (b) PRAN
 - (c) NCRIB
 - (d) ILAN
59. By how much, if anything, must Owa now increase the sum insured to ensure that the buildings remain fully covered?
- (a) Nothing
 - (b) ₦2,000,000.00 only
 - (c) ₦2,000,000.00 less the indexed increase
 - (d) ₦2,000,000.00 plus the indexed increase
60. For Owa's claim to be valid, what must take place within three years of the accident?
- (a) Liability must be admitted
 - (b) Legal proceedings must be issued only
 - (c) Legal proceedings must be issued and served
 - (d) Settlements must be made

Mrs. Ngozi runs an audit firm from her house using one of the four flats, which she insured as a landlord of the four flats and also covered one of the flats for a householder's policy; she never informed the insurer that she was using a flat as an office neither did she request for an extension to the standard policy terms.

There are two other residential tenants in the compound. The office has various office equipment and a staff strength of ten (10). One of the staff members got

seriously injured while using the toilet from a broken toilet seat and was rushed to the hospital for treatment.

61. What is the scope of cover on Mrs. Ngozi's policy.
 - (a) Buildings Insurance only
 - (b) Buildings and Contents Insurance
 - (c) Contents Insurance only
 - (d) All Risks Insurance

62. The closet that led to the staff serious injury can be a basis of action to sue by the staff member under .
 - (a) Occupiers' Liability (1957)
 - (b) Negligence
 - (c) Breach of Duty of Care
 - (d) Strict Liability

63. What are the policies Mrs. Ngozi need to operate from home?
 - (a) Home Business Policies
 - (b) Business Premises Policies
 - (c) Stand Alone Business Policies
 - (d) (a) and (c)

64. The medical expense and other costs incurred would be settled by ...
 - (a) the Broker
 - (b) the insured
 - (c) the insurer
 - (d) the employee

65. What insurance policy is required by law for Mrs. Ngozi to have in addition to all other insurance policies she might have?
 - (a) Fire and Special Perils Policy
 - (b) Investment Linked Policy
 - (c) Pension
 - (d) Group Life

Sir Dozie had a mansion in GRA Kano, Kano State with a garden, swimming pool for relaxation and lots of open spaces for recreation. He lives there with his wife, three children and six staff members. Star Insurance Plc issued a combined household insurance policy with extensions to cover mobile items like computer accessories, electronic equipment, mobile DVD players, e.t.c. Sir Dozie usually play host to friends, family, workers and acquaintances every other

weekend in the house. On Saturday, during one of the numerous get-together on the premise, the overhead water reservoir collapsed and water spread to throughout the premises, destroying furniture, guests items and also escaping to four neighboring houses. Sir Dozie has a ₦5,000,000.00 cover under the liability section of his combined household policy.

66. On whom does the liability section does not cover in the scenario described above?
- (a) Friends
 - (b) Staff Members
 - (c) Neighbours
 - (d) None of the above
67. What will happen if during the course of the underwriting year, the mobile items gets damaged?
- (a) Insurers are not liable
 - (b) Clearance must first be sought from the insurer before the claim can be filed
 - (c) Insurers are liable
 - (d) Any of the above is correct
68. What happens to the water damage to carpets, rugs, garden, e.t.c. during the incidence?
- (a) Insurers are liable
 - (b) Insurers are not liable
 - (c) No cover is granted
 - (d) Proximate cause is not covered
69. What happens to the water damage to neighbours properties?
- (a) Insurers are liable
 - (b) Insurers are not liable
 - (c) No cover is granted
 - (d) Proximate cause is not covered
70. On removal of debris, what do you advise Sir Dozie to do?
- (a) Sir. Dozie will have to personally bear the cost or extend the policy to cover it - if not yet extended or not in place
 - (b) Sir Dozie should sue the insurers as nobody told him that debris removal is not covered
 - (c) Sir Dozie should not renew the policy upon expiration
 - (d) We were not told anything about debris removal in the case study.

Brian and his wife Sarah live in a cottage in London, UK. They have a buildings and contents insurance policy with a UK insurer, arranged through a local intermediary, Gary. Gary produced the quotations using a computer facility linked to the insurer. The policy has a renewal date of 5th August. The contents section has a sum insured of £25,000.00 and an excess of £50.00. In 2017, Brian added a legal expenses extension to the policy.

Brian owns a touring caravan which they use each year for holidays. It is insured as an extension to the contents section and includes personal possessions cover up to a maximum of £2,000.00. Brian has a stamp collection worth £3,000.00 which has not been specifically insured under the contents section.

In 2018, Brian and Sarah began to lend the caravan to friends, although they did not charge rent. Last year whilst in another UK town but not in London, their caravan was stolen from the caravan park. This resulted in them forfeiting their site fees and having to stay in a boarding house for the remainder of the holiday. Four months after their insurer had replaced the caravan, the stolen caravan was found abandoned.

On 15th June 2019, the insurer increased the compulsory excess on contents under all its policies to £60.00. On 12th July 2019, an uninsured car demolished Brian and Sarah's garden wall and they claimed under their policy's legal expenses extension for the costs of the subsequent court action.

As they stay some distance from a petrol station, Brian stores petrol in their garage. His friend, Steve, works at a petrol station and delivers it when required. Last year, Sarah was reversing into the garage and accidentally ran over the petrol container. Although no one was injured, the resulting fire caused substantial damage to both Brian's and the neighbour's garage.

71. When Brian amended the insurance policy in 2017, what action would the insurer have taken?
 - (a) Appointed a solicitor
 - (b) Imposed an additional excess
 - (c) Increased the premium
 - (d) Reissued the policy

72. From which date would the excess increase be effective under Brian's insurance policy?

- (a) 5th August 2018
 - (b) 15th June 2019
 - (c) 5th August 2019
 - (d) 15th June 2020
73. If Brian notified his insurer of the change in use of the caravan, what effect would there have been, if any, on the insurance?
- (a) There would have been no effect
 - (b) The insurer would have declined the risk
 - (c) The personal possessions section would have been cancelled
 - (d) The premium would have been increased
74. Following the recovery of Brian's caravan, what action will his insurer take?
- (a) Return the caravan to Brian and allow him to keep the replacement
 - (b) Return the caravan to Brian and reclaim the replacement
 - (c) Sell the caravan and credit the proceeds to Brian's account
 - (d) Sell the caravan for salvage
75. Which computer facility did Gary use when dealing with the insurer?
- (a) The Claims and Underwriting Exchange
 - (b) Electronic Data Exchange
 - (c) Email
 - (d) A messaging service

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

Chief Examiner's Summarized Statistics

Pass Rate: 100%

Highest Score: 75%

Lowest Score: 75%

Average Score: 75%

Breakdown Updates

The candidate had a fair understanding of the course and performance in the section B was better than the section A.

Chief Examiner's Comments on Overall Performance:

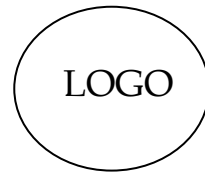
Good.

Chief Examiner's Suggestions on Improvement:

There is need for a survey at understanding why candidates are shying away from sitting for this course.

CF7

CERTIFICATE IN INSURANCE
CF7 - HEALTHCARE INSURANCE PRODUCTS
YEAR 2020 FIRST DIET 2020



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 on form B.
- ✚ 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 calculators are 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 2020 DIET CANDIDATES' INSTRUCTIONS.



CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE

CF7 - HEALTHCARE INSURANCE PRODUCTS

INSTRUCTIONS TO CANDIDATES

**READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY
QUESTIONS**

The questions 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 or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

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)

ATTEMPT ALL QUESTIONS

1. Majority of UK citizen rely on
 - (a) HMOs
 - (b) NHS
 - (c) PMI
 - (d) APP
2. Before the establishment of NHS, the poor rely on healthcare provided by the
 - (a) State
 - (b) Self
 - (c) Charities and religious organisations
 - (d) Government paramedical agencies
3. The liberal politician who was in 1942 commissioned to head a committee to undertake a study and produce a report on a possible national health and welfare system was
 - (a) William Beneridge
 - (b) Winston Churchill
 - (c) Lloyd George
 - (d) AneurinBeran
4. The NHS was established by
 - (a) William Beneridge
 - (b) Winston Churchill
 - (c) Lloyd George
 - (d) Aneurin Beran
5. At the outset, the NHS introduced the concept of healthcare that was free at the point of use for every citizen.
 - (a) True
 - (b) Not True
 - (c) Near True
 - (d) None of the above
6. The private healthcare sector provides surgery and other medical treatment for patients who are
 - (a) sponsored by the state
 - (b) on the lists of charities and religious organisation
 - (c) willing and able to pay
 - (d) not regularly sick
7. The main advantages gained by people buying private medical treatment are perceived to exclude
 - (a) more time waiting for operations on non-urgent condition
 - (b) choice of consultant
 - (c) choice of hospital
 - (d) a private room with more comfortable facilities
8. The private medical insurance policies will cover the costs of
 - (a) normal pregnancy and child birth
 - (b) out-patient treatment
 - (c) chronic illness
 - (d) cosmetic surgery
9. Provident associations are all these except
 - (a) profit making organisation for the purpose of medical insurance

- (b) they have no shareholders and so pay no dividends
- (c) all their operating surpluses are counted as part of their reserves
- (d) equally, any losses from their activities cannot attract tax relief
10. Which of these is not part of the main provident insurance companies?
- (a) BUPA
- (b) Lloyd's
- (c) AXA PPP Healthcare
- (d) WPA and BCWA Healthcare
11. The largest provident association is
- (a) BUPA
- (b) Lloyd's
- (c) AXA PPP Healthcare
- (d) WPA and BCWA Healthcare
12. trace their ancestry as a movement back to late Victoria times.
- (a) Commercial insurers
- (b) Provident insurers
- (c) Health and dental cash plans
- (d) Third party administrators
13. In addition to the insurance, a small but significant proportion of private medical schemes are being run on behalf of employers for their employees by
- (a) commercial insurers
- (b) provident insurers
- (c) health and dental cash plans
- (d) third party administrators
14. The strengths of both TPA's and consultants are claimed to be as follows except
- (a) independence
- (b) motivation
- (c) inflexibility
- (d) information
15. is an alternative way for employers to deliver private healthcare for employees.
- (a) Health and dental cash plans
- (b) Third party administrators
- (c) Health trust
- (d) Self Insurance
16. Last year, Bloggs & Co spent ~~£~~3 million on healthcare treatments for its employees. This year the company budgeted ~~£~~3.5million but if the cost turn out to be ~~£~~4million, this could be a serious issue. What form of insurance could cover the extra costs?
- (a) Captive insurance

- (b) Third party administrators
(c) Stop loss insurance
(d) Quote share insurance
17. Some employers may decide to pay healthcare treatments for their employees as these costs arise rather than having insurance. This arrangement is called
(a) health and dental cash plans
(b) third party administrators
(c) health trust
(d) self insurance
18. Medical insurance policies in the UK are subject to
(a) income tax
(b) value added tax
(c) insurance premium tax (IPT)
(d) none of the above
19. Telerate is regarded as a
(a) direct sales
(b) sales through insurance agents
(c) sales through insurance brokers
(d) none of the above
20. The medical insurance market is divided into how many categories?
(a) Two categories
(b) Three categories
(c) Four categories
(d) Five categories
21. A category of the medical insurance market where employees pay their premiums entirely out of their pockets is referred to
(a) voluntary employee - paid groups
(b) individual - paid
(c) company - paid
(d) employer - paid
22. Healthcare insurers have the basic choice of distributing their products through
(a) intermediaries
(b) call centres
(c) regulators
(d) consumers
23. Which of these is not a form of direct distribution of healthcare products?
(a) Mobile sales consultants
(b) Mail to be potential customers information about product
(c) Television, radio, newspaper advertisement
(d) Through intermediaries
24. Which of these is not an advantage of direct sales approach to the healthcare insurers?
(a) Bounding
(b) Control
(c) Differentiation

- (d) Feed back
25. would seem to offer significant sales opportunity for independent intermediaries, whose customers are often from the same middle class groups that tend to buy healthcare insurance
- (a) Voluntary employee - paid groups market
 - (b) Individual - paid market
 - (c) Company - paid market
 - (d) Employer - paid market
26. All healthcare insurers seek competitive advantage through business activities that offer their customers superior products and services or best value for money.
- (a) True
 - (b) False
 - (c) Nearly true
 - (d) None of the above
27. Which of these forms of personal PMI products gives the widest cover?
- (a) Comprehensive
 - (b) Standard
 - (c) Budget
 - (d) International
28. Which company created products with No claims Discount (NCD)
- (a) BUPA
 - (b) AXA PPP Healthcare
 - (c) Lloyd's
 - (d) Standard Life Healthcare.
29. Which of these is not a common type of out-patient treatment?
- (a) Pathology
 - (b) Radiology
 - (c) Surgery
 - (d) Consultation
30. How will the Nigerian healthcare system gain from those of other countries?
- (a) How long people live on average
 - (b) Improvements in longevity in recent years
 - (c) Infant mortality
 - (d) All of the above
31. Which of these will cover diseases like heart attack and kidney failure?
- (a) Critical illness insurance
 - (b) Sickness and accident insurance
 - (c) Income protection insurance
 - (d) Long-term care insurance

32. Which of these is not an item covered by international medical insurance policy?
- All expenses for in-patient
 - Infant mortality
 - Drugs and dressings
 - Ambulance
33. Personal PMI products are roughly divided into how many categories?
- Two
 - Four
 - Six
 - Eight
34. Which of these is not an additional benefit in international medical insurance?
- All expenses for out-patient
 - Pre-existing conditions
 - Dentistry
 - Normal pregnancy and childbirth
35. Which of these is not a common category of expatriate international medical insurance?
- Europe only
 - Rest of the world (excluding North America)
 - Rest of the world (all countries)
 - None of the above
36. Which of these is not a rating factor in Travel Insurance?
- Age
 - Location of home address
 - The countries to be visited
 - Any pre-existing conditions that are to be connect
37. Under what circumstances will UK national medical insurance schemes not cover treatment abroad?
- Where treatment abroad is more expensive than it would be in the UK
 - Emergency treatment while abroad working
 - Where the insurer gives specific permission for the insured to travel abroad for treatment
 - Where the insurer has an arrangement with a hospital group in particular countries.
38. The regulation of the National Health Insurance Scheme in Nigeria is,
- NHIS
 - NAICOM
 - PENCOM
 - ICAN
39. The seller of health insurance in Nigeria is

- (a) PPP
(b) BUPA
(c) HMO
(d) AXA
40. Which of these is not classified as life risk business under the Insurance Act 2003?
(a) Individual Life
(b) Health Insurance
(c) Personal Accident
(d) Pension Business
41. The process whereby the insured checks with the insurer before treatment take place is called.....
(a) consultation
(b) treatment
(c) pre-authorization
(d) care management
42. The process whereby medically qualified staff working for the insurer manage claims against the most usual procedure for the particular condition is called.....
(a) consultation
(b) treatment
(c) pre-authorization
(d) care management
43. The purpose of medical insurance is to pay the costs of secondary acute care received outside the NHS
(a) True
(b) Not True
- (c) Near True
(d) None of the above
44. The medical insurance cover will not be cancelled if the policy holder
(a) fails to pay the premium
(b) falls sick
(c) dies
(d) moves abroad
45. What does the insurer commonly brand?
(a) Feeding
(b) Accommodation
(c) Treatment
(d) Dressing
46. Which of these is not a category of personal PMI product?
(a) Major
(b) Standard
(c) Budget
(d) International
47. Which of these gives the highest benefits?
(a) Major
(b) Standard
(c) Budget
(d) International
48. Hospital charges will not apply to
(a) operating theatre facilities
(b) surgical drugs and dressings
(c) patient's address

- (d) alternative therapies
49. The most difficult surgery process is regarded as?
- (a) Minor
 - (b) Major plus
 - (c) Major
 - (d) Complex major operation
50. The test of blood and urine is classified as
- (a) Radiology
 - (b) Pathology
 - (c) Physiotherapy
 - (d) Consultations
51. The process of x-rays and body scans is referred to as
- (a) Radiology
 - (b) Pathology
 - (c) Physiotherapy
 - (d) Consultations
52. Which of these is not an advantage to the insurer on making direct settlement of bills?
- (a) The customer need not be concerned with arranging payments to hospitals
 - (b) The customer is assured that all hospital costs within the entitlement are covered.
 - (c) Hospitals are not paid for the treatment that they had provided
 - (d) PMI insurers can influence hospital pricing decision to improve their profitability or premium competitiveness
53. A recent innovation in the processing of claims has been the introduction of
- (a) CUE
 - (b) AXA
 - (c) EDI
 - (d) PPP
54. The full meaning of PMI is
- (a) Public Medical Insurers
 - (b) Public Medical Institution
 - (c) Private Medical Insurers
 - (d) Private Medical Institutions
55. Which of these is not a reason why claim forms contain sufficient information?
- (a) To identify the customer and the claimant
 - (b) To indicate the nature of the condition needing treatment
 - (c) To invite new clients to the company
 - (d) To identify the date of the treatment

56. Which of these is not part of the major general checks made on the members' eligibility to receive benefits?
- Is the payment of premiums being paid up-to-date for the dates of treatment?
 - Have any annual maximum limits been reached for the dates of treatment?
 - Was the treatment provided in accordance with the terms of the policy?
 - Was the business introduced by a broker or agent?
57. An insurer will pay a PMI claim for a pre-existing condition that was disclosed on the application form.
- True
 - Not True
 - Near True
 - Strongly True
58. Which of these is not relevant after the validity of a claim has been accepted?
- Determine the amount of the payment
 - Determine whom it should be made
 - Establish the mode of payment
 - Establish the commission to be paid
59. What is an OPCS code?
- Marketing code
 - Drug dispensing code
 - Treatment code
 - Claims handling code
60. The increase year-on-year in the cost of delivering medical services is called
- medical index
 - ordinary inflation
 - medical cost inflation
 - medical billing cost
61. The term used in the Nigerian Health Insurance program is
- NHS
 - PPP
 - NHIS
 - PMI
62. concentrate on providing cover for the more important or expensive type of treatment, such as in - patient costs and day care treatment, but in the lower priced hospitals
- Comprehensive policies
 - Standard policies
 - Budget policies
 - Limited benefits policies
63. Which of these gives the index cover?
- Comprehensive policies
 - Standard Policies

- (c) Budget Policies
(d) Limited benefit policies
64. Which of these provide similar cover to the comprehensive policies with the exception of certain benefits, such as cash benefit and out-patient benefit?
(a) International policies
(b) Standard Policies
(c) Budget Policies
(d) Limited benefit policies
65. Which of these policies have become increasingly popular in recent years with their attraction being that they allow individuals to buy some protection against the cost of private treatment whilst keeping premium to a minimum?
(a) International policies
(b) Standard policies
(c) Budget policies
(d) Limited benefit policies
66. What is not covered by the policy is regarded as
(a) underwriting
(b) rating
(c) exclusion
(d) billing
67. The group PMI policies for an employee scheme does not include
- (a) annuity scheme
(b) small group scheme
(c) large group scheme
(d) voluntary scheme
68. Which of these schemes fall midway between individually paid PMI and group schemes?
(a) Annuity Scheme
(b) Small Group Scheme
(c) Large Group Scheme
(d) Voluntary Scheme
69. For the insurer, the major exposure to costs will come from
(a) specialist fees
(b) dressings
(c) feeding
(d) hospital accommodation
70. Sanjay takes out a PMI policy and to save money, he chooses a ₦100.00 annual excess. In the event of a bill of ₦120.00, how much will the insurer settle?
(a) ₦20.00
(b) ₦100.00
(c) ₦120.00
(d) ₦220.00
71. Dental claims will be paid in accordance with the type of cover the customer has. The procedures used will not include
(a) health cash plans
(b) dental insurance

- (c) major medex
(d) capitation plan
72. Which of these, dates back to late Victorian times?
(a) Health cash plan
(b) Commercial insurers
(c) Dental insurance and capitation plans
(d) Group PMI
73. Which of these policies are written in the same way as life insurance policy?
(a) Income protection insurance and critical illness insurance
(b) Critical illness insurance and long-term care insurance
(c) Sickness and accident insurance and major index
(d) Dental plans and health cash plans
74. The choice of the right policy will depend on
(a) the government
(b) whatever one that is dying is buying
(c) the level of benefits the purchaser desires
(d) all of the above
75. PMI Insurers may give incentives to patients
(a) not to come to hospital when sick
(b) to use day care surgery
(c) to use expensive overnight stays
(d) not to buy other forms of insurance
76. PMI insurers have employed medical professionals to develop clinical guidelines sometimes known as
(a) 'branding'
(b) 'managed care'
(c) 'sessions'
(d) 'protocol'
77. The FSA has four key objectives, which does not include
(a) maintain market confidence in the UK financial system
(b) promote public awareness and understanding of the financial system
(c) not to secure an appropriate degree of protection for consumers
(d) contribute to the reduction of financial crime
78. The loyalty scheme will not include
(a) a loyalty bonus paid after the first year
(b) profit sharing
(c) member get member scheme
(d) no blame discount

79. Hospital charges will not apply to
- (a) surgical drugs and dressings
 - (b) prosthesis
 - (c) day care treatment
 - (d) none of the above
80. Which of these is not a form of Health cash plan?
- (a) Small value high frequency claims
 - (b) High value high frequency claims
 - (c) Claims where treatment is carried out by a known provider
 - (d) Third party claims
81. ... gives immediate right of access to reports provided by medical practitioners for employment or insurance purposes.
- (a) Access to Medical Reports Act 1988
 - (b) Access to Health Records Act 1990
 - (c) Financial Services Authority Act 2000
 - (d) Disability Dissemination Act 1995
82. Which of these will require the submission of the original receipt from the dentist?
- (a) Health cash plan
 - (b) Dental Insurance
 - (c) Capitation plan
 - (d) Managed care
83. Dental claims will be paid in accordance with the type of cover the customer has. The procedures used will not include
- (a) health cash plans
 - (b) dental insurance
 - (c) major index
 - (d) capitation plan
84. A capitation plan is a form of budgeting rather than a 'true' insurance policy?
- (a) True
 - (b) False
 - (c) It depends on a lot of other factors
 - (d) Neither
85. A capitation plan works as follows:
- (a) The plan is usually sold to the customer by the dentist
 - (b) The dentist undertakes an initial examination
 - (c) Fees are paid by the customer to the provider
 - (d) All of the above
86. Which of these is an alternative to PMI?
- (a) Major medical expenses insurance

- (b) Sickness and accident insurance
- (c) Payment protection insurance
- (d) Long-term care insurance
87. Which of these is one of the common forms of insurance and is often an 'add-on' to another policy?
- (a) Major medical expenses insurance
- (b) Sickness and accident insurance
- (c) Payment protection insurance
- (d) Long-term care insurance
88. Which of these is also known as accident, sickness and unemployment or creditor insurance?
- a) Major medical expenses insurance
- (b) Sickness and accident insurance
- (c) Payment protection insurance
- (d) Long-term care insurance
89. Which one is the odd one out?
- a) Payment protection insurance
- (b) Sickness and accident insurance
- (c) Mortgage payment protection insurance
- (d) Major medical expenses insurance
90. Sickness and accident insurance pays a maximum monthly benefit of
- (a) Six months
- (b) Twelve months
- (c) Twenty-four months
- (d) Forty-eight months
91. provides a pre-selected monthly income to meet the cost of home care and nursing?
- (a) Income protection insurance
- (b) Critical illness insurance
- (c) Payment protection insurance
- (d) Long-term care insurance
92. Which of these is not a form of AOL?
- (a) Washing
- (b) Transferring
- (c) Feeding
- (d) Dancing
93. Which of these is the odd one from the group?
- (a) Income protection insurance
- (b) Payment protection insurance
- (c) Long-term disability insurance
- (d) Permanent health insurance

94. Which of these will cover cancer?
(a) Income protection
(b) Immediate need policy
(c) Critical illness insurance
(d) Long-term disability
95. Private medical insurance does not usually cover the cost of penetrative medicine which is usually known as
(a) health screening
(b) body scan
(c) physiotherapy
(d) prosthesis
96. A private GP has just written out a prescription for you. Who pays for it?
(a) The NHIS
(b) The GP themselves
(c) You
(d) Charity
97. Mortality risk has to do with the risk of
(a) falling ill
(b) dying
(c) sleeping
(d) travelling
98. Morbidity risk has to do with the risk of
(a) falling ill
(b) dying
(c) sleeping
(d) travelling
99. is where any medical condition that occurred prior to the policy start-date are, at least initially, excluded from benefit
(a) Excess
(b) Medical history disregarded
(c) Moratorium underwriting
(d) Continued personal medical exclusion
100. often applies to large group schemes, where pre-existing medical conditions are covered.
(a) Excess
(b) Medical history disregarded
(c) Moratorium underwriting
(d) Continued personal medical exclusion

| CF7 - HEALTHCARE INSURANCE PRODUCTS | | | | | | | | | |
|-------------------------------------|---|----|---|----|---|----|---|-----|---|
| 1 | B | 21 | A | 41 | C | 61 | C | 81 | A |
| 2 | C | 22 | A | 42 | D | 62 | D | 82 | B |
| 3 | A | 23 | D | 43 | A | 63 | A | 83 | B |
| 4 | D | 24 | A | 44 | B | 64 | B | 84 | A |
| 5 | A | 25 | B | 45 | B | 65 | C | 85 | D |
| 6 | C | 26 | A | 46 | A | 66 | C | 86 | A |
| 7 | A | 27 | A | 47 | B | 67 | A | 87 | B |
| 8 | B | 28 | D | 48 | C | 68 | D | 88 | C |
| 9 | A | 29 | C | 49 | D | 69 | A | 89 | D |
| 10 | B | 30 | D | 50 | B | 70 | A | 90 | C |
| 11 | A | 31 | A | 51 | A | 71 | C | 91 | D |
| 12 | C | 32 | B | 52 | C | 72 | A | 92 | D |
| 13 | D | 33 | B | 53 | C | 73 | A | 93 | B |
| 14 | C | 34 | A | 54 | C | 74 | C | 94 | C |
| 15 | C | 35 | D | 55 | C | 75 | B | 95 | A |
| 16 | C | 36 | B | 56 | D | 76 | C | 96 | C |
| 17 | D | 37 | A | 57 | A | 77 | C | 97 | B |
| 18 | C | 38 | A | 58 | D | 78 | B | 98 | A |
| 19 | A | 39 | C | 59 | C | 79 | B | 99 | C |
| 20 | B | 40 | C | 60 | C | 80 | B | 100 | B |

Chief Examiner's Summarized Statistics

Pass Rate: 50%

Highest Score: 84%

Lowest Score: 76%

Average Score: 65%

Breakdown Updates

General performance was okay.

Chief Examiner's Comments on Overall Performance:

Satisfactory but not especially good performance.

Chief Examiner's Suggestions on Improvement:

Candidates should prepare more adequately.