



*Chartered Insurance
Institute of Nigeria*

Chief Examiners' Report

October 2019 Examination

Certificate in Insurance (C71-C77)

CF1

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE
CF1 - INSURANCE, LEGAL AND REGULATORY
OCTOBER 2019

LOGO

All answers are to be written on the answer booklet(s) supplied in accordance with the following instructions:

- + Two hours are allowed for this paper.
- + Fill in the information requested on the answer booklet and on form B.
- + Handle the answer form with care do not write notes on it.
- + Do not write on the question paper.
- + The answer booklet should be handed over personally by you to the invigilator before you leave the Examination Hall. Failure to do this may result in your paper not being assessed and marked.
- + Insert your candidates number as given on your admission permit and any other particulars required on the cover and flap of the answer booklet.
- + Ensure that you write the full and correct candidate's number.
- + No name should be written on any leaf of the book, or on any supplementary leaves that may be issued to the candidates.
- + The answer to each question must be commenced on a separate page. Where, however, a question consists of two or more parts, this instruction does not apply to the separate parts.
- + Write in the ruled margin the number and question attempted.
- + Leave no blank pages among your answers.
- + Where supplementary leaves are used, the candidate's number should be written in the space provided on them and fastened at the end of the book inside the cover.

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL)
WILL ATTRACT STATED SANCTIONS.**

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

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTION

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

- | | |
|---|---|
| <p>1. The oldest class of insurance is ...</p> <ul style="list-style-type: none">(a) fire insurance(b) motor insurance(c) marine insurance(d) theft insurance <p>2. Edward Lloyd opened his coffee house in Tower Street in the City of London in what year?</p> <ul style="list-style-type: none">(a) 1588(b) 1688(c) 1788(d) 1888 <p>3. Which of these does not express the meaning of risk?</p> <ul style="list-style-type: none">(a) The possibility of an unfortunate occurrence(b) Doubt concerning the outcome of a situation(c) The certainty of loss(d) The possibility of loss <p>4. The outcome of risk which can be measured in monetary terms is referred to as ...</p> <ul style="list-style-type: none">(a) pure risk(b) financial risk(c) non-financial risk(d) speculative risk <p>5. The principle of insurance that requires a legally recognized financial relationship between the</p> | <p>proposer for insurance and the property/event for which insurance is sought is known as ...</p> <ul style="list-style-type: none">(a) insurable interest(b) utmost good faith(c) proximate cause(d) indemnity <p>6. A positive duty to voluntarily disclose accurately and fully all facts material to the risk for which the proposer is seeking to purchase insurance cover is known as ...</p> <ul style="list-style-type: none">(a) utmost good faith(b) material fact(c) insurable interest(d) consideration <p>7. Which type of risk can have three outcomes of a loss, breakeven or gain?</p> <ul style="list-style-type: none">(a) Particular Risk(b) Fundamental Risk(c) Dynamic Risk(d) Speculative Risk <p>8. Any written or oral statement made during the negotiations for an insurance contract is called ...</p> <ul style="list-style-type: none">(a) indemnity(b) representation(c) trespass(d) consideration |
|---|---|

9. The methodological assessment of uncertainty about the scope, cost and period of a project is known as ...
- (a) risk control
 - (b) risk analysis
 - (c) risk identification
 - (d) risk investigation
10. What are the fundamental conditions which go to the root of a contract, and permit the aggrieved party to repudiate the contract?
- (a) Policy Terms
 - (b) Representations
 - (c) Warranties
 - (d) Policy Conditions
11. The active, efficient cause that does not set in motion a train of events which brings about a result without the intervention of any force started and working actively from a new and independent source is called what?
- (a) Indemnity
 - (b) Insurable Interest
 - (c) Proximate Cause
 - (d) None of the Above
12. The fee of a loss assessor is paid by the ...
- (a) broker
 - (b) insured
 - (c) insurer
 - (d) adjuster
13. The insurance policies that are referred to as policy of non-indemnity are ...
- (a) Fire Insurance Policies
 - (b) Motor Insurance Policies
 - (c) Personal Accident Insurance Policies
 - (d) Marine Insurance Policies
14. A form of insurance where the insurer pays more than its actual worth of the article damaged by fire is called ...
- (a) reinstatement
 - (b) replacement
 - (c) warranty
 - (d) contract
15. The right of an insurer to call upon others similarly but not necessarily equally liable to the same insured to share the cost of an indemnity payment is ...
- (a) subrogation
 - (b) reinstatement
 - (c) warranty
 - (d) contribution
16. Which people have the task of accepting, rejecting or revising insurance proposals brought to the insurance company?
- (a) The Underwriters
 - (b) The Surveyors
 - (c) The Actuaries
 - (d) The Marketers

17. Which of these documents show what class of business the insured has, conditions and warranties pertaining to the contract?

- (a) The Proposal Form
- (b) The Contract Form
- (c) The Policy Document
- (d) The Agreement Form

18. The motor insurance that only provides protection against the risk of liability from death, bodily injury and damage to third party's property arising from the use of the vehicle on the road is called ...

- (a) Motor Trade Policy
- (b) Third Party Only
- (c) Third Party, Fire and Theft
- (d) Comprehensive Insurance

19. A regular installment payment of persons who have disengaged from service by attaining a mandatory retirement age is known as ...

- (a) retirement salary
- (b) loan
- (c) pension
- (d) reinsurance

20. Which risk arise from causes outside the control of any one, whether as an individual or as a group of people?

- (a) Fundamental Risk
- (b) Static Risk
- (c) Dynamic Risk
- (d) Pure Risk

21. Insurance against risk is possible because of the law of

- (a) large numbers
- (b) few numbers
- (c) inverse proportion
- (d) diminishing returns

22. Which of the following is not a component of an insurance policy?

- (a) Signature Clause
- (b) Recital Clause
- (c) Particular Clause
- (d) Operative Clause

23. Which of the following is a component of premium in insurance?

- (a) Margin
- (b) Reserve
- (c) Funds
- (d) Capital

24. In which class of insurance is "no claim discount" applicable?

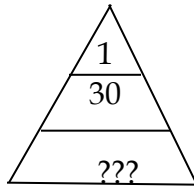
- (a) Money Insurance
- (b) Marine Insurance
- (c) Motor Insurance
- (d) Aviation Insurance

25. Which of these is a function of a loss adjuster?

- (a) Ensure payment of adequate compensation
- (b) Advises the insurer on claim payment
- (c) Operates with unlimited authority
- (d) Notifies insurer of the loss
26. A fire insurance policy guaranteed by the insured to be in place for a stated period with a particular insurer is granted a ...
- (a) no claim discount
- (b) fleet discount
- (c) long term agreement discount
- (d) plurality discount
27. A type of reinsurance where the re-insurer has the option to accept or reject any risk presented for reinsurance is called ...
- (a) stop loss
- (b) facultative
- (c) treaty
- (d) excess of loss
28. In life assurance contract, when does insurable interest arise?
- (a) At the beginning of the contract
- (b) At the time of claim
- (c) At the maturity of the contract
- (d) At the time of payment of premium
29. In which of the following policies is certificate of insurance used?
- (a) Burglary Insurance
- (b) Product Liability Insurance
- (c) Marine Insurance
- (d) Money Insurance
30. What is the maximum liability which the insurer can pay on a particular loss?
- (a) Average
- (b) Sum Insured
- (c) Franchise
- (d) Excess
31. Insurance is described as a risk ...
- (a) avoidance mechanism
- (b) regulating mechanism
- (c) transfer mechanism
- (d) assessment mechanism
32. What is the full meaning of "NCRIB" in the Nigerian insurance industry?
- (a) National Council of Registered Insurance Brokers
- (b) Nigerian Council of Registered Insurance Brokers
- (c) Nigerian Corporation of Registered Insurance Brokers

- (d) National Corporation of Registered Insurance Brokers
33. A trade group for insurance companies in Nigeria is called ...
- (a) Chartered Insurance Institute of Nigeria
 (b) National Insurance Commission
 (c) Nigerian Corporation of Registered Insurance Brokers
 (d) Nigerian Insurers Association
34. The document issued by the insurer when there is a change in the particulars of an insured risk is ...
- (a) an endorsement
 (b) a certificate
 (c) a slip
 (d) a policy document
35. Which of the following documents form the basis of a contract in insurance business?
- (a) Policy Document
 (b) Proposal Form
 (c) Claim Form
 (d) Discharge Voucher
36. The right of choice of option for method of indemnity is exercised by the ...
- (a) insured
- (b) insurance broker
 (c) insurance consultant
 (d) insurer
37. Which of these is an uninsurable risk?
- (a) Deliberate Act
 (b) Financial Risk
 (c) Fortuitous Event
 (d) Insurable Interest
38. Which of these is not a form of dual insurance?
- (a) "All Risk Policy" and "Travel Insurance"
 (b) "Fidelity Guarantee" and "Money Insurance"
 (c) A Specific Warehouse Stock Policy and Floating Policy
 (d) Household Content Policy and Personal Effect Section of Motor Insurance
39. Which of these is true? The relationship between high frequency and low severity losses is ...
- (a) not limited to property
 (b) limited to life assurance
 (c) limited to pecuniary insurances
 (d) limited to liability losses

40. Heinrich Triangle



From the figure above, which of these is the missing number "???" ?

- (a) 31
 - (b) 90
 - (c) 300
 - (d) 310
41. That which influences the operation of the peril is ...
- (a) uncertainty
 - (b) morale
 - (c) peril
 - (d) hazard
42. The cause of loss is ...
- (a) uncertainty
 - (b) morale
 - (c) peril
 - (d) hazard
43. Which of these is not an example of moral hazard?
- (a) Carelessness
 - (b) Uncertainty
 - (c) Dishonesty
 - (d) Attitude
44. By operating a pooling of risk, the law of large number assist insurers in making ...
- (a) reliable claim payment predictions

- (b) reliable investment return predictions
- (c) reliable business predictions
- (d) reliable premium income predictions

45. Which of these is not an important reason for risk management in an organization?

- (a) It reduces the potential for loss
- (b) It increases the severity of loss
- (c) It gives shareholders a greater degree of confidence
- (d) It provides a disciplined approach to quantifying risks

46. The three steps involved in risk management do not include ...?

- (a) risk sharing
- (b) risk identification
- (c) risk analysis
- (d) risk control

47. Which of these is one of the distinct aspects of controlling risks?

- (a) Risk identification
- (b) Risk Sharing
- (c) Risk Analysis
- (d) Physical Control

48. ... is the first named insurer in a co-insurance policy.

- (a) Reinsurer
 - (b) Ceding Office
 - (c) Leading Office
 - (d) Loss Assessor
49. A small fixed sum retained by the insured is called ...
- (a) average
 - (b) limit
 - (c) excess
 - (d) exclusion
50. ... is the term used when two or more policies in force cover the same risk.
- (a) Self Insurance
 - (b) Dual Insurance
 - (c) Reinsurance
 - (d) Pecuniary Insurance
51. Which of these does not fall into the class for property insurance?
- (a) Fire and Special Perils
 - (b) Engineering Insurance
 - (c) Credit Insurance
 - (d) Money Insurance
52. Which of these does not fall into the class for pecuniary insurance?
- (a) Fidelity Guarantee
 - (b) Money Insurance
 - (c) Credit Insurance
 - (d) Business Interruption

53. Which of these policies will cover legal liabilities to third parties?
- (a) Fidelity Guarantee
 - (b) Business Interruption
 - (c) Professional Indemnity
 - (d) Aviation Insurance
54. Insurance cover can be purchased to cover ...
- (a) an investment loss in the stock market
 - (b) dishonesty of an employee
 - (c) failure of a business venture
 - (d) war damage to a domestic property
55. ... is an expert in processing claims from start to end?
- (a) Loss Broker
 - (b) Loss Agent
 - (c) Loss Adjuster
 - (d) Marine Superintendent
56. Which of these is appointed by an insured to handle his/her claim?
- (a) Claim Personnel
 - (b) Loss Adjuster
 - (c) Marine Superintendent
 - (d) Loss Assessor
57. ... is a professionally qualified person who applies probability and statistical theory to problems of

- insurance, investment and finance?
- (a) Actuary
(b) Broker
(c) Risk Manager
(d) Marine Superintendent
58. In the insurance market, which of these serve as backers by providing a further means of spreading risks?
- (a) Buyers
(b) Intermediaries
(c) Insurers
(d) Reinsurers
59. A company owned by policyholders is referred to as ...
- (a) proprietary company
(b) mutual company
(c) captive company
(d) lloyd's
60. Which of these is commonly referred to as an insurance market?
- (a) proprietary company
(b) mutual company
(c) captive company
(d) lloyd's
61. Which type of insurance company does not provide insurance to members of the general public?
- (a) Captive
(b) Composite
(c) Mutual
(d) Proprietary
62. A company that sells life and general insurance product is ...
- (a) captive
(b) composite
(c) mutual
(d) proprietary
63. The independent intermediaries will not be involved in
- (a) risk management
(b) claims negotiation
(c) companies' regulation
(d) mid-term changes
64. Which individuals provide financial backing for Lloyd's syndicates?
- (a) Underwriters
(b) Names
(c) Managing Agents
(d) Member Agents
65. Which of these is not part of the purpose of reinsurance?
- (a) Stability
(b) Capacity
(c) Confidence
(d) Control
66. Inflation is an example of ...
- (a) Pure Risk
(b) Fundamental Risk

- (c) Particular Risk
(d) Speculative Risk
67. An agreement enforceable by law is ...:
- (a) premium
(b) contract
(c) acceptance
(d) conditions
68. The case involving postal acceptance is ...?
- (a) Currie v. Misa (1875)
(b) Household Fire Insurance Co. v. Grant (1879)
(c) Lucena v. Crauford (1806)
(d) Castellain v. Preston (1883)
69. The term "consideration" was defined in which of the following cases
- (a) Currie v. Misa (1875)
(b) Household Fire Insurance Co. v. Grant (1879)
(c) Lucena v. Crauford (1806)
(a) Castellain v. Preston (1883)
70. Aviation cargo is covered under ...
- (b) Aviation Insurance
(c) Cargo Insurance
(d) Marine Insurance
(e) Fire Insurance
71. ... is one who is authorized by a principal to bring that principal into a contractual relationship with a third party.
- (a) Underwriter
(b) Call centre
(c) Actuary
(d) Agent
72. Which of these is not a method of creating agency?
- (a) Control
(b) Consent
(c) Necessity
(d) Ratification
73. The case of Murfit v. Royal Insurance (1922) is applicable to ...
- (a) agency by apparent authority
(b) agency by consent
(c) undisclosed principal
(d) agency by necessity
74. Which of these is not a duty of agent to a principal?
- (a) Obedience
(b) Remuneration
(c) Personal Performance
(d) Good Faith
75. Agency cannot be terminated by ...
- (a) mutual agreement

- (b) withdrawal by principal
(c) Death or insanity
(d) Due care and skill
76. Which of these is not a feature of insurable interest?
- (a) Subject Matter
(b) Benefit Contract
(c) Legal Relationship
(d) Financial Value
77. Insurable Interest in Motor insurance has to exist at ...
- (a) inception
(b) time of loss
(c) both at inception and at time of loss
(d) time of claim
78. Which of these does not have insurable interest in property insurance?
- (a) Family Member
(b) Joint Owner
(c) Bailee
(d) Tenants
79. In Liability Insurance, insurable interest does not only include loss and damage but also ...
- (a) debtors
(b) creditors
(c) potential liabilities
(d) foreign property
80. To whom does the principle of utmost good faith apply in contracts of insurance?
- (a) Proposer only
(b) Insurer only
(c) Both the insurer and proposer
(d) Any interested party
81. A summary of the principle of utmost good faith was given in the case of ...
- (a) *Murfitt v. Royal Insurance (1922)*
(b) *Currie v. Misa (1875)*
(c) *Household Fire Insurance Co. v. Grant (1879)*
(d) *Rozanes v. Bowen (1928)*
82. Facts that must be disclosed include ...
- (a) fact of law
(b) fact that increases the risk
(c) fact of public knowledge
(d) fact that a survey should have revealed
83. When considering a proposal for a fire insurance on a property, what fact is not normally considered to be material?
- (a) Details of any mortgage secured on the property

- (b) Materials used to construct the building
- (c) Purpose for which the building will be used
- (d) Whether or not the risk premises are under the sole occupation of the proposer
84. Which of these is a compulsory insurance?
- (a) Fire Insurance
- (b) Theft Insurance
- (c) Marine Insurance
- (d) Mutual Life Assurance
85. The proximate cause of a loss will always be the ...
- (a) first cause
- (b) only cause
- (c) dominant cause
- (d) remote cause
86. Proximate cause will not help us to identify ...
- (a) insured perils
- (b) benefit perils
- (c) uninsured perils
- (d) excluded perils
87. The financial compensation sufficient to place the insured in the same financial position after a loss is ...
- (a) insurable interest
- (b) utmost good faith
- (c) proximate cause
- (d) indemnity
88. The principle of indemnity will not apply in ...
- (a) fire insurance
- (b) life assurance
- (c) motor insurance
- (d) fidelity guarantee insurance
89. How many universally acceptable principles are there in insurance?
- (a) 2
- (b) 4
- (c) 6
- (d) 8
90. The penalty for underinsurance is called ...
- (a) excess
- (b) average
- (c) franchise
- (d) deductible
91. Large excess is called ...
- (a) franchise
- (b) deductible
- (c) inner limits
- (d) sum insured
92. Which of these will not apply in contribution?
- (a) Common Peril
- (b) Common Interest
- (c) Common Subject Matter
- (d) Common Cause

93. The case of North British and Mercantile v. Liverpool and London and Globe (1877) has to do with ...?
- (a) Common Cause
 - (b) Common Interest
 - (c) Common Peril
 - (d) Common Subject Matter
94. Independent liability is a concept applicable to the principle of ...
- (a) subrogation
 - (b) contribution
 - (c) proximate cause
 - (d) insurable interest
95. The right of a person having indemnified another under a moral obligation to do so, to stand in the place of the other and avail himself of all the rights and remedies of that other is called...
- (a) subrogation
 - (b) contribution
 - (c) insurable interest
 - (d) none of the above
96. The Fire Office Committee was established in ...
- (a) 1583
 - (b) 1667
 - (c) 1688
 - (d) 1868
97. The first real evidence of life assurance was a policy issued in ...
- (a) 1583
 - (b) 1667
 - (c) 1688
 - (d) 1868
98. The insurance required by law for Insurance Brokers in Nigeria is ...
- (a) Product Liability Insurance
 - (b) Professional Indemnity Insurance
 - (c) Marine Insurance
 - (d) Extended Warranty Insurance
99. The regulator of insurance business in Nigeria is ...
- (a) Central Bank of Nigeria
 - (b) Nigerian Insurers Association
 - (c) Financial Services Authority
 - (d) National Insurance Commission
100. ... arises when there is more than one policy in force on a subject matter of insurance.
- (a) Subrogation
 - (b) Contribution
 - (c) Indemnity
 - (d) Deductible

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

Chief Examiner's Summarized Statistics

Pass Rate: 74.79%

Highest Score: 94%

Lowest Score: 31%

Average Score: 74.81%

Breakdown Updates

The performance was above average; however, many of the candidates failed the questions that relate to the Nigerian Legal and Regulatory/Practice.

Chief Examiner's Comments on Overall Performance:

About 70% of the candidates did very well which is impressive bearing in mind that this is the foundation stage.

Chief Examiner's Suggestions on Improvement:

The candidates should study materials relating to Nigerian Legal and Regulatory/Practice alongside the coursebook.

CF2

CHARTERED INSURANCE INSTITUTE OF NIGERIA

**CERTIFICATE IN INSURANCE
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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. Conditions that may give rise to contribution in contract of indemnity include the following except ...
 - (a) each policy must be liable for the loss
 - (b) existence of two or more policies of indemnity
 - (c) one out of those policies must cover a different peril
 - (d) policies must cover common subject matter of insurance
2. Which of this level of cover in motor insurance is compulsory in law?
 - (a) Road Traffic Act only
 - (b) Third Party only
 - (c) Third Party, Fire & Theft
 - (d) Comprehensive
3. Which of these will cover accidented and malicious damage to the insured's vehicle?
 - (a) Road Traffic Act only
 - (b) Third Party only
 - (c) Third Party, Fire & Theft
 - (d) Comprehensive
4. Under a third party only cycle policy, what cover is provided as standard?
 - (a) Damage to clothing and personal effects
 - (b) Emergency treatment fees
 - (c) Medical expenses
 - (d) Personal accident benefits
5. Goods carried in a motor vehicle is covered under ...
 - (a) Motor Third Party Insurance
 - (b) All Risks Insurance
 - (c) Motor Comprehensive Insurance
 - (d) Good in Transit Policy
6. Which of these will provide cover for individuals who seek medical treatment outside the NHS?
 - (a) Personal Accident and Sickness Insurance
 - (b) Sickness Insurance
 - (c) Medical Expenses Insurance
 - (d) Personal Accident Insurance
7. Lock-out workers is an example of ...
 - (a) Perils of Chemical Nature

- (b) Social Perils
(c) Perils of Nature
(d) Miscellaneous Perils
8. Which of these policies will cover loss of trading profit?
- (a) Fidelity Guarantee Insurance
(b) Money Insurance
(c) Business Interruption Insurance
(d) Fire & Special Perils Insurance
9. An insurance policy taken by experts to cover their negligent acts to their clients is a ...
- (a) fidelity guarantee insurance
(b) public liability insurance
(c) professional indemnity insurance
(d) employers' liability insurance
10. Which of these is not an exclusion in a household insurance?
- (a) Property more specifically insured
(b) Kitchen utensils
(c) Medals and coins
(d) Livestock
11. Specific items in a household insurance will not include ...
- (a) television
- (b) jewelry
(c) furs
(d) photographic equipment
12. Which of these is an optional extension in a travel insurance?
- (a) Additional Hotel/Travelling Expenses
(b) Loss of Deposit
(c) Legal Expenses
(d) Personal Liability
13. Jide's travel insurance provides cover under all available sections of cover for him and his family. Which of the following occurrence can he not claim for under his policy?
- (a) Loss of his daughter's limb while on holiday
(b) Loss of his wife's jewelry on holiday
(c) Medical expenses for him while on holiday
(d) Theft from home while away on holiday
14. An insurance document which brings together fire, special perils, theft, business interruption, money insurance 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
(c) a trader's combined policy
(d) a collective policy
15. Subterranean fire is an example of ...
(a) perils of a chemical type
(b) social perils
(c) perils of nature
(d) miscellaneous perils
16. Escape of water is an example of ...
(a) perils of a chemical type
(b) social perils
(c) perils of nature
(d) miscellaneous perils
17. The first amount of each and every claim that the insured must bear is called the ...
(a) premium
(b) commission
(c) excess
(d) franchise
18. The movement of the land on which premises stand due to movements, falls or changes in underground workings, such as coal mines, e.t.c. is called ...
(a) subsidence
(b) ground heave
(c) landslide
(d) earthquake
19. The aim of customer service policies that is introduced by insurers should not be to ...
(a) attract new customers
(b) make the insurer more competitive
(c) promote customer loyalty
(d) reduce the number of claims from customers
20. An insurance policy that covers every risk except those specifically excluded is called ...
(a) comprehensive policy
(b) combined policy
(c) mutual policy
(d) all risk policy
21. The definition that a person is guilty if they dishonestly appropriate property belonging to another with the intention of permanently depriving the other of it specifically apply to ...
(a) fidelity guarantee insurance
(b) business interruption insurance
(c) theft insurance
(d) money insurance
22. Having an agreement between a thief and employees on how to gain entrance to steal from the premise is referred to as ...
(a) agreement

- (b) collusion
(c) aggravated burglary
(d) robbery
23. A standard theft policy will cover theft if there is ...
- (a) forcible and violent entry or exit
(b) forcible and violent entry and exit
(c) forcible or violent entry or exit
(d) forcible or violent entry and exit
24. Assume that a money policy has a limit of ₦600.00 in respect of money left out of the safe on the insured's premises overnight. How much would the insurer pay for a loss of ₦300.00?
- (a) ₦0.00
(b) ₦300.00
(c) ₦600.00
(d) ₦900.00
25. What does the definition of money under a standard money policy exclude?
- (a) Lottery Tickets
(b) Luncheon Vouchers
(c) Postage Stamps
(d) Money Order
26. Which of these is not a section of commercial legal protection policy?
- (a) Employment Cover
- (b) Criminal Prosecution Defence Cover
(c) Property Disputes Cover
(d) Personal Cover
27. A policy that covers the actual or potential loss of earnings and additional expenses incurred as a result of that material loss is called ...
- (a) Fidelity Guarantee Insurance
(b) Money Insurance
(c) Business Interruption Insurance
(d) Traders' Combined Policy
28. The liability which the employer assumes where an employee negligently injure a fellow employee is known as ...
- (a) absolute liability
(b) vicarious liability
(c) employment liability
(d) strict liability
29. All sellers of goods, whether they are manufacturers, intermediaries or retailers, may incur liability to their customers and others for injury, illness, loss or damage arising from the supply of goods. Which of these policies is appropriate for such risk?
- (a) Public Liability Insurance

- (b) Product Liability Insurance
- (c) Professional Indemnity Insurance
- (d) Employers' Liability Insurance
30. A liability policy which should be recommended to an investment consultant against losses to potential clients following incorrect advice from the consultant, which then results to a financial loss is called ...
- (a) Public Liability Insurance
- (b) Product Liability Insurance
- (c) Professional Indemnity Insurance
- (d) Employers' Liability Insurance
31. With which of the following types of loss will not the uninsured loss recovery service under a comprehensive motor policy assist the insured?
- (a) Loss of use of the vehicle whilst it is being repaired
- (b) Personal injury
- (c) Policy excess
- (d) Repairs to the insured vehicle
32. The circumstance which will influence a prudent underwriter in deciding whether to accept a risk or not is called ...
- (a) hazard
- (b) peril
- (c) non-disclosure
- (d) material facts
33. A fact that must be disclosed in proposing a risk for insurance include ...
- (a) facts that the insured does not know
- (b) facts that a survey should have revealed
- (c) facts that increase the risk
- (d) facts of public knowledge
34. Which of these is a peril?
- (a) Subterranean Fire
- (b) Storage of inflammable material
- (c) Thatched roof: for fire insurance
- (d) High value sports car
35. The cause of loss in insurance is referred to as ...
- (a) hazard
- (b) uncertainty
- (c) risk
- (d) peril
36. Proposal forms are used by underwriters as a means of obtaining material facts because ...

- (a) it is a regulatory requirement
 (b) it is convenient and cost effective
 (c) it prevents misrepresentation by the proposal
 (d) it provides an opportunity for collecting product design information
37. Which of these is not a general question in a proposal form?
- (a) Details of previous claims
 (b) Subject matter of insurance
 (c) Details of other insurance
 (d) Nature of construction
38. Johnson Manufacturing Company produces soft drinks. Its turnover is ~~N~~28million per year. Adequate Insurance Company offers product liability insurance for a limit of indemnity of ~~N~~5million for 0.7 per mille.
- (a) ~~N~~14,000.00
 (b) ~~N~~19,600.00
 (c) ~~N~~140,000.00
 (d) ~~N~~196,000.00
39. Flat premium is more applicable to ...
- (a) Employers' Liability Insurance
 (b) Stock Declaration policy
 (c) Motor Insurance
 (d) Theft Insurance
40. In relation to an employers' liability insurance policy, what is likely to form the premium base, to be used to establish the premium to be paid?
- (a) Sales Receipts
 (b) Sum Insured
 (c) Total Salary Bill
 (d) Turnover
41. In which policy is the certificate of insurance expected to be kept for 40 years after expiration?
- (a) Marine Insurance
 (b) Aviation Insurance
 (c) Directors and Officers Liability Insurance
 (d) Employers' Liability Insurance
42. The part of the policy that introduces the parties to the contract is the ...
- (a) recital clause
 (b) operative clause
 (c) exceptions
 (d) conditions
43. What is the main difference between a WAN and LAN?

- (a) WANs operate at faster speed than LANs
 (b) WANs operate across greater distances than LANs
 (c) WANs operate through the internet while LANs are stand alones
 (d) WANs operate as servers while LANs operate through a mainframe
44. A standard test for measuring performance is ...
 (a) benchmark
 (b) buffer
 (c) background
 (d) clock
45. Which of these is not found in the policy schedule?
 (a) insured's name
 (b) insurer's address
 (c) territorial limit
 (d) sum insured
46. The penalty for underinsurance is called ...
 (a) average
 (b) subrogation
 (c) arbitration
 (d) cancellation
47. A franchise is a policy term where ...
 (a) the insured always pays an agreed amount towards a claim
 (b) the insured never has to contribute towards a claim
 (c) the insurer pays the full value of any claim under an agreed amount
 (d) the insurer pays the full value of any claim which exceeds an agreed amount
48. An essential promise made by the insured relating to facts or performance concerning the risk is called ...
 (a) inner limit
 (b) representation
 (c) warranties
 (d) disclosure
49. A public liability policy contains a condition precedent to liability concerning precautions to be taken when using cutting torches. In the event of a claim for damage arising out of the use of cutting torches, if the insured has specifically failed to comply with this condition, then the insurer will normally ...
 (a) cancel the policy
 (b) offer part payment
 (c) settle and sue the insured for recovery
 (d) decline to admit liability on the claim

50. ... are used to define the extent of policy cover.
- (a) Policy Exclusions
 - (b) Policy Schedule
 - (c) Recital Clause
 - (d) Proposal Form
51. The document used in making an alteration in a policy is called ...
- (a) renewal notice
 - (b) endorsement
 - (c) proposal form
 - (d) cover note
52. The maximum number of days of grace granted in a standard insurance contract is ...
- (a) 5 days
 - (b) 15 days
 - (c) 30 days
 - (d) 50 days
53. In the event of a claim, the onus of proof is on the ...
- (a) broker
 - (b) insurer
 - (c) third party
 - (d) insured
54. The loss adjuster is an expert appointed by the ...
- (a) broker
 - (b) insurer
 - (c) third party
 - (d) insured
55. The fees of a loss assessor is paid by the ...
- (a) broker
 - (b) insurer
 - (c) third party
 - (d) insured
56. Which of these are corollaries of indemnity?
- (a) Contribution and insurable interest
 - (b) Proximate cause and subrogation
 - (c) Utmost good faith and indemnity
 - (d) Contribution and subrogation
57. Which of these options will the insured be indemnified with the option of "new for old" following a loss?
- (a) Cash Payment
 - (b) Repairs
 - (c) Restoration
 - (d) Reinstatement
58. The insured has many duties after an insured loss occurs in connection with property insurance. Which of these is not one of them?
- (a) At the insured's expense, provide all information and assistance to the insurer

- (b) Notify the insurer of the loss as soon as possible
 - (c) Remove all damaged property immediately
 - (d) Take reasonable steps to minimize the loss
59. Who is eligible to claim compensation from the Motor Insurer's Bureau?
- (a) Drivers who suffer injury due to mechanical fault of vehicles
 - (b) Owners of a maliciously damaged vehicle whose insurers become bankrupt
 - (c) Pedestrians injured by vehicles which fail to stop and are never traced
 - (d) Property owners whose private property is destroyed
60. Which of these is not a method of providing indemnity?
- (a) Cash payment
 - (b) Repairs
 - (c) Restoration
 - (d) Reinstatement

Answer True or False to the following questions from 61 to 100

61. It is legal to drive a vehicle on a public road without an insurance policy in force in

- respect of legal liability for injury to others and damage to their properties
62. In addition to the two exclusions that relate to third party liability, fire and theft, cover specifically does not exclude "loss of use"
63. The occupation of the proposer is the main rating factor for the personal accident element, but not for sickness in personal accident and sickness insurance.
64. The definition of building in household insurance excludes sheds, greenhouses and other outbuildings.
65. The valuables' limit means that the total value of articles of precious metals, jewelry or fur may be restricted to one-third of the total building's sum insured.
66. There is a standard market wording for travel insurance.
67. Packaged or combined insurances were introduced to cater for small business risks.
68. The Lloyd's standard fire policy cover explosion as a result of fire on the premises insured.
69. Sonic bangs relate to aircrafts.

70. Examples of exclusions which relate to aspects of cover that can sometimes be included in the policy, but only with careful underwriting are war, nuclear assemblies, marine risk, e.t.c..
71. Some perils may be insured on a first loss basis, whereby the insured requests cover up to an amount significantly less than the total value of property insured.
72. Collusion risk is not excluded in theft insurance.
73. Money insurance is on "all risks" basis, covering all risks of loss or destruction of or damage to money in different situations, each of which has a separate policy limit.
74. The definition of money under a standard money policy include postal orders.
75. For business interruption cover, indemnity is defined differently from the definition used in property insurance.
76. The legal expenses insurance section on criminal prosecution defence covers the cost of defending an action brought against the company, usually under Health and Safety at Work Legislation.
77. In the past, business interruption was also known as "lost time".
78. The employers liability policy also indemnifies the employees for losses which are "pure accidents" (i.e. not the result of negligence).
79. The term vicarious liability is used when the employer injures an employee.
80. The public liability insurance will among other things cover the damage to the employer's property.
81. Weedkillers and fertilizers may be insured under product liability insurance because they may damage crops if they are not applied properly.
82. If directors or officers are personally sued for breach of duty, the law does not permit them to be indemnified by their companies.
83. There are standard policy wordings for professional indemnity insurances contracts.
84. A global network is a network linking machines from one country to another.
85. The legal definition of "material fact" is contained

- within the Rehabilitation of Offenders Act 1974.
86. Physical hazard relates to the physical characteristics of the risks with measurable dimensions.
 87. A thatched roof for fire insurance is an example of a peril.
 88. Buildings of lightweight construction is an example of good physical hazard in theft insurance.
 89. Physical hazard relates to the human aspects that may influence the outcome of the risk.
 90. The proposal form is the most common mechanism by which the underwriter receives information regarding the risk to be insured.
 91. The risk specific questions are questions that relate to a particular class of insurance.
 92. Slip presentation carries full details of the risk in a recognized format and is often used in London Market placings.
 93. A good physical hazard is an aspect of the risk which is likely to reduce the likelihood of a loss.
 94. A property surveyor's report does not include the estimated maximum loss from an insured peril.
 95. A cover note is a permanent document issued as evidence that the insurance has been granted.
 96. An insurance policy is the contract of insurance.
 97. Common general exceptions in respect of property insurance include marine insurance.
 98. Common policy conditions include alteration clause.
 99. There are days of grace on motor insurance.
 100. A purpose of the claim form is to establish whether the insured is entitled to indemnity under the policy.

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

Chief Examiner's Summarized Statistics

Pass Rate: 64.80%

Highest Score: 92%

Lowest Score: 35%

Average Score: 72.66%

Breakdown Updates

The performance was above average with over 60% of the candidates passing the course, although the pass rate is below that of the previous examination. Most of the candidates made mistakes in question relating to Nigeria Industry related questions.

Chief Examiner's Comments on Overall Performance:

Fair performance and there is need for improvement if candidates should endeavor to work harder.

Chief Examiner's Suggestions on Improvement:

The candidates should study materials relating to Nigerian Practice alongside the coursebook. They should also avail themselves with opportunities to attend tutorial classes as well as preparing reading timetable for their personal studies.

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE
CF3 - INSURANCE UNDERWRITING PROCESS
OCTOBER 2019

LOGO

All answers are to be written on the answer booklet(s) supplied in accordance with the following instructions:

- ✚ Two hours are allowed for this paper.
- ✚ Fill in the information requested on the answer booklet and on form B.
- ✚ Handle the answer form with care do not write notes on it.
- ✚ Do not write on the question paper.
- ✚ The answer booklet should be handed over personally by you to the invigilator before you leave the Examination Hall. Failure to do this may result in your paper not being assessed and marked.
- ✚ Insert your candidates number as given on your admission permit and any other particulars required on the cover and flap of the answer booklet.
- ✚ Ensure that you write the full and correct candidate's number.
- ✚ No name should be written on any leaf of the book, or on any supplementary leaves that may be issued to the candidates.
- ✚ The answer to each question must be commenced on a separate page. Where, however, a question consists of two or more parts, this instruction does not apply to the separate parts.
- ✚ Write in the ruled margin the number and question attempted.
- ✚ Leave no blank pages among your answers.
- ✚ Where supplementary leaves are used, the candidate's number should be written in the space provided on them and fastened at the end of the book inside the cover.

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL)
WILL ATTRACT STATED SANCTIONS.**

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

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTION

The questions in this section are numbered and **four** options follow each question. The options are labelled a, b, c, d. Only **one** of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark. 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. Insurance, like every other industry goes, through a cycle. When profits are at a low ebb, what should be the natural reaction of the market?
 - (a) Lower Capacity
 - (b) Increase Capacity
 - (c) Increase Prices
 - (d) Increase Investment
2. Why are material facts important to insurers?
 - (a) They influence the insurer's judgement
 - (b) They are the sole basis of premium calculation
 - (c) Declaration of these facts makes the contract binding
 - (d) They determine what perils are covered
3. EML is relevant to which of this type of insurance policy?
 - (a) Public Liability
 - (b) Fire Insurance
 - (c) Goods-in-Transit
 - (d) All Risks
4. Which professional assists the underwriter to estimate the maximum probable loss?
 - (a) The Broker
 - (b) The Automobile Engineer
 - (c) The Accountant
 - (d) The Risk Surveyor
5. An insurance company is just venturing into a new business. The reinsurer does not know their competence in this area and wants to be cautious. Which treaty should they give to this direct underwriter?
 - (a) Surplus
 - (b) Quota
 - (c) Facultative
 - (d) Excess of Loss
6. An underwriting officer was describing his company's capacity for a particular line of business that they have a retention of ~~Nx~~ and 20lines treaty. Which type of reinsurance treaty would this be?
 - (a) Stop Loss
 - (b) Catastrophe Excess of Loss
 - (c) Surplus
 - (d) Quota Share
7. You are told that a reinsurance arrangement has a deductible of a certain amount and a treaty of two layers once the claim exceeds the deductible. Which treaty will this be?
 - (a) Excess of Loss
 - (b) Quota Share
 - (c) Stop Loss
 - (d) Surplus

8. An insurer is concerned about protecting its loss ratio for a particular class and does not want to pay out more than a specified proportion of its premium for that class. What type of treaty is the company looking for?

- (a) Quota Share
- (b) Excess of Loss
- (c) Surplus
- (d) Stop Loss

9. The amount of money required today to fund claim is called ...

- (a) Gross Premium
- (b) Return Premium
- (c) Additional Premium
- (d) Risk Premium

10. Contrasting Motor and Fire Claims in terms of severity and frequency, which of these is more accurate?

- (a) Motor has high severity while fire has low frequency and high severity
- (b) Motor has high frequency while Fire has low frequency and high severity
- (c) Both have high frequency
- (d) Both have high severity

11. ABC Insurance Limited closes its financial books by 31st December each year. It is a

reality that some losses had occurred in the last few days/weeks of the year which qualify as claims but were not known in the company as at the last working day of the year. What are these claims called?

- (a) Tail End Claims
- (b) Volatile Claims
- (c) Incurred But Not Reported Claims
- (d) Supplementary Claims

12. Latent claims take a long time to settle, running into years between the cause and eventual settlement. They are found in which class of insurance?

- (a) Fire
- (b) Pecuniary
- (c) Motor
- (d) Liability

13. When a common event gives rise to several claims at the same time, we can say we have a ...

- (a) catastrophe
- (b) confluence
- (c) pool
- (d) retrocession

14. Which of these costs cannot be said to be a variable cost?

- (a) Staff Costs
- (b) Underwriting Costs
- (c) Commission
- (d) Claim Handlers' Costs

15. The “risk capital requirement” is calculated by actuaries and is the proportion of total account premiums which must be set aside as free reserve. What are these reserves meant to take care of?

- (a) Commissions
- (b) Salaries
- (c) Claims
- (d) Statutory Fines

16. In the event of a dispute, who decides whether a fact is material or not?

- (a) The NIA
- (b) The Courts
- (c) The Ombudsman
- (d) The Proposer

17. The underwriting result of an insurance company takes into consideration all these items except one. Which one is it?

- (a) Premium Paid
- (b) Commission
- (c) Survey Fees
- (d) Investment Income

18. The insurer of last resort in cases of property damage or injury by an uninsured or untraced driver is ...

- (a) British Insurers Association
- (b) Motor Insurers Bureau
- (c) Accident Offices Committee

(d) Metropolitan Police

19. To whom does the duty of disclosure apply in contracts of insurance?

- (a) Proposer only
- (b) Insurer only
- (c) Insurer and Proposer
- (d) Stakeholders

20. How many levels of decision taking is in the information pyramid of an insurance company?

- (a) 3
- (b) 4
- (c) 5
- (d) 6

21. Which item of expense in an insurance company is referred to as the “principal cost of production”?

- (a) Premium
- (b) Commission
- (c) Reinsurance Premium
- (d) Claim

22. Research into industrial incidents have been captured by the Hienrich Triangle. Which type of injuries occupy the middle of the triangle?

- (a) Major Injuries
- (b) Minor Injuries
- (c) Off-Job Injuries
- (d) On-the-Job Injuries

23. Which loss ratio projects both gross and net claims net of reinsurance?

- (a) Ultimate Loss Ratio
 (b) Pure Loss Ratio
 (c) Actual Loss Ratio
 (d) Paid Loss Ratio
24. For a house valued at ₦120,000.00, the insurer sets a rate of 0.6%, what would the premium be?
- (a) ₦7.20
 (b) ₦72.00
 (c) ₦720.00
 (d) ₦7,200.00
25. Which monitoring period is suitable for addressing the performance of an individual policy?
- (a) Calendar Year
 (b) Underwriting Year
 (c) Accounting Year
 (d) Policy Year
26. Which of these is not a function of the underwriter?
- (a) Assess the risk that is introduced to the pool
 (b) Determine the terms, conditions, rates and scope of the cover
 (c) Calculate suitable premium
 (d) Seek the most profitable rates from banks for premium investment
27. In the underwriting considerations for Motor Insurance, which of these is not an important factor?
- (a) Type and make of car
 (b) Driver's car purchase agreement
 (c) Geographical area where the vehicle will be used
 (d) Driver's age
28. In a household insurance proposal, which of these will not come as an underwriting factor?
- (a) Size of the family residing in the building
 (b) Use to which the building is put
 (c) Materials used in the construction
 (d) Materials used for the roofing
29. In a travel insurance policy, which of these would you expect to be an exclusion?
- (a) Medical Expenses at Destination
 (b) Travel for holiday purpose
 (c) Pre-existing sickness
 (d) Theft of part of the luggage whilst in transit
30. In commercial fire and special perils insurance, which of these will not count as an underwriting factor?
- (a) Use to which premises are put to

- (b) Construction and Material
- (c) Method of heating and lighting
- (d) Number of generating sets providing energy alternative to public power supply
31. In theft insurance, all these factors except one are important as underwriting considerations.
- (a) Trade in which the insured engages
- (b) Claims paying ability of the insurer
- (c) Theft precautions/resistance in place
- (d) Moral hazard of the owner
32. Which of these is not a factor for consideration in the underwriting of Business Interruption Insurance?
- (a) Ability of the business to operate from another premises
- (b) Possibility of replacing machinery quickly
- (c) Theft precautions/resistance in place
- (d) Possibility of customers switching allegiance
33. For which class of insurance would the insurers analyse data to determine the likelihood of a product failure?
- (a) Erection All Risks
- (b) Public Liability Insurance
- (c) Professional Indemnity Insurance
- (d) Extended Warranty Insurance
34. Which of the following is not used to address the concern for insurance fraud and detection on an industry wide basis?
- (a) Motor Insurance Bureau
- (b) Art Loss Bureau
- (c) Motor Insurance Database
- (d) Claims and Underwriting Exchange
35. In which class of insurance are multi-lingual helpline facilities more appropriate to be provided?
- (a) Motor Insurance
- (b) Household Insurance
- (c) Travel Insurance
- (d) Glass Insurance
36. Which of these is not included in the calculation of combined operation ratio?
- (a) Loss/Cessions
- (b) Investment Returns
- (c) Expenses
- (d) Commissions
37. Apart from motor insurance, under which of these policies

- are "approved repairers" commonly used?
- (a) Money Insurance
(b) Erection All Risk
(c) Travel Insurance
(d) Household Insurance
38. The Risk Management process involves how many "steps"?
- (a) 2
(b) 3
(c) 4
(d) 5
39. Which professional in the insurance industry is used in the identification of risks?
- (a) Lloyd's Broker
(b) Loss Adjuster
(c) Risk Surveyor
(d) Loss Assessor
40. Insurance as a concept is found in which "step" of the risk management process?
- (a) Risk Identification
(b) Risk Analysis
(c) Risk Control
(d) Risk Evaluation
41. Where an insured is not to blame for an accident and he is not able to recoup all his losses under his own policy, which policy can be turned to for help to fund the cost of pursuing his rights against the negligent party and his/her insurer?
- (a) Extended Warranty
(b) Consequential Loss Policy
(c) Public Liability
(d) Legal Expenses Policy
42. The "standard fire policy" as initially issued consists of three basic perils, which does not include ...
- (a) flood
(b) fire
(c) lightning
(d) explosion
43. Which of the special perils cannot be attributable to disruption of nature?
- (a) Storm
(b) Explosion
(c) Earthquake
(d) Subsidence
44. The part of a policy that introduces the parties to the contract is the ...
- (a) heading
(b) schedule
(c) operative clause
(d) preamble
45. Following the realization that uncertainty of loss is not restricted to events brought about by fire and special perils and that losses may occur outside the insured premises; a new policy was brought into being to capture all the risks under one policy. Which policy would this be?

- (a) Goods-in-Transit Insurance
 (b) Consequential Loss Insurance
 (c) All Risks Insurance
 (d) Theft Insurance
46. Which of these will qualify as "theft" under a typical theft insurance policy?
- (a) Theft accompanied by threat of gun and dangerous weapons
 (b) Theft in a building in which the doors were left unlocked
 (c) Theft in which a duplicate key was used to gain entrance
 (d) Theft in which the thief came in as a visitor but dodged inside until all staff had left
47. ... is the first amount of each and every claim for which the insured is responsible.
- (a) Cession
 (b) Excess
 (c) Franchise
 (d) Retrocession
48. Which of these will you not add as an insured item under a loss of profit insurance?
- (a) Auditors' Fees
 (b) Wages
 (c) Gross Profit
 (d) Stock of Raw Materials
49. The indemnity period in a Business interruption policy refers to ...
- (a) the period of time between the claim notification and issuance of discharge voucher
 (b) the maximum time the income of the business would be affected after an insured loss
 (c) the time it takes to be able to replace a vital machinery
 (d) the maximum time it will take the loss adjuster to submit a final report
50. What item is not taken into consideration as a constituent of gross profit in business interruption insurance?
- (a) Variable Costs
 (b) Turnover
 (c) Specified Working Expenses
 (d) Closing Stock
51. The policy that will pay the disablement benefit for a sick person is ...
- (a) personal accident insurance
 (b) medical expenses insurance
 (c) sickness insurance
 (d) employers' liability insurance

52. Bolaji was walking into the entrance of a building owned by DEF Limited when a window pane broke away from a top floor hitting and injuring him. Which policy will the claim be lodged by the insured upon receiving a notice of claim from Bolaji?
- Fire and Material Damage
 - Public Liability
 - Contractors All Risk
 - Professional Indemnity
53. An employee who was operating a machine was injured as a result of the fact that the team that coupled the machine back after cleaning (based on the supervisor's instructions) forgot to put back the guard of the machine. Which policy will compensate the employee for his loss?
- Erection all Risk Insurance
 - Product Liability Insurance
 - Employers' Liability Insurance
 - Extended Warranties Insurance
54. Ahmed bought a big size of a specially produced and well-advertised medication. After using it as prescribed, it did not cure the ailment as advertised. He is furious and wants to take his money back. Which of these policies will indemnify?
- Products Liability
 - Professional Indemnity
 - Public Liability
 - None of the above
55. In which liability policy can the court make award for pure financial loss?
- Employers' Liability
 - Public Liability
 - Product Liability
 - Professional Indemnity
56. What insurance policy will extend the period of guarantee for free repairs of mechanical and electrical goods?
- Extended Warranties Insurance
 - Products Liability insurance
 - All Risks Insurance
 - Contractor All Risks Insurance
57. Which of these motor insurance covers gives the least in terms of scope of benefits?
- Road Traffic Act only
 - Third Party only
 - Third Party, Fire and Theft
 - Comprehensive
58. While a couple were inside a restaurant for lunch, thieves

- broke into their locked insured car, making away with it. However, the following day, the police recovered the car with noticeable body damage. Which scope of motor insurance policy will take care of the repair costs for the insured?
- (a) Comprehensive and Third Party
 (b) Road Traffic Act
 (c) Third Party, Fire and Theft and Comprehensive
 (d) Road Traffic Act and Comprehensive
59. Which of these is not an exclusion in a comprehensive motor insurance cover?
- (a) Wear and tear
 (b) Damage following attempted theft
 (c) Loss of use
 (d) Tyre damage from blow out
60. Which of these is not an "all risk" insurance?
- (a) Money and Credit Cards Insurances
 (b) Fire and Special Perils
 (c) Bicycle Insurance
 (d) Small Craft Insurance
61. There are various optional extension available at additional premium in commercial vehicle insurance.
- One of these is not optional cover but can be said to be a main cover?
- (a) Loading/unloading risks for injury/damage to third persons
 (b) Medical Expenses
 (c) Loss of use
 (d) Sheets/Ropes which mainly will be tarpaulins
62. Where an insurer is willing to accommodate a "mini-fleet" policy arrangement, there is a minimum number of vehicles that is considered. What would this number be?
- (a) 9
 (b) 7
 (c) 5
 (d) 3
63. Which of these is not a standard exclusion under personal accident or sickness insurance?
- (a) Death from Road Accident
 (b) Self-Inflicted Injury
 (c) Childbirth/Pregnancy
 (d) Being under the influence of alcohol
64. Most general insurances are for a period of one year and then renewable. Which of these policies is an exception?
- (a) Business Interruption

- (b) Theft
(c) Contractors All Risks
(d) Professional Indemnity
65. Days of grace is a courtesy gesture that allows the insured to renew the policy within some days after a policy has expired. Which of these policies does days of grace not apply?
- (a) Fire and Special Peril Insurance
(b) Motor Insurance
(c) Fidelity Guarantee Insurance
(d) "All Risks" Insurance
66. The section of the policy document where the actual cover provided by the policy is stated is the ...
- (a) heading
(b) preamble
(c) conditions
(d) operative clause
67. Under which section of the policy will you find "definitions" and "complaints procedure"?
- (a) Information and Facilities
(b) Policy Schedule
(c) Exceptions
(d) Heading
68. The part of the policy where information relating to a particular insured is found is the ...
- (a) conditions
(b) operative clause
(c) policy schedule
(d) preamble
69. Which of the following is not classified as an implied condition in an insurance contract?
- (a) Utmost Good Faith
(b) Change in the business
(c) Insurable Interest
(d) Duty to act as if uninsured
70. The principle that supports indemnity which ensures that if there is more than one policy similarly liable to the same insured for the same loss, the policies must combine to pay an indemnity is ...
- (a) average
(b) subrogation
(c) arbitration
(d) contribution
71. The condition that has the effect of reducing claims payment in property insurance when the sum insured is less than the value of the property is ...
- (a) average
(b) contribution
(c) subrogation
(d) arbitration

72. Written or oral statements made during the stage of negotiation for a contract is ...
- (a) warranty
 - (b) affirmation
 - (c) declaration
 - (d) representation
73. Disclosure of material facts is so essential in insurance but there are some facts that the insured need not disclose. Which of these is a fact that need to be disclosed?
- (a) Facts of law
 - (b) Two sizeable claims that occurred in the last one year
 - (c) Spent conviction
 - (d) Fact that the insured did not know
74. All but one of these are means of conveying material facts to the insurer.
- (a) Proposal Form
 - (b) Brokers' Slip
 - (c) Policy Document
 - (d) Supplementary Questionnaire
75. Out of all these policies, which of them would most likely involve adjustable premium?
- (a) All Risks Insurance
 - (b) Motor Insurance
 - (c) Employers' Liability
 - (d) Travel Insurance

CF3 - INSURANCE UNDERWRITING PROCESS

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

Chief Examiner's Summarized Statistics

Pass Rate: 64.09%

Highest Score: 95%

Lowest Score: 31%

Average Score: 73.76%

Breakdown Updates

The performance was not encouraging. The candidates should apply themselves much more to adequate preparation on the course.

Chief Examiner's Comments on Overall Performance:

The performance was fair.

Chief Examiner's Suggestions on Improvement:

Candidates are advised to study their textbook and commence preparation for the examination early.

CF4

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE
CF4 - INSURANCE CLAIMS HANDLING PROCESS
OCTOBER 2019

LOGO

All answers are to be written on the answer booklet(s) supplied in accordance with the following instructions:

- ✚ Two hours are allowed for this paper.
- ✚ Fill in the information requested on the answer booklet and on form B.
- ✚ Handle the answer form with care do not write notes on it.
- ✚ Do not write on the question paper.
- ✚ The answer booklet should be handed over personally by you to the invigilator before you leave the Examination Hall. Failure to do this may result in your paper not being assessed and marked.
- ✚ Insert your candidates number as given on your admission permit and any other particulars required on the cover and flap of the answer booklet.
- ✚ Ensure that you write the full and correct candidate's number.
- ✚ No name should be written on any leaf of the book, or on any supplementary leaves that may be issued to the candidates.
- ✚ The answer to each question must be commenced on a separate page. Where, however, a question consists of two or more parts, this instruction does not apply to the separate parts.
- ✚ Write in the ruled margin the number and question attempted.
- ✚ Leave no blank pages among your answers.
- ✚ Where supplementary leaves are used, the candidate's number should be written in the space provided on them and fastened at the end of the book inside the cover.

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL)
WILL ATTRACT STATED SANCTIONS.**

CHARTERED INSURANCE INSTITUTE OF NIGERIA
CERTIFICATE IN INSURANCE
CF4 - INSURANCE CLAIMS HANDLING PROCESS

INSTRUCTIONS TO CANDIDATES

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

The questions in this question paper are numbered and four options follow each question. The options are labelled a, b, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark. You will find that there is space for 100 responses on the front of the answer for. 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. The underwriting, administration and accounts departments are all very important in any insurance company but which department is seen as the "shop window" of an insurance company?
 - (a) Information Technology
 - (b) Investment
 - (c) Claims
 - (d) Audit
2. Which is the odd one out of the following?
 - (a) Solicitor
 - (b) Policyholder
 - (c) Insured
 - (d) Claimant
3. Mr. Kolawole had a lost phone which was insured under the "all risks" section of his household policy. The insurer in making an offer indicated that they were going to deduct 10% as the insured has used the phone for almost two years and that they would not pay the whole sum insured. Which principle was the insurer upholding?
 - (a) Average
 - (b) Indemnity
 - (c) Insurable Interest
 - (d) Proximate Cause
4. Which of these is not a duty of the insured?
 - (a) Appointment of an Adjuster
 - (b) Notification of the loss incident
 - (c) Proving the perils that brought about the loss
 - (d) Provision of supporting documents to quantify the loss
5. Which of these would not be the duty of the insurer at the time of a claim?
 - (a) Ensure that cover was in force at the time of loss
 - (b) Confirm that the subject matter of insurance is the same as that insured
 - (c) That the peril bringing about the loss was covered
 - (d) Preparation of the statement of claim and supporting documents
6. Under which of these situations will an insurer not be justified in refusing to pay a claim?
 - (a) A warranty was breached by the insured
 - (b) The loss preceded the period of insurance

- (c) Premium payment was made by installments
- (d) The peril bringing about the loss is an excepted peril
7. Conditions attaching to a policy can be classified into three. Which conditions deal with matters of utmost good faith?
- (a) Conditions precedent to the contract
- (b) Conditions subsequent to the contract
- (c) Conditions precedent to liability
- (d) None of the above
8. Insured are entitled to have their claims totally met. In some situations, the claim will however be partially met. Which of these will the insurer give a full indemnity as opposed to a partial indemnity?
- (a) Where average applies
- (b) Where there is an excess or deductible
- (c) Where there is a limit per article/item
- (d) Where there is new for old clause
9. The insured has some duties that are not reflected on the policy document as they are imposed by common law. Which of these will not be one of them?
- (a) Insured should act as if uninsured
- (b) Prompt notification to the insurer
- (c) Insured is expected to advise the appropriate authorities in the event of a loss
- (d) Insured must not impede the insurer in the investigation of the claim
10. One of these is not part of the "express duties" in the process of claims under a policy?
- (a) Prompt notification
- (b) Proof of loss to be given in writing
- (c) Documentation of claim to support quantum
- (d) Insured to take all reasonable steps to minimize the loss
11. The claim form is a very vital document and usually will perform all but one of these functions.
- (a) Serve as the basis of the contract
- (b) Establish if the insured is entitled to an indemnity
- (c) Enable the insurer to make an assessment of potential liability
- (d) Allow the insured to consider if there are

- potential recovery rights
12. The principle of insurance which examines the relationship between the peril and the causation of loss is ...
- (a) Subrogation
 (b) Consensus ad Idem
 (c) Proximate Cause
 (d) Insurable Interest
13. Perils can be generally classed into three for any type of insurance policy. When a peril is neither named nor excluded, into what class does it fall into?
- (a) Neutral Peril
 (b) Uninsured Peril
 (c) Boundary Peril
 (d) Periphery Peril
14. What is the key ingredient that must be proved to succeed under any type of liability policy?
- (a) Strict Liability
 (b) Contract
 (c) Negligence
 (d) Misrepresentation
15. The Road Traffic Act Only Cover in Motor Insurance is the most restrictive. What is the quantum of bodily injury or death benefit offered under it?
- (a) N500,000.00
- (b) N1,000,000.00
 (c) Not more than N1,000,000.00
 (d) Unlimited but reasonable
16. The "driving other vehicles" extension is available in all except one of this levels of motor cover?
- (a) Comprehensive
 (b) Third Party, Fire and Theft
 (c) Third Party Only
 (d) Road Traffic Act Only
17. Which of the levels of motor cover complies with the EU directives for motor insurance policies issued in the EU?
- (a) All the levels of motor insurance covers
 (b) All the levels of motor insurance covers except RTA only
 (c) Only comprehensive motor insurance only
 (d) Only comprehensive and third party, fire and theft
18. For Nigerian Motorists who wish to move by road transport across the West African region, which document are they required to carry on their vehicle?
- (a) Cover Note
 (b) Yellow Card Certificate
 (c) Brown Card

- (d) Route Card
19. The comprehensive level of motor cover is the widest available cover but still subject to some exceptions. Which of these is not one of the exceptions?
- (a) Wear and tear
 - (b) Malicious damage
 - (c) Depreciation
 - (d) Tyre damage from punctures
20. The reserves covering claims that have been incurred but not yet reported is called ...
- (a) incurred but not reported reserve
 - (b) premium earned reserve
 - (c) outstanding claim reserve
 - (d) incurred but not enough reported reserve
21. The policy format and cover for private motor and motorcycle are basically the same except for coverage on ...
- (a) theft of accessories and some parts
 - (b) theft of the subject matter
 - (c) third party cover
 - (d) Road Traffic Act cover
22. Mr. Ali owns a shop where he sells across-the-counter

medications and provisions. He bought a vehicle with two components that can accommodate his family but also with a wide space at the back for carrying the goods he buys from the market or delivery to his own customers. Under which class will the insurers classify this in terms of use?

- (a) Vehicle of special construction
 - (b) Personal car
 - (c) Goods carrying vehicles
 - (d) Passenger carrying vehicles
23. When a group of 10 or more vehicles under a single ownership are rated by their own experience, this is called ...
- (a) plurality rating
 - (b) fleet rating
 - (c) individual rating
 - (d) exclusive rating
24. A situation in which two or more named insureds are treated as separate policyholders if one has a claim against the other is referred to as ...
- (a) contingent liability
 - (b) fleet liability
 - (c) double liability
 - (d) cross liability

25. Which annual report shows the financial position of the company at year end?
- The Bordereau
 - The Balance Sheet
 - The Profit and Loss Account
 - The Premium Register
26. In which policy is franchise used rather than excess?
- Sickness Insurance
 - Personal Accident
 - Personal Liability
 - Product Liability
27. Under the Limitation Act 1980, when do injury claims become statute-barred?
- 2 years
 - 3 years
 - 6 years
 - 7 years
28. Which of these will not be taken as part of the building in a household insurance policy?
- Swimming Pool
 - Tennis Court
 - Outbuildings
 - None of the above
29. Unless changed on request by an insured, what is the standard single article limit under the "contents" section of a household policy?
- 3%
 - 5%
 - 7.5%
 - 10%
30. Where not stated or specifically declared, what proportion of the sum insured will "valuables" be assumed to be?
- One-tenth
 - One-quarter
 - One-third
 - One-fifth
31. Mr. George took two months accumulated leave to go visit his son who resides in the United States for the last four years. Three weeks into his stay, he suddenly falls ill and requires medical treatment. Which insurance cover can he rely on?
- Employer's Liability
 - Travel Insurance
 - All Risks Insurance
 - Personal Accident
32. Which of these is not a special peril under a fire and allied peril policy?
- Lightening
 - Impact
 - Earthquake
 - Malicious Damage
33. Which of these perils cannot be attributable to disturbance of nature?

- (a) Subsidence
 (b) Storm
 (c) Sprinkler Leakage
 (d) Earthquake
34. All these perils except one are included in the "standard fire policy".
- (a) Riot, Strike and Civil Commotion
 (b) Lightning
 (c) Fire
 (d) Explosion (restricted to boilers/gas used for domestic purposes)
35. Which of these is not a standard market exclusion?
- (a) War Risks
 (b) Radioactive Contamination
 (c) Pollution/Contamination
 (d) Impact by vehicles or animals
36. Claims handlers in the discharge of their duties do sometimes, accept claims which are valid and/or on the quantum of settlement do make overpayments. This potential overpayment is referred to in insurance as ...
- (a) overpayment
 (b) leakage
 (c) dash
 (d) top-up
37. The responsibility of the claims manager is very key and as such (s)he must delegate so as to concentrate on important key performances areas such as below with the exception of one.
- (a) Areas requiring high level of technical skills
 (b) Assignments requiring high level of sensitivity
 (c) Duties where deep experience is required especially litigation
 (d) Assignment requiring competence in financial issues
38. What is the basic difference between "theft" under the Theft Act 1968 and "theft" under a policy of insurance?
- (a) Dishonesty
 (b) Intention
 (c) Permanent Deprivation
 (d) Violence
39. Which of these will you consider as a disadvantage of outsourcing?
- (a) Cost savings can be tangible
 (b) Concentration on core activities
 (c) Loss of control because of dependence on provider
 (d) May open access to a wider skill base
40. In "first loss", the insured is allowed to insure for an

- amount less than the value at risk. In which class of insurance is this normally encountered?
- (a) Burglary
(b) Business Interruption
(c) Fidelity Guarantee
(d) Extended Warranty
41. GoodLife Limited have just put up a modern building with large areas of decorated windows in the entire ground floor with an equally large glazed partitions. Which policy outside fire would you recommend to the company for adequate coverage?
- (a) Money
(b) Extended Warranty
(c) Glass
(d) Product Liability
42. The definition of "money" under a money insurance policy is very wide. Which of these is not included?
- (a) Cash
(b) Cheques
(c) Postage Stamps
(d) Lottery Ticket
43. Legal Expenses Insurance is taken out by firms to take action or defend legal actions brought against them. It can also be taken up by individuals and is usually sold alongside which of these personal policies?
- (a) Motor Insurance
(b) Money Insurance
(c) All Risks Insurance
(d) Personal Accident
44. How many sections has a standard legal expenses insurance?
- (a) 7
(b) 5
(c) 6
(d) 4
45. What is the basis of the sum insured under a business interruption policy called?
- (a) Working Expenses
(b) Gross Profit
(c) Variable Cost
(d) Standing Charges
46. In a business interruption policy, the material damage warranty refers to the existence of a ...
- (a) burglary policy
(b) group personal accident policy
(c) product liability policy
(d) fire and special perils policy
47. Which of these person is not covered under an employers' liability policy?
- (a) A person under a contract for service

- (b) A person under a contract of service
- (c) A person under apprenticeship
- (d) A person under work experience programme
48. Madam Smile a businesswoman had gone to Fine Products Limited for a business meeting and slipped. Which insurance policy of the company will pay this liability claim?
- (a) Product Liability
- (b) Professional Indemnity
- (c) Public Liability
- (d) Legal Expenses
49. Which of these is not part of the roles been played by claims personnel?
- (a) To estimate accurately the final cost of outstanding claims
- (b) Be able to distinguish between real and fraudulent claims
- (c) Decide which risk is to be accepted by the company
- (d) Ensure settlement of claims with minimum leakage
50. What are the benefits of a company providing quality customer service?
- (a) It encourages customer loyalty
- (b) It attracts new customers
- (c) It distinguishes the company from its competitors
- (d) All of the above
51. A contract of insurance is normally between two parties. Who then is a third party in an insurance claim scenario?
- (a) Loss Adjuster
- (b) The Solicitor
- (c) A person who is a victim of the loss incidence
- (d) A person who help to purchase the insurance
52. The claim reserve if a company is a key indicator of the company's ...
- (a) age
- (b) solvency
- (c) staff strength
- (d) technical manpower count
53. Which regulatory body monitors the insurance companies' reserves in Nigeria?
- (a) Financial Services Authority
- (b) National Insurance Commission
- (c) Nigerian Insurers Association

- (d) Claims and Underwriting Exchange (CUE)
54. The strategy for the management of claims will be worked out at the company management level but its day-to-day operations will be the responsibility of ...
- (a) the chief executive
 (b) the IT manager
 (c) the audit manager
 (d) the claim manager
55. Reserves covering the whole of the book of business of the insurance company is called ... reserve
- (a) aggregate claims
 (b) gross claims
 (c) total claims
 (d) global claims
56. When a company is using skilled resources from outside the company to handle work traditionally done by in-house staff, it is said to be ...
- (a) delegating
 (b) franchising
 (c) outsourcing
 (d) cloning
57. Fraud is being attached at the industry level through technology in the sharing of information databases. Which database is used to check on total loss and theft on vehicle insurance?
- (a) Amalgamated Motor Data Pool
 (b) Motor Insurance Anti-Fraud Theft Register
 (c) Claims and Underwriting Exchange
 (d) Financial Services Authority
58. This database was set up to eliminate multiple claims on parallel policies held by a single insured and makes use of information on personal lines claims over a period of three years. Which database would this be?
- (a) Motor Insurance Database
 (b) Motor Insurance Bureau
 (c) Metropolitan Police Bureau
 (d) Claims and Underwriting Exchange
59. Alternative dispute resolution in which an expert in a particular area is brought in by the parties to adjudicate is known as ...
- (a) conciliation
 (b) articulation
 (c) mediation
 (d) adjustment

60. An alternative dispute resolution where a person is appointed to look into the position of each party and facilitate an understanding is a ...
- (a) conciliation
 - (b) articulation
 - (c) mediation
 - (d) adjustment
61. The financial ombudsman service is a scheme that operates to settle disputes without going to court. The following are true on the scheme except ...
- (a) it deals with disputes where the insured is a private individual
 - (b) it adjudicates disputes where the maximum award is £100,000.00
 - (c) it is only the insurer that is bound by its decision
 - (d) it is open to large corporate bodies who wishes to save on legal costs
62. When there is a dispute between a claimant and an insurer as to quantum liability having been accepted by the insurer, which option do most policies insert for resolution?
- (a) Litigation
 - (b) Arbitration
 - (c) Reconciliation
 - (d) Conciliation
63. the ABI Statement of General Insurance Practice is to ensure that the Industry offers high standard of customer service. Which of these is not correct about its guidelines?
- (a) It has wide applications to both personal and commercial contracts
 - (b) Non-disclosure of material facts which the policyholder could not be reasonably expected to have disclosed should not be a basis for claim repudiation
 - (c) A claim should not be turned down on the basis of a breach of a warranty not related to the loss circumstances
 - (d) Once liability has been accepted by the insurer, payment should be made as soon as possible
64. Mr. Ayo while driving on his way to work was waiting for a pedestrian to cross the road when a vehicle driven by Mr. Ade hit him from the rear denting very badly the back bumper. Mr. Ola's headlights were also damaged in the process and both motorists hold third party only covers. From this,

- (a) Each of them should go their separate ways
- (b) The two have damaged vehicles, so each person should repair his own vehicle
- (c) Mr. Ayo should report the claim to his insurer and seek repairs
- (d) Mr. Ola's insurers would take up repairs to Mr. Ayo's vehicle and not Mr. Ola's own vehicle
65. The right of an insurer to recover the cost of claim from a third party that had caused the loss is ...
- (a) average
- (b) subrogation
- (c) proximate cause
- (d) contribution
66. Ukuku was going out in his car when he noticed unusual heat coming from his bonnet. He stopped and opened it only to discover that the engine compartment was on fire. It was put out with his fire extinguisher and those of two other motorists who came to his assistance although the damage from the fire was extensive. Which level of motor cover will pick up this claim?
- (a) Third Party, Fire and Theft alone
- (b) Comprehensive Policy alone
- (c) Third Party, Fire and Theft
- (d) Comprehensive and Third Party, Fire and Theft
67. Matilda holds a personal accident policy. In the course of a journey, he suffered a serious accident in which one of his legs was amputated. How would his benefits be calculated?
- (a) The benefit is a capital sum already inserted in the policy
- (b) The financial state he was would be considered
- (c) His earnings package will be used as basis of settlement
- (d) The medial team will determine the loss value
68. Which of these is not a disadvantage of IT usage?
- (a) There could be an advance cash flow
- (b) Improved service will increase customer retention
- (c) Non-standard bigger/complex claims may not fit in
- (d) It may bring about less technical thoroughness
69. An effective IT claims system must have the following capabilities except ...

- (a) process large amount of data
 (b) process data slowly
 (c) process data accurately
 (d) identify data that is false in origin
70. Why would an insurance company ask a claimant under a personal accident claim to go for medical examination?
 (a) To take photographs for documentation purposes
 (b) To establish that it was the insurers that is taking the benefit
 (c) To confirm information supplied by the Broker
 (d) To confirm the degree of disability and the appropriate benefit
71. In the consideration of a household claim, which of these claims would you settle on "new for old" basis?
 (a) Furniture
 (b) Curtain
 (c) Towel
 (d) Clothing
72. The stage at which data is grouped to maintain statistical credibility and put together data of the same nature is ...
 (a) checking data integrity
 (b) collating historical data
 (c) projection of claims
 (d) dispersion of claims
73. In theft claims, which document will insurers require as a vital evidence of occurrence of the loss?
 (a) Fire Brigade Attendance Report
 (b) Police Report
 (c) Schedule of Items
 (d) Official Receipts of Purchase
74. The insurer on a business interruption policy is said to be able to "participate" in the claim. In which way is this done?
 (a) Help the insured to complete the claim form
 (b) Assist the insured to scout for building contractors
 (c) Appoint an administrator to manage the insured's business
 (d) Make effective representation to minimize the loss
75. In consideration of personal injury claims, damages will be paid to the claimant under two headings. Which of these payment terms will not come under "general damages"?
 (a) Loss of Future Earnings
 (b) Pain and Suffering
 (c) Dependant's Future Costs
 (d) Medical Expenses Incurred

CF4 - INSURANCE CLAIMS HANDLING

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

Chief Examiner's Summarized Statistics

Pass Rate: 28%

Highest Score: 87%

Lowest Score: 39%

Average Score: 63.94%

Breakdown Updates

The candidates performed very woefully.

Chief Examiner's Comments on Overall Performance:

The performance was very woeful. The candidates need to prepare better.

Chief Examiner's Suggestions on Improvement:

The candidates should study the coursebook and other related/regulatory materials and should also understand the questions well before attempting to answer them.

CF5

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE
CF5 - MOTOR INSURANCE PRODUCTS
OCTOBER 2019



All answers are to be written on the answer booklet(s) supplied in accordance with the following instructions:

- ✚ Two hours are allowed for this paper.
- ✚ Fill in the information requested on the answer booklet and on form B.
- ✚ Handle the answer form with care do not write notes on it.
- ✚ Do not write on the question paper.
- ✚ The answer booklet should be handed over personally by you to the invigilator before you leave the Examination Hall. Failure to do this may result in your paper not being assessed and marked.
- ✚ Insert your candidates number as given on your admission permit and any other particulars required on the cover and flap of the answer booklet.
- ✚ Ensure that you write the full and correct candidate's number.
- ✚ No name should be written on any leaf of the book, or on any supplementary leaves that may be issued to the candidates.
- ✚ The answer to each question must be commenced on a separate page. Where, however, a question consists of two or more parts, this instruction does not apply to the separate parts.
- ✚ Write in the ruled margin the number and question attempted.
- ✚ Leave no blank pages among your answers.
- ✚ Where supplementary leaves are used, the candidate's number should be written in the space provided on them and fastened at the end of the book inside the cover.

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL)
WILL ATTRACT STATED SANCTIONS.**

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 labelled a, b, c, d. Only **one** of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark. 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. In fleet rating, there are three classifications as shown below except ...
 - (a) small fleet
 - (b) medium fleet
 - (c) large fleet
 - (d) great fleet
2. A driver who have served a penalty for a motoring offence would be deemed rehabilitated after ...
 - (a) three years
 - (b) four years
 - (c) five years
 - (d) six years
3. How many parts, for ease of application, does the Road Traffic Act 1988 have?
 - (a) 10 parts
 - (b) 2 parts
 - (c) 7 parts
 - (d) 20 parts
4. In a range "D" salvage classification, the form of damage to a vehicle is ...
 - (a) beyond repair
 - (b) a write off
 - (c) a minor damage that can safely be repaired
 - (d) a major damage but still repairable
5. What does MIB stand for in Motor Insurance?
 - (a) Micro Insurance Business
 - (b) Motor Insurance Board
 - (c) Motor Investigation Board
 - (d) Motor Insurers Bureau
6. Section 165 of the RTA 1988 gave authority to who to demand for motor certificate of insurance?
 - (a) Federal Road Corpers
 - (b) The Soldier
 - (c) The Police
 - (d) The Civil Defence Corps
7. International Motor Certificate of Insurance to use a vehicle outside the United Kingdom is called ...
 - (a) black card
 - (b) green card
 - (c) white card
 - (d) permit
8. Who would have the authority to recommend a repair following a claim on a motor policy?
 - (a) Broker
 - (b) Hire Purchase Company
 - (c) Insured
 - (d) Insurer

9. ... is the minimum age to obtain a driver's license to drive other motor vehicles which are not tractors, small passenger vehicles or small goods vehicles.
- (a) Age 21
 - (b) Age 30
 - (c) Age 35
 - (d) Age 40
10. What is the least age to qualify to drive agricultural tractors?
- (a) 40 years
 - (b) 30 years
 - (c) 25 years
 - (d) 17 years
11. Section 147 of the RTA deals with "issue and ..." of certificate of insurance.
- (a) surrender
 - (b) validity
 - (c) recognition
 - (d) cancellation
12. The steps taken by an insured to protect a vehicle from further damage or additional loss is in line with policy condition known as ...
- (a) subrogation
 - (b) contribution
 - (c) stop loss clause
 - (d) reasonable precaution clause
13. In commercial vehicle risk assessment, what is the effect of the "type and size" of vehicle?
- (a) It increases premium
 - (b) It reduces the smaller vehicles on the road
 - (c) The bigger the size, the higher the cost of repair
 - (d) It has no effect whatsoever
14. Which of the options below is not an exclusion in the standard motor policy?
- (a) Wear and Tear
 - (b) Consequential Loss
 - (c) Aerial or Sonic Bang
 - (d) Legal Fees and Expenses
15. If it will cost a sum of ₦1,750,000.00 to repair a vehicle valued at ₦2,200,000.00, what would a motor insurance engineer do?
- (a) declare the vehicle an insurance write-off
 - (b) process the claim as usual
 - (c) advice the insured to take the vehicle off-the-road
 - (d) escalate the claim to the management team
16. An accident claim form is required to be completed by claimants for the claim processor to mainly ...

- (a) promptly settle the claim
 (b) establish the extent of damage
 (c) carry out discreet investigation
 (d) determine the validity of the claim
17. At the point the pricing of motor insurance product gets to a level for profit to be generated, the market is referred to as a ...
- (a) hard market
 (b) free market
 (c) tough market
 (d) rough market
18. A "New Car Benefit" option would come up when in motor insurance claim the repair cost is ...
- (a) above 60% of manufacturer price list
 (b) below 80% of sum insured
 (c) above 90% of sum insured
 (d) not economical viable to repair
19. The expression that says "after a loss, the insured is put back in the same financial position (s)he enjoyed prior to the loss" is represented by the insurance principle called ...
- (a) utmost good faith
 (b) indemnity
 (c) arbitration
 (d) all of the above
20. ... is given the official duty to randomly check vehicles previously treated as insurance write-offs.
- (a) DVLA
 (b) VIO
 (c) Motor Engineers
 (d) Independent Assessors
21. When a claim has been fully settled on a vehicle, who usually retains the salvage?
- (a) The policyholder
 (b) The claimant
 (c) The garage
 (d) The insurer
22. The essence of Green Card, Brown Card or International Insurance Certificate (Motor) is firstly to ...
- (a) permit to use a motor vehicle in another country
 (b) secure full insurance outside home country
 (c) drive without harassment
 (d) satisfy one's conscience
23. Whose duty among the under listed is it to sign off "final invoice" or "negotiated estimate" after discussion?
- (a) The insured

- (b) The repairer
(c) The insurer's engineer
(d) Anyone that is available
24. Which of the options below is not to be treated as additional benefit in private car?
- (a) Personal Accident
(b) Medical Expenses
(c) Legal Expenses (uninsured loss recovery)
(d) Third party property damage increase in limit
25. If a motorist on demand cannot produce a motor insurance certificate, this must be produced within what time there-after?
- (a) 7 days
(b) 5 days
(c) 3 days
(d) 24 hours
26. A cover note is expected to be effective for a maximum period of ... days.
- (a) 10
(b) 15
(c) 7
(d) 30
27. Which of the bodies handle cases of "hit and run" and the subsequent claims?
- (a) NAICOM
- (b) NIA
(c) MIB
(d) VBRA
28. 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
29. In an arbitration decision, if a policyholder is awarded a sum of ₦650,000.00 against a proposed offer of ₦500,000.00 earlier made by the insurer. What would happen?
- (a) The ₦650,000.00 is binding on both the insurer and the insured
(b) The ₦650,000.00 is binding on only the insured
(c) The ₦650,000.00 is binding on only the insurer
(d) The ₦650,000.00 is still negotiable by either party
30. The main role of a motor engineer appointed by the insurer is to ...
- (a) determine who is responsible and liable for any damage to the vehicle

- (b) ensure the terms and conditions of the policy have been met
- (c) inspect and assess the damaged vehicle prior to authorizing a claim
- (d) repair the damaged vehicle under the terms of the policy
31. One of these is not a motor insurance product?
- (a) General Cartage
- (b) Motorcycle/Moped
- (c) Private Motor
- (d) Plant at Site Insurance
32. In what year was MIB established?
- (a) 1946
- (b) 1996
- (c) 1998
- (d) 2000
33. Mr. Prudence had some of his car accessories kept in his secured garage and these items were stolen when thieves burgled his house. Are the stolen accessories covered under his standard comprehensive motor insurance policy?
- (a) Yes, since it is comprehensive
- (b) No
- (c) Probably
- (d) Yes, subject to policy limits
34. What is the alternative provided by RTA 1988 if a person does not want to use insurance option to cover his legal liabilities on use of motor vehicles on the road?
- (a) Buy cover from a captive insurance
- (b) Float an account with the State Bank and deposit an agreed minimum amount
- (c) Apply from exemption from the Regulator
- (d) Deposit a prescribed sum of sum of money with the Accountant General at the Supreme Court
35. ... is the evidence of the contract in motor insurance.
- (a) Proposal Form
- (b) Cover Note
- (c) Certificate of Insurance
- (d) Policy Document
36. Which of these is not a principle of insurance?
- (a) Indemnity
- (b) Contribution
- (c) Insurance Interest
- (d) Indemnity
37. The statutory notification to advise government office that a vehicle is a write-off is done through form ...
- (a) V-23

- (b) V-30
(c) V-70
(d) V-90
38. What is not covered under a standard comprehensive motor policy?
- (a) Emergency Medical Expenses
(b) Loss of Vehicle Use
(c) Passenger Liability
(d) Personal Accident
39. What class would a vehicle being used for business profession and pleasure fit into an "use" clause?
- (a) Class "E"
(b) Class "C"
(c) Class "B"
(d) Class "A"
40. A vehicle after repairs following an accident comes out better with new doors, glasses and paint. What would happen as a result if policyholder admitted the obvious betterment?
- (a) Contribution by the policyholder
(b) Penalty payment by the policyholder
(c) Increase in excess at renewal by the insurer
(d) Increase in sum insured at renewal
41. In fleet rating, what option is usually applied where the claims experience is considered bad as high as 154% claim ratio?
- (a) Cancel Cover
(b) Reduce Policy Scope
(c) Invite in VBRA Officials
(d) Load the Premium at Renewal
42. One of the under listed is not a motor industry database. Identify it.
- (a) MIID
(b) CUE
(c) LOKD
(d) MIAFTR
43. Who pays for the cost of towing an insured vehicle away from the scene of an accident to a garage?
- (a) The Insurer
(b) The Insured
(c) The Engineer
(d) The Third Party
44. What is the maximum award an Ombudsman can decide and which remains binding?
- (a) £30,000.00
(b) £50,000.00
(c) £75,000.00
(d) £100,000.00
45. The information needed in a motor certificate of insurance include all but one of the following.

- (a) Policy number
(b) Name of insured
(c) Picture of the insured vehicle
(d) Registration number of the vehicle
46. 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
47. An occupant of a private vehicle failed to use the seat belt and in the accident involving the vehicle driven by a driver that was under the influence of alcohol, both the occupant and the driver got insured. The occupant filed a medical expenses non-negotiable claim of ₦3,000,000.00. Under the standard comprehensive motor insurance policy, how much will the insurer pay the claimant, if it applies a 60% penalty?
- (a) ₦0.00
(b) ₦1,800,000.00
(c) ₦1,200,000.00
(d) ₦3,000,000.00
48. The regulator of Motor Insurance Practice in Nigeria is ...
- (a) ILAN
(b) NAICOM
(c) NIA
(d) CIIN
49. Installation of car tracker and other security devices in motor vehicles have what effect on rating?
- (a) Reduce Theft Contents only
(b) Bonus Application
(c) Result in Premium Discount
(d) Lower Premium Rate
50. What is NCD?
- (a) No Cure Discount
(b) No Contributory Discount
(c) No Claim Discount
(d) Any of the above

ATTEMPT ALL QUESTIONS

SECTION B

Mr. Ade insured his car with Hope Insurance Plc for a value of ₦5,000,000.00. The cost of the insurance is 5% of the value of the car and Mr. Ade restricted driving of the car to himself and his wife only, thereby getting a premium rebate of 20%. One day, Mr. Ade got stranded somewhere in Lekki, Lagos State, put a telephone call through to his wife, who was in their Ikoyi home as at the time of picking the call, to come and pick him up from where he was in Lekki. The wife immediately told her younger brother, who was with her, to pick the insured car and go to pick up her husband at Lekki. The car had a lone accident on the way and a claim of ₦500,000.00 was lodged regarding the accident.

51. What is the scope of insurance granted to Mr. Ade?
 - (a) Third Party, Fire and Theft
 - (b) Comprehensive
 - (c) Owner Only Driving
 - (d) A & C

52. Which of the motor policies will give the insured the widest cover?
 - (a) RTA only
 - (b) Third party only
 - (c) Third party, fire and theft
 - (d) Comprehensive

53. What is the first premium paid by Mr. Ade to get the vehicle insured?
 - (a) ₦250,000.00
 - (b) ₦225,000.00
 - (c) ₦200,000.00
 - (d) ₦150,000.00

54. The following statement is correct as it relates to the insurer liability on the claim as postulated above?
 - (a) Liability is fully engaged on the claim as a result of the cover on same
 - (b) Liability is not engaged so the claim will be repudiated
 - (c) Liability is partially engaged so the insurer will pay the claim for the "covered" aspects
 - (d) The insurer would consider the claim as a goodwill claim so liability is engaged

55. Notwithstanding the response in (54) above, would cover continue on the car after the claim is concluded?
 - (a) Yes
 - (b) No
 - (c) Maybe
 - (d) I doubt it

Prof. Macdonald bought a saloon car that cost him ~~₦~~4,000,000.00 which he decided to insure all legal liabilities that could arise from the use of the car and also insure the car against fire and theft only as he is a university don and rarely spend time outside the campus. For his proposed risk, he was given a 40% discount from the flat premium rate of 10% that it would have been if it was comprehensively insured.

56. What is cover type being proposed by Prof. Macdonald?
- (a) Mini-Comprehensive
 - (b) Third Party
 - (c) Third Party, Fire and Theft Policy
 - (d) Fire and Theft Policy
57. What is the premium payable by the insured for his choice of cover?
- (a) ~~₦~~400,000.00
 - (b) ~~₦~~300,000.00
 - (c) ~~₦~~240,000.00
 - (d) ~~₦~~160,000.00
58. If the discount incentive given by the insurer is accepted by Prof. Macdonald, what will be the absolute values of the discount and premium payable?
- (a) ~~₦~~180,000.00/~~₦~~220,000.00
 - (b) ~~₦~~200,000.00/~~₦~~200,000.00
 - (c) ~~₦~~160,000.00/~~₦~~240,000.00
 - (d) ~~₦~~400,000.00/~~₦~~360,000.00
59. Going with the RTA in Nigeria, how much would Prof. Macdonald have paid assuming he chose to insure the car on a third party basis only?
- (a) ~~₦~~400,000.00
 - (b) ~~₦~~180,000.00
 - (c) ~~₦~~5,000.00
 - (d) Same amount he paid, less agreed percent between both parties
60. Supposing Prof. Macdonald opted for legal liabilities cover only, what type of cover will you recommend for him to take?
- (a) RTA only
 - (b) Third party only
 - (c) Third party, fire and theft
 - (d) Semi-Comprehensive

Ms. Doyin had an accident with her insured car (with a policy excess of ₦50,000.00 or 10%, whichever is greater) on the Lagos-Ibadan Express Road when a truck collided with it resulting in a serious damage. The estimate of repair was ₦1,500,000.00 which was eventually adjusted to ₦1,250,000.00. The cover on the car is accidental damage to the insured vehicle, fire, theft and legal liabilities to third parties. She also had in the vehicle some textile materials which she was taking to Ibadan from Lagos for sale that were totally damaged by “miscreants” during the “incidence” before the car was eventually towed.

61. What is the scope of cover on Ms. Doyin’s car?
 - (a) Legal Liabilities Cover
 - (b) Third Party, Fire and Theft
 - (c) Comprehensive
 - (d) Third Party only

62. How much would the insurer pay Ms. Doyin for her loss after deducting the policy excess?
 - (a) ₦1,250,000.00
 - (b) ₦1,200,000.00
 - (c) ₦1,125,000.00
 - (d) ₦1,100,000.00

63. How much would be paid by the insurer on the totally damaged textiles if the textiles amounted to ₦350,000.00?
 - (a) ₦350,000.00
 - (b) ₦300,000.00
 - (c) ₦315,000.00
 - (d) ₦0.00

64. Since a third party vehicle was responsible for the accident, what will the insurer do regarding this?
 - (a) Pursue recovery
 - (b) Sue the truck owner
 - (c) Exercise her subrogation rights against the third party
 - (d) Get Ms. Doyin to file a court case against the third party and join the insurer in the legal action

65. Which of the covers will cover theft without covering any other insurable risk?
 - (a) RTA only
 - (b) Third party only
 - (c) Third party, fire & theft insurance
 - (d) Comprehensive

Mr. Abolaji comprehensively insured his vehicle for one year from 1st January to 31st December 2018. While driving the insured vehicle on a dual carriage expressway 18th March 2018, he hit a pedestrian who was crossing the road, notwithstanding the availability of a pedestrian bridge, at the place he crossed the road at about 4.00p.m., which also led to a collision with a motorbike rider that was riding against traffic with the motor- biker sustaining injury.

66. What is the proximate cause of the loss?
- (a) Accident
 - (b) Negligence
 - (c) Illegal Road Crossing
 - (d) Mr. Abolaji
67. How would you advise the insurer to proceed with the claims relating to the third parties?
- (a) Liability is not engaged so the claims should be closed
 - (b) Liability is engaged so the claims should be adjusted and paid
 - (c) Liability is partially engaged in some parts and not engaged in some, therefore each part will be treated on its merits and demerits
 - (d) Settle the claims without any reservation to be able to get more businesses from the client and third parties
68. What should the insurer do to the motorbike claim if lodged?
- (a) Process the reimbursement of the medical bill of the biker
 - (b) Take the biker to the police station to report him on traffic rules violation
 - (c) Simply file it up
 - (d) Explain to the insured and the biker the reason why liability is not engaged on that aspect of the claim
69. What will be your decision on the claim regarding the pedestrian assuming there was no pedestrian bridge at the point of crossing the road over?
- (a) Repudiate the claim
 - (b) Admit liability without any condition
 - (c) Admit liability but with penalty to the third party
 - (d) Call the pedestrian for a one-on-one discussion to determine how to proceed
70. If the pedestrian had died, would your answer in (67) above be the same?
- (a) Yes
 - (b) No
 - (c) Most likely

(d) Maybe

Mr. Richard, aged 62, lives in Abuja with his wife and 45-year-old daughter, Bolanle and his 24-year-old grandson. He drives a Toyota Corrola car that he purchased in Year 2018 and placed on a comprehensive basis with Messrs. XYZ Insurance Company on an “any driver basis”, purchasing the excess back. The insurance expired on Friday 18th January 2019, and the vehicle was stolen from a parking slot, driven by his grandson, where it was parked during a social outing on Sunday 20th January 2019. The sum insured on the vehicle was ₦8,500,000.00, agreed to be placed at 4% p.a., with an excess of N100,000.00 or 10%, whichever is greater, though he purchased back the excess at inception at 1% and also agreed a depreciation rate of 10% p.a. along with a free tracking device on the vehicle.

71. What was the premium paid on the policy at inception?
- (a) ~~₦340,000.00~~
 - (b) ~~₦382,500.00~~
 - (c) ~~₦385,000.00~~
 - (d) ~~₦425,000.00~~
72. What should be the adjusted amount on the claim if liability is engaged?
- (a) ~~₦8,400,000.00~~
 - (b) ~~₦8,300,000.00~~
 - (c) ~~₦7,650,000.00~~
 - (d) ~~₦6,885,000.00~~
73. One of the following documents will be required for the claim documentation/verification.
- (a) Proof of identity of the driver as at time of loss
 - (b) Tracking History
 - (c) Bank Account Details
 - (d) Identification documents of the insured and his wife
74. How much would have been the renewal premium payable on the policy for the 2019/2020 policy period?
- (a) ~~₦340,000.00~~
 - (b) ~~₦382,500.00~~
 - (c) ~~₦385,000.00~~
 - (d) ~~₦425,000.00~~
75. Was liability engaged on the claim as at date of loss?
- (a) Yes
 - (b) No
 - (c) It should be
 - (d) Probably

CF5 - MOTOR INSURANCE PRODUCTS

1	D	21	D	41	D	61	B
2	C	22	A	42	C	62	C
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7	B	27	C	47	A	67	A
8	D	28	D	48	B	68	D
9	A	29	C	49	C	69	B
10	D	30	C	50	C	70	B
11	A	31	D	51	B	71	D
12	D	32	A	52	D	72	C
13	C	33	D	53	C	73	B
14	D	34	D	54	B	74	B
15	A	35	D	55	A	75	B
16	D	36	C	56	C		
17	A	37	A	57	C		
18	A	38	B	58	C		
19	B	39	D	59	C		
20	C	40	A	60	B		

Chief Examiner's Summarized Statistics

Pass Rate: 40%

Highest Score: 79%

Lowest Score: 44%

Average Score: 62%

Breakdown Updates

There seems to be a dearth of knowledge on Motor Insurance and this is NOT only in Nigeria. In Cameroon, the pass rate was woeful (0%). The Institute needs to find a way to bridge the dearth of knowledge in this course by encouraging the candidates to start studying early and not rely on market practice.

Chief Examiner's Comments on Overall Performance:

The overall performance was not encouraging at all.

Chief Examiner's Suggestions on Improvement:

Candidates should start their preparation early for each diet and study the coursebook more thoroughly.

**CERTIFICATE IN INSURANCE
CF6 - HOUSEHOLD INSURANCE PRODUCTS
OCTOBER 2019**

L O G O

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- ✚ Ensure that you write the full and correct candidate's number.
- ✚ No name should be written on any leaf of the book, or on any supplementary leaves that may be issued to the candidates.
- ✚ The answer to each question must be commenced on a separate page. Where, however, a question consists of two or more parts, this instruction does not apply to the separate parts.
- ✚ Write in the ruled margin the number and question attempted.
- ✚ Leave no blank pages among your answers.
- ✚ Where supplementary leaves are used, the candidate's number should be written in the space provided on them and fastened at the end of the book inside the cover.

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL)
WILL ATTRACT STATED SANCTIONS.**

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. In direct insurance, the creation of call centre allows ... to be offered over the telephone.
 - (a) premium
 - (b) survey
 - (c) quotations
 - (d) discharge voucher
2. Which insurance principle does "new for old" overrules?
 - (a) average
 - (b) contribution
 - (c) indemnity
 - (d) subrogation
3. Which one of these does not fall within the product range in household policies?
 - (a) Industrial All Risk Policies
 - (b) A Combined Policy
 - (c) Contents only Policies
 - (d) Buildings only Policies
4. A contents insurance policy that indemnifies a policyholder for loss of money will exclude claims arising from the theft of ...
 - (a) an employer's credit card
 - (b) current postage stamps
 - (c) luncheon vouchers
 - (d) travelers cheques
5. GSC means ...
 - (a) Government Insurance Supervision Commission
 - (b) Government Insurance Standard Council
 - (c) General Inspectorate & Supervision Commission
 - (d) General Insurance Standards Council
6. 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"
7. What name is given to the involvement of banks and mortgage home/building societies in insurance marketing?
 - (a) Banker-Insurance
 - (b) Bankers Caprive
 - (c) Bankers Stand
 - (d) Bancassurance
8. Who offers products from different insurers but using only insurer for each particular product type?
 - (a) Intermediaries
 - (b) Independent Intermediaries

- (c) Single-Tied Agents
(d) Multi-Tied Agents
9. Which of the reasons given below is not tenable for use of proposal forms by insurers?
- (a) Outsourcing
(b) Convenient
(c) Speedier
(d) Cost-effective
10. 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
11. Which of these would not be part of questions in a proposal form?
- (a) Risk address
(b) Ownership
(c) Names of tenants
(d) Sum Insured
12. What would an insurer do when it is in doubt as to the safety of a property in a particular location/situation?
- (a) Decline Proposal
(b) Order an Investigation
(c) Call for a survey
(d) B & C
13. What is the main feature of the term "new for old"?
- (a) Over-rules depreciation
(b) Difficulty of fixing sum insured
(c) Great relief on indemnity
(d) Outstanding Principle
14. If at the time of claim the details on the claim form is being crosschecked against the proposal form, it is to test a particular insurance principle of ...
- (a) Proximate Cause
(b) Indemnity
(c) Utmost Good Faith
(d) Insurable Interest
15. ... applies when there is under-insurance.
- (a) Penalty
(b) Contribution
(c) Average
(d) Indemnity
16. In order to ensure that a sum insured on a building is not eroded by inflation, a household policy should be ...
- (a) subject to capital addition
(b) index-linked
(c) subject to regular cost-review
(d) subject to valuation
17. If at the time of claim it is discovered that two policies existed on a property but not

- with intention of fraud. The claim personnel should apply the insurance principle of ...
- (a) indemnity
(b) subrogation
(c) contribution
(d) proximate cause
18. Renewal notice would not contain ...
- (a) policy number
(b) renewal date of policy
(c) renewal premium (now) payable
(d) request for evidence of ownership
19. Which of these is not a rating factor?
- (a) Sum Insured
(b) Construction Details
(c) Risk Address
(d) Local Authority Report
20. ... gives details on issues of conviction and the period such would be regarded as "spent".
- (a) Reformation Law 1974
(b) Rehabilitation of Offenders Act 1974
(c) Civil Proceeding Act 1974
(d) Spent Conviction Act 1974
21. The acronym for the name of the body that moderates operation of information technology services is ...
- (a) ECD
(b) BIA
(c) MIB
(d) LTA
22. The acronym MIS mean ...
- (a) Management Information System
(b) Management Information Service
(c) Management Information Security
(d) Management Information Solution
23. An insurance policy that covers every risk except those specifically excluded is called ...
- (a) a combined policy
(b) a special policy
(c) a fire and special perils policy
(d) an all-risk policy
24. Conventionally, the period of insurance of a household policy is ...
- (a) 12 months
(b) 15 months
(c) 18 months
(d) 24 months
25. The case of *Donoghue v. Stevenson (1932)* established what is known as ...

- (a) mediation rule
 (b) association rule
 (c) neighbor principle
 (d) neighbor defence
26. What must a claimant who suffered damage prove to succeed in an action in civil law of negligence against the defendant?
- (a) Defendant owes a duty of care
 (b) Defendant is a national
 (c) Defendant has breached that duty of care
 (d) "a" and "c" above
27. The case of *Ryland v. Fletcher* (1868) has to do with ...
- (a) negligence
 (b) trespass
 (c) strict liability
 (d) statutory duty
28. If twenty cows entered a compound eating up all the crops in the garden, what is this in law?
- (a) Nuisance
 (b) Negligence
 (c) Liability
 (d) Trespass
29. What is the liability of a household policy insurer that granted cover to a N30,000.00 insured bicycle left in front of owner's house without locking same, with a flat policy excess of N2,000.00?
- (a) ~~N~~30,000.00 less depreciation less N2,000.00
 (b) ~~N~~28,000.00
 (c) ~~N~~0.00
 (d) ~~N~~30,000.00 less depreciation
30. The umbrella body of Nigerian Insurance Companies is ...
- (a) CIIN
 (b) NIA
 (c) NCRIB
 (d) PRAN
31. When a claim is made too late, such is described as being ...
- (a) barred
 (b) statute dropped
 (c) legal barred
 (d) statute barred
32. In vicarious liability, which of these option most express the acts?
- (a) Hold "A" liable for the crime of "B"
 (b) Hold employer liable for employee's social disorder
 (c) Hold "A" liable for the torts of "B"
 (d) Hold "A" responsible for the inability of "B" to obey the law of the land.
33. Which facility allows intermediaries to produce proposal form or statement of

- facts and cover notes from their own offices?
- (a) Electronic Documents Information
 (b) Electronic Documents Interchange
 (c) Electronic Data Interchange
 (d) All of the above
34. How many insurers can a single-tied agent market their products?
- (a) 4
 (b) 3
 (c) 2
 (d) 1
35. When a policyholder invents a loss that never happened or gives a bloated amount of claim. This is referred to as ...
- (a) Fictitious Claim
 (b) Spurious Claim
 (c) Dubious Claim
 (d) Fraudulent Claim
36. 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
37. What are policies designed to accommodate policyholders operating their businesses from their houses called?
- (a) Home-Business Polices
 (b) Stand Alone Business Policies
 (c) Homeholders/Home owners Policies
 (d) "a" and "b" above
38. Which of these is not correct of holiday homes?
- (a) Maximum days to be left unoccupied is 100 days per policy
 (b) Danger of burst pipes if unattended
 (c) Exposure to arson and theft is greater
 (d) Risk of abandonment for a long period of time exist
39. ... has the duty or responsibility to arrange insurance on blocks of flats.
- (a) Tenants/Occupiers
 (b) Landlords
 (c) Freeholders
 (d) "b" and "c"
40. 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

41. Negligence, nuisance, trespass are within civil law of torts which is mostly concerned with relationship ...
- (a) of landlords
 - (b) between owners
 - (c) between tenants
 - (d) individuals
42. Which of these do not fall within the sub-division of torts?
- (a) Defamation
 - (b) Strict Liability
 - (c) Pipeline Protection Act
 - (d) Statutory Negligence
43. 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 or Exit Clause
 - (c) Indemnity Condition
 - (d) Un-occupancy Warranty
44. Whose role is it to confirm compliance with policy conditions to lead to eventual settlement of claims?
- (a) The Police
 - (b) Investigator
 - (c) The Insured
 - (d) The Insurer
45. Where there is a quantum statement between insurer and insured, how do they resolve the dispute?
- (a) Arbitration
 - (b) NIA
 - (c) FOC
 - (d) Ombudsman
46. If there is a fire incidence causing substantial damages to a property, what would an insurer need to do?
- (a) Call for investigation
 - (b) Appoint a surveyor
 - (c) Appoint an adjuster
 - (d) Handle the loss internally
47. What is the policy condition that gives insurers the right to pursue third party in claim recovery?
- (a) Insurable Interest
 - (b) Subrogation
 - (c) Average
 - (d) Proximate Cause
48. Following the settlement of a claim on damage to a roof, the replaced roofing sheets that were gathered is called ...
- (a) Salvage
 - (b) Dump
 - (c) Second-Hand Roofing Sheets
 - (d) Old Parts
49. What facility allows for a large volume of information

to be stored electronically in tiny physical spaces in the world of technology?

- (a) MIS
- (b) CUE
- (c) EDS
- (d) EPD

50. Which class of insurance offer death benefits, medical

treatment, payment for loss of luggage and refund of money for cancellation or curtailment of journey?

- (a) Voyage Insurance
- (b) Marine Insurance
- (c) Household Insurance
- (d) Marine Insurance

ATTEMPT ALL QUESTIONS

SECTION B

Mr. Ola, a quarry engineer stays mostly on the site to have effective monitoring of explosives magazines which must not be missing and must be used under controlled programme. He built a house of six flats in an area in Abeokuta where he settled his wife and children. The place is close to Ogun River. During his e-chat with staff of Secure Wealth Insurance Limited, it came out that whenever the river overflows some buildings are usually affected. Consequently, Ola was given a rate of 0.2% for his building valued at ₦20,000,000.00 and 1% for the contents valued at ₦1,000,000.00. The remaining five flats are occupied by staff of the State Polytechnic, an educational institution close to the building.

51. By what means did Mr. Ola get information and premium quotations?
 - (a) Call Centres
 - (b) WhatsApp
 - (c) Insurance Desk
 - (d) Internet

52. Against the background of flooding due to Ogun River overflowing its boundary, what should the underwriters do?
 - (a) Decline the Risk
 - (b) Call for pictures of the area/house from Mr. Ola
 - (c) Get Weather Report
 - (d) Call for a survey of the property and its environs

53. What type of policy is required by Mr. Ola?
 - (a) Theft Insurance
 - (b) Household Insurance
 - (c) Flood Insurance
 - (d) Dwelling Insurance

54. What is the premium payable on the building?
 - (a) ~~₦~~40,000.00
 - (b) ~~₦~~50,000.00
 - (c) ~~₦~~60,000.00
 - (d) ~~₦~~80,000.00

55. How much will Ola pay on the contents insurance as premium?
 - (a) ~~₦~~5,000.00
 - (b) ~~₦~~10,000.00
 - (c) ~~₦~~20,000.00
 - (d) ~~₦~~25,000.00

Mrs. Abimbola, through a NAICOM licenced medium that has a professional indemnity cover, insured her property with a traditional insurance company. Some months later, a fire occurred in the house destroying the kitchen and the sitting room. The sum insured is ~~₦~~6,000,000.00 while the value of the building is ~~₦~~10,000,000.00. The repair estimate was submitted for ~~₦~~1,000,000.00 though negotiated and agreed to ~~₦~~700,000.00. A pre-loss survey was carried out by recommendations to review the insured value upward five months prior to the loss occurrence was communicated to the insured but this was not implemented before the loss occurred.

56. What is the implication of premium paid on the insured value which is less than value at risk?
- (a) Premium paid not commensurate with the risk assumed
 - (b) Insured getting adequate cover
 - (c) Risk premium charged being adequate
 - (d) Penalty not applicable in time of claim
57. The medium referred to in question (56) above is the ...
- (a) Multi-Tied Agent
 - (b) Lloyds' Broker
 - (c) Insurance Broker
 - (d) Cash Commissioned Agent
58. What condition of the policy deals with under-insurance?
- (a) Reinstatement
 - (b) Average
 - (c) Contribution
 - (d) Arbitration
59. If the value of the risk is ~~₦~~10,000,000.00 and the building was insured for ~~₦~~6,000,000.00. The shortfall in value is what in percentage term?
- (a) 60% of VAR
 - (b) 50% of VAR
 - (c) 40% of VAR
 - (d) 30% of VAR
60. By subjecting the claim to the application of average, the claim payable will be ...
- (a) ~~₦~~280,000.00
 - (b) ~~₦~~350,000.00
 - (c) ~~₦~~420,000.00
 - (d) ~~₦~~500,000.00

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.

61. 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

62. 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

63. 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

64. 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

65. 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.

Mrs. Ngoziruns 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.

66. What is the scope of cover on Mrs. Ngozi's policy.
- a) Building Insurance only
 - b) Building and Content Insurance
 - c) Contents Insurance only
 - d) All Risks Insurance
67. 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
68. 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)

69. The medical expense and other costs incurred would be settled by ...
- (a) the Broker
 - (b) the insured
 - (c) the insurer
 - (d) the employee
70. What insurance policy is required by law for Mrs. Ngozi to have in addition to all other insurance policies she might have?
- (a) Fire & Special Perils Policy
 - (b) Investment Linked Policy
 - (c) Pension
 - (d) Group Life

A household insurance policy for the sum insured of ₦15,000,000.00 on a block of four flats was subject to a lien clause noting the interest of the Bank that financed the transaction. The insured, Mr. & Mrs. Jacklyn had a Certificate of Occupancy document on the land which they also used as collateral to the loan from another Bank. Before the cover on this other risk was assumed, the Bank approached a qualified valuer who gave the market value of the building as ₦7,500,000.00.

In mysterious circumstances, the building got burnt and culprits were not seen. The insured filed the claim, specifically requesting for cash settlement, to enable them quickly rebuild, from the two insurers. Upon investigation, the first Bank discovered the other cover on the building, which was not disclosed to them by the insured and that the insureds also had an outstanding loan of ₦4,000,000.00 to two other financial institutions.

71. What claim payment option will insurers decide on to address the seeming fraudulent claim?
- (a) Pay Cash
 - (b) Replacement
 - (c) Reinstatement (i.e. rebuild)
 - (d) Indemnity
72. What principle of insurance would be applied to curb multiple insurances on the insured property?
- (a) Average
 - (b) Indemnity
 - (c) Contribution
 - (d) Subrogation

73. What is the usefulness of the Certificate of Occupancy in the case above as it relates to insurance practice?
- (a) To convince the other Banker and facilitate the loan processing
 - (b) To prove ownership
 - (c) To show utmost good faith
 - (d) To demonstrate insurable interest
74. If arson is suspected and eventually proved, what would insurers do?
- (a) Inform other insurers
 - (b) Report to the Police
 - (c) Close the claim
 - (d) Arrest the couple
75. As the valuation report put the value of the building at ₦7,500,000.00 but the insured placed it for cover at ₦15,000,000.00, what is your opinion about the claim from the time of underwriting?
- (a) Fraud is suspected
 - (b) Cover is innocently exaggerated
 - (c) Arson is implied
 - (d) Ignorant Insured

CF6 - HOUSEHOLD INSURANCE PRODUCTS							
1	C	21	A	41	D	61	B
2	C	22	A	42	C	62	C
3	A	23	D	43	B	63	A
4	A	24	A	44	D	64	A
5	D	25	C	45	A	65	D
6	D	26	C	46	C	66	B
7	D	27	C	47	B	67	A
8	D	28	D	48	C	68	D
9	A	29	C	49	C	69	B
10	C	30	B	50	D	70	D
11	C	31	D	51	D	71	C
12	C	32	C	52	D	72	A
13	A	33	C	53	B	73	B
14	C	34	D	54	A	74	B
15	C	35	D	55	B	75	A
16	B	36	B	56	A		
17	C	37	D	57	C		
18	D	38	A	58	B		
19	D	39	D	59	C		
20	B	40	D	60	C		

Chief Examiner's Summarized Statistics

Pass Rate: 0%

Highest Score: 57%

Lowest Score: 57%

Average Score: 57%

Breakdown Updates

The candidate's performance was woeful. The Institute should find a way to ensure that candidates begin preparation for the next diet early enough.

Chief Examiner's Comments on Overall Performance:

The performance was very poor.

Chief Examiner's Suggestions on Improvement:

Candidates are advised to start preparation for the examination early enough.

CF7

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE
CF7 - HEALTHCARE INSURANCE PRODUCTS
OCTOBER 2019

LOGO

All answers are to be written on the answer booklet(s) supplied in accordance with the following instructions:

- + Two hours are allowed for this paper.
- + Fill in the information requested on the answer booklet and on form B.
- + Handle the answer form with care do not write notes on it.
- + Do not write on the question paper.
- + The answer booklet should be handed over personally by you to the invigilator before you leave the Examination Hall. Failure to do this may result in your paper not being assessed and marked.
- + Insert your candidates number as given on your admission permit and any other particulars required on the cover and flap of the answer booklet.
- + Ensure that you write the full and correct candidate's number.
- + No name should be written on any leaf of the book, or on any supplementary leaves that may be issued to the candidates.
- + The answer to each question must be commenced on a separate page. Where, however, a question consists of two or more parts, this instruction does not apply to the separate parts.
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**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL)
WILL ATTRACT STATED SANCTIONS.**

**CHARTERED INSURANCE INSTITUTE OF NIGERIA
CERTIFICATE IN INSURANCE
CF7 - HEALTHCARE INSURANCE PRODUCTS**

INSTRUCTIONS TO CANDIDATES

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

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

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. In Access to Medical Records Act 1988, "Insurance purpose" is defined as what?
 - (a) In relation to the individual and/or an entity carrying on an insurance business
 - (b) In relation to the corporate entity carrying on an insurance business
 - (c) In relation to the individual or any person carrying on an insurance business
 - (d) None of the above
2. Which organization from January 2005 handles consumer's complaints about PMI?
 - (a) Lloyd's
 - (b) The British Insurance Brokers Association
 - (c) The Association of British Insurers
 - (d) The Financial Ombudsman Service
3. At the outset, the NHS introduced the concept of healthcare that was free at the point of use for every action. This does not mean that ...
 - (a) general practitioners were not allowed to practice
 - (b) almost all hospitals were compulsory purchases by the State
 - (c) health treatment would be provided free at point of use
 - (d) hospital doctors were employed by NHS
4. Special regulation permit insurers to treat the disabled less favourable than other people.
 - (a) True
 - (b) False
 - (c) Most times
 - (d) Maybe
5. How has the NHS tended the balance demand and resources for acute hospital care?
 - (a) By allowing waiting list to build up
 - (b) By providing prompt medical treatment
 - (c) By not allowing waiting list to build up
 - (d) None of the above
6. Section 7 of Access to Medical Report Act 1998 entitled "Right of Access to Person Data" if confirmed that such an individual is not entitled?
 - (a) To be given by the data controller a description of the personal data of which the individual is the subject

- (b) To be told by any data controller whether the individual's personal data is being processed by or on behalf of that data controller
- (c) To be told in an understandable way the information available to the data controller as to the source of data
- (d) None of the above
7. Which of these is not among the principal differences between private healthcare and NHS?
- (a) The private sector does not allow complete choice of specialist
- (b) Time spent waiting to be treated
- (c) Choice of facilities
- (d) Certain private hospitals may not have intensive care back-up technology available
8. Which of these is not a key feature of the ABI confidentiality conditions as part of its code of practice?
- (a) Specified duties are laid down for CMD
- (b) Files containing confidential information must be securely stored
- (c) Insurers must not have a documented set of practice in place
- (d) Both the Chief Executive and Chief Medical Officer (CEO) and Chief Medical Officer (CMD) are responsible for ensuring the confidentiality of medical information
9. Who runs a private medical scheme on behalf of employers for their employees?
- (a) Provident Insurers
- (b) Commercial Insurers
- (c) Health Cash Plans
- (d) Third Party Administrators
10. One of these is not an advantage people set in buying private medical treatment?
- (a) Choice of consultant
- (b) Choice of admission date
- (c) Less time waiting for operation on non-urgent conditions
- (d) None of the above
11. Health funds are not natural organizations for the benefit of their members.
- (a) False
- (b) Always True
- (c) Seldom True
- (d) Rarely True
12. Private medical insurance policies also do routinely include the cost of ...
- (a) malaria treatment
- (b) cosmetic surgery

- (c) chronic illness such as asthma and diabetes
 (d) normal pregnancy and childbirth
13. ... traced their ancestry as a movement back to the late Victoria times.
 (a) Health Cash Plans
 (b) Commercial Insurers
 (c) Provident Insurers
 (d) Health Trust
14. Which of these does not describe provident associations?
 (a) Any losses from their activities cannot attract relief
 (b) They have no shareholders and so pay no dividend
 (c) Profit making organization for the provision of medical insurance
 (d) All their operating surpluses are counted as part of their reserves and not subject to corporate tax
15. Commercial insurers have one of the following characteristics.
 (a) Pay no dividend
 (b) Have shareholders
 (c) Non profit-making organization for the provision of medical insurance
 (d) None of the above
16. Which of these ceased to be a provident association in 1996?
 (a) AXA PPA
 (b) BCWA Healthcare
 (c) WPA Healthcare
 (d) BUPA
17. How many commercial insurers operate in the UK Healthcare Insurance Market?
 (a) Over 5
 (b) Over 10
 (c) Over 20
 (d) Over 30
18. The strength of both TPAs and Consultants do not include ...
 (a) information
 (b) dependence
 (c) flexibility
 (d) motivation
19. The highest level of healthcare insurance cover is held by households headed by ...
 (a) advanced-aged person
 (b) middle-aged person
 (c) young married couples
 (d) young single individuals
20. Commercial individuals, TPAs and Financial Consultants are typically drawn into entering the healthcare insurance market by ...
 (a) regulation
 (b) legislations

- (c) growth and development of healthcare
- (d) perceived opportunities for profitable growth
21. Which of these is not a category of medical insurance market?
- (a) Involuntary Employee-Paid Group
- (b) Voluntary Employee-Paid Group
- (c) Company-Paid
- (d) Individual-Paid
22. ... is an alternative way for employers to deliver private healthcare for employees.
- (a) Provident Insurers
- (b) Health Cash Plan
- (c) Commercial Insurers
- (d) Health Trust
23. The only main distribution methods for insurers offering healthcare insurance is through direct sales
- (a) True
- (b) False
- (c) Could be
- (d) Sometimes
24. A health trust does not have this feature?
- (a) It is not an insurance policy and so payment into the fund do not attract insurance premium
- (b) The trustees determine what benefits employees are entitled to, arrange any stop loss insurance and pay out benefits
- (c) The employee does not pay money into a health trust or medical trust, which is administered by trustees or by a trust company
- (d) Trusts have usually been limited to schemes with around 3000 or more members
25. Which of this is not true of taxation of healthcare insurance products?
- (a) IPT has been charged at 5% on healthcare insurance
- (b) Premiums for medical insurance is liable to insurance premium tax
- (c) Benefits paid under medical insurance policy or from a health trust are not usually subject to tax for the person receiving the benefit
- (d) Premiums for medical insurance is liable to value added tax (VAT)
26. Which of these is not a challenge using self-insurance for provision of medical insurance?
- (a) People keep enough to care for their bill

- (b) People often underestimate the total cost of such healthcare
- (c) If more treatment is required in the future, extra costs will be incurred
- (d) Even low cost events can add up to substantial sums if a number of treatments are required
27. Expatriate International Medical Insurance policies have different pricing situations, depending on the countries covered. Which of these is not available?
- (a) Rest of the World (all countries)
- (b) Rest of the World (excluding North America)
- (c) Rest of the World (excluding Africa)
- (d) Europe only
28. Healthcare insurers can distribute their products directly to customers in a number of ways which does not include ...
- (a) Using the mail to send potential customers information and inviting them to return a form or buy over the phone or internet
- (b) Having mobile sales consultants
- (c) Intermediaries
- (d) None of the above
29. What is pathology?
- (a) Body Scans
- (b) Ultrasound Scans
- (c) A surgically implanted device
- (d) Blood and urine test
30. Which of these is not an additional benefit for international medical insurance policies?
- (a) Drugs and dressing
- (b) Pre-existing condition
- (c) Treatment costs for chronic condition
- (d) General Practitioner's Cost
31. The advantages to the healthcare insurers of the direct sales approach does not include ...
- (a) differentiation
- (b) feedback
- (c) control
- (d) none of the above
32. An international medical insurance may not cover ...
- (a) ambulance costs
- (b) surgeon fees
- (c) all expenses for non-patient
- (d) none of the above
33. The independent intermediaries offer significant sales opportunities in ...
- (a) individual-paid
- (b) company-paid

- (c) voluntary employee-paid groups
(d) involuntary employee-paid groups
34. What proportion of total health spending in the USA comes from health insurance?
(a) Half
(b) Over a third
(c) Quarter
(d) All
35. What costs is not involved in selling PMI through intermediaries?
(a) Marketing costs associated with encouraging brokers to sell the products
(b) Having a sales infrastructure to meet the service needs of intermediaries and to encourage them to sell
(c) Payment of tax
(d) Paying commission to the intermediary
36. Which of these is not among the top three health spending countries in the OECD (based on percentage of GDP spent on healthcare)
(a) Germany
(b) Britain
(c) Switzerland
(d) USA
37. A high proportion of people in France have some private health insurance. What form does this take?
- (a) Top-up Insurance
(b) Health Trust
(c) Health Plan
(d) Commercial Insurers
38. Which of these is not considered in travel insurance?
(a) The Country to be visited
(b) Sum Assured
(c) Age
(d) Any pre-existing condition that are to be covered
39. Hospital charges in medical insurance will not include ...
(a) surgical drugs and dressing
(b) accommodation and nursing
(c) operating theatre facilities
(d) none of the above
40. Surgical procedures are usually classified according to their complexity and the time involved for both the surgeon and the anesthetist. Most insurers use the following categories for determining the cost of the procedures except one. Which one is this?
(a) International
(b) Intermediate
(c) Major
(d) Complete Major Operation
41. Private medical insurance cannot enable people to ...

- (a) have the choice of a specialist consultant
 (b) avoid having to wait for treatment
 (c) receive medical treatment in the UK for themselves
 (d) take up NHS
42. What is an EAP?
 (a) Employer Agreed Programme
 (b) Employee Assistance Programme
 (c) Employer Assistance Programme
 (d) Employee Agreed Programme
43. Which of these is not a common type of out-patient treatment?
 (a) Radiology
 (b) Physiotherapy
 (c) Prosthesis
 (d) Pathology
44. An EAP provides employees with access to a confidential counselling services covering a range of issues, which does not include ...
 (a) legal advice
 (b) family and domestic difficulties
 (c) debts and financial worries
 (d) employer welfare
45. Radiology has to do with?
 (a) X-rays/body scans
 (b) Blood and urine test
 (c) Consultation
 (d) Ultra sound scans
46. Group PMI schemes, as with individual plans, only cover acute, non-emergency medical conditions.
 (a) Always True
 (b) Usually True
 (c) Seldomly True
 (d) Never True
47. Group PMI policies does not fall into one of these?
 (a) Voluntary Schemes
 (b) Nationwide Schemes
 (c) Large Group Schemes
 (d) Small Group Schemes usually paid for by the employer and based on a person's policy
48. Comprehensive PMI policies may not exclude this as a standard benefit?
 (a) Overseas cover
 (b) Alternative and complementary medicine
 (c) Treatment for mental and addictive illness
 (d) None of the above
49. Group PMI policies are for group of individuals that ...?
 (a) belong to the same tribe
 (b) belong to the same organization
 (c) belong to the same religion
 (d) belong to the same nation

50. Insurers may limit out-patient benefits in a number of different ways that does not include ...?
- (a) imposing a low financial limit on the cost of out-patient treatment provided in any policy year
 - (b) restricting cover to only those out-patient consultations that are necessary following a surgery
 - (c) renewing expired policy on existing basis
 - (d) restricting cover to hospitals within one particular hospital group
51. Most PMI policies are supported by ...
- (a) table of medicare
 - (b) table of scale
 - (c) table of visits
 - (d) table of benefits
52. A policy has an excess of ~~£~~100.00 and the insured presented a claim of ~~£~~ 150.00. How much will the insurer pay?
- (a) ~~£~~0.00
 - (b) ~~£~~50.00
 - (c) ~~£~~100.00
 - (d) ~~£~~150.00
53. A policy has a benefit of ~~£~~1,000.00 per week and a franchise of two weeks. How much will the insurer pay for a disability that was two weeks old?
- (a) ~~£~~0.00
 - (b) ~~£~~1,000.00
 - (c) ~~£~~2,000.00
 - (d) ~~£~~3,000.00
54. Health cash plans do not pay for ...?
- (a) A funeral Grant
 - (b) Surgery
 - (c) Home Help
 - (d) Recuperative Benefit
55. Which of these is not a benefit of a healthcare plan?
- (a) Maternity/paternity grant
 - (b) Chiropody
 - (c) Life Cover
 - (d) Recuperation Grant
56. Early plans paid a cash lump sum on undergoing surgery that involves an incision made under anaesthetic. The amount paid was funded privately or by the NHS in which of the circumstance below?
- (a) No matter how difficult the operation was
 - (b) Whether the operation was funded privately or by the NHS
 - (c) (a) and (b) above
 - (d) None of the above
57. Will a major medex policy cover everything that a standard PMI policy does?
- (a) No idea

- (b) Usually No
(c) It does
(d) It should
58. Accident insurance typically has a schedule of benefits which does not include a lump sum payable on ...
(a) permanent and total disability
(b) death by natural cause
(c) cause by accident
(d) loss of, or loss of use of, a limb, hand, foot, e.t.c.
59. Sickness and accident insurance are often written on a rolling ... basis.
(a) only
(b) weekly
(c) monthly
(d) annually
60. Payment Protection Insurance covers ...
(a) mortgage
(b) sickness and accident
(c) accident only
(d) all of the above
61. Another name for payment protection insurance is ...
(a) Sickness and Accident Insurance
(b) Mortgage Payment Protection Insurance
(c) Major Medex
(d) HealthCare Plan
62. Long Term Care Insurance covers which people?
(a) Young People
(b) Middle Aged People
(c) Very Old People
(d) All of the above
63. The customer pays ... under the pre-funded policy.
(a) regular premiums
(b) single premiums
(c) either (a) or (b)
(d) neither (a) or (b)
64. Income Protection Insurance provides for a replacement of monthly income if insured is unable to work as a result of unemployment.
(a) Always True
(b) False
(c) Usually True
(d) Seldomly True
65. The reason why self-benefits are growing in popularity is because ...
(a) many such services are hard to source
(b) soft services may have a perceived value far in excess of the actual cost to the insurer
(c) the insurer can differentiate its service from its competitors and provide a more complete service that actually better meets the customer's needs
(d) all of the above
66. Critical illness insurance pays not a predetermined lump on the occasion of one of the following instances. Which one is it?

- (a) Diagnosis of typhoid fever
 (b) Diagnosis of a specified range of illness
 (c) Diagnosis of malaria
 (d) None of the above
67. Critical Health Insurance will not cover ...
 (a) Malaria
 (b) Benign Brain Tumor
 (c) Aorta Graft Surgery
 (d) Multiple Sclerosis
68. What type of policy could provide someone with income until retirement if they become long-term ill or disabled?
 (a) Long-Term Care Insurance
 (b) Mortgage Payment Protection Insurance
 (c) Payment Protection Insurance
 (d) Income Protection Insurance
69. In LTD Policy, incapacity benefits are only payable to claimants who are assessed by government after ... weeks of incapacitation.
 (a) 2
 (b) 8
 (c) 14
 (d) 28
70. ... will provide information on menu basis.
 (a) Passive Helpline
 (b) Active Helpline
 (c) (a) and (b) above
 (d) None of the above
71. Private Medical Insurance does not usually cover the cost of preventive medicine or health check-ups, which are currently known as ...
 (a) X-rays
 (b) pathology
 (c) health screening
 (d) health search
72. A private GP has just written out a prescription for you. Who pays for it?
 (a) Nobody
 (b) The GP
 (c) You
 (d) NHS
73. The right to choose a policy will not depend on?
 (a) The magnitude of risk to the individual's livelihood
 (b) The individual's own priorities
 (c) The market
 (d) The individual's health
74. A key issue to consider is "who pays". In this regard, the employer may not ...
 (a) facilitate a voluntary scheme
 (b) give the employees money
 (c) provide the benefits free to the employee but give them the privilege to choose what to have

- (d) decide and provide the benefit free to the employee
75. The claim form contains sufficient information to accomplish what?
- Assess the risk offered for insurance
 - Identify the dates of the treatment
 - Indicate the nature of the condition needing treatment
 - Identify the customer and the claimant
76. A medical insurance premium is not determined by ...
- regulation cost
 - average length of stay
 - hospital charges
 - mortality table
77. Why is cover under a voluntary scheme cheaper than when under an individual policy?
- the provider will usually get economies of scale
 - the market is large
 - there is no significant data
 - none of the above
78. The FSA has published a set of principles that authorized firms on what must be followed to be regarded as "fit and proper". Which of these is not one of such?
- Conduct the business with integrity
 - Manage conflicts of interest unfairly
 - Maintain adequate financial resources
 - Observe proper standards of market conduct
79. To meet its objectives, the regulator undertakes ...
- the direct authorization and regulation of the industry being regulated
 - monitors the activities of the various bodies in the industry
 - designate professional bodies operating within the industry
 - all of the above
80. Which of these reasons is not a reason why healthcare plan insurers use automatic claims paying system for most of their claims?
- To provide a fast and efficient service to customers
 - Most claims are high value and low frequency
 - Most claims are low value and high frequency
 - To minimize costs
81. ... built on these friendly society foundations to create a comprehensive scheme to

provide national insurance against a range of risks for the working people.

- (a) Lloyd's George's National Insurance Act 1911
- (b) LadipoAjayi's National Health Insurance Committee
- (c) Andrew Young National Insurance Act 1905
- (d) Lloyd's George's National Insurance Act 1975

82. Nowadays greater use is being made of the private sector in ...

- (a) publicly run treatment centres contract with the NHS to provide a specified number of treatment a year at a fixed price
- (b) publicly run hospitals to provide all treatments
- (c) publicly run treatment centres contract with the NHS to provide a specified number of treatments a year at a fixed price
- (d) none of the above

83. Provident association first came into being during the 1920s and 1930s. They do not include ...

- (a) non-profit making organizations for the provision of medical insurance
- (b) limited liability company for the

provision of medical insurance

- (c) they have no shareholders and therefore pay no dividends
- (d) any losses from their activities cannot attract tax relief

84. ... is the largest provident association.

- (a) NHS
- (b) PMI
- (c) BUPA
- (d) PPP

85. Unlike the provident association, insurance companies are ...

- (a) non-profit making organisation
- (b) mutual companies
- (c) health cash funds
- (d) profit making organizations

86. Last year, Blogg and Co. spent ~~£~~3,000,000.00 on healthcare treatment for its employees.

This year it is budgeting to spend ~~£~~3,300,000.00 but could afford to spend as much as ~~£~~3,000,000.00, however, if the costs turns out to be, say ~~£~~4,000,000.00, this could be a serious issue. To prevent that, what type of insurance will the company arrange to cover the excess?

- (a) Healthcare insurance
- (b) Direct insurance
- (c) Reinsurance

- (d) Stop loss insurance
87. Are pre-existing conditions likely to be covered under an individual travel insurance policy?
- (a) Yes, they can be covered
- (b) Yes, as the law provides for so
- (c) No, unless the condition has been disclosed to the underwriter
- (d) No, unless the coalition was not disclosed to the underwriter who later found out
88. Few PMI policies cover private consultations with GP or the cost of medical services that are used in the treatment of pre-existing conditions. This means
- (a) that cover will not provide for an illness or injury which the customer has already suffered at time of purchase of healthcare insurance policy
- (b) that cover will be provided for an illness or injury which the customer has already suffered at the time of purchase of healthcare insurance policy
- (c) that cover will be provided for an illness or injury which the customer is suffering from at the time of purchase of healthcare insurance policy
- (d) All of the above
89. Which of these is not an option for a firm employing 25,000 people if it wants all the staff members to benefit from private healthcare treatment for acute conditions, funded by the company?
- (a) Not to pay for the cost of treatment as if arises
- (b) It could use a third party administration to pay for treatment as it arises
- (c) Start a health trust, again using a TPA
- (d) take a group private medical insurance scheme and pay premium to an insurance company
90. ... includes surgeons and anaesthetists fees for a surgical operation.
- (a) Comprehensive fees
- (b) Standard fees
- (c) Specialist fees
- (d) Major fees
91. At the end of each policy year, the cover ceases and customers have to decide before this time whether they want to maintain their cover for a further twelve months. The process is referred to as ...
- (a) "policy"
- (b) "endorsement"
- (c) "renewal"

- (d) "waiting"
92. Which of these is not true?
- (a) Standard policies provide similar cover to comprehensive policies with the exception of certain benefits
 - (b) Standard policies provide similar cover to comprehensive policies without any exception in benefit
 - (c) Standard policies will usually provide cover against the cost of out-patient treatment
 - (d) The term 'standard policy' is now falling into disuse
93. Typically, a healthcare or everyday cash plan pays 50 – 100% of the cost of treatment up to a fixed annual limit. What other benefits may be contained in the plan?
- (a) Consultations with a specialist
 - (b) A cash payment for each night or day spent in the hospital
 - (c) A maternity/paternity cash grant
 - (d) All of the above
94. Comprehensive policies provide a wide range of benefits which does not include ...
- (a) treatment for mental and addictive illness
 - (b) overseas cover, including the cost of repatriation in an emergency
 - (c) alternative or complementary medicine
 - (d) None of the above
95. Medical insurance policies are usually designed as ...
- (a) a short-term life insurance contract
 - (b) a short-term general insurance contract
 - (c) a long-term life insurance contract
 - (d) a long-term general insurance contract
96. Medical insurance cannot enable people to ...
- (a) avoid having to wait for treatment
 - (b) receive treatment in the country
 - (c) get premium return after treatment
 - (d) have the choice of a specialist consultant
97. ... concentrate on providing cover for the more important or expensive types of treatment, such as in-patient costs and day-care treatment, but in the lower priced hospitals.
- (a) Limited benefit policies
 - (b) Six or twelve week policies
 - (c) Standard policy

(d) International policy
98. Which of these ways is not a way that a budget policy might look to reduce claims costs compared to a standard or comprehensive policy?

- (a) Two year benefit limit
- (b) Six or twelve - week policies
- (c) Fewer benefit e.g. no outpatient cover
- (d) Excess or co-payment

99. Most insurers make the renewal process as automatic as possible. Why is this so?

- (a) For convenience of the customer and because it limits the risk of policy lapsing
- (b) Customer will like to vary the terms and conditions of the policy
- (c) Insurer would like to increase premium

because of change of terms and conditions
(d) None of the above

100. The regulator of Health Insurance Practice in Nigeria is ...

- (a) ILAN
- (b) NAICOM
- (c) NIA
- (d) CIIN

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

Chief Examiner's Summarized Statistics

Pass Rate: 50%

Highest Score: 77%

Lowest Score: 61%

Average Score: 68.5%

Breakdown Updates

The performance of the candidates for this diet is really above average overall. The candidates that failed the course actually failed marginally. A little effort could have made them to pass, if they push through the obvious common error of inability to interpret the questions very well to select correct answers since suggested answers are optional. The pass rate for this diet compared with the past diet is a bit encouraging and the number of candidates increased. The candidates need to read journals and healthcare management literatures to enhance their knowledge.

Chief Examiner's Comments on Overall Performance:

It is encouraging that more candidates are showing interest in the course and that there was a 50% pass rate among those that sat for the examination.

Chief Examiner's Suggestions on Improvement:

Candidates are to put more effort in preparing for the examination.