



*Chartered Insurance
Institute of Nigeria*

Chief Examiners' Report

October 2024

Foundation Level (F01 to F08)

GENERAL RELATED ISSUES TO WATCH OUT FOR IN FUTURE SITTINGS

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

F01

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F01 – INSURANCE, LEGAL AND REGULATORY
YEAR 2024 OCTOBER DIET



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

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

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION

F01 - INSURANCE, LEGAL AND REGULATORY

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

Section A

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

Example:

A comprehensive motor insurance policy would provide cover for:

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

The correct option is (a).

Section B

Questions 61 – 85 are to be answered as either True (T) or False (F). Select your chosen option and indicate it on the answer form by filling in the appropriate box.

Example:

A comprehensive motor insurance policy would provide cover for all types of accidental damages without any exclusion (True or False).

The correct option is False (F).

Section C

Questions 86 – 100. This section contains four (4) case studies each followed by some questions. The case studies are not numbered and appear at the top of the page. Each of the questions following a case study is numbered. Four options follow each question. The options are labelled, a, b, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box.

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

1. One of the following is not an example of a fundamental risk.
(a) Famine (b) Fire (c) Earthquake (d) War
2. A chemical production firm opts to arrange insurance on its property and decides to insure the first ₦120,000,000.00 of each property loss that they suffer. The firm has opted for ... insurance.
(a) captive (b) self (c) actual (d) transfer
3. The Insurance Act 2003 categorises life insurance business into ... categories.
(a) 2 (b) 3 (c) 4 (d) 5
4. The principal types of motor insurance in Nigeria are all but one of the following:
(a) Motorcycle Insurance (b) Comprehensive Motor Insurance Cover
(c) Private Motor Insurance (d) Commercial Motor Insurance
5. What policy provides cover for buildings and/or contents against a wide range of perils, including fire, additional perils and theft?
(a) Standard Fire Policy (b) Family Coverage Policy
(c) Commercial Combined (d) Household
6. Choose an alternative which is not true of proprietary companies.
(a) Are owned by shareholders (b) Must be registered under the royal charter
(c) Are limited liability companies
(d) Must be registered under the Companies and Allied Matters Act
7. Insurance underwriters will not perform one of the following functions.
(a) Assess the risk that people bring to the pool
(b) Decide whether or not to accept the risk
(c) Determine the terms, conditions and scope of cover to be offered
(d) Asses the risk and transfer same to the underwriting company
8. Forensic analysis is best known in crime scene investigation. There are different investigative areas which include all but one of the following.
(a) Procuring and allocation of fire accelerating agent
(b) Gathering evidence to suggest fraud or a deliberate act
(c) Determining whether any lack of maintenance contributed to the damage
(d) Establishing evidence that suggests that a policy exclusion operates
9. The relationship of principal and agent can arise in various ways but one of the following is an exception.
(a) Consent (b) Content (c) Ratification (d) Necessity
10. Dele was in love with his Uncle's multimedia gadgets. He decided to insure them against all risks but was told he could not insure them. This may be due to his not having ... on the gadgets.
(a) insurable interest (b) contractual interest
(c) utmost good faith (d) contribution

11. The financial interest a person has in the subject matter of the insurance is defined in the case of ...
 - (a) Cater v. Preston
 - (b) Castle v. St. Augustine Links
 - (c) Castellain v. Preston
 - (d) Bolton v. Stone

12. The insurance Act 2003 is the legal instrument which guides the operations of insurance business in Nigeria and insurable interest is provided for in Sections ...
 - (a) 54 and 55
 - (b) 55 and 56
 - (c) 56 and 57
 - (d) (a) and (b)

13. The summary of principle of utmost good faith is given in the case of ...
 - (a) Rozanes v. Bowen (1928)
 - (b) Rozanes v. Bowem (1928)
 - (c) Rozanes v. Boehm (1928)
 - (d) Carter v. Bowen (1928)

14. What is the legal term used for a bar or impediment that precludes a person from asserting a fact or a right?
 - (a) Alteration
 - (b) Estoppel
 - (c) Bar Code
 - (d) Proxima

15. The leading case that examines the nature of moral hazard vis-à-vis personal history in the context of an application for insurance is ...
 - (a) Upson v. LPTB (1976)
 - (b) Roselodge v. Castle (1966)
 - (c) Roselodge v. Castle (1976)
 - (d) Roselodge v. Newcastle (1866)

16. Material facts should be disclosed by the insured whether asked for or not. However, there are some material facts which need not be disclosed. One of the alternatives is not true of the above.
 - (a) Facts of law
 - (b) Facts specifically known to the insured
 - (c) Facts of public knowledge
 - (d) Facts that lessen the risk

17. The Ombudsman's long-standing approach to issues of non-disclosure of material facts has been a three-stage one and one of the following is not part thereof.
 - (a) Was there a clear question and was it answered correctly?
 - (b) Was the insured induced?
 - (c) What kind of disclosure was it?
 - (d) What kind of non-disclosure was it?

18. The classical definition of Proximate cause is given in the case of ...
 - (a) Pawsey v. Scottish Union and Nation (1907)
 - (b) Castle v St. Augustine Links
 - (c) Pawsey v. Scottish Union and National (1907)
 - (d) Pawsey v. Scottish Union and National (1908)

19. The perils named in the policy as specifically not covered are referred to as ... perils.
 - (a) excepted
 - (b) uninsured
 - (c) insured
 - (d) not specifically covered

20. There are a number of settlement options to an insurer which will provide the insured with necessary indemnity. One of these is not true of the above statement.
 - (a) Replacement
 - (b) Reinstatement
 - (c) Investment
 - (d) Repairs

21. The measure of indemnity when equipment is completely destroyed is ...
 - (a) Reinstatement cost plus allowance for wear and tear
 - (b) Reinstatement cost less allowance for wear and tear
 - (c) Repairs cost plus wear and tear
 - (d) Repairs cost less wear and tear

22. All the following are examples of double insurance except ...
- (a) content policy in a building insured against fire insurance
 - (b) the household contents policy and the personal effects section of a motor policy both covering personal effects whilst in a motor vehicle
 - (c) a homeowner taking out a household buildings policy and not remembering that among the items agreed with the mortgage lender was the effecting of a policy with another insurer
 - (d) a specific warehouse contents policy and the personal effects section of a motor policy both covering personal effects while in a motor vehicle
23. Another name by which the case establishing common interest in the principle of contribution is ...
- (a) King and Prince Granaries
 - (b) King and Queen Granaries
 - (c) Prince and Princess Granaries
 - (d) King and Queen Granaries
24. For riot, civil commotion and malicious damage, claim must be notified by the insured under the Riot (Damages) Act 1886 within ... days.
- (a) 7
 - (b) 14
 - (c) 21
 - (d) 42
25. Which of the following alternatives refers to compulsory insurance by law?
- (a) Third Party, Fire and Theft
 - (b) Third Party Liability
 - (c) All of the Above
 - (d) Comprehensive
26. Section 65 of the Insurance Act 2003 provides for insurance of ...
- (a) building under construction
 - (b) importation
 - (c) public buildings
 - (d) All of the above
27. There are three stages in the money laundering process therefore one of the alternatives stated below is odd.
- (a) Placement
 - (b) Litigation
 - (c) Layering
 - (d) Integration
28. One of the following does not belong to the three strands of legal rules that apply to money laundering.
- (a) Specific laws that define what represents a criminal offense and the penalties that apply to such acts
 - (b) Money laundering regulations that apply to a stated range of firms carrying on activities in the financial sector
 - (c) Regulatory rules and guidance apply in different ways to different categories of firms
 - (d) None of the above
29. What is the full meaning of GDPR?
- (a) General Data Preventive Regulation
 - (b) General Date Preventive Regulation
 - (c) General Data Protection Regulation
 - (d) Good Data Protection Regulation
30. One of the following is a sensitive personal data according to GDPR.
- (a) Age
 - (b) Educational background
 - (c) Politics
 - (d) Height
31. What information does GDPR apply to? ... data.
- (a) Official
 - (b) Commercial
 - (c) Personal
 - (d) all of the above

32. Privacy notices should have the following features except ...
 (a) easy accessibility (b) easy understandability
 (c) neatly and carefully written in data technical language
 (d) written in plain English
33. The CIIN Code of Ethics is a series of overlapping requirements. However, one of the following is not an ethical behaviour.
 (a) Integrity (b) Compliance (c) Extremity (d) Clients Interest
34. High level rules of Code of Ethics applying to all authorised firms are found in all but one of the following.
 (a) Senior Management Arrangements (b) Systems and Controls Sourcebook
 (c) Systems and Controls Handbooks (d) None of the Above
35. Insurance Act 2003 makes builders' liability insurance compulsory in Section...
 (a) 61 (b) 69 (c) 70 (d) none of the above
36. Two of the following alternatives are common ways of sharing risk with others.
 (a) Contribution and Multiple Insurance (b) Co-insurance and Multiple Insurance
 (c) Co-insurance and Reinsurance (d) All of the above
37. The form of cover on intangibles such as income, revenue or value is known as ...
 (a) fire insurance (b) cash insurance
 (c) pecuniary insurance (d) prototype insurance
38. The cover in respect of actual loss of earnings of the business adjusted for business trends plus the increased costs associated with the business recovery is known as ... insurance.
 (a) legal (b) fidelity (c) credit (d) business interruption
39. Personal legal liability incurred by individual directors and officers for financial loss resulting from their negligence or failure to fulfill statutory responsibilities is known as ..
 (a) directors' and officers' liability (b) chief executive liability
 (c) officers' and agents' liability (d) all of the above.
40. Individuals who suffer an accident or lose their jobs who desire fixed benefits usually geared to such outgoings as mortgage repayments would be advised to take ...
 (a) payment protection indemnity insurance (b) medical accident insurance
 (c) private medical insurance (d) sickness medical insurance
41. Household buildings and contents insurance will be high on the list of ...
 (a) partnerships (b) private individuals (c) companies (d) association
42. When an insurance company is established by its parent company or group and provides insurance coverage primarily to that parent company it is known as ...
 (a) captive insurance company (b) mutual indemnity insurance
 (c) Lloyd's (d) All of the above
43. Maisir in Takaful insurance, means one of the following terms:
 (a) Uncertainty (b) Riba (c) Gambling (d) Interest

44. What is the management process which identifies, anticipates and supplies customer requirement efficiently and profitably?
 (a) Marketing (b) Market (c) marketing mix (d) distribution channel
45. The services of a loss adjuster will be used to do all the following except ...
 (a) investigate the circumstances surrounding a claim
 (b) facilitate any emergency measure (c) negotiate with specialist suppliers
 (d) Prompt payment of claims
46. The objectives of NIA are all but one of the following.
 (a) Promoting the benefits of insurance to the government
 (b) Presenting the Nigeria insurance industry to the government
 (c) Being the voice of the Nigeria insurance industry
 (d) Promoting the interest of the financial institution in general
47. Which section of the Nigerian Insurance Act 2003 provides that “Notwithstanding any provision in any written law or enactment to the contrary, where there is a breach of term of a contract of insurance, the insurer shall not be entitled to repudiate the whole or any part of the contract or a claim brought on the grounds of breach”?
 (a) 55(1) (b) 55(2) (c) 55(3) (d) 55(4)
48. The decided case establishing “consideration” as one of the essentials of a valid contract is ...
 (a) Cowry v. Misa (b) Clint v. Maslow
 (c) Currie v. Misa (d) Curry v. Musa
49. An independent intermediary is considered to be the agent of the insured in all the following alternatives but not when ...
 (a) giving advice on cover or the placing of insurance
 (b) helping arrange the insurance
 (c) giving advice to the insured (d) none of the above
50. The financial interest a person has in the subject matter of the insurance is established in the case of ...
 (a) Casteliarn v. Preston (b) Castellain v. Presting
 (c) Castellain v. Preston (d) Castle v. St. Augustine Links
51. Insurable interest in the subject matter of an insurance policy may arise in a number of ways but one of the following alternatives is not one of them.
 (a) Common Law (b) Contract (c) Statute (d) None of the above
52. That shareholders have insurable interest in a limited liability company’s property or not is supported by the case of ...
 (a) Cater v. Johnson (b) Shareholders v. House of Lords
 (c) Macaura v. Northern Assurance Co. Ltd (d) Lucena v. Crawford
53. Where a proposer deliberately or recklessly answers wrongly, this is called ...
 (a) misrepresentation (b) warranty
 (c) representation (d) condition

54. The classical definition in the case of *Pawsey v. Scottish Union and National* defines ...
- (a) proximate cause (b) insurance
(c) indemnity (d) remote cause
55. What is the name given to those perils named in the policy specifically not covered?
- (a) Expected Perils (b) Excluded Perils
(c) Uncovered Specific Policy (d) None of the above
56. Fire in a neighbour's house spreads to a boundary wall and the following day a storm occurs and the wind blows down the wall. What is the proximate cause of the loss?
- (a) Fire (b) Rain (c) Storm (d) Spread
57. ... is the active inefficient cause that sets in motion a chain of event which brings about a result with the intervention of any cause started and working actively from a new and independent source.
- (a) Remote Cause (b) Proximate Cause
(c) Efficient cause (d) None of the above
58. Indemnity is financial compensation sufficient to place the insured in the ... financial position after a loss as he enjoyed immediately before the loss occurred.
- (a) nearest financial position (b) same financial position
(c) reasonable financial position (d) comfortable financial position
59. One of the following is not a category of benefit policies.
- (a) Fire (b) Life (c) Pension (d) Annuity
60. There are a number of settlement options open to an insurer which provides the insured with the necessary indemnity. One of the following is not one of them.
- (a) Replacement (b) Reinstatement
(c) Resettlement (d) Repairs

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

61. Assessment of risk is usually in terms of low frequency and high severity.
62. Risk transfer is a mechanism whereby an individual or firm transfers a risk to his account.
63. The word "fidelity" implies the faithful or loyal performance of a duty.
64. Professional indemnity policy protects a person acting in his professional capacity against claims that may be made for loss or injury arising from his negligent actions or advice.
65. Sickness insurance provides cover in the event of accidental death or bodily injury.
66. Any company wishing to transact insurance business in Nigeria must be authorised to do so by NCRIB.
67. The distribution channel can be divided mainly into three types.

68. A loss adjuster is an expert in investigating and adjusting claims from start to finish and acts for the insurer.
69. The CIIN is the first professional body in Nigeria.
70. One of the objectives of RIMSON is entrenching risk management professionalism.
71. A person who is a joint or part owner of certain property has an insurable interest up to the limit of his financial interest.
72. The principle of utmost good faith applies only to the proposer because he is the owner of the risk.
73. A qualifying misrepresentation is careless if it is deliberate and reckless.
74. New for old cover usually applies to household contents policies.
75. By exercising his subrogation rights in keeping with the principle of indemnity, the insurer is only entitled to recover more than they have paid out of being the insurer.
76. The insurance company will not be entitled to repudiate the whole or any part of the contract or a claim brought on the grounds of breach unless the breach amounts to fraud and it is a breach of the fundamental term of the contract.
77. The loss resulting from excepted peril when excepted peril is the proximate cause of loss is covered.
78. Accidents and sickness are good examples of extended indemnity policies.
79. One of the key elements of reinstatement conditions is the fact that to benefit from the cover, the insured must reinstate.
80. All excesses are voluntary.
81. Excess buyback is usually calculated at a rate percent off the sum insured or a discount off the scheduled premium.
82. In the event there is no specific policy condition, the insured will not be entitled to claim the whole amount from any of the insurers liable to pay.
83. Subrogation is a common law right.
84. Money laundering is the process by which criminals and terrorists convert money that has been obtained illegally into legitimate funds.
85. The most common example of replacement as a means of providing indemnity is glass insurance.

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

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

Davido is desirous of purchasing a property for use as an insurance provider. Toyese offers to help him search for and pull the purchase through and Davido accepts that Toyese should act on his behalf. Toyese successfully got the property for Davido from Betty.

86. What is the relationship that is the basis of the above scenario?
(a) Associateship (b) Master/Servant
(c) Agency (d) Relational
87. Who is Davido in the case study? Davido is the ...
(a) principal (b) purchaser (c) assignor (d) agent
88. One of the following is Davido's duty.
(a) Duty of Care and Skill (b) Good Faith
(c) Remuneration (d) Accountability
89. Who is Toyese in the case study? Toyese is the ...
(a) principal (b) purchaser (c) assignor (d) agent
90. The consequence of Toyese's action on Davido is determined by her extent of ...
(a) authority (b) loyalty (c) professionalism (d) discipline

Ajibola insured his property valued at ₦50,000,000.00 with Boulevard Insurance Company. Boulevard Insurance Company in turn insured ₦40,000,000.00 representing 80% of the risk accepted with Extreme Insurance Company.

91. The arrangement between Boulevard and Extreme is called ...
(a) co-insurance (b) re-insurance
(c) packaged insurance (d) all of the above
92. Ajibola, in the case study above, is the
(a) insured (b) reinsured (c) re-insurer (d) co-insurer
93. Boulevard in the scenario is referred to as ...
(a) insured (b) reinsured (c) re-insurer (d) co-insurer
94. Assuming Extreme places part of the risk it has accepted with another company, what form of arrangement would that be?
(a) Another Reinsurance (b) Further Insurance
(c) Retrocession (d) Introcession
95. One of the following names fits Extreme in the scenario?
(a) Underwriter (b) Reinsured (c) Original reinsured (d) Policyholder

Your friend came for clarification. He said he insured his large concern with Helix Insurance Company but to his surprise, on getting the policy document he observed that rather than see Helix Insurance Company, he saw different companies with different proportions with Helix being the first on the list with the highest percentage.

96. Your first reaction would be that it has been arranged on ... basis.
- (a) co-insurance
 - (b) special insurance
 - (c) re-insurance
 - (d) All of the above
97. How do you refer to Helix?
- (a) Leader Underwriter
 - (b) Leading Office
 - (c) Team Leader
 - (d) Expert Leader
98. You will also likely explain that ...
- (a) the rate and terms are as stated by the lead
 - (b) the rate and terms are agreed by all insurers involved
 - (c) the rate and terms are applied by each insurer independently
 - (d) All of the above
99. The policy so issued is known as ... policy.
- (a) collective
 - (b) packaged
 - (c) co-insurance
 - (d) none of the above
100. In the event a change is required, the lead issues closing instructions to each participating insurer as such and requests their agreement which they confirm by issuing ...
- (a) signing slips
 - (b) signing proposal forms
 - (b) separate policies
 - (d) none of the above

Chief Examiner's Comment

The content of the course was well covered, and the options in the questions were standard but the overall performance of the candidates was not encouraging as only 44% of the candidates passed the examination.

Comments on Overall Performance

The overall performance is fair and not encouraging. 44% of the candidates passed.

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

Candidates are encouraged to study more and be more adequately prepared for future examinations. They are also encouraged to attend tutorial classes in order to boost their performances.

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F02 - GENERAL INSURANCE BUSINESS
YEAR 2024 OCTOBER DIET



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**CHARTERED INSURANCE INSTITUTE OF NIGERIA
FOUNDATION**

F02 – GENERAL INSURANCE BUSINESS

INSTRUCTIONS TO CANDIDATES

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Section A

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Example:

A comprehensive motor insurance policy would provide cover for:

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

The correct option is (a).

Section B

Questions 61 – 85 are to be answered as either True (T) or False (F). Select your chosen option and indicate it on the answer form by filling in the appropriate box.

Example:

A comprehensive motor insurance policy would provide cover for all types of accidental damages without any exclusion (True or False).

The correct option is False (F).

Section C

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

1. The law provides that only motor vehicles used on ... must be compulsorily insured.
(a) estates (b) private roads
(c) public roads (d) all Nigerian roads
2. Which of these motor insurance policies is compulsory in Nigeria?
(a) Road Traffic Act only (b) Third party only
(c) Third party, fire and theft (d) Comprehensive
3. The minimum No Claim Discount (NCD) for the first year is ...
(a) 5% (b) 25% (c) 33% (d) 75%
4. The general insurance policy that would pay compensation for the death of an insured that died as a result of an accident is ...
(a) life assurance (b) personal accident insurance
(c) sick insurance (d) critical illness insurance
5. Which of these policies would be subjected to franchise?
(a) Public Liability Insurance (b) Sickness Insurance
(c) Critical Illness Insurance (d) Marine Insurance
6. A policy that will cover fire perils, liability, and fidelity guarantee risks in one policy is a ...
(a) stand-alone policy (b) standard policy
(c) package policy (d) comprehensive policy
7. The money extension provides a form of ... cover.
(a) standard (b) stand-alone (c) package (d) all-risk
8. Bicycle insurance is a form of ... cover.
(a) standard (b) stand-alone (c) packaged (d) all-risk
9. Money insurance is a form of ... insurance.
(a) property (b) pecuniary (c) liability (d) special
10. Which of these laws define theft?
(a) Theft Act 1945 (b) Money Insurance Act 1968
(c) Burglary Act 1978 (d) Theft Act 1968
11. Turnover is important in which of these policies?
(a) Business Interruption Insurance (b) Money Insurance
(c) Glass Insurance (d) Theft Insurance
12. Which of these policies is not expected to be handled on a standard insurance helpline?
(a) Private Motor Insurance (b) Pet Insurance
(c) Travel Insurance (d) Marine Insurance
13. The widest cover in Motor insurance is ... cover.
(a) Road Traffic Act (b) Standard
(c) Third Party (d) Comprehensive

14. In which of these levels of motor insurance cover will you have a “young or inexperienced drivers excess”?
 - (a) Road Traffic Act only
 - (b) Standard
 - (c) Third Party only
 - (d) Comprehensive

15. Which of the following does not form part of the cover that is provided under a comprehensive private motor insurance policy?
 - (a) Accidental damage to the insured vehicle
 - (b) Driver’s personal accident
 - (c) Recovery of a vehicle after breakdown
 - (d) Recovery of a vehicle to a repairer after an accident

16. Goods being carried by vehicles will be covered by ... insurance.
 - (a) commercial vehicles
 - (b) motor trade
 - (c) goods-in-transit
 - (d) private car

17. ... insurance may be used to provide compensation in the event of death or serious injury by accident, and to mitigate loss of income and additional expenses.
 - (a) Fidelity Guarantee
 - (b) Money
 - (c) Sickness
 - (d) Personal Accident

18. Which of these could be used to describe “a contract to pay a sum of money in the event of a certain contingency, irrespective of whether the insured sustains a direct financial loss”?
 - (a) Indemnity Policy
 - (b) Policy of Subrogation
 - (c) Policy of Contribution
 - (d) Benefit Policy

19. Sickness cover will exclude sickness contracted within the first ... days of the commencement of the policy period.
 - (a) 10
 - (b) 21
 - (c) 30
 - (d) 40

20. Which of these is NOT covered by medical expenses insurance?
 - (a) Hospital Charges
 - (b) Self-Inflicted Injury
 - (c) Specialist Fees
 - (d) Additional Costs

21. An example of a package policy is ... insurance.
 - (a) motor
 - (b) goods-in-transit
 - (c) theft
 - (d) travel

22. Items like television and bedding will be covered in which section of household insurance?
 - (a) Building Insurance
 - (b) deductible insurance
 - (c) content insurance
 - (d) all of the above

23. The form of special perils that arise where an aircraft crashed landed on a building is called ...
 - (a) aircraft liability
 - (b) impact damage
 - (c) ground heave
 - (d) landslip

24. A policy that will cover every risk except those specifically excluded is called ... policy.
 - (a) combined
 - (b) household
 - (c) package
 - (d) “all risks”

25. The Insurance Act 2003 categorises life insurance business into ... categories.
 - (a) 2
 - (b) 3
 - (c) 4
 - (d) 5

26. Which of these will cover delay of the aircraft, ship, e.t.c., in which the insured has arranged travel for at least 12 hours of original departure time due to strike, industrial action, e.t.c.?
 - (a) Travel Interruption
 - (b) Travel Delay
 - (c) Failure of the Organisers
 - (d) Lack of Services or Amenities

27. An insurance document, which brings together fire, special perils, theft, business interruption, money and other types of insurance for 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
28. ... is an example of social perils.
 (a) Explosion (b) Striker (c) Ground Heave (d) Aircraft
29. If an excess of ₦250.00 applies, how much would the insurer pay in the loss of ₦375.00?
 (a) Nil (b) ₦125.00 (c) ₦250.00 (d) ₦375.00
30. Which of these is NOT an exclusion in theft insurance?
 (a) Collusion (b) Fire and Special Perils
 (c) Damage to Locks (d) Cash and Bank Notes
31. Which of these is NOT part of the group legal benefit policies under legal expenses insurance?
 (a) Employment Cover (b) Personal Cover
 (c) Motor Cover (d) Criminal Prosecution Defence Cover
32. The most common business interruption policies will exclude
 (a) general accident (b) fire and special perils
 (c) "all risks" (d) engineering
33. "Any person who is under a contract of service or apprentice" is a/an ...
 (a) contractor (b) employer (c) insured (d) employee
34. Which of the following information must a proposer disclose?
 (a) Facts of Law (b) Facts of Public Knowledge
 (c) Facts that Increase the Risk
 (d) Facts Where The Insurer Has Waived Its Right
35. Section 65 of the Insurance Act 2003 provides for insurance of ...
 (a) building under construction (b) importation
 (c) public buildings (d) All of the above
36. General questions will NOT include ...
 (a) proposer's address (b) proposer's age
 (c) details of past insurance history (d) building construction
37. "Declaration" will be found in which of these documents?
 (a) Proposal Form (b) Policy (c) Certificate (d) Cover Note
38. ... is regarded as the eyes and ears of the underwriter.
 (a) Broker (b) Assessor (c) Risk Surveyor (d) Police
39. Rate per Mille will be used in ... insurance.
 (a) product liability (b) motor insurance
 (c) fire insurance (d) general accident

40. The objectives of NIA are all but one of the following.
- (a) Promoting the benefits of insurance to the government
 - (b) Presenting the Nigeria insurance industry to the government
 - (c) Being the voice of the Nigeria insurance industry
 - (d) Promoting the interest of the financial institution in general
41. ... is a document issued as evidence that insurance has been granted, pending the issuance of a policy or endorsement.
- (a) Cover Note
 - (b) Certificate
 - (c) Policy Document
 - (d) Renewal Notice
42. Which of these is not found in a certificate of insurance?
- (a) Name of Policyholder
 - (b) Date of Commencement
 - (c) Expiry Date
 - (d) Address
43. The details of the insured will be found in ...
- (a) recital clause
 - (b) operative clause
 - (c) schedule
 - (d) headings
44. Which of these has to do with the settlement of a dispute?
- (a) Contribution
 - (b) Subrogation
 - (c) Arbitration
 - (d) Cancellation
45. A franchise is a policy term whereby the ...
- (a) insured always pay an agreed amount towards a claim
 - (b) insured never has to contribute towards the claim
 - (c) insurer pays the full value of any claim under an agreed amount
 - (d) insurer pays the full value of any claim which exceeds an agreed amount
46. John Adamu has insured an article for ₦10,000.00. The article suffers ₦5,000.00 worth of damage. How much will the insurer pay if the policy has an excess of ₦3,000.00?
- (a) ₦2,000.00
 - (b) ₦3,000.00
 - (c) ₦5,000.00
 - (d) ₦10,000.00
47. Information that would affect the judgement of a prudent insurer is ...
- (a) disclosure
 - (b) material fact
 - (c) proximate cause
 - (d) judicial information
48. The proposer is expected to disclose which of these circumstances?
- (a) Circumstances that lessen the risk
 - (b) Circumstances the insurer knows
 - (c) Circumstances that the insurer is presumed to know
 - (d) Circumstances that increase the risks
49. The rehabilitation period for custodial sentences of over 4 years is ...
- (a) never spent
 - (b) 4 years
 - (c) 2 years
 - (d) 1 year
50. The business insureds are covered by ...
- (a) Consumer Insurance (Disclosure and Representations) Act 2012
 - (b) Insurance Act 2015
 - (c) Consumer Protection Act 2017
 - (d) Disclosure Act 2019

51. Which section of the Nigerian Insurance Act 2003 provides that “Notwithstanding any provision in any written law or enactment to the contrary, where there is a breach of term of a contract of insurance, the insurer shall not be entitled to repudiate the whole or any part of the contract or a claim brought on the grounds of breach”?
- (a) 55(1) (b) 55(2) (c) 55(3) (d) 55(4)
52. Fire is an example of ...
- (a) risk (b) peril (c) moral hazard (d) physical hazard
53. Nature of the construction of a building is an example of ...
- (a) moral hazard (b) physical hazard (c) risk (d) perils
54. Buildings of lightweight construction is an example of ...
- (a) good physical hazard (b) moral hazard
(c) bad physical hazard (d) peril
55. An example of a general question will NOT include ...
- (a) proposer’s name (b) details of past insurance history
(c) ages of drivers (d) details of other insurances
56. The and ... of the client must be established by the intermediary before providing any recommendation.
- (a) demands and service (b) service and satisfaction
(c) demands and needs (d) service and indemnity
57. The individual and firms will clearly want to know the rate of premium to be charged and the terms that would apply before they commit to the insurance contract. This is referred to as ...
- (a) prospecting (b) rating (c) underwriting (d) quotation
58. Which document is issued to ensure that both the insured and insurer are clear as to the terms agreed between them?
- (a) Claims Form (b) Proposal Form
(c) Endorsement (d) Policy
59. The certificate in employer’s liability insurance will not contain ...
- (a) name of the policyholder (b) expiry date
(c) limitations to use (d) the minimum amount of cover
60. A factory owner insures their factory for ₦300,000.00. The factory catches fire, sustaining damage to the amount of ₦100,000.00. The insurer calculates that the true value of the property is ₦400,000.00. How much will the factory owner be paid?
- (a) ₦75,000.00 (b) ₦100,000.00 (c) ₦300,000.00 (d) ₦400,000.00

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

61. Premium is the amount paid to an insured for a loss.
62. Cover note is issued in marine insurance.

63. Policies are generally issued in a scheduled form, in that the policy wording is pre-printed, often in a booklet, and a schedule is incorporated at the end of the policy.
64. The operative clause describes the scope of the cover in detail.
65. Exceptions are not included in all insurance contracts.
66. Riot and civil commotion are standard exclusions in most general insurance and motor policies.
67. To avoid the repeated use of lengthy lists, insurers define a single word or phrase to embrace the wider wording wherever the term is emboldened.
68. Express warranty is a warranty which does not appear in the policy.
69. There must be insurable interest for the insurance contract to exist as a condition precedent to the contract.
70. Warranty and condition are the same in an insurance contract.
71. Some implied conditions are so fundamental that they affect the whole validity of the policy and render it void.
72. A renewal notice is usually issued and MCG rules state that this must be done in sufficient time and contain sufficient information to enable the consumer to make an informed decision.
73. The insurer does not have the responsibility of ensuring that the cover was in force at the time of the loss.
74. Average is used in all classes of insurance where the sum insured is less than the value at loss.
75. Notification conditions vary in different classes of general insurance.
76. The form used in motor insurance claims is the accident report form.
77. A doctor's certificate is essential in personal injury and sickness claims.
78. Contribution will arise in personal accident insurance.
79. Average is applied when the sum insured is adequate to cover the full value of the risk insured.
80. Untraced drivers' agreement covers 'hit and run' cases where the motorist involved in the accident cannot be traced.
81. There are eight principles of insurance.
82. Loss of use is an optional extension in comprehensive motor insurance.
83. Buses and coaches are examples of vehicles of special construction.

84. In permanent total disablement, compensation is usually in the form of a capital sum of an annuity.
85. Specialist surveyors are sometimes used to carry out surveys or provide advice on employers' liability risk.

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

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

Emeka Musa is a student of Government College, Maiduguri in Borno State, Nigeria. His father works in a factory that produces cement in the State and he had purchased a life assurance policy from one of the reputable insurance companies in the State. The Company where his father works also bought insurance for the welfare of all the staff members. One morning, while Emeka's father was going to work, Emeka's father had an accident and died in the accident.

86. Which of the general insurance policies will pay for Emeka's father's death as a result of the accident?
- | | |
|---------------------------------|---------------------|
| (a) General Accident Insurance | (b) Motor Insurance |
| (c) Personal Accident Insurance | (d) Life Assurance |
87. The policy identified in (1) above will not pay which of the benefits below?
- | | |
|-----------------------|---------------------------------|
| (a) Death Benefit | (b) Permanent Total Disablement |
| (c) Education Benefit | (d) Medical Expenses |
88. The general insurance policy purchased by the company for its employees that would pay death benefits arising from an accident is ... policy.
- | | |
|---------------------------------|---------------------------------------|
| (a) Group Life Assurance | (b) Group Personal Accident Insurance |
| (c) Personal Accident Insurance | (d) Life Assurance |
89. As a result of the accident above, the benefit payable would be in form of a/an ...
- | | |
|------------------------|---------------------|
| (a) lump sum | (b) annuity |
| (c) partial instalment | (d) full instalment |
90. Had it been that Emeka's father had been fully disabled so he could not do anything as a result of the accident instead of dying, the benefit payable would be ...
- | | |
|-----------------------------------|-----------------------------------|
| (a) permanent partial disablement | (b) permanent total disablement |
| (c) temporary total disablement | (d) temporary partial disablement |

Ojo Musa had approached an insurance company to insure his father's car. He had claimed that if his father died he would be the one to inherit the car. He also wanted to know if he insured the car above the value whether he would get more than the value of the car.

91. The process of negotiating the insurance and revealing the above information is known as ...
- | | | | |
|--------------------|--------------|---------------|------------|
| (a) representation | (b) warranty | (c) quotation | (d) rating |
|--------------------|--------------|---------------|------------|
92. The insurance principle that will not allow him to insure his father's property is ...
- | | |
|------------------------|-----------------------|
| (a) insurable interest | (b) proximate cause |
| (c) indemnity | (d) utmost good faith |
93. The insurance principle that makes him disclose the facts before seeking for cover is ...

- (a) insurable interest
- (b) proximate cause
- (c) indemnity
- (d) utmost good faith

94. The insurance principle that would prevent him from getting more than the loss is ...

- (a) insurable interest
- (b) proximate cause
- (c) indemnity
- (d) utmost good faith

95. The insurance principle that would allow him to insure his property with two or more insurers is ...

- (a) subrogation
- (b) contribution
- (c) indemnity
- (d) average

You work with a company, MyHealth Insurance Limited, that specialises in the sale of health insurance products. The administration manager of OroProg Limited has approached you to buy health insurance products for his staff.

96. The company has requested to buy a product that would pay disability benefits when a staff is sick and unable to come to work. Which policy will cover this risk?

- (a) Employers' Liability Insurance
- (b) Sickness Insurance
- (c) Critical Illness Insurance
- (d) Medical Expenses Insurance

97. The policy that will pay the medical bill of sick employees is ...

- (a) Employers' Liability Insurance
- (b) Sickness Insurance
- (c) Critical Illness Insurance
- (d) Medical Expenses Insurance

98. John Origro, the head of quality control, was involved in an industrial accident which led to the loss of one of his middle fingers. Which of these benefits will he be paid?

- (a) Permanent Total Disablement
- (b) Permanent Partial Disablement
- (c) Temporary Total Disablement
- (d) Temporary Partial Disablement

99. The policy that would pay for the loss of the finger in (3) above which the company should buy is ...

- (a) Personal Accident Insurance
- (b) Group Personal Accident Insurance
- (c) Group Sickness Insurance
- (d) Group Life Assurance

100. The medical policy to be sold to OroProg Limited would not provide cover to ...

- (a) Injury Caused by Accident
- (b) Sickness After 21 Days of Purchase
- (c) Self-Inflicted Injury
- (d) Payment of Medical Expenses

Chief Examiner's Comment

The pass rate was below average with 46.32% of candidates passing in this diet. The reason for this poor performance may be as a result of poor preparation by candidates.

Comments on Overall Performance

Below average.

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

Candidates are encouraged to review solutions to past examination questions as part of their preparation for the examination and to attend tutorial classes to enhance their performance.

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F03 – LIFE ASSURANCE, ANNUITY
AND PENSIONS ADMINISTRATION
YEAR 2024 OCTOBER DIET



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

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

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION

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

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

Section A

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

Example:

A comprehensive motor insurance policy would provide cover for:

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

The correct option is (a).

Section B

Questions 61 – 85 are to be answered as either True (T) or False (F). Select your chosen option and indicate it on the answer form by filling in the appropriate box.

Example:

A comprehensive motor insurance policy would provide cover for all types of accidental damages without any exclusion (True or False).

The correct option is False (F).

Section C

Questions 86 – 100. This section contains four (4) case studies each followed by some questions. The case studies are not numbered and appear at the top of the page. Each of the questions following a case study is numbered. Four options follow each question. The options are labelled, a, b, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box.

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

1. From the life assurance perspective, insurance is a device that spread loss among group of ...
(a) investors (b) individuals (c) club members (d) friends
2. Which of these is a composite insurer in the Nigerian insurance market?
(a) Capital Express Assurance Limited (b) Cornerstone Insurance Limited
(c) Unitrust Insurance Limited (d) African Alliance Insurance Limited
3. The case where the father handed a policy to his son requesting him to erect a tombstone out of the policy money on his death is ...
(a) Re: King, Sewell v. King (1879) (b) Re: Williams, Williams v. Ball (1917)
(c) Castallain v. Preston (1883) (d) Thomas v. Harris (1947)
4. Risk transfer through risk pooling is called ...
(a) reinsurance (b) bancassurance (c) insurance (d) savings
5. Which of the following is not a type of retirement?
(a) Early Retirement (b) Personal Retirement
(c) Normal Retirement (d) Late Retirement
6. Term assurance provides cover against ... within ... period.
(a) death/a specified (b) accident/an unlimited
(c) accident/a specified (d) death/an unlimited
7. If the assured dies following an accident, the benefit payable under a double accident benefit policy would be ...
(a) the ordinary sum assured (b) twice the sum assured
(c) thrice the sum assured (d) no sum assured
8. Underwriting in insurance would involve the assessment of risks of the ...
(a) proposer (b) insurer (c) claimant (d) intermediary
9. Classification of underwriting in life assurance will not include ...
(a) non-medical underwriting (b) financial underwriting
(c) medical underwriting (d) better underwriting
10. Where a policyholder can no longer afford to pay the premiums on an endowment or whole life assurance, they may request for the policy to be ...
(a) paid up (b) lapsed (c) changed (d) revived
11. An officer in the life office that accepts risks on behalf of his company is called a/an ...
(a) underwriter (b) marketer (c) surveyor (d) policyholder
12. A single life policy covers ...
(a) only one life (b) anyone (c) an unmarried person (d) everybody
13. Group life assurance enables employers to provide for dependant of employees who ... while in services.
(a) dies (b) retires (c) resigns (d) any of the above

26. In exercising the rights of a mortgage, if the borrower fails to repay the lender will have all the following remedies except ...
- (a) repayment (b) reinstatement
(c) power of sale (d) foreclosure
27. John Adamu who purchased an annuity policy would be referred to as a/an ...
- (a) assured (b) life assured (c) annuitant (d) insured
28. An annuity which guarantees payment for a minimum period regardless of when the buyer dies is a/an ...
- (a) joint life and last survivor annuity (b) increasing annuity
(c) equity-linked annuity (d) guaranteed annuity
29. In underwriting a life traditional policy, the rate to be charged the proposer would vary with ...
- (a) proposal form (b) terms of the insurance cover only
(c) age and terms of the policy (d) age of the client only
30. In underwriting a new cover, the underwriter can get further information through ...
- (a) doctor's report/visit (b) medical examination/phone call
(c) doctor's report/medical examination (d) visit/phone call
31. Under the Policies of Assurance Act 1867, the effect of giving notice applies to all but one of the following.
- (a) To give the assignee the right to sue in his own name
(b) To gain priority of claim over earlier assignees who have failed to give notice
(c) To give the assignee a higher claim payment
(d) To preserve priority of claim over subsequent assignees
32. The objectives of NIA are all but one of the following.
- (a) Promoting the benefits of insurance to the government
(b) Presenting the Nigeria insurance industry to the government
(c) Being the voice of the Nigeria insurance industry
(d) Promoting the interest of the financial institution in general
33. Investment linked policies are types of ...
- (a) whole life and term assurance (b) endowment and term assurance
(c) whole life and endowment (d) term assurance and joint life
34. The free limit cover is the sum assured above which the insured will be required to ...
- (a) undergo medical examination (b) complete a health questionnaire
(c) seek medical advice (d) complete a lifestyle questionnaire
35. The retention limit is the ... loss that a life assurer is prepared to keep in its portfolio.
- (a) maximum (b) minimum (c) average (d) greater
36. Once a policy has been issued, its ownership can be changed in a number of ways except through ...
- (a) mortgage (b) trust (c) absolute assignment (d) all of the above

37. Which of the following is a method of risk transfer?
 (a) Investment (b) Insurance (c) Savings (d) Security
38. The type of term assurance used for mortgage protection is the ...
 (a) convertible term assurance (b) renewable term assurance
 (c) increasing term assurance (d) decreasing term assurance
39. Which of these is not a traditional type of life assurance policy?
 (a) Term Assurance (b) Whole Life Assurance
 (c) Endowment (d) Hospital Cash Plan
40. Which of these is not a form of unit-linked fund??
 (a) Property Fund (b) Endowment Fund
 (c) Cash Fund (d) Index-Linked Gilt Fund
41. The person on whose life the policy depends and when the person dies, the policy will pay out the benefit assured against is called the ...
 (a) insured (b) assured (c) life assured (d) life guaranteed
42. The types of term assurance policy will not include which of these?
 (a) Renewable Term Assurance (b) Convertible Term Assurance
 (c) Decreasing Term Assurance (d) Investible Term Assurance
43. Which of these with-profits whole life assurance contract are written with two sums assured and will pay the amount on death, whichever is greater of the basic sum assured plus bonuses; or the guaranteed death sum assured?
 (a) Non-Profit Whole Life Policies (b) Low-Cost Whole Life Policies
 (c) Simple Premium Unit-Linked Whole Life Policies
 (d) Regular Premium Unit-Linked Whole Life Policies
44. Which of these policies address the drawbacks of the traditional endowment, namely its fixed maturity date and low surrender value?
 (a) Low-Costs Endowments (b) Flexidowments
 (c) Low-Start Endowment (d) Unit-Linked Endowment
45. Which of these covers is a type of assurance where payment is only made on the death of the assured if a certain other condition is also fulfilled?
 (a) Pure Endowment (b) Universal Life Policy
 (c) Contingent Policy (d) Flexidowment
46. Life assurers place limits on the maximum losses they are prepared to retain, above this limit, the office must then spread the risks by finding another assurer to accept the excess. This process is known as ...
 (a) underwriting (b) reinsurance (c) mutuality (d) rating
47. In the ... premium system, the premium remains the same throughout the term of the policy.
 (a) higher (b) lower (c) level (d) discount

48. Gratuity is different from pension in that ...
- it is usually in the form of a series of money
 - it is payable on retirement, resignation or retrenchment
 - it may be contributory or non-contributory
 - the minimum qualifying years is usually put at 10 years
49. Which of these items is not an additional benefit in life assurance?
- Waiver of Premium
 - Terminal Illness Cover
 - Health Care Benefit
 - Recital Benefit
50. If a policyholder can no longer afford to pay premiums, such a policyholder may request that the policy be made ...
- revived
 - postponed
 - paid-up
 - suspended
51. All of these are methods of reinsurance, except ...
- original term reinsurance
 - morbidity reinsurance
 - quota premium reinsurance
 - quota share reinsurance
52. ... provides, in return for a single premium, annual payment starting immediately and continuing for the rest of annuitant's life.
- Immediate Annuity
 - Deferred Annuity
 - Temporary Annuity
 - Annuity Certain
53. In Nigeria, a life insurance policy must be issued by a Nigerian registered ...
- life insurance broker
 - insurance surveyor
 - life insurance company
 - life reinsurance company
54. Life insurance company must take ... to prevent a catastrophe from affecting its portfolio.
- risk
 - reinsurance
 - care
 - insurance
55. The medical risk that increases with the passage of time does not include ...
- malaria
 - being overweight
 - tuberculosis
 - chronic bronchitis
56. The "schedule" in the policy document states all but one of the following.
- Individual Details of the Life Assured
 - Exclusion
 - Premium Amount
 - Premium Frequency
57. If the borrower fails to repay, the lender has all but the following remedy.
- Power of Sale
 - Foreclosure
 - Repayment
 - Reversal
58. All claims are subject to all of the following except ...
- payment of all due premiums
 - proof of title
 - plan of action
 - production of the policy
59. The first indigenous Life Insurance company in Nigeria is ...
- Royal Exchange Assurance
 - Nigerian Life and General
 - Mutual Benefits Assurance Limited
 - African Alliance Insurance Limited

60. Which of these is not a form of trust?
- | | |
|----------------|---------------------|
| (a) Bare Trust | (b) Resulting Trust |
| (c) Settlement | (d) Power Trust |

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

61. In a policy purchased by an employer for the employee, the life assured is the name given to the employer.
62. The term 'family income' is, in a way, a misnomer since the policy is really written to provide a capital sum payable by instalments for a selected period.
63. Level premiums are not payable in endowment policy.
64. Total and permanent disability benefit is a benefit whereby the sum assured is payable on permanent disability as well as on death.
65. Critical illness covers sickness like malaria.
66. Income Protection Insurance was formerly known as Permanent Health Insurance.
67. Critical illness cover cannot be sold as a group policy.
68. Key person insurance is the name given to the insurance taken out by a company on an employee who is vital to the continued profitability of the business.
69. The guidelines for life insurance policy for employees was signed by NAICOM and PENCOR.
70. Where an employee is missing, the employer shall report this immediately to the employee's PFA, Insurer and the National Pension Commission.
71. Flat premium is used in life assurance.
72. An example of medical factors in underwriting is mental disorder.
73. Members of the armed forces bear a higher than average risk of accidental death.
74. A person that is overweight should pay higher premium than normal.
75. Chronic bronchitis is a progressive ailment which requires premium loading for cover to be granted.
76. The level premium system can be seen from the mortality tables that the risk of death increases with age.
77. Once a proposal has been accepted by the life office and the first premium paid, the office will then pay claim.
78. Once a policy has been issued its ownership can be changed in a number of ways.

79. All offices have procedures to investigate policies which fall into arrears.
80. Once a policy has lapsed due to non-payment of premiums the office will remain on risk.
81. An immediate annuity contract provides in return for a single premium an annual payment starting immediately and continuing for the rest of the annuitant's life.
82. When a deed of assignment is produced to a life office as part of a claimant's proof of title, the deed must be examined to see if it legitimately passes to the claimant.
83. To perfect the equitable assignee's title against the life office, a legal assignment and notice are NOT required.
84. Special consideration should be given to claims where it appears that the cause of death is suicide.
85. The mortgage deed would contain a provision whereby the borrower promised to pay premiums under the policy and to restore it if it lapsed.

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

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

In Aba, Abia State, Sarah, a teacher and dedicated mother, decided to secure the future of her family by investing in a life assurance policy. Aware of the uncertainties in life, she opted for a policy that not only provides financial support in the event of her untimely demise but also ensures that a significant part of the payout is earmarked for the education of her children.

86. This form of payout for the education of her children when paid to the children in life assurance is called ...
 (a) sum assured (b) benefits (c) claims (d) surrender value
87. Which of the traditional form of life policy could specifically be used to pay school fees?
 (a) Annuities (b) Whole life assurance
 (c) Term assurance (d) Endowment assurance
88. The policy that Sarah could purchase which could pay out only when she dies is ...
 (a) Annuities (b) Whole Life Assurance
 (c) Term Assurance (d) Endowment Assurance
89. Sarah could buy the policy because she has ...
 (a) indemnity (b) insurable interest
 (c) proximate cause (d) utmost good faith
90. Which of these would be a beneficiary of the policy above? Sarah's ...
 (a) broker (b) assurer (c) children (d) siblings

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

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

Mr. Okechukwu Nwosu is a staff of Ekene Industries Limited in Onitsha, Anambra State, Nigeria, and had approached an insurance agent to help him arrange a life cover for the school fees of his three daughters who are still in elementary school. He had informed the agent that he wants a sum of ₦6,000,000.00 cover for each of the children taking into consideration the targeted cost of university education in the country. The agent had told him not to worry as he could do so and arrange covers that would not require him to go for medical examinations.

96. The traditional form for the above insurance will be a/an ...
(a) term assurance (b) endowment assurance
(c) whole life assurance (d) permanent health insurance
97. The term used to explain the action of a proposer undergoing medical assessment is ...
(a) non-medical underwriting (b) medical underwriting
(c) occupational underwriting (d) financial underwriting
98. The amount of cover where the proposal is exempted from medical examination is called the ...
(a) free cover limit (b) underwriting limit
(c) paid up limit (d) surrender value

99. The best form of cover to propose to Mr. Nwosu in the above case study is the ...
- | | |
|--------------------|-------------------------|
| (a) flexidowment | (b) annuity certain |
| (c) pure endowment | (d) endowment assurance |
100. The policy to be arranged for payment of school fees is an ...
- | | |
|--------------------------------|-------------------------------------|
| (a) educational term assurance | (b) educational annuity |
| (c) educational whole life | (d) educational endowment assurance |

Chief Examiner's Comment

The common errors committed by candidates in answering each question cannot be ascertained. Candidates' overall performance in the course was excellent with 76.33% pass rate.

The reason for the excellent performance by the candidates can be adduced to the level of their preparation and good understanding of the course.

I will suggest that the Institute should maintain the availability of study materials for the candidates.

Comments on Overall Performance

The overall performance was excellent.

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

Candidates to familiarise themselves with the provided study materials and also be encouraged to prepare adequately for the examinations

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

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



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

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

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION

**F04 – BUSINESS COMMUNICATION AND
INFORMATION TECHNOLOGY**

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

Section A: The questions 1 – 50 in this paper are numbered and four options follow each question. The options are labeled a,b,c,d. Only one of these options is correct. Select your answer for each question and indicate it on the answer form by filling in the appropriate box. **For Example:** One of the demerits of electronic communication bothers on its ...

(a) speed (b) coverage (c) security (d) accessibility

The correct option is (c).

Section B:

Questions 51 – 60 are to be answered by picking the correctly spelt word.

For Example:

(a) Follow (b) Follow (c) Foloow (d) Followw

The correct option is False (b).

Section C

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

(b) See you soonest than ever (c) See you sooner (d) I hope to be with you soon

The correct option is (d)

Section D

Questions 71 - 80 are to be answered by picking the option that has the sentence which is correctly punctuated. **For Example:** (a) I hope to be with you soon,

(b) I hope to be with you soon? (c) I hope to be with you soon.

(d) I hope to be with you soon; The correct option is (c)

Section E

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

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

(a) at (b) in (c) on (d) for

The correct option is (a)

Section F

Questions 91 – 100. This section contains one (1) case study followed by ten questions. The case study is not numbered and appear at the top of the page. Each of the ten questions following a case study is numbered. Four options follow each question. The options are labelled, a, b, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box.

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

1. The three fixed aspects of communication are -----.
(a) the sender, the medium and the message
(b) the message, the signature of the sender and the medium
(c) the sender, the message and the receiver
(d) the message, the medium and the closing subscription
2. One of the following is not a strictly formal means of communication in an organisation.
(a) letters (b) memos (c) reports (d) e-mails
3. One of the following is not one of the principles of effective communication.
(a) cooperation (b) conciseness (c) correctness (d) consideration
4. The differences in people's views, values and experiences which are capable of affecting the interpretation of a message by different people in an organisation constitute what is referred to as -----.
(a) filters (b) emotional state (c) selective perception (d) status
5. Barriers to effective communication can be best defined as -----.
(a) anything that hinders the passage of information
(b) all physical objects that hinder the transmission of information
(c) anything that makes communication ineffective
(d) None of the above
6. Communication is only taken to be effective if -----.
(a) it is well constructed by the sender
(b) the receiver takes the appropriate action in respect of the message communicated
(c) the receiver does not complain about the length of the message
(d) the sender ensures that it gets to the target audience
7. Any interference that gets in the way of a message being accurately received, interpreted, or responded to by a receiver is best described as -----.
(a) filters (b) stimulus (c) semantics (d) noise
8. Which of the following does not factor in attitudinal barriers to effective business communication?
(a) poor management (b) personality conflicts
(c) individuals' personal discomfort (d) resistance to change
9. The fear of criticism as a major factor that prevents good communication is more common among which of the following classes of employees?
(a) female staff (b) older staff (c) senior staff (d) junior staff
10. One of the following is a good example of internal downward communication.
(a) communication from a junior officer to a management staff
(b) communication among colleagues of equal status
(c) communication from an organisation to the public
(d) communication from a departmental head to the unit head

11. An expression that is void of clarity is said to be -----.
(a) ambiguous (b) ambitious (c) ambivalent (d) invalid
12. Feedback in business communication is best defined as -----.
(a) the exchange of information between an encoder and a decoder
(b) non-verbal response to a message
(c) the decoder's response to a message (d) verbal response to a message
13. Who is responsible for feedback in the communication process?
(a) The encoder (b) The decoder
(c) Both the encoder and the decoder (d) The transmitter
14. A message that is intelligible and free from verbosity is said to be -----.
(a) complete (b) correct (c) concrete (d) concise
15. One of the following is a demerit of written communication.
(a) Its feedback can be delayed (b) Its feedback is spontaneous
(c) It is not appropriate for a large audience (d) Its feedback is documented
16. One of the following is not a formal means of business communication.
(a) grapevine (b) newsletters (c) meetings (d) circulars
17. Which of the statements below is not true about business letters?
(a) The signature of the writer is optional.
(b) Most people regard a badly written letter as a sign of a badly run company.
(c) They are usually written between people who know each other slightly.
(d) The language is courteous.
18. Which of the following is/are acceptable form(s) of writing a date in a business letter?
(a) 11th November, 2024 (b) 11— 11— 2024
(c) November 11, 2024 (d) (a) and (c)
19. Which of the following is true about oral communication?
(a) It is not suitable for a small audience. (b) Its encoder is always a senior staff
(c) It is most suitable when immediate feedback is needed
(d) Its documentation is always a challenge
20. The understanding of a memorandum is usually dependent on the fact that -----.
(a) it is usually issued by a senior staff
(b) the subject matter is usually not a serious one
(c) the sender and the receiver usually have common business background
(d) the sender and the receiver usually have common professional background
21. Which of the following is true about a memorandum?
(a) It is strictly formal (b) It is less formal than a letter
(c) It is strictly informal
(d) It can be used to communicate any information about a business

22. One of the following is not true about external business communication.
- It builds strong professional relationships
 - It must be handled by the corporate communication department
 - It can be done through a press release
 - It requires an appropriate choice of information to be shared with external bodies.
23. Which of the following is not a type of external business communication?
- Newsletter
 - Memorandum
 - Formal Invitations
 - Proposals
24. A ----- is a bulletin issued periodically to the members of a society or an organisation.
- newsletter
 - circular
 - press release
 - mail
25. A major advantage of direct mail in business communication is that -----.
- they can be used for personal communication
 - they can be sent without details of a company's products or services
 - they do not require much attention
 - the sender can determine the time and frequency of communicating through them.
26. Which of the following question types in a questionnaire is most suitable for eliciting information on the respondents' age?
- Fixed choice questions
 - Multiple choice questions
 - Dichotomous questions
 - Open ended questions
27. One of the following is not a step in handling customers' complaints.
- Staying calm
 - Listening attentively
 - Getting the facts
 - Noting a customer's personal information
28. Which of the following is not true about feedback?
- It can be positive or negative
 - Negative feedback requires attention and action
 - Both positive and negative require action
 - Good feedback and action can lead to an increase in productivity.
29. One of the following is a research instrument.
- Questionnaire
 - Circular
 - Open ended questions
 - PowerPoint
30. Which of the following comes first in the structure of business reports?
- Introduction
 - Synopsis
 - Findings
 - Terms of reference
31. In a business report, one of the following is optional.
- Recommendations
 - Findings
 - Additional material
 - Title
32. One of the essence of "terms of reference" in a report is that it -----.
- spells out the nature and scope of the report and investigation
 - records suggested actions in respect of the investigation
 - contains the findings of the report
 - All of the above
33. IFTDC formula for reports stands for -----.
- instructions/from/date/copies
 - information/from/date/copies
 - information/from/to/date/ copied
 - instructions/from/to/date/copies

34. In which of the following types of meetings are specified sets of responsibilities discussed?
 (a) Committee Meetings (b) Board Meetings
 (c) Departmental Meetings (d) Extra-Ordinary General Meetings
35. One of the following is not a business meeting.
 (a) Committee Meetings (b) Management Meetings
 (c) Annual General Meetings (d) Group Meetings
36. The type of minutes that records only conclusions reached during a meeting is known as ----.
 (a) standard minutes (b) full minutes
 (c) brief minutes (d) short minutes
37. Which of the following is true about agenda numbering of minutes?
 (a) It is produced strictly in accordance with the items on the agenda.
 (b) It records each year's minutes as a single unit.
 (c) It records verbatim the proceedings of a meeting. (d) None of the above.
38. One of the following is not a type of internal speech communication.
 (a) teleconference (b) video conference
 (c) presentations (d) Intercom
39. In a persuasive presentation, a presenter tries to -----.
 (a) argue a point (b) convince an audience to support certain views
 (c) refute an idea (d) educate the audience on an issue
40. Employing body language during a speech presentation has the advantage of -----.
 (a) ensuring that all participants understand what is said
 (b) keeping the presenter on the alert
 (c) giving physical expression to the speech
 (d) clearing ambiguities about a message
41. Which of the following is odd in the list?
 (a) video conferencing (b) podcasts
 (c) seminars (d) voice-over-internet protocol
42. All the following except one can be used during a speech presentation.
 (a) fax machines (b) projectors
 (c) flip charts (d) whiteboards
43. Which of the following is suitable for a business presentation?
 (a) PowerPoint (b) Microsoft Word
 (c) Excel (d) All of the Above
44. One of the following is not among the technologies used in business.
 (a) Blogs (b) Fax Machines (c) Radio (d) None of the Above
45. The device used to detect and respond to electrical and optical signals is known as -----.
 (a) Senses (b) Sensors (c) Alexa (d) Robots
46. The ability of a computer or machine to think and act like a human being is best described as -----.

- (a) Internet of Things (b) Robotics
(c) Artificial Intelligence (d) Alexa
47. One of the following is not true about sensors. They respond to -----.
(a) time zone (b) temperature (c) light (d) blood pressure
48. The application of I.T. Networks enables a company's employees to be connected from ---
(a) a distance only (b) a close range only
(c) the office (d) any location
49. Which of the following is not an electronic medium through which a company's employees can communicate one another?
(a) blogs (b) e-mails (c) billboards (d) e-newsletters
50. Alex is a -----.
(a) vacuum cleaner (b) flying robot
(c) humanoid robot (d) lawn mower

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

51. (a) anonymous (b) anonyuous (c) annonymous (d) anonimus
52. (a) inehaustible (b) inehaustable (c) inexhaustible (d) nexhaustible
53. (a) inesplicable (b) inexplickable (c) inexplicable (d) inexplicable
54. (a) athentic (b) autentic (c) authenctic (d) authentic
55. (a) plagarism (b) plegiarism (c) plagiarism (d) plagiarison
56. (a) assiduous (b) assiduous (c) asciduous (d) assiduous
57. (a) judgement (b) judgment (c) jugment (d) judgment
58. (a) attillery (b) artillery (c) artillery (d) artellary
59. (a) itinerary (b) ittinerary (c) itinarty (d) itirinery
60. (a) alteration (b) altaration (c) altiration (d) altaretion

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

61. (a) Our library comprises of many sections.
(b) Our library comprises many sections.
(c) Our library comprises up many sections.
(d) Our library comprises up of many sections.
62. (a) He is still owing the company.
(b) He is still owing for the company.
(c) He is still owing up the company.
(d) He still owes the company.
63. (a) Your secretary complained that she had been denied of her annual leave for several years.
(b) Your secretary complained that she had been denied her annual leave for several years.
(c) Your secretary complained that she had been denied on her annual leave for several years.
(d) Your secretary complained that she had been denied off her annual leave for several years.
64. (a) The truth is that the problem has been existing for years.
(b) The truth is that the problem has being existing for years.

- (c) The truth is that the problem has existed for years.
 (d) The truth is that the problem have been existing for years.
65. (a) Many people do not have the guts to walk away from a well-paid job.
 (b) Many people do not have the gut to walk away from a well-paid job.
 (c) Many people do not have the gutts to walk away from a well-paid job.
 (d) Many people do not have the gusts to walk away from a well-paid job.
66. (a) Bola and her colleague have not been talking to themselves since they quarreled.
 (b) Bola and her colleague have not been talking to theirselves since they quarreled.
 (c) Bola and her colleague have not been talking to one another since they quarreled.
 (d) Bola and her colleague have not been talking to each other since they quarreled.
67. (a) Please borrow me some money. (b) Please borrow to me some money.
 (c) Please lend me some money. (d) Please borrow me money.
68. (a) Be careful not to damage other people’s property when demolishing the building.
 (b) Be careful not to damage other people’s properties when demolishing the building.
 (c) Be careful not to damage other people properties when demolishing the building.
 (d) Be careful not to damage other people property when demolishing the building.
69. (a) Many staff members have signed up for the day.
 (b) Many staff members have signed of for the day.
 (c) Many staff members have signed off for the day.
 (d) Many staff members has signed up for the day.
70. (a) The personnel manager has listed out the problems.
 (b) The personnel manager has listed the problems.
 (c) The personnel manager has listed up the problems.
 (d) The personnel manager have listed out the problems.

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

71. (a) It’s been raining all day. (b) Its’ been raining all day.
 (c) Its been raining all day. (d) It’s bee’n raining all day.
72. (a) Are you going to camp this week Raymond.
 (b) Are you, going to camp this week raymond?
 (c) Are you going to camp this week, Raymond?
 (d) Are you going to camp, this week, Raymond?
73. (a) I told her that dad doesn’t like dogs. (b) I told her that Dad doesn’t like dogs.
 (c) I told her hat Dad doesnt like dogs. (d) i told her that dad doesn’t like dogs.
74. (a) She asked me when I was married? (b) She asked me when i was married?
 (c) She asked me when I was married. (d) she asked me when I was married.
75. (a) In my opinion, we should be home by 6.00p.m.
 (b) In my opinion, we should be home at 6.00p.m.

- (c) In my opinion, We should be home by 6.00p.m.
 (d) in my opinion, we should be home by 6.00p.m.
76. (a) The English test, in fact, was very long.
 (b) The English test in fact, was very long.
 (c) The English test, in fact was very long.
 (d) The English test in fact was very long.
77. (a) The audience comprised of doctors; professors and Engineers.
 (b) The audience comprised of Doctors; Professors and Engineers.
 (c) The audience comprised of doctors, professors and engineers.
 (d) The audience, comprised of Doctors, Professors and Engineers.
78. (a) They danced all day, they won the contest.
 (b) They danced all day; they won the contest.
 (c) They danced all day; They won the contest.
 (d) They danced all day they won the contest.
79. (a) He's a member of the Peoples' Demonstration Party.
 (b) He's a member of the Peoples Demonstration Party.
 (c) He's a member of the People's Demonstration Party.
 (d) Hes' a member of the People's Demonstration party.
80. (a) The so-called Home of Comfort Hotel we stayed in was far from comfortable.
 (b) The socalled 'Home of Comfort Hotel' we stayed in was far from comfortable.
 (c) The so-called 'Home of Comfort Hotel' we stayed in was far from comfortable.
 (d) The so-called, 'Home of Comfort Hotel', we stayed in was far from comfortable.

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

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

81. The lady enjoyed the dance ----- the fact that she had a fever.
 (a) despite (b) in spite (c) even (d) knowing
82. The nurse inoculated ----- pupil in the class.
 (a) all (b) every (c) most (d) all
83. ----- who knows the times will not open his doors for strangers at night.
 (a) Everybody (b) Somebody (c) Nobody (d) Anybody
84. One of the security men stole the ----- briefcase.
 (a) director-general's (b) director's-general
 (c) director-generals' (d) directors'-general
85. People are advised to refrain ----- smoking.
 (a) with (b) against (c) on (d) from
86. Yvonne ----- come to work today since she is still sick.
 (a) needn't to (b) needn't had (c) needn't have (d) needn't has

87. ----- has been taken to make the event a success.
 (a) Every (b) Such (c) Much (d) Many
88. She brought us -----.
 (a) a good news (b) many good news (c) several good news (d) some good news
89. A befitting ----- was paid to the memory of the departed renowned playwright.
 (a) tribute (b) ovation (c) praise (d) accolade
90. They wished him ----- of the season.
 (a) complements (b) compliments (c) compliment (d) complement

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

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

Publishing is one of the fastest-growing businesses in many developing nations of the world today. Although many self-published books are available in the market, many authors prefer to use traditional publishing houses since they guarantee cost-free publication on the part of the author and a wider marketing network for books.

The first stage in publishing through a traditional publishing company is to get a manuscript submitted to a publisher who sends it to an assessor. Assessing a manuscript is of two major importance – first, it enables the publisher to ascertain whether or not it is publishable and second, to know the extent the final product will meet the demands of its target audience.

After the general assessment, a manuscript is further sent to the editorial section of a publishing house for proofreading and the correction of any spelling and/or typographical errors. After this, the manuscript is typeset in readiness for its printing.

After the printing, the book is bound and a few copies are sent to its author as complimentary copies while the remaining copies are stored in the warehouse for sale by the marketing department.

91. According to the passage, publishing is one of the fastest-growing businesses in -----.
 (a) developed countries (b) the world (c) Africa (d) developing countries
92. One of the importance of assessing a manuscript is to -----.
 (a) ensure that it will be published at last
 (b) correct spelling and typographical errors
 (c) determine the extent to which it will meet its target audience's demands
 (d) All of the above
93. Which of the following is true about the typesetting of a manuscript?
 (a) It is done before it is proofread.
 (b) It is the final stage in the book production process
 (c) It comes after a manuscript has been proofread. (d) It is done by an assessor.
94. As stated in the passage, a few copies of a book sent to its author are referred to as ----- copies.

- (a) complementary (b) confirmation
(c) appreciation (d) complimentary

95. Which of the following can be deduced from the passage?
(a) Book publishing is a lucrative business
(b) Assessing a manuscript guarantees its success
(c) Publishing a book through a publishing house guarantees its sales
(d) A manuscript undergoes several stages before getting published as a book

Read the passage below and answer the questions which follow.

Researches by the World Health Organization (WHO) reports that excess consumption of alcohol causes four percent more deaths than the dreaded Acquired Immune Deficiency Syndrome (AIDS) and tuberculosis worldwide. According to these reports, 2.5 million people die every year due to alcohol abuse. These reports also disclose that the rising income in Africa and Asia is a major factor in alcohol abuse in the two continents while it is attributable to depression and other psychological factors in developed countries.

WHO, which is a global body, has therefore advised governments to institute stringent alcohol control policies as a way of saving humanity from the devastating consequences (violence, disease, road accidents, child neglect among others) of the ugly menace of alcoholism.

96. The passage suggests that many Africans and Asians tend to consume more alcohol when ---
-----.
(a) there is improved living standard (b) they are bereaved
(c) national incomes are low (d) weather is good
97. Which of the following is not true according to the passage?
(a) Alcohol abuse is a problem in African and Asian countries only
(b) More people die yearly from excess consumption of alcohol than from AIDS
(c) Every government ought to institute strong alcohol control policies
(d) People in developed countries are less likely to indulge in alcoholism when their income increases.
98. The tone of the passage can be said to be -----.
(a) persuasive (b) alarming (c) conciliatory (d) nonchalant
99. From the passage, it can be deduced that the World Health Organization ----- excessive alcohol consumption.
(a) condemns (b) supports (c) penalizes (d) is neutral about
100. The word "stringent" as used in the passage means -----.
(a) miserly (b) loose (c) very strict (d) harsh.

Chief Examiner's Comment

60.3% of the candidates passed which though above average can be better.

Those candidates who passed would have prepared adequately for the examination.

Comments on Overall Performance

The overall pass rate was 60.3%.

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

Candidates are advised to attend tutorial classes and endeavor to adequately prepare for future examinations.

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F05 - INSURANCE UNDERWRITING PROCESS
YEAR 2024 OCTOBER DIET



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

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

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION

F05 - INSURANCE UNDERWRITING PROCESS

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

Section A

The questions 1 – 50 in this paper are numbered and four options follow each question. The options are labeled a,b,c,d. Only one of these options is correct. Select your answer for each question and indicate it on the answer form by filling in the appropriate box.

Example:

Employers' liability insurance certificates are legally required to be kept for a minimum of ...

- | | | | |
|-----|-------------------------|-----|-------------------------|
| (a) | 40 years from inception | (b) | 50 years from inception |
| (c) | 40 years from expiry | (d) | 50 years from expiry |

The answer is option (c).

Section B

Questions 51 – 60 are to be answered as either True (T) or False (F). Select your chosen option and indicate it on the answer form by filling in the appropriate box.

Example:

An employers' liability insurance never expires. (True or False).

The correct option is False (F).

Section C

Questions 61 – 75. This section contains three (3) case studies each followed by five questions. The case studies are not numbered and appear at the top of the page. Each of the five questions following a case study is numbered. Four options follow each question. The options are labelled, a, b, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box.

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

1. The risk management process is divided into ... stages.
(a) 3 (b) 4 (c) 5 (d) 6
2. In calculating this ratio of claims and premiums, the figures are just lifted from the system of claims paid and premiums booked without an adjustment. What type of claims ratio is this?
(a) Static Balance (b) Outstanding Loss Ratio
(c) Incurred Loss Ratio (d) Earned Loss Ratio
3. Mr. Okechukwu rides a personal car with a comprehensive insurance cover and while waiting at the zebra crossing for school children to pass from one side of the road to the other, Mr. Nkem ran into him from behind damaging the whole of his boot. What would be the maximum amount Mr. Nkem can get under his car policy as third-party indemnity in line with NAICOM's recent regulation?
(a) ₦1million (b) ₦2million (c) ₦2.5million (d) ₦3million
4. A policy contains in its service information section that its call centre is open 24 hours to assist the policyholder in the event of a breakdown. This would be a ...
(a) business interruption policy (b) employers' liability policy
(c) motor insurance policy (d) fidelity guarantee policy
5. This professional helps in the risk management process and is referred to as the 'eye and ear' of the insurer. Who is this professional?
(a) Police Detective (b) Surveyor (c) Loss Adjuster (d) Auditor
6. The provision of a sprinkler system in an insured factory is a risk ... measure.
(a) identification (b) analysis (c) examination (d) control
7. The Insurance Act 2003 categorises life insurance business into ... categories.
(a) 2 (b) 3 (c) 4 (d) 5
8. In the risk management process, investigations about the frequency and severity of an identified risk are carried out during the risk ... stage.
(a) risk analysis (b) control (c) identification (d) elimination
9. The insurance market goes through phases. A phase of the market in which rates are increasing with profit rising is said to be a ...
(a) soft market (b) monopoly market
(c) market transition (d) hard market
10. Market cycle for insurance business varies from time to time but can be affected by all these except ...
(a) legislation in respect of new laws/regulations
(b) mutual consent by two insurance companies
(c) climatic change bringing about weather changes
(d) major disasters having global impact
11. MPL as a risk management measure is most commonly used in ... insurance.
(a) public liability (b) personal accident (c) money (d) fire

12. Excess of loss reinsurance cover is arranged in layers. This arrangement is suitable for ...
- (a) fire and special perils policy (b) all risks' policy
(c) public liability policy (d) money insurance policy
13. EFG Insurance Company Limited was told by its reinsurer that it will have to cede a specified proportion of all businesses in the new line of business just being started. What type of treaty is this?
- (a) Quota Share Treaty (b) Excess of Loss Treaty
(c) Stop Loss Treaty (d) Surplus Treaty
14. Section 65 of the Insurance Act 2003 provides for insurance of ...
- (a) building under construction (b) importation
(c) public buildings (d) All of the above
15. You are told that the retention for a particular reinsurance arrangement is ₦100,000,000.00 and that the first layer of cover is 20 lines and the second layer is 10 lines. What type of reinsurance treaty is it?
- (a) Quota Share Treaty (b) Excess of Loss Treaty
(c) Stop Loss Treaty (d) Surplus Treaty
16. In the Nigerian Insurance Market, how many levels of cover are there by the Insurance Act 2003?
- (a) 2 (b) 3 (c) 4 (d) 5
17. In which of these policies will you find references to cover for loading and unloading?
- (a) Private Motor Policy (b) Motorcycle Policy
(c) Special Type Policy (d) Commercial Vehicle Policy
18. For a combination of vehicles belonging to one insured to be acceptable by an insurer for a standard fleet policy, there must be a minimum number of ... vehicles.
- (a) 10 (b) 15 (c) 12 (d) 8
19. An employee sometimes uses their personal vehicle in the course of their employer's business. A situation arises in which they cause third party liability and their insurance proves to be defective. What type of policy should the employer put in place against such a situation?
- (a) Occasional Business Use Policy (b) Contingent Liability Policy
(c) Joint Insured Policy (d) Fleet Policy
20. What is the single article limit inserted into householders or burglary policies?
- (a) 12.5% (b) 10% (c) 7.5% (d) 5%
21. Which section of the Nigerian Insurance Act 2003 provides that "Notwithstanding any provision in any written law or enactment to the contrary, where there is a breach of term of a contract of insurance, the insurer shall not be entitled to repudiate the whole or any part of the contract or a claim brought on the grounds of breach"?
- (a) 55(1) (b) 55(2) (c) 55(3) (d) 55(4)
22. Mechanical and Electrical goods items normally come with conditions that they will be repaired within a given period. Commercial insurance comes in to elongate the time given by the seller/manufacturer. Which policy would this be covered under?

- (a) Product Liability (b) Extended Warranty
(c) Professional Indemnity (d) All Risks
23. The part of the policy where all information concerning the insured and details of the risks insured are contained is the ...
(a) preamble (b) operative clause
(c) schedule (d) information services
24. Insurance companies are the parties that draft the wording of the policy and must ensure that there are no ambiguous terms capable of more than one interpretation. This is known as ...
(a) uberrimae fidei (b) contra proferentem
(c) caveat emptor (d) strict liability
25. The section of the policy that links the proposal form as the basis of the contract and incorporates the same to the policy is ...
(a) preamble (b) schedule (c) heading (d) conditions
26. Implied conditions are not written on the pages of the policy document. They are assumed by common law and practice. Which of these will not qualify as an implied condition?
(a) That the insured must notify the insurer of any accident that could lead to a claim within a specified time
(b) That an individual must behave as if uninsured during the currency of the policy and after a loss
(c) That the insured must take reasonable action to minimise a loss/damage
(d) The insured must not hinder the insurers in their investigation of a claim
27. Fundamental risks are generally regarded as the responsibility of “The State” because of the massive damage they cause especially war and such are standard exclusions in insurance policies. However, one of the following policies insures war peril. Which one?
(a) Business Interruption Insurance (b) Contractors All Risks Insurance
(c) Marine Insurance (d) Motor Insurance
28. A policyholder insures for a lower value than the property is valued. What concept is invoked to penalise this act?
(a) Excess (b) Single Article Limit (c) Franchise (d) Average
29. Insurable interest is of vital importance in an insurance contract and goes to the root of the contract. It is therefore a/an ...
(a) condition precedent to the contract (b) express condition
(c) condition subsequent to the contract (d) condition precedent to liability
30. The anniversary date for most general Insurance is known as ... date
(a) jubilee (b) cycle (c) renewal (d) contract
31. Either party to a contract can cancel it by observing the relevant provisions. An insured who cancels a policy is entitled to have a proportion of the premium returned. This will be done by the insurer in charging a ... premium.
(a) pro-rata (b) flat (c) adjustable (d) short period
32. The major rating factor for personal accident and permanent health insurance is ...
(a) height (b) occupation (c) lifestyle (d) age

33. Underwriting is the foundation of technical insurance operation which has a bearing on every other phase if not properly done and it comes issuance of significant documents. Which document is the source from which underwriting takes information that it processes?
- (a) Purchase Invoice (b) Offer Letter
(c) Proposal Form (d) Order Form
34. The professional that assists the underwriter in the course of underwriting to inspect the subject matter proposed for insurance to have first-hand knowledge of its state and occupation is the ...
- (a) broker (b) adjuster (c) marketer (d) surveyor
35. When the insured's supply estimated figure as the basis on which the rate is applied, a deposit premium is then used. This can be found in ... class of business.
- (a) Employers' Liability (b) All Risks'
(c) Private Motor (d) Household
36. The document that expresses the intentions of both the insured and insurer to depict the terms and features of the agreements binding them is called the ...
- (a) proposal form (b) collective endorsement
(c) certificate of insurance (d) policy document
37. A young executive who has some degree of financial knowledge has approached you that he would not want to expose himself and his assets to undue exposure and has requested you to guide him on various aspects of personal insurance that will assuage his anxieties.
- On motor insurance, he wants only the cover that will protect him against third party liabilities of death, injury and damage to the property of others, since he claims he can always repair any of his cars in the event of any accidental damage. Which level of cover will be appropriate in this situation?
- (a) Comprehensive (b) Third Party, Fire and Theft
(c) Third Party (d) Road Traffic Act
38. He has a duplex where he lives with his various items that make a home comfortable such as furniture, artwork, kitchen utensils, e.t.c. Which policy will you recommend to him that should meet his insurance needs as espoused?
- (a) Fire and Special Perils (b) Household Insurance
(c) Burglary Insurance (d) Consequential Loss
39. It is very instructive that each item be specifically mentioned and a value attached. However, where a lump sum is used, a single article limit is invoked by custom and practice. If it is not negotiated, what would this limit percentage be?
- (a) 20% (b) 15% (c) 10% (d) 5%
40. General Insurance policies are contracts of indemnity inclusive of personal individual policies. Which of these is not a contract of indemnity?
- (a) Personal Accident (b) Fire and Special Perils
(c) Commercial Vehicle (d) Motorcycle
41. A comprehensive private motor policy protects the insured as it contains very wide coverage, but even then, there are exceptions. Which one of these is not one of such exceptions?
- (a) Loss of Use (b) Loss of Accessories

- (c) Wear and Tear (d) Depreciation
42. Frequency of occurrence and severity has an effect in evaluating or determining premium rate. What is the scenario of this in terms of a petrochemical complex?
 (a) Low Frequency, Low Severity (b) High Frequency, Low Severity
 (c) Low Frequency, High Severity (d) High Frequency, High Severity
43. The proportion of the premium that must be kept as free reserves to ensure that an insurer can meet its claims obligations is known as ...
 (a) outstanding claims (b) fixed cost
 (c) gross premium (d) risk capital
44. The part or proportion of the premium that is used to reward the agent or intermediary who introduces the business to the insurer is called the ...
 (a) commission (b) fixed cost (c) salary (d) overhead
45. The result of the company in which loss, commission and expenses are netted off the premium income is called the ...
 (a) gross profit (b) turnover
 (c) underwriting result (d) dividend payout
46. Which of these is not a special peril?
 (a) Lightning (b) Malicious Damage
 (c) Riot and Civil Commotion (d) Earthquake
47. To qualify as riot and civil commotion, under the Public Order Act, the minimum number of people that must converge is ...
 (a) 30 (b) 24 (c) 12 (d) 6
48. The All-Risks Policy is very wide, covering loss/damage by fire, theft, or accidental damage in or outside the premises, but they still contain exclusions. Into how many groups are these exclusions classified?
 (a) 10 (b) 8 (c) 6 (d) 4
49. The 'escort warranty' is a feature in ... insurance.
 (a) computer (b) money (c) business Interruption (d) all risks
50. The main sum insured in the Business Interruption policy is ...
 (a) working expenses (b) turnover
 (c) gross profit (d) auditor's fee

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

Answer True (T) or False (F)

51. There is a general practice of grouping occupations into four or five for rating purposes. This will apply to personal accident insurance.
52. The policy that is said to be usually sold at the point of sale is a travel insurance policy.
53. The claims and underwriting exchange as a database are useful in the task of fraud prevention in the United Kingdom.

54. The standard fire cover only covers weather-related perils.
55. The All-Risk Policy is a comprehensive cover without exceptions.
56. In a Business Interruption policy, the maximum time the income of the business could be affected as a result of damage by fire is the waiting period.
57. A material damage proviso is found in a loss of profit insurance.
58. The courts will not award damages for pure financial loss where there is no death or bodily injury or physical damage except in only one policy- professional indemnity.
59. The duty of fair presentation requires the insured to disclose relevant information at their disposal from the inception of the policy and does not extend to claim.
60. A risk survey is a method of obtaining material information that would assist the underwriter in making an informed decision on the risk.

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

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

Mazi Okechukwu Uzo purchased insurance from a reputable insurance company against losses to his car. He was requested to complete a proposal form after which a document was given to him evidencing the contract between him and the insurer. He was advised by the marketer to read that document very well.

61. Which of these documents would be regarded as the basis of the contract between Mazi Uzo and his insurer?

(a) Proposal Form	(b) Policy Document
(c) Renewal Document	(d) Endorsement
62. The document evidencing the contract between Mazi Uzo and his insurer is ...

(a) Proposal Form	(b) Policy Document
(c) Renewal Document	(d) Endorsement
63. What is the purpose of the document identified in (62) above?
 - (a) To collect information about the risk
 - (b) To call for renewal of the expired risk
 - (c) To show that there was a contract between the parties
 - (d) To amend the content of a permanent document
64. Which document is required by law to show that Mazi Uzo's car is insured?

(a) Proposal Form	(b) Policy Wordings
(c) Certificate of Insurance	(d) Cover Note
65. The part of the document identified in (62) above that refers to the parties to the contract is the ...

(a) heading	(b) preamble	(c) operative clause	(d) condition
-------------	--------------	----------------------	---------------

Musa Joof went to Joken Insurance Plc to purchase an insurance cover for his house and he was given prices for the different types of cover. He had done the same with other insurers in the market. He now decided to go to a professional to help him arrange the cover and place his risks with one of the insurers.

66. The act of requesting prices from different insurers is called ...
(a) marketing (b) assessing (c) valuation (d) quotation
67. The price payable by Musa Joof for the cover is called the ...
(a) claims (b) premium
(c) sum insured (d) limit of liability
68. The amount payable to the insurer to cover the risk, administrative cost and profit is the ...
(a) net premium (b) net sum insured
(c) gross premium (d) gross sum insured
69. The cost of the risk that covers only the expected claim is ...
(a) net premium (b) net sum insured
(c) gross premium (d) gross sum insured
70. Which of these could be said to be the best reason why Musa Joof went from one company to another before deciding on the one to buy from?
(a) The law mandates him to do so (b) To get a cheaper premium
(c) To get the best cover (d) To pay more premium

Ayonitemi Nigeria Limited is a manufacturer of animal feeds in Ogun State. The company's administration department manager has approached you for a business interruption cover for its business. They had purchased other classes of insurance from you and other insurance companies in the market.

71. Another name for business interruption is ...
(a) enhanced fire policy (b) all risk insurance
(c) loss of profit insurance (d) combined insurance policy
72. The main cover under business interruption insurance is ...
(a) gross profit (b) turnover (c) earnings (d) expenses
73. The maximum time covered by this policy is called the ... period.
(a) reconstruction (b) reinstatement (c) indemnity (d) excess
74. The material damage provision in this policy would be on ...
(a) fidelity guarantee (b) theft insurance
(c) fire insurance (d) public liability insurance
75. This policy will cover loss of ...
(a) rent (b) profit (c) fire (d) theft

Chief Examiner's Comment

41.57% of the candidates passed the examination. Candidates are advised to prepare adequately for the examination.

Comments on Overall Performance

Performance was below average. Candidate should study well for the examination

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

Candidates are encouraged to engage in more in-depth studies and be adequately prepared for the examinations.

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F06 – MOTOR INSURANCE PRODUCTS
YEAR 2024 OCTOBER DIET



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

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

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION

F06 – MOTOR INSURANCE PRODUCTS

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

Section A

The questions 1 – 50 in this paper are numbered and four options follow each question. The options are labeled a,b,c,d. Only one of these options is correct. Select your answer for each question and indicate it on the answer form by filling in the appropriate box.

Example:

Employers' liability insurance certificates are legally required to be kept for a minimum of ...

- | | |
|-----------------------------|-----------------------------|
| (a) 40 years from inception | (b) 50 years from inception |
| (c) 40 years from expiry | (d) 50 years from expiry |

The answer is option (c).

Section B

Questions 51 – 60 are to be answered as either True (T) or False (F). Select your chosen option and indicate it on the answer form by filling in the appropriate box.

Example:

An employers' liability insurance never expires. (True or False).

The correct option is False (F).

Section C

Questions 61 – 75. This section contains three (3) case studies each followed by five questions. The case studies are not numbered and appear at the top of the page. Each of the five questions following a case study is numbered. Four options follow each question. The options are labelled, a, b, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box.

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

1. When an Act is described as an 'Enabling Act' such as the Road Traffic Act (RTA) of 1988, it means that the Act ...
 - (a) the latest Act on a particular subject
 - (b) is an act that the parliament that has overridden the President
 - (c) on which the relevant government officer can make a follow-up upon
 - (d) has a validity period/terminal date

2. The main method of meeting the provisions of the requirement of the RTA in respect of third-party liabilities is by means of insurance. Which other alternative exists under the Act?
 - (a) Savings Account
 - (b) Bank Deposit
 - (c) Equity
 - (d) Security

3. The Insurance Act 2003 categorises life insurance business into ... categories.
 - (a) 2
 - (b) 3
 - (c) 4
 - (d) 5

4. In the absence of inquiry, the insured is not required to disclose certain information. Which of these is not one of them?
 - (a) Information relating to facts that increase the risk
 - (b) Information relating to claims history from previous insurer
 - (c) Information the insurer ought to know
 - (d) Information on which the insurer has conveyed a waiver

5. Details required to be put on a motor insurance certificate by the Motor Vehicle (Third Party Risks) Insurance Act 1950 in Nigeria includes all but one of these.
 - (a) Details of the Vehicle Covered
 - (b) Certificate Number
 - (c) Scope of Number
 - (d) Limitations So As To Use

6. Form B or unspecified certificates are usually encountered in ...
 - (a) vehicles belonging to non-commercial organisation
 - (b) big corporations
 - (c) fleet-rated risk
 - (d) taxis

7. The document provided by the insurer to serve the purpose of the motor insurance certificate pending full documentation to issue the policy is the ...
 - (a) proposal form
 - (b) prospectus
 - (c) proforma
 - (d) cover note

8. The policy schedule as an important section of the policy document will contain information as to this except one.
 - (a) Claim Notification
 - (b) Period of Insurance
 - (c) Address of the Insured
 - (d) Occupation of the Policyholder

9. The statement of facts prepared by the insurer from a communication received from the insured is to serve as an alternative to ...
 - (a) purchase invoice
 - (b) proposal form
 - (c) vehicle license
 - (d) driver's license

10. The part of the policy which links the proposal, certificate and schedule as forming part of one contract is ...
 - (a) preamble
 - (b) operative clause
 - (c) signature clause
 - (d) service information

11. A condition in the policy document requiring the policyholder to inform the insurer of any accident that could lead to a claim under the policy is known as ...
 - (a) documentation condition
 - (b) notification condition
 - (c) procedural condition
 - (d) benefit condition

12. The section of the policy where the policyholder can find the insurer's complaints procedure is the ...
 - (a) preamble
 - (b) heading
 - (c) operative clause
 - (d) service information

13. Regulations in respect of cover notes and certificates require that they are kept and retained for a specified period. The prescribed time frame is ... months.
 - (a) 12
 - (b) 9
 - (c) 6
 - (d) 3

14. The combined operating ratio is the aggregate of all the consistent parts of the underwriting expenses. Which of these is not one of them?
 - (a) Claims Cost
 - (b) Interest Charges
 - (c) Commission
 - (d) Expenses

15. A good example of fixed cost for an underwriting firm will be ...
 - (a) agency/brokers commission
 - (b) claims expenses
 - (c) rent/loss of building
 - (d) bank charges

16. Rating of contingent liability policy is usually based on ...
 - (a) industry in which the insured business operates
 - (b) travel distance
 - (c) type of vehicle
 - (d) number of employees

17. The professional employed by insurers to calculate premium rates is a/an ...
 - (a) actuary
 - (b) surveyor
 - (c) engineer
 - (d) adjuster

18. At the time of claim, cherished or classic-type vehicles are settled for total loss based on...
 - (a) cost price
 - (b) market value
 - (c) agreed value
 - (d) updated value

19. Rating of goods carrying vehicles will take into consideration all but one of these factors.
 - (a) Use
 - (b) Driver
 - (c) Policy Cover
 - (d) Purchase Arrangement

20. For goods carrying vehicles, ... are the number of rating classes usually used by insurers.
 - (a) two
 - (b) three
 - (c) four
 - (d) five

21. Fleet operators will prefer their vehicles to be fleet for all the following reasons except ...
 - (a) it gives additional benefits to employee drivers
 - (b) premium are usually large and they want value for money
 - (c) range of cover offered may be greater than available elsewhere
 - (d) want good claims history reflected in premium charged

22. The No Claims Discount (NCD) scheme in which the earned discount cannot be reduced or taken away is called ... No Claims Discount (NCD).
 - (a) normal
 - (b) accelerated
 - (c) guaranteed
 - (d) protected

23. At what stage in the cycle of insurance companies have the attraction to enter the market?

34. An insured reports a claim over the phone conveying details and circumstances of loss/damage. The insurer collates the information received and sends it to the insured for confirmation/authentication. The document sent is a/an ...
 (a) statement of union (b) indemnity form
 (c) counterclaim form (d) claim proposal form
35. Insurance Act 2003 makes builders' liability insurance compulsory in Section...
 (a) 61 (b) 69 (c) 70 (d) none of the above
36. The professional that helps the insurance company to agree on the method and cost of repair with the repairing garage is the ...
 (a) actuary (b) surveyor (c) engineer (d) auditor
37. Security in a vehicle makes the vehicle impossible or difficult to steal. Which of these is not a security feature against theft?
 (a) Cruise Comfort (b) Deadlocks
 (c) Motion Sensitive Alert (d) Engine Immobilizers
38. A claimant who had processed his claim accepted the insurance company's settlement offer. He submitted the executed discharge voucher on 1st March and by 1st May of the same year, he informed you that the claim had not been paid. How many days does the Insurance Act 2003 allow after submission of the executed discharge voucher before he can approach NAICOM for payment from the insurer's statutory deposit?
 (a) 30 days (b) 60 days (c) 90 days (d) 120 days
39. What is the insurance scope on a car insured by ABC Insurance Plc on which the policyholder opted to retain the salvage following a road accident after a claim settlement?
 (a) Agreed Value Policy (b) Third Party, Fire and Theft
 (c) Third Party only (d) Comprehensive
40. The basic premium on car insurance is ₦200,000.00 and the insured has just completed one period of insurance claim-free, giving him a discount of 20% while the rate of premium is 10% of the value of the vehicle. What is the renewal premium payable?
 (a) ₦160,000.00 (b) ₦180,000.00 (c) ₦170,000.00 (d) ₦140,000.00
41. If the insured gives a letter of undertaking to repair the motor of a third party right at the spot of the accident, the insured had violated the policy provision on ...
 (a) admission of liability (b) proximate cause of loss
 (c) fault occurrence (d) fraud clause
42. What will be the implication of having a motorcycle issued under "to specified rider policy"?
 (a) To reduce the danger of accidents (b) To reduce premium
 (c) Use of motor is restricted to rider specified (d) Anybody can ride it
43. What principle of insurance would operate where a dealer has the comprehensive cover on a car sold on hire purchase and also the buyer effecting insurance in his capacity if a claim occurs?
 (a) Utmost Good Faith (b) Condition of Average
 (c) Contribution (d) Indemnity

44. The untraced drivers' agreement is concerned with what class of driver will be involved in an admissible claim of motor incident.
- (a) Drunken Driver (b) Under-Aged Drivers
(c) Hit and Run Drivers (d) None of the above
45. What is the effect of "Contributory Negligence" on a third party claimant?
- (a) Knock out the claim
(b) Reduce claim by the proportion of own negligence
(c) Deny the claim of a third party (d) Make a contributor suffer his/her role
46. The objectives of NIA are all but one of the following.
- (a) Promoting the benefits of insurance to the government
(b) Presenting the Nigeria insurance industry to the government
(c) Being the voice of the Nigeria insurance industry
(d) Promoting the interest of the financial institution in general
47. Which section of the Nigerian Insurance Act 2003 provides that "Notwithstanding any provision in any written law or enactment to the contrary, where there is a breach of term of a contract of insurance, the insurer shall not be entitled to repudiate the whole or any part of the contract or a claim brought on the grounds of breach"?
- (a) 55(1) (b) 55(2) (c) 55(3) (d) 55(4)
48. The Marine Insurance Act 1906 has application to all classes of general insurance in respect of ...
- (a) material fact (b) insurable interest
(c) indemnity (d) utmost good faith
49. Mr. Jack was involved in an accident in which a vehicle ran into his compound while he was cleaning it but unfortunately, he was unhurt and the car was significantly damaged. How many years does he have to commence proceedings assuming he decides to go to court?
- (a) 6 years (b) 5 years (c) 4 years (d) 3 years
50. This class of intermediaries has taken the concept of 'own branding' further by performing the whole range of underwriting functions without bearing risks or paying claims. What are they?
- (a) Lloyds Brokers (b) Agents
(c) Electronic Data Interchange (d) Direct Sell Intermediaries

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

Answer True (T) or False (F)

51. The Road Traffic Act cover takes care of the insured's interest in respect of third party liability damage to the subject matter of the party.
52. When a person is driving another car under driving other cars extensions, the cover given to him is the cover enjoyed under his own personal policy.
53. The third-party Fire and Theft cover does not indemnify the policyholder if the insured vehicle is damaged in an accident.
54. The excess applicable to a particular policy is reflected in the proposal form.

55. The security and development fund administered by NAICOM is to pay for claims admitted by registered insurance companies but remain unpaid by reason of insolvency or de-registration of the insurer.
56. Most insurers offer unlimited cover for equipment that is part of the manufacturers' original specifications.
57. There are three types of cover issued by insurers in the industry statutorily.
58. A vehicle was stolen but was recovered in a damaged state when the thieves were involved in a road accident. Damage to the car will be covered under a third party, fire and theft policy.
59. When an insurer takes the insured's vehicle to one of their approved garages the insurer is holding itself out that the vehicle will be properly repaired.
60. When a vehicle is extensively damaged so much so that it is written off, the basis of indemnity is the price when it was newly purchased.

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

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

You have been requested as an insured person by a youth social club that is upwardly mobile that they would like to have a good knowledge as much as possible about insurance operations in respect of the use of motor vehicle.

61. What are the different scopes of cover available from the least to the one with the widest cover?
 - (a) Act; Comprehensive; Third-Party, Third-Party Fire and Theft
 - (b) Act; Third-Party; Comprehensive; Third-Party Fire and Theft
 - (c) Act; Third Party; Third-Party Fire and Theft; Comprehensive
 - (d) Comprehensive, Third-Party Fire and Theft, Act, Third-Party
62. Which document would the insurer use to convey details about the company and the vehicle being covered?

(a) Proposal Form	(b) Bulletin
(c) Prospectus	(d) Endorsements
63. When the process of payment to the insurer has been made to the insured. which document is issued to an insured as evidence that they have complied with the requirements of the RTA in relation to third party liabilities?

(a) Endorsement	(b) Official Receipt
(c) Prospectus	(d) Certificate of Motor Insurance
64. One of the participants asked 'I would like a cover that will meet all my third-party liabilities and also repair my own damage claims'. Which cover would you recommend to him?

(a) Third Party, Fire and Theft	(b) Comprehensive
(c) Third Party	(d) Road Traffic Act
65. The document that the insured will find information about how to make a claim is ...

(a) the certificate	(b) the official payment receipt
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(d) the policy document

(d) the endorsement

The certificate of motor insurance is very important in motor insurance but emanates from a policy being in place. You are to explain the relationship and purpose of the documents that attach to the contract of insurance.

66. When a certificate is not ready because documentation was not completed, which document is issued in lieu?
- (a) Authority Letter (b) Endorsement
(c) Satisfaction Note (d) Cover Note
67. At the beginning of every insurance transaction, the insurer requires information about the proposer and the subject matter to be insured. This is conveyed through the medium of the ...
- (a) proposal form (b) prospectus
(c) quotation slip (d) offer slip
68. When a proposal form is submitted, who works on the information on it to determine if the proposal should be accepted? The ...
- (a) marketer (b) underwriter (c) auditor (d) ERM Executive
69. A policy document is always issued for every risk that is accepted and put in the books of the insured. The purpose of it is to serve all these except one of these.
- (a) Serve as a contract (b) Serve as evidence of contract
(c) Identify the parties of the contract
(d) Among others indicate the exceptions to the contract
70. Which part of the policy would you find details of the particular insurer and the subject matter of the contract?
- (a) Endorsement (b) Renewal Notice
(c) Schedule (d) Information and Services

A Toyota staff bus belonging to a company, Messrs. Oketoyi Limited after discharging staff moved to some distance and parked after buying fuel. At 10.00p.m, the driver started the bus and loaded passengers to the next popular community. Suddenly four youths got up asking everybody to bring out their phones and money. One moved to the driver attempting to stop the bus and as he was struggling with the driver, the bus caused a multiple accident affecting three (3) other vehicles and landed in a roadside drainage. The ten (10) people on the bus were seriously wounded while the four (4) robbers escaped with their looted money and telephones. Hopeful Insurance Plc insured the bus on comprehensive cover for a sum insured of ₦10,000,000.00. The estimate of repair for the bus is ₦2,500,000.00 while the three (3) vehicles would cost ₦3,000,000.00 to repair them altogether.

71. Being obvious that the insured vehicle was put to the wrong use late in the night, what should the insurer do?
- (a) The claim should be honoured
(b) The claim should be processed but the insured penalized
(c) 'Use clause' has been violated, hence the claim should be repudiated
(d) The claim should be paid subject to excess application
72. What must be done on the third party property damage claim?
- (a) Insured should be responsible not the insurer

- (b) Insurers are partially liable for this claim
- (c) Insurer is fully liable
- (d) Insurer may accept and recover

73. What would the insurer do concerning medical bills submitted for the injured people?

- (a) Settle the bills as presented
- (b) Negotiate bill and settle
- (c) State it as a no claim situation so the claims will be repudiated
- (d) Acknowledge receipt of the claim and keep same in view.

74. If TPPD fails to be borne, how much will the insurer pay?

- (a) ₦1,000,000.00 less excess
- (b) ₦1,000,000.00 in full
- (c) ₦2,500,000.00 less excess
- (d) ₦1,500,000.00 less excess

75. Which of the motor policies will give the insured the widest cover?

- (a) Road Traffic Act only
- (b) Third party only
- (c) Third Party, Fire and Theft
- (d) Comprehensive

Chief Examiner's Comment

The pass rate was 27%. Candidates are encouraged to be more adequately prepared.

Comments on Overall Performance

The overall performance was poor and not encouraging.

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

Candidates are encouraged to engage in more in-depth studies and if required, attend tutorial sessions in order to boost their good performances

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F07 – HOUSEHOLD INSURANCE PRODUCTS
YEAR 2024 OCTOBER DIET



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

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

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION

F07 - HOUSEHOLD INSURANCE PRODUCTS

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

Section A

The questions 1 – 50 in this paper are numbered and four options follow each question. The options are labeled a,b,c,d. Only one of these options is correct. Select your answer for each question and indicate it on the answer form by filling in the appropriate box.

Example:

Employers' liability insurance certificates are legally required to be kept for a minimum of ...

- | | |
|-----------------------------|-----------------------------|
| (a) 40 years from inception | (b) 50 years from inception |
| (c) 40 years from expiry | (d) 50 years from expiry |

The answer is option (c).

Section B

Questions 51 – 60 are to be answered as either True (T) or False (F). Select your chosen option and indicate it on the answer form by filling in the appropriate box.

Example:

An employers' liability insurance never expires. (True or False).

The correct option is False (F).

Section C

Questions 61 – 75. This section contains three (3) case studies each followed by five questions. The case studies are not numbered and appear at the top of the page. Each of the five questions following a case study is numbered. Four options follow each question. The options are labelled, a, b, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate.

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

1. Which type of house policy provides coverage for personal belongings such as furniture, electronics, and clothing?
(a) Buildings Insurance (b) Contents Insurance
(c) Standard Package Insurance (d) Bancassurance
2. In a peer-to-peer insurance model, who plays a role in underwriting and managing the risk?
(a) Traditional Insurance Companies only (b) Insurance Brokers
(c) Individual Policyholders (d) Government Agencies
3. Which section of the Nigerian Insurance Act 2003 provides that “Notwithstanding any provision in any written law or enactment to the contrary, where there is a breach of term of a contract of insurance, the insurer shall not be entitled to repudiate the whole or any part of the contract or a claim brought on the grounds of breach”?
(a) 55(1) (b) 55(2) (c) 55(3) (d) 55(4)
4. What is a key advantage of bancassurance for customers?
(a) Higher Interest Rates (b) Faster Loan Approvals
(c) Convenient Access to Insurance Products
(d) Lower Credit Card Fees
5. Which of the following is a potential challenge of bancassurance?
(a) Limited Product Offerings (b) Higher Insurance Premiums
(c) Slower Claim Processing
(d) Exclusivity with Insurance Providers
6. The objectives of NIA are all but one of the following.
(a) Promoting the benefits of insurance to the government
(b) Presenting the Nigeria insurance industry to the government
(c) Being the voice of the Nigeria insurance industry
(d) Promoting the interest of the financial institution in general
7. What is a fraudulent insurance claim? Fraudulent insurance claim is a/an ...
(a) legitimate claim for damages
(b) intentional deception to obtain undeserved benefits
(c) unintentional mistake in the claim process
(d) claim submitted without proper documentation
8. Insurance Act 2003 makes builders’ liability insurance compulsory in Section...
(a) 61 (b) 69 (c) 70 (d) none of the above
9. What are some common red flags that may indicate a fraudulent claim?
(a) Prompt reporting of the incident
(b) Detailed and consistent documentation
(c) Conflicting statements and evidence
(d) Cooperation with the claims process
10. How can insurance companies prevent fraudulent claims? This can be done by ...
(a) streamlining the claims process (b) increasing coverage limits
(c) implementing robust fraud detection measures
(d) ignoring minor discrepancies in claims

11. Which of the following is a key advantage of standard package insurance?
 - (a) Limited coverage options
 - (b) Higher premiums
 - (c) Comprehensive coverage for various risks
 - (d) Exclusively covers fraudulent claims

12. What is the purpose of a standard package insurance policy?
 - (a) To provide coverage for fraudulent claims
 - (b) To offer coverage exclusively for buildings
 - (c) To simplify and streamline insurance coverage
 - (d) To exclude certain perils from coverage

13. What is the primary focus of a building insurance policy in a household policy?
 - (a) Coverage for personal belongings
 - (b) Protection against fraudulent claims
 - (c) Safeguarding the physical structure of the property
 - (d) Coverage for additional living expenses

14. In a household policy, what do "buildings" typically exclude?
 - (a) External walls
 - (b) Roof and foundations
 - (c) Detached garage
 - (d) Windows and doors

15. How does building insurance differ from contents insurance in a household policy?
 - (a) Contents insurance covers external structures only
 - (b) Building insurance covers personal belongings only
 - (c) Buildings insurance covers the physical structure of the home
 - (d) Contents insurance covers structural repairs

16. Why might insurers exclude specific perils from buildings cover in unfurnished or unoccupied properties?
 - (a) Increased risk of damage
 - (b) Lower premium costs
 - (c) Regulatory requirements
 - (d) Enhanced coverage options

17. In a household insurance policy, what does the term "contents" generally refer to?
 - (a) Physical structure of the home
 - (b) Personal belongings within the home
 - (c) External landscaping and garden
 - (d) Buildings and fixtures

18. How does the definition of "contents" vary in a household policy for rented homes compared to owned homes?
 - (a) No variation in the definition
 - (b) Greater coverage for owned homes
 - (c) Exclusion of personal belongings in rented homes
 - (d) Inclusion of structural elements in rented homes

19. Which extension to a household policy typically covers accidental damage to personal belongings, such as spilling coffee on a laptop?
 - (a) Contents Extension
 - (b) Fraudulent Claims Extension
 - (c) New for Old Extension
 - (d) Bancassurance Extension

20. The Insurance Act 2003 categorises life insurance business into ... categories.
 - (a) 2
 - (b) 3
 - (c) 4
 - (d) 5

21. What does "insurance of buildings of a block of flats" typically cover?
- (a) Coverage for individual flats
 - (b) Coverage for common areas and shared structures
 - (c) Coverage for furniture and appliances
 - (d) Coverage for fraudulent claims only
22. Which of the following is a primary reason for having insurance for the buildings of a block of flats?
- (a) To cover the personal belongings of individual tenants
 - (b) To protect the structural entire building
 - (c) To exclude coverage for common areas
 - (d) To encourage individual tenants to obtain their own insurance
23. In policies covering shared homes, what is a common requirement to ensure coverage for all tenants?
- (a) Individual policies for each tenant
 - (b) Joint insurance policy for all tenants
 - (c) Proof of personal belongings
 - (d) Exclusion of coverage for shared spaces
24. What role does the government typically play in civil law cases?
- (a) Initiating legal proceedings against individuals
 - (b) Prosecuting individuals for criminal offenses
 - (c) Acting as a mediator in disputes between private parties
 - (d) Imposing criminal penalties on defendants
25. Under the frozen foods extension, what is a common trigger for coverage of the loss of frozen items?
- (a) Power outage
 - (b) Appliance malfunction
 - (c) Accidental damage to the freezer
 - (d) Theft of frozen foods
26. Section 65 of the Insurance Act 2003 provides for insurance of ...
- (a) building under construction
 - (b) importation
 - (c) public buildings
 - (d) All of the above
27. What does the money and credit card extension in a household policy typically cover regarding credit cards?
- (a) Coverage for unauthorised transactions
 - (b) Coverage for credit card debt
 - (c) Coverage for credit limit increases
 - (d) Coverage for credit card rewards
28. Why is coverage for credit cards included in a household policy's money and credit card extension?
- (a) To promote responsible financial management
 - (b) To encourage the use of credit cards
 - (c) To address the risk of credit card theft or loss
 - (d) To provide coverage for credit card interest payments

29. In a block of flats, what is commonly covered under the insurance of buildings?
- (a) Personal belongings in each flat
 - (b) Structural elements shared by multiple flats
 - (c) Individual tenant improvements
 - (d) External landscaping and garden
30. What specific conditions might be included in insurance policies for shared homes to address unique risks?
- (a) Higher coverage limits
 - (b) Exclusion of personal belongings
 - (c) Joint liability requirements
 - (d) Unlimited coverage for all perils
31. What policy condition is often emphasised in insurance policies for rented homes to ensure compliance with safety standards?
- (a) Regular inspections by the landlord
 - (b) Installation of security systems
 - (c) Adherence to local building codes
 - (d) Exclusion of coverage for personal belongings
32. Which of the following is a peril that is typically covered under a building insurance policy?
- (a) Earthquake
 - (b) Wear and tear
 - (c) Gradual deterioration
 - (d) Cosmetic damage
33. How does the location of the property impact building insurance premiums?
- (a) No impact on premiums
 - (b) Higher premiums for urban areas
 - (c) Lower premiums for suburban areas
 - (d) Premiums based solely on property value
34. How can homeowners inform the insurance company about the property being unfurnished or unoccupied to avoid exclusions?
- (a) It is automatically covered
 - (b) No need to inform the insurer
 - (c) By increasing coverage limits
 - (d) Through proper notification
35. Which of the following is a preventive measure that homeowners can take to avoid exclusions in unfurnished or unoccupied properties?
- (a) Increasing the coverage limit
 - (b) Regularly changing insurance providers
 - (c) Installing security measures
 - (d) Ignoring the 60-day threshold
36. What is the primary factor influencing the definition of "contents" in a household policy?
- (a) Property location
 - (b) Property value
 - (c) Policy type and terms
 - (d) Insurance provider reputation
37. In a household policy, which extension is specifically designed to enhance coverage for high-value items within the "contents" category?
- (a) New for Old Extension
 - (b) Valuables Extension
 - (c) Standard Package Extension
 - (d) Contents Extension
38. Which extension is designed to cover the repair or replacement of damaged personal belongings due to accidental causes?
- (a) Contents Extension
 - (b) New for Old Extension
 - (c) Buildings Extension
 - (d) Loss of Use Extension

39. In a household policy, what is the primary advantage of having a "fraudulent claims" extension?
- (a) Lower premiums
 - (b) Faster claims processing
 - (c) Increased coverage limits
 - (d) Protection against fraudulent claims
40. How does the "loss of use" extension benefit homeowners in a household policy?
- (a) Coverage for accidental damage
 - (b) Additional living expenses coverage
 - (c) Protection against fraudulent claims
 - (d) Replacement of personal belongings
41. How can technology be used to detect fraudulent claims in the insurance industry?
- (a) Ignoring technological advancements
 - (b) Enhancing data analytics and pattern recognition
 - (c) Eliminating the role of claims adjusters
 - (d) Avoiding digital documentation
42. What is an example of soft fraud in insurance claims?
- (a) Deliberate fabrication of events
 - (b) Exaggerating the extent of damages
 - (c) Falsifying documents
 - (d) Accidental omission of details
43. What is typically included under the "buildings" component of a standard package insurance policy?
- (a) Personal belongings
 - (b) Structural elements of the property
 - (c) Liability coverage
 - (d) Exclusions for fraudulent claims
44. In a household policy, what does the "multiple limit" extension refer to?
- (a) Limit for any one valuable item
 - (b) Limit for overall policy coverage
 - (c) Coverage for multiple perils
 - (d) Exclusion of certain perils
45. How does standard package insurance provide flexibility to policyholders?
- (a) By limiting coverage options
 - (b) By offering only one-year policies
 - (c) By allowing customization of coverage
 - (d) By excluding coverage for high-risk areas
46. What is the significance of a "deductible" in a standard package insurance policy?
- (a) It increases insurance premiums
 - (b) It is a type of exclusion
 - (c) It represents the amount the policyholder pays before the insurer covers the loss
 - (d) It applies only to fraudulent claims
47. Why might a policyholder choose standard package insurance over specialised policies?
- (a) Limited coverage options
 - (b) Higher premiums
 - (c) Comprehensive coverage for various risks
 - (d) Exclusion of contents coverage

48. Which extension in a household policy provides coverage for damages caused by the escape of oil or water?
- (a) Contents Extension (b) Buildings Extension
(c) Escape of Oil or Water Extension (d) Valuables Extension
49. What is a common item covered under the "money and credit cards" extension in a household policy?
- (a) Personal identification cards (b) Driver's license
(c) Credit cards (d) Health insurance cards
50. Which extension in a household policy provides coverage for damages caused by subsidence, ground heave, or landslip?
- (a) Subsidence Extension (b) Ground Heave Extension
(c) Perils Extension (d) Standard Package Extension

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

51. Livestock insurance primarily covers the health and well-being of pets.
52. Livestock insurance policies often cover perils such as theft and accidental death.
53. An intangible product in insurance can be seen or touched.
54. The accuracy and honesty of information provided are essential for a valid claim.
55. The arbitration condition in an insurance policy is designed to complicate the claims process.
56. Implied duty is explicitly stated in the insurance contract, while express duty is inferred by law.
57. Following traffic rules while driving insured vehicles is an example of an implied duty.
58. The concept of good faith in implied duties implies dishonesty and unfair dealing.
59. Rent Insurance Policy is a type of house policy designed for landlords.
60. Fraudulent claims involve legitimate losses and damages.

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

Mr. Olatunji, the owner of a residential property, decided to take an extended vacation. Unfortunately, he left his home unfurnished and unoccupied for more than 60 days. During this period, a pipe busted, causing extensive water damage to the interior. When Mr. Olatunji contacted his insurance company to file a claim, he discovered that the policy excluded coverage for perils occurring when the property was vacant for an extended period.

61. What are the potential consequences of leaving a property unfurnished and unoccupied for an extended period?
- (a) The insurance company provides additional coverage
 - (b) Increased risk of perils, such as water damage, not being covered
 - (c) The insurance premium decreases
 - (d) The policy automatically adjusts to cover vacant properties
62. How does the absence of people living on a property impact the risk of certain perils?
- (a) Furnishings have no impact on the risk of perils
 - (b) Furnishings reduce the risk of perils such as water damage
 - (c) Properties are at a higher risk of perils like vandalism and water damage
 - (d) Furnished properties are more susceptible to fire-related perils.
63. What perils might be commonly excluded from coverage when a property is vacant for an extended period?
- (a) Earthquakes and floods
 - (b) Burglary and theft
 - (c) Water damage and vandalism
 - (d) Fire and lightning
64. Why might insurance policies exclude certain perils when a property is vacant for an extended period?
- (a) To encourage homeowners to take extended vacations
 - (b) To reduce the risk of fraudulent claims
 - (c) To provide additional coverage to vacant properties
 - (d) To discourage homeowners from purchasing insurance
65. What steps can property owners take to mitigate the risk of perils when leaving a property vacant for an extended period?
- (a) Install security cameras
 - (b) Leave the heating system on to prevent freezing pipes
 - (c) Cancel the insurance policy during the vacancy
 - (d) Both A and B

Mrs. Harris, a homeowner who had diligently secured an extensive insurance policy, found herself grappling with the aftermath of a distressing burglary. During the incident, her credit cards were stolen, prompting immediate concern about potential financial losses and unauthorised transactions. In light of this unfortunate event, Mrs. Harris promptly contacted her insurance company to seek clarification on the coverage provided by her comprehensive policy. Fortunately for Mrs. Harris, her insurance policy went beyond the typical coverage for property damage and loss. It included a valuable extension specifically designed to address situations like hers – the money and credit card extension. Mrs. Harris decided to file a claim under this extension to mitigate the potential financial impact on her life. Upon receiving Mrs. Harris's claim, the insurance company initiated a thorough investigation into the burglary. This investigative process is a standard protocol to validate the authenticity of the claim and assess the extent of the financial losses incurred. The insurer aims to ensure that the claim aligns with the terms and conditions outlined in the policy, providing a fair and accurate resolution to the policyholder.

66. What prompted Mrs. Harris to contact her insurance company after the burglary incident?
- (a) Property damage
 - (b) Concerns about potential financial losses due to stolen credit cards
 - (c) Seeking reimbursement for stolen jewelry
 - (d) Inquiring about home renovation coverage.

67. What is the significance of the money and credit cards extension in Mrs. Harris's insurance policy?
- (a) It covers only property damage
 - (b) It protects against unauthorized transactions and financial losses due to theft
 - (c) It excludes coverage for stolen credit cards
 - (d) It provides coverage for natural disasters
68. Why did Mrs. Harris file a claim under the money and credit card extension?
- (a) To receive compensation for property damage
 - (b) To address concerns about potential financial losses and unauthorised transactions
 - (c) To claim reimbursement for home renovations
 - (d) To seek coverage for stolen jewelry
69. What is the purpose of the insurance company's investigation into the burglary incident?
- (a) To expedite the claims process
 - (b) To assess the extent of property damage
 - (c) To validate the authenticity of the claim and assess financial losses
 - (d) Investigations are not a standard practice in insurance claims
70. What does the money and credit card extension specifically cover in the event of a theft-related incident?
- (a) Only property damage
 - (b) Unauthorised transactions and financial losses due to theft
 - (c) Natural disasters
 - (d) Stolen jewelry

In pursuit of a shared living arrangement, a group of friends decided to rent a house together and recognised the importance of securing an insurance policy that would adequately cover their shared property. Understanding the distinct nature of shared and rented homes, they embarked on a search for an insurance policy that catered to the unique needs and challenges associated with communal living arrangements. Through their exploration, they discovered that policies tailored for shared and rented homes came with specific conditions designed to ensure appropriate coverage for all residents. The awareness of the group members of the intricacies of their insurance policy would prove crucial when an unforeseen incident occurred. One day, a fire broke out in the kitchen of their shared rental home, causing significant damage to the property. Promptly responding to the emergency, the tenants contacted their insurance provider to initiate a claim, navigating the policy conditions tailored for shared and rented homes.

These specific conditions in the insurance policy for shared and rented homes are crafted to address the complexities of multiple individuals sharing a single living space. They may include clauses related to liability coverage for all residents, ensuring that each tenant is protected in the event of damage caused by one of their fellow occupants. Additionally, the policy may outline coverage for personal belongings of each tenant, delineating the scope of protection for individual possessions within the shared property. The claims process following the fire incident involved a careful examination of the policy conditions by the insurance provider.

71. Why did the group of friends seek an insurance policy specifically designed for shared and rented homes?
- (a) To minimise insurance costs
 - (b) To obtain coverage for personal belongings only
 - (c) To ensure appropriate coverage for the unique challenges of communal living
 - (d) To have exclusive liability coverage for each tenant

72. What specific conditions might be included in an insurance policy for shared and rented homes?
- (a) Coverage only for individual possessions
 - (b) Liability coverage for all residents.
 - (c) Exclusion of coverage for communal areas
 - (d) Policies do not have specific conditions for shared homes
73. Why is it crucial for tenants in shared homes to be aware of the specific conditions in their insurance policy?
- (a) To minimise the claims process
 - (b) To avoid filing claims altogether
 - (c) To ensure appropriate coverage and compliance with policy conditions
 - (d) Awareness has no impact on insurance coverage
74. What challenges might arise in shared and rented homes that necessitate specific insurance conditions?
- (a) Exclusive coverage for individual tenants
 - (b) Limited coverage for communal areas
 - (c) Complexities associated with multiple individuals sharing a living space
 - (d) Shared homes do not face any unique challenges.
75. How did the group's understanding of their insurance policy conditions aid them in the claims process following the kitchen fire?
- (a) By filing multiple claims for individual possessions
 - (b) By avoiding communication with the insurance provider
 - (c) By adhering to policy conditions and facilitating a smoother claims process
 - (d) Policy conditions had no impact on the claims process

Chief Examiner's Comment

The analysis of the result indicated that 50.01% of the candidates who presented themselves for the examination achieved a pass mark of 70%, which is moderately commendable considering the experience from the April 2024 diet examination.

Comments on Overall Performance

50.01% of candidates scored above the pass mark of 70% and were thus successful in passing the examination; while 92.86% scored above 60% though these were unsuccessful in passing this diet.

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

Candidates are encouraged to prepare more adequately ahead of time and also take advantage of study support provided by the Institute and other accredited and available tutorial centres.

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F08 - HEALTHCARE INSURANCE PRODUCTS
YEAR 2024 OCTOBER DIET



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

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

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION

F08 - HEALTHCARE INSURANCE PRODUCTS

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

Section A

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

Example:

A private healthcare provider that reinvests any profit made on better health and care services is known as a:

- | | |
|-------------------------|-----------------------|
| (a) friendly society | (b) mutual society |
| (c) proprietary insurer | (d) provident insurer |

The answer is option (d)

Section B

Questions 61 – 85 are to be answered as either True (T) or False (F). Select your chosen option and indicate it on the answer form by filling in the appropriate box.

Example:

A medical insurance cover will not pay for hospitalisation. (True or False).

The correct option is False (F).

Section C

Questions 86 – 100. This section contains three (3) case studies each followed by five questions. The case studies are not numbered and appear at the top of the page. Each of the five questions following a case study is numbered. Four options follow each question. The options are labelled, a, b, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box.

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

1. Which of these dates back to the late nineteenth century?
(a) Private Medical Insurance (b) National Health Scheme
(c) Third Party Administration (d) Health Cash Plans
2. Another name for basic policies is ... policies.
(a) comprehensive (b) mid-range (c) international (d) budget
3. The Insurance Act 2003 categorises life insurance business into ... categories.
(a) 2 (b) 3 (c) 4 (d) 5
4. At the outset, the NHS introduced the concept of healthcare that was free at the point of use for every citizen. This does not mean that ...
(a) hospitals were not compulsorily purchased by the State
(b) All health treatment would be provided free at the point of use
(c) Hospital doctors were employed by NHS, although they could also continue to practice privately
(d) General practitioners (GPs) continue to be self-employed but have a contract with the NHS and are per patient.
5. Which of these is not part of the principal differences that define the split between the public and private sectors?
(a) Time spent waiting to be treated (b) No choice of facilities
(c) The private sector may offer treatments using techniques or technology that may not be available through the NHS
(d) The private sector allows complete choice of specialist
6. Disability Discrimination Act 1995 has to do with ...
(a) disability (b) medical facility for a disabled person
(c) unfair treatment of disabled persons (d) none of the above
7. Differences between Private Health-Care and NHS may often arise due to the type of treatment that is required which is not necessarily included.
(a) Emergencies (b) Cosmetic Surgery
(c) Complimentary or alternative medicine (d) Non Premium Payment
8. ... is the arrangement whereby the employer decides to pay for healthcare treatment for their employees as the cost arises, rather than having insurance.
(a) Non-insurance (b) Co-insurance
(c) Reinsurance (d) Self-insurance
9. Health funds are -----the benefits of their members.
(a) mutual organisations (b) national health insurance scheme
(c) health maintenance organisations (d) third party administration
10. One of these is not part of the medical insurance market.
(a) Company Paid (b) Individual Paid
(c) Brokers Paid (d) Voluntary Employee-Paid Groups

11. Which one of the following is not common among the types of outpatient treatment?
 (a) Radiology (b) Pathology (c) Physiotherapy (d) Radiotherapy
12. Group PMI for employer scheme does not fall into ...
 (a) large group scheme
 (b) small group scheme paid by the employer
 (c) voluntary scheme; set up by the employer but paid by the employee
 (d) individually purchased personal scheme
13. The strengths of TPAs and Consultancies do not include ...
 (a) Motivation (b) Information (c) Flexibility (d) Dependence
14. Individuals who earn more than ₦10 million in taxable income are liable to pay income tax on the company-paid premiums as they are treated as a ... for tax purposes.
 (a) revenue (b) gift (c) income (d) benefit-in-kind
15. Which of these are not costs involved in selling PMI through intermediaries?
 (a) Pay for accommodation
 (b) Marketing costs associated with encouraging brokers to sell the products
 (c) Paying commission to the intermediary
 (d) Having a sales infrastructure to effect the service needs of intermediaries and to encourage them to sell the company's policies.
16. Which of these policies is regarded as an "add-on" to another policy?
 (a) Major Medex (b) Capitation Plan
 (c) Sickness and Accident Insurance (d) Health Cash Plan
17. Which is the odd one out?
 (a) Permanent Health Insurance (b) Income Protection Insurance
 (c) Long Term Care Insurance (d) Long Term Disability Insurance
18. ...will provide information on a menu basis, for example, a particular number is provided that gives access to a pre-recorded tape about heart disease or diabetes.
 (a) a passive helpline (b) an active helpline
 (c) working helpline (d) healthcare helpline
19. A private GP has just written out a prescription for you, who pays for it?
 (a) The Patient (b) The GP themselves
 (c) The NHS (d) The Employer
20. What role does an insurer play in a health trust policy?
 (a) The insurer provides underwriting only
 (b) The insurer provides only stop cover insurance
 (c) The insurer pays all medical expenses
 (d) The insurer provides cover for the policy?
21. Which of the following surgical procedures will cost the insurer more to refund the medical expense?
 (a) Major (b) Major Plus (c) Intermediate (d) Minor

22. Medical insurance will not enable people to ...
 (a) get treatment at all (b) have a choice of specialist consultant
 (c) avoid having to wait for treatment
 (d) avoid finding themselves in a mixed-sex ward
23. Which of these policies will cover the associated risks of longevity?
 (a) Major Medex (b) Pre-Funded Policy
 (c) Payment Protection Insurance (d) Long-Term Care
24. Which of these is not part of the four main types of independent intermediaries?
 (a) Brokers (b) Other Intermediaries
 (c) Tele-Sales (d) Employee Benefits Consultants
25. Most PMI policies are supported by a ... of benefits.
 (a) link (b) chat (c) list (d) table
26. Section 65 of the Insurance Act 2003 provides for insurance of ...
 (a) building under construction (b) importation
 (c) public buildings (d) All of the above
27. An EAP provides employees with access to confidential counseling services covering a range of issues that include ...
 (a) payment of premium for them (b) family and domestic difficulties
 (c) debt and financial worries (d) legal advice
28. Related moratorium is referred to as ... moratorium.
 (a) fixed (b) flat (c) related (d) rolling
29. In the classification of hospitals in Nigeria, which of the options is referred to as tertiary?
 (a) General Hospitals (b) Health Centres
 (c) Federal Medical Centre (d) Teaching Hospitals
30. PMI pays for treatment as a/an ...
 (a) in-patient (b) out-patient (c) day patient (d) all of the above
31. Which of these is part of the general insurance group in Nigeria?
 (a) Group Life Insurance (b) Individual Life insurance
 (c) Personal Accident Insurance (d) Health Insurance
32. ... is, in effect, a way of spreading the cost of future treatment.
 (a) Capitation Plans (b) Third Party Administration
 (c) Health Cash Plans (d) Private Medical Insurance
33. Which of these will a person receive a discount of 10% for being a member of a sports club or an employee of a particular organisation?
 (a) Payment Discount (b) Affinity Discount
 (c) Voluntary Discount (d) Earned Discount
34. Medical saving plans combine some forms of savings with ... insurance.
 (a) fidelity (b) money (c) travel (d) medical

35. Insurance Act 2003 makes builders' liability insurance compulsory in Section...
- (a) 61 (b) 69 (c) 70 (d) none of the above
36. PMI means ...
- (a) Public Medical Insurance (b) Public Medical Institution
(c) Private Medical Institution (d) Private Medical Insurance
37. Ayinde has an excess of ₦100.00 on his medical policy and he incurred a medical bill of ₦280.00 for treatment, how much will the insurer pay for the treatment?
- (a) ₦10.00 (b) ₦180.00 (c) ₦100.00 (d) ₦280.00
38. ... schemes run along similar lines to cost-plus schemes.
- (a) Self-Insured (b) Risk Share (c) Fully Insured (d) Cost Plan
39. The group PMI schemes only cover ...
- (a) acute, non-emergency treatment (b) emergency treatment
(c) accidental injuries (d) critical illness
40. Which of these is not a form of Group PMI?
- (a) Large Group Schemes (b) Middle Group Schemes
(c) Affinity Scheme (d) Small Group Schemes
41. Which of these policies pre-date critical illness (CI) cover but work in a similar way?
- (a) Health Cash Plan (b) Major Medical Expenses
(c) Budget Policies (d) Cancer Only Cover
42. The assessment of risk for an individual is based on all these except ...
- (a) age (b) existing medical condition
(c) income (d) marital status
43. Which of these is a disadvantage of direct marketing of health insurance?
- (a) Insurers (b) Brokers (c) IFAs
(d) Employee Benefits Consultants
44. Which of these is not an objective of the Employee Compensation Act 2010?
- (a) To provide for fair and adequate assessments for employers
(b) To provide for an open and fair system of guaranteed and adequate compensation for all employees
(c) To pay retirement benefits to all staff whose company did not put much in place
(d) To provide rehabilitation to employees with work disability
45. Which of these is the largest provident association?
- (a) AXA (b) HAS (c) BUPA (d) NHS
46. The objectives of NIA are all but one of the following.
- (a) Promoting the benefits of insurance to the government
(b) Presenting the Nigeria insurance industry to the government
(c) Being the voice of the Nigeria insurance industry
(d) Promoting the interest of the financial institution in general

47. Which section of the Nigerian Insurance Act 2003 provides that “Notwithstanding any provision in any written law or enactment to the contrary, where there is a breach of term of a contract of insurance, the insurer shall not be entitled to repudiate the whole or any part of the contract or a claim brought on the grounds of breach”?
- (a) 55(1) (b) 55(2) (c) 55(3) (d) 55(4)
48. The name for choosing to have treatment abroad in the lowest cost country offering a similar quality is health ...
- (a) arbitrage (b) financing (c) tourism (d) cover
49. Which of these is not a healthcare-acquired infection?
- (a) MPIS (b) DPIS (c) MRSA (d) MSSA
50. The PMI policy will not be cancelled if the insured ...
- (a) dies (b) is sick (c) fails to pay the premium (d) relocate abroad
51. An international medical insurance policy will not cover ...
- (a) surgeon’s fee (b) home nursing
(c) all expenses for in-patient day patients (d) none of the above
52. An amount which the insured will bear for every loss is called a or an ...
- (a) excess (b) franchise (c) limit (d) indemnity
53. One way in which insurers can help people lower the cost of PMI is to split benefits along ...
- (a) cost of treatment (b) nursing fees
(b) accommodation cost (d) menu lines
54. Which of these is referred to as a surgically implanted device intended to remain permanently in a part of the body?
- (a) Physiotherapy (b) Theatre Treatment
(c) Surgical Dressing (d) Prosthesis
55. Treatment that does require a patient to stay in the hospital overnight is called ...
- (a) day case treatment (b) complementary therapies
(c) in-patient treatment (d) prosthesis
56. The supervisory agency of health insurance in Nigeria is ...
- (a) NHIS (b) HMOs (c) Ministry of Health
(d) Nigeria Medical Association
57. ... policies allow individuals to buy some protection against the cost of private treatment whilst keeping premiums to a minimum?
- (a) Comprehensive (b) Standard
(c) International (d) Budget
58. The Four-or-Six-Week Policies are forms of ... policies.
- (a) budget (b) international (c) mid-range (d) comprehensive
59. Which of these is not a reinsurance benefit to health insurers?
- (a) Capital (b) Medical Treatment
(c) Product Design (d) Stop Loss

60. The medical insurance market is divided into three categories, which do not include ...
(a) Indemnity Paid Groups (b) Individual Paid (c) Company Paid
(d) Affinity Or Voluntary Employee-Paid Groups

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

61. Medical insurance is designed to pay for the treatment of acute medical conditions.
62. PMI will not cover all of an individual's healthcare needs.
63. PMI market is not divided into personal and group policies.
64. Most insurers now use a more complex system, based on individual procedures.
65. Comprehensive PMI policies are not sometimes referred to as "full cost" or "full refund" policies.
66. In Limited Benefit Policies, the out-patient benefit is either excluded or very limited.
67. Benefits available under the majority of healthcare insurance policies are for specialist treatment, with primary care from a GP usually excluded.
68. PMI insurers use the direct settlement of bills for those who provide medical treatment and services.
69. Claim forms are not always necessary but will typically still be used on contentious claims, dental and health cash plans.
70. PMI insurers do not negotiate pricing agreements with hospitals for each bed category, procedure, diagnostic and consumable, with prices fixed against mutually agreed limits.
71. Networks are where an insurer selects specific facilities, consultants and/or medical protocols to form a network to carry out particular forms of treatment or diagnostics.
72. One of the objectives of NHIS is to protect families from financial hardship and huge medical bills.
73. Medical history disregarded usually applies to large group schemes where pre-existing medical conditions are covered.
74. Lifestyle is not considered in medical underwriting.
75. Members of an affinity group may get discounts as long as they remain a member of that affinity group.
76. Travel insurance covers all pre-existing conditions.
77. Critical Illness insurance is usually underwritten in the same way as a life insurance policy.
78. There is no difference between public and private sector healthcare systems.

79. The insurer could also cancel the policy if fraud is suspected.
80. Geographical location does not tend to determine the price band of a hospital or a hospital room.
81. Radiology is the same as blood and urine tests.
82. Corporate deductible policies are conventional PMI policies but where the employer has chosen to have a large deductible.
83. Health insurance is a social security system that guarantees the provision of needed health services to persons on the payment of contributions at regular intervals.
84. An international medical insurance policy may cover drugs and dressing.
85. A key element of a travel insurance policy is cover for health treatment abroad.

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

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

Mr. Edwin James was employed as a manager in the establishment. He was sent out of his station to manage another branch of the organisation. Mr. James had an accident in the course of doing his assignment. Mr. James was required to undergo surgery due to his accident but his office arrangement for healthcare cover with Agbede HMO does not cover surgery. Though the office has Workmen Compensation with NISTF.

86. From the above narration, what do you think Mr. James should do?
 - (a) Mr. James Human Resource Manager is to inform the NISTF to make a claim from Workmen Compensation
 - (b) Mr. James to file a legal suit against his employer
 - (c) Mr. James Human Resource Manager to force the Agbede HMO to pay for the surgery
 - (d) Mr. James to forget about making a claim
87. The liability of the employer to Mr. James can be termed as ... liability.
 - (a) vicarious (b) strict (c) absolute (d) all of the above
88. From the above story, who would the Workmen Compensation Scheme pay to?
 - (a) The Agbede HMO (b) Hospital that provided Mr. James' treatment
 - (c) Both Employee and Employer (d) The Employer only
89. Supposing Mr. James had lost his leg, to whom the Workmen Compensation Scheme would compensate differently from the cost of the cost of surgery and treatment that were paid earlier?
 - (a) Compensation would be to Mr. James' Estate
 - (b) Compensation would be paid to the employer
 - (c) Compensation will be paid to employee (d) All of the above
90. If Mr. James had died while in the course of his employment, to whom would the death benefit have been paid to?
 - (a) Employer (b) The Employee's Estate
 - (c) Charitable Organisation (d) All of the above

Alhaji Sakariyau lives in Kaduna and wants to travel to Dubai for both business and pleasure. He also wants insurance to cover the trip and also an accident within his metropolis for 24 hours.

91. What policy will cover the risks of his travelling to Dubai?
(a) National Health Insurance (b) Medical Insurance
(c) Travel Insurance (d) Personal Accident Insurance
92. Which of the policy that will cover for 24 hours the risk of travelling his state in Nigeria?
(a) National Health Insurance (b) Medical Insurance
(c) Travel Insurance (d) Personal Accident Insurance
93. In which of these policies is there a benefit of 104 weeks?
(a) National Health Insurance (b) Medical Insurance
(c) Travel Insurance (d) Personal Accident Insurance
94. Alhaji Sakariyau had an accident while in Dubia, which of these policies that will pay for the loss?
(a) National Health Insurance (b) Medical Insurance
(c) Travel Insurance (d) Personal Accident Insurance
95. In case Alhaji Sakariyau had an accident while in Kaduna, which of these policies will pay him benefit for the loss?
(a) National Health Insurance (b) Medical Insurance
(c) Travel Insurance (d) Personal Accident Insurance

Chindima Nwanchukwu works with a bank in Ikeja and he wants to travel to Spain for treatment of his ill health. He also wants to buy individual policies for his family to top up the one from the State scheme.

96. Which policy will he buy for his travel risk?
(a) Travel Insurance (b) PMI
(c) International medical insurance (d) NHS
97. What policy will cater to his treatment while in Spain?
(a) Travel Insurance (b) PMI
(c) International medical insurance (d) NHS
98. Which of these is not an exclusion in the policy to cater to his treatment in Spain?
(a) pre-existing conditions (b) GP costs
(c) regular screenings (d) surgery in Spain
99. Which of these is the individual policy that he will buy?
(a) Travel Insurance (b) PMI
(c) International medical insurance (d) NHS
100. The individual policy will cover the payment for?
(a) Cancer Treatment (b) Lump sum on diagnosis of cancer
(c) Treatment of malaria (d) Surgery in Spain

Chief Examiner's Comments

The candidates could be impatient to choose the correct choice answer. There is a need to read and study the textbook thoroughly.

Seventeen (17) candidates presented themselves for the examination and it was only one (1) candidate that passed.

Lack of adequate preparation may have contributed to the mass failure, as many of the sixteen candidates scored between 50 and 67 marks.

Comments on Overall Performance

The overall performance was poor and not encouraging.

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

Candidates are encouraged to prepare thoroughly for the examination and take advantage of available tutorial sessions.

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