



*Chartered Insurance
Institute of Nigeria
Chief Examiners' Report
October 2024
Post AIN
(Loss Adjusting Practice)
PF02*

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); cinigeria.com (CIIN)</p>	
<p>INFRACTIONS ON ANY OF THE INSTRUCTIONS COULD LEAD TO STIFF SANCTIONS. DO NOT BE A CULPIT. ANY CANDIDATE CAUGHT AND/OR FOUND TO BE CHEATING/HAVE CHEATED, WILL BE BARRED FROM PARTICIPATING IN ANY OF THE INSTITUTE'S EXAMINATION ACTIVITY FOR TWO (2) YEARS AND THE EMPLOYER WILL BE DULY INFORMED OF ANY SUCH INCIDENCE(S).</p>	
<p>STOP WORKING HARD TO FAIL!!! START WORKING EFFORTLESSLY TO PASS OUTSTANDINGLY!!!</p>	

PF02

**CHARTERED INSURANCE INSTITUTE OF NIGERIA
POST AIIN - FOUNDATION
2024 OCTOBER EXAMINATION**

SUBJECT - PF02
PF02 - LOSS ADJUSTING INSURANCE PRACTICE



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 POST ASSOCIATESHIP CANDIDATES' INSTRUCTIONS.

CHARTERED INSURANCE INSTITUTE OF NIGERIA

PF02 - FOUNDATION

LOSS ADJUSTING INSURANCE PRACTICE

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:

The major role of a Loss Adjuster in claims processing is...?

- (a) Pay the claim (b) Interpret the policy
(c) Advice on the admissible claims and quantum (d) Collate claims estimate.

The correct option is (c)

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:

The Insurance market consists of different categories of intermediaries.

The correct option is True (T).

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 (Questions1- 60)

1. Loss Adjusters assist insurance companies in the following ways, except ...
(a) investigating losses (b) quantifying losses
(c) placing cover (d) mediating
2. To ensure that the assessment conducted by loss adjusters is unbiased and fair, it must be ...
(a) objective (b) fair (c) independent (d) all of the above
3. Loss Adjusting firms typically provide the following technical support services to insurers except ...
(a) investigation (b) settlement (c) adjustment (d) payment of premium
4. The role of a loss adjuster in relation to the insurer and the insured can lead to conflict. To resolve this conflict, the loss adjuster must demonstrate ...
(a) academic qualification (b) connection (c) interest (d) trust
5. The Institute of Loss Adjusters of Nigeria (ILAN) is a professional body that aims to promote and regulate the loss adjusting profession in Nigeria. The mission statement of ILAN includes one of the following ...
(a) collection of fees (b) trading
(c) premium loading (d) none of the above
6. Which of the following activities is ILAN not involved in establishing and maintaining the education of its members?
(a) Library (b) Training (c) Seminar (d) Beauty Competition
7. The following are benefits of Insurance Loss Adjusters to Insurers, except ...
(a) convenience (b) technical expertise
(c) cost benefits (d) none of the above
8. The provision of the Insurance Act 2003 that states that a breach of a term in an insurance contract, whether referred to as a warranty or a condition, will not give rise to any right or defense unless the term is material and relevant to the risk or loss insured against, is found in Section ...
(a) 56(2) (b) 56(1) (c) 55(2) (d) 55(1)
9. One of the requirements for registration as a loss adjusting firm is to show a business plan for a duration of ... years.
(a) two (b) three (c) four (d) five
10. In an insurance contract, if a breach of warranty or condition occurs as a result of ..., then the insurer is granted the right to repudiate liability.
(a) fraud (b) fundamental term of the contract
(c) deliberate wrong action (d) all of the above
11. A loss adjuster is expected to issue an interim assessment report on a claim reported by the insured to enable the insurer to make a/an ...
(a) offer (b) repudiation (c) reserve (d) negotiation

12. A Loss Adjuster is expected to review and verify supporting documents submitted by the claimant on behalf of the insurer to determine the following except ...
- (a) completeness (b) consistency
(c) reliability (d) how to repudiate the claim
13. One of the following is not within the value-added services adjusters offer to their clients. Indicate the correct option.
- (a) Engage in writing of business proposals on behalf of its clients
(b) Advise on the condition of salvage
(c) Assist in the preservation and sales
(d) Decide to buy or retain the salvage for own benefit
14. In a scenario where two motor claims were reported to two insurance companies (A and B), both covering the same interest and from which investigations revealed that the chassis number and vehicle particulars are identical, indicating fraud. How would the claims be treated?
- (a) Treat as separate claims with separate settlements
(b) Reject claims due to fraud
(c) Pay ex-gratia
(d) Conduct a joint investigation by both companies
15. The definition of "material fact" as defined in the Insurance Act 2003, Section 55(5) and Marine Insurance Act 1961 ...
- (a) made a distinction in meaning between the two pieces of legislation
(b) the Insurance Act 2003 as relates to the meaning of material fact is superior to the Marine Insurance Act 1961
(c) Both Acts can be cited concurrently as relates to material fact.
(d) None of the above
16. The main focus of the International Federation of Adjusting Association (IFAA) includes all but one of the following ...
- (a) creating a positive business environment
(b) supporting members with appropriate services
(c) forming and influencing public policy
(d) sharing monetary/financial dividends among members
17. The need for increased consumer protection has given rise to a branch of loss adjusting known as the ...
- (a) loss adjuster (b) loss adjusting
(c) advocate (d) none of the above
18. The clause that enables loss adjusters to report directly to the reinsurer without going through the cedant, even though the loss adjuster was appointed by the cedant, is ...
- (a) claims cooperation (b) claims control
(c) claims authorisation (d) none of the above
19. In a recent insurance claim settlement, Company A reimbursed an individual for the losses the individual incurred due to a car accident. Following the reimbursement, Company A proceeded to claim the legal rights of the individual to recover the costs from the responsible party. Which principle of insurance applies to this scenario?
- (a) Indemnity (b) Subrogation (c) Contribution (d) Corollary

20. After settling a claim with an insured individual, an insurance company seeks to take legal action against the person responsible for the insured's losses. The insurer intends to recover the costs it paid out to the insured. What is the extent of the insurer's right to pursue actions against the responsible party?
- (a) Lesser rights than the insured (b) Greater rights than the insured
(c) No right (d) No greater rights than the insured
21. Insurers will not designate their policy as "primary" to another policy to protect the insurer's ... right.
- (a) indemnity (b) subrogation (c) contribution (d) corollary
22. If, at the time of any loss or damage to the insured property, there is any other existing insurance or insurances covering the same property, whether effected by the insured or any other person, the company shall only be liable to pay or contribute its ...
- (a) limit of liability (b) ratable proportion
(c) probable proportion (d) premium paid
23. Which regulatory body oversees the conduct of business regulations regarding the relationship between an authorised loss adjusting firm and the public or insurers?
- (a) CIIN (b) ILAN (c) NAICOM (d) NIA
24. Any single cash transaction, lodgement, or transfer of funds involving an individual must be reported to NFIU, with a copy to NAICOM, if it exceeds ...
- (a) ₦1,000,000.00 (b) ₦2,000,000.00
(c) ₦3,000,000.00 (d) ₦5,000,000.00
25. In Nigeria, Money Laundering (Prohibition) Act ... regulates the AML/CFT proceedings.
- (a) 2003 (b) 2004 (c) 2005 (d) none of the above
26. Which of the following statements accurately defines the legal interest under the concept of insurable interest?
- (a) The insurable interest must be legal or equitable and not merely a moral duty
(b) The insurable interest must be a moral duty
(c) The insurable interest must be contingent on an individual's performance
(d) The insurable interest must be pecuniary in nature
27. Emeka, a 40-year-old construction worker, was injured on the job while operating a lift truck. He was taken to the hospital, where he received medical treatment for his injuries. The investigation of the incident revealed that the lift truck was not properly maintained and had a faulty brake system. The employer, ABC Construction, had hired a third-party maintenance company to perform regular maintenance on the equipment. However, the maintenance company failed to perform the required inspections and repairs. What is the proximate cause of Emeka's injury?
- (a) The faulty brake system on the lift truck
(b) The employer's failure to properly maintain the equipment
(c) The third-party maintenance company's failure to perform regular inspections and repairs
(d) The operator's failure to properly operate the lift truck

28. A fire broke out at a residential property, causing significant damage to the structure and contents. The policyholder, Mr. Kayode, reported the loss to his insurance company and submitted a claim. During the investigation, the loss adjuster discovered that Mr. Kayode had not disclosed that he had been planning to renovate the property before the fire. What principle of insurance applies to Mr. Kayode's situation, where he failed to disclose material information to the insurance company?
- (a) Utmost Good Faith (b) Insurable Interest
(c) Indemnity (d) Subrogation
29. Under what circumstances can contribution arise, where multiple parties are liable for the same damage?
- (a) When both parties have equal liability and are equally responsible for the damage
(b) When one party is 100% liable for the damage and the other party is not responsible
(c) When multiple parties have varying degrees of liability for the damage, and their combined liability exceeds the total loss
(d) Never, as insurance policies only cover the policyholder's own loss
30. In what circumstances does NAICOM allow a foreign loss adjuster to attend to a claim in Nigeria?
- (a) If the foreign adjuster handles the assignment alone
(b) If the foreign adjuster has the license to operate business
(c) If the foreign adjuster handles the assignment with and in collaboration with at least one registered firm of loss adjusters is already based in Nigeria
(d) All of the above
31. ABC Loss Adjusting Firm has been serving a loyal client, Mr. Ade, for over 15 years. Mr. Ade has been consistently satisfied with the company's services, and his claims have been handled efficiently and fairly. However, after a recent claim involving a disputed amount, Mr. Ade expressed dissatisfaction with the company's handling of the claim and threatened to switch to a competitor. The loss adjuster handling the claim, Ms. Ojo, is concerned about retaining Mr. Ade as a client and wants to take steps to address his concerns. What should she do?
- (a) Ignore Mr. Ade's concerns and continue to handle the claim as usual
(b) Apologise for any inconvenience caused, critically look into the disputed amount and offer to escalate the claim to a higher authority
(c) Offer to review the claim and provide a revised settlement offer to address Mr. Ade's concerns
(d) Provide a premium reduction or other incentives to persuade Mr. Ade to stay with the company
32. During a review of regulatory requirements, a legal team discovered a specific Section in the Insurance Act 2003 that outlines the code of conduct expected from professionals in the insurance industry. Which section of the Insurance Act 2003 addresses the code of conduct for the insurance profession?
- (a) S.80 (b) S.79 (c) S.78 (d) S.76
33. A loss adjuster can demonstrate good conduct when dealing with the insured and insurer in the following ways, except ...
- (a) integrity (b) efficient handling of claims
(c) provision of service excellence (d) none of the above

34. One of the steps taken by a Loss Adjuster to ensure procedures are in place to reduce mistakes is ...
- (a) 'second pair of eyes' check (b) 'third pair of eyes'
(c) 'fourth pair of eyes' (d) none of the above
35. Corporate culture refers to the shared values, attitudes, standards and beliefs that characterise members of an organisation and define its ...
- (a) integrity (b) nature (c) ethic (d) none of the above
36. The legal document evidencing the contract between the insured and the insurer is referred to as ...
- (a) placement slip (b) insurance policy
(c) cover note (d) broking slip
37. The steps to properly manage conflicts before it escalates beyond reasonable resolution are all but ...
- (a) understanding the conflict (b) communicating with opposition
(c) reporting the matter to the company lawyer for resolution
(d) using a third-party mediator
38. ABC Insurance Company is a leading provider of insurance services in the region. The company has been facing a high number of disputes with its clients and brokers. The management team has decided to investigate to identify the root causes of these conflicts. Which of the following is not a source of conflict in insurance contracts?
- (a) Technical error/omission (b) Collusion
(c) Breach of professional ethics (d) Brainstorming
39. XYZ Insurance Company attempted to resolve disputes through arbitration, but unfortunately, the arbitration process failed to yield a satisfactory outcome. The Management team is now looking for alternative methods to resolve the conflicts. What is the final destination to resolve conflicts since arbitration has failed?
- (a) The National Assembly (b) NAICOM
(c) The Court (d) ILAN
40. The maximum period to engage an external auditor appointed in any insurance loss adjusting firm is ... years.
- (a) 15 (b) 10 (c) 5 (d) 4
41. A dispute has arisen between an insurer and an insured party regarding a recent claim. The claims adjuster needs to understand the circumstances surrounding the claim and the perspectives of both parties to resolve the conflict. From whose point of view should one look at the conflict to resolve it? From the ...'s point of view.
- (a) insurer (b) insured
(c) loss adjuster (d) 3rd party claimant
42. XYZ Insurance Company received reports from the adjuster that have been rejected by the parties involved. The company needs to determine the best course of action to handle these rejected reports. All except ... are available options to the insurer to handle the rejected report.
- (a) review (b) court litigation
(c) arbitration (d) public inquiry

43. A policyholder has a property that is insured with your company. The policyholder's property is also covered by another insurance policy, taken out by a third party. The policyholder's property suffers damage due to a loss. The policyholder is now speculating what will happen if they make a claim under their insurance policy with your company. ... is the company's liability for the loss or damage, if there are other subsisting insurance policies covering the same property.
- (a) Limit of liability (b) Ratable proportion
(c) Probable proportion (d) Premium paid
44. A policyholder has made a claim under his/her insurance policy with your company. The policyholder's property has been damaged due to a negligent act by a third party. The policyholder is now seeking compensation from the third party. Your company is considering acting against the third party to recover the damages using the name of the insured. Which insurance principle gives the insurer such a right?
- (a) Insurable interest (b) Indemnity
(c) Subrogation (d) contribution
45. Insurers can effectively handle and respond to rejected adjusters' reports to ensure accurate and fair claims processing through ...
- (a) collusion (b) visiting the client
(c) cancellation (d) avoidance
46. All but one is an association under the International Federation of Adjusting Association (IFAA).
- (a) AMLA (b) CIAA (c) IILA (d) CIS
47. The concept and practice of loss adjusting was brought to Nigeria by the ... and the pioneers are from the stable of ...
- (a) British, Crystal Loss Adjusting
(b) Egypt, Graham Millers and Associates
(c) China, International Institute of Loss Adjusters
(d) British, Graham Millers and Associates

Use the Loss Adjusters scale of fees to answer questions 48 - 50

Loss Adjusters Scale of Fees As agreed to by Representatives of Nigerian Insurers Association. Minimum Fee ₦1,500.00

Up To	₦50,000	12.50%	₦6,250	₦6,250
₦50,001	₦100,000	10.00%	₦5,000	₦11,250
₦100,001	₦250,000	8.00%	₦12,000	₦23,250
₦250,001	₦500,000	6.00%	₦15,000	₦33,250
₦500,001	₦1,000,000	5.00%	₦25,000	₦63,250
₦1,000,001	₦1,500,000	4.00%	₦30,000	₦83,250
₦1,500,001	₦2,000,000	3.00%	₦15,000	₦98,250
₦2,000,001	₦5,000,000	2.00%	₦60,000	₦158,750
₦5,000,001	₦7,500,000	1.50%	₦37,500	₦185,750
₦7,500,001	₦10,000,000	1.00%	₦25,000	₦220,750
₦10,000,001	₦15,000,000	0.75%	₦37,500	₦258,250
₦15,000,001	₦20,000,000	0.50%	₦25,000	₦283,250

48. With a gross settlement of ₦150,000.00 and reimbursement expenses of ₦50,000.00, what is the total fee payable to the loss adjusters by the insurer using loss adjusters scale of fees?
 (a) ₦48,750.00 (b) ₦65,250.00 (c) ₦ 68,750.00 (d) ₦78,750.00
49. With a gross settlement of ₦250,000.00 and reimbursement expenses of ₦150,000.00, what is the total fee payable to the loss adjusters by the insurer using loss adjusters scale of fees?
 (a) ₦148,750.00 (b) ₦168,750.00 (c) ₦173,250.00 (d) ₦178,750.00
50. With a gross settlement of ₦4,000,000.00 and reimbursement expenses of ₦850,000.00, what is the total fee payable to the loss adjusters by the insurer using loss adjusters scale of fees?
 (a) ₦488,750.00 (b) ₦688,750.00 (c) ₦788,750.00 (d) ₦988,250.00
51. John, a long-time policyholder, has always trusted his insurance company to provide the coverage promised in his policy. Recently, he faced a situation that required him to rely on his insurance coverage. This event provided John the opportunity to evaluate whether the insurer truly honoured their commitments as stated in the policy. When can John truly test if the insurer has honoured the coverage as promised?
 (a) Through Complaint (b) During Negotiation
 (c) Claim Payment (d) Placement
52. Ade is preparing to register as an insurance adjuster. He has gathered all the necessary documents and is reviewing the requirements for registration. He needs to ensure he has everything in order, but one of the items on her list is not actually required for her registration. Identify which item is not required for his registration.
 (a) Memorandum and Article of Association (b) Evidence of Incorporation
 (c) Submission of Application Form 22
 (d) Registration with the International Federation of Adjusting Association
53. David is planning to register as a loss adjuster in Nigeria. He knows there are specific legal responsibilities and regulatory bodies involved in this process. To ensure he follows the right procedure, he needs to identify which body is responsible for the registration as a loss adjuster. ... below is the body to approach.
 (a) Nigerian Insurers Association (b) Institute of Loss Adjusters of Nigeria
 (c) National Insurance Commission (d) Chartered Insurance Institute of Nigeria
54. ABC Insurance Company has been experiencing increased costs due to the engagement of loss adjusters. Despite this, they continue to utilise their services. The company values several benefits that loss adjusters bring, but one of the listed reasons is not one of the several benefits.
 (a) Expert knowledge (b) Uncommon professional service
 (c) Independent adjustment (d) None of the above
55. Shade owns a small business and has insured her property to protect against potential losses. Recently, a fire damaged part of her property, prompting her to file a claim with her insurance company. Why is the principle of insurable interest crucial in Shade's situation?

- (a) It ensures that Shade has a direct financial stake in the insured property
 - (b) It allows anyone to purchase insurance for any property, regardless of ownership
 - (c) It guarantees that the insurer will always profit from the insurance policy
 - (d) It removes the need for Shade to prove a loss in the event of a claim
56. Chief Yinka Omilani played a significant role in the formation of the Institute of Loss Adjusters of Nigeria (ILAN) in 1980. Which company did he work with at that time?
- (a) Royal Exchange Assurance Company
 - (b) Yinka Omilani Corporation
 - (c) Yinka Omilani & Associates Limited
 - (d) None of the above
57. Jane is planning to visit the Institute of Loss Adjusters of Nigeria for a professional consultation. She needs to ensure she has the correct address before heading out. Which of the following is correct?
- (a) 2, Fagbemi Road, off Ojuelegba Road, Surulere, Lagos State, Nigeria
 - (b) 12, Fagbemi Street, off Ojuelegba Road, Surulere, Lagos State, Nigeria
 - (c) 2, Fagbile Street, off Ojuelegba Road, Surulere, Lagos State, Nigeria
 - (d) None of the above
58. As Ade prepares to start his own business in Nigeria, he understands the importance of registering his company with the appropriate government agency. Knowing the correct agency responsible for company registration is crucial for ensuring compliance and legality. Which government agency is responsible for this?
- (a) Central Bank of Nigeria (CBN)
 - (b) National Directorate of Law Enforcement (NDLA)
 - (c) Corporate Affairs Commission (CAC)
 - (d) National Agency for Food and Drug Administration and Control (NAFDAC)
59. Understanding the history of loss adjusting in Nigeria is essential for professionals like Jerry, who seek to gain insights into its development. This knowledge is essential for professionals in the insurance and claims industry to grasp the context and challenges faced in the field. How can you describe the history in Nigeria?
- (a) Past Record
 - (b) Resolution
 - (c) Devotion
 - (d) Evolution
60. As Olympia prepares to insure her property, she considers the essential requirements for a valid insurance contract in Nigeria. Understanding these requirements ensure that she complies with legal obligations and protects her interests effectively. Which statement accurately reflects the compulsory requirements to validate an insurance contract on property?
- (a) Material facts are enough to establish a valid insurance contract
 - (b) Both material facts and insurable interest are compulsory for a valid insurance contract
 - (c) None of the two is compulsory to validate an insurance contract
 - (d) Both material facts and insurable interest are not compulsory to validate an insurance contract.

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

Answer True (T) or False (F).

61. The business of insurance loss adjusters is organized to specialise in specific areas of expertise, acting as independent experts in claims settlement.
62. Ten significant individuals were acknowledged as the founding fathers of ILAN.
63. Alternative Dispute Resolution is intended to resolve disputes outside the courtroom with the assistance of an impartial third party.
64. The chain between the proximate cause and the actual loss must be interrupted.
65. The insured must have some legal relationship to the subject matter of the insurance, such that he would benefit by the preservation of the property or be prejudiced by its destruction, loss, or damage.
66. Once the insured has established a prima facie case that an insured peril caused the loss, it is the responsibility of the insurers to demonstrate that exception clauses and exclusionary terms are applicable.
67. NIA issues operational guidelines to insurance practitioners to ensure that business conduct meets or exceeds the required minimum standard.
68. The Commission shall, within 30 days, either approve or decline the proposal for the appointment of a CEO of an adjusting firm.
69. The primary function of a loss adjuster is to gather information to verify a claim. Once the insurers are satisfied with the report, a discharge voucher is issued.
70. It is presumed in law that a loss adjuster possesses the requisite knowledge and ability commensurate to that of a lawyer.
71. Prior to the implementation of the Insurance Act 2003, an insurer could terminate the entire contract if the proposer failed to disclose all material information.
72. In accordance with industry standards and best practices, Nominated Loss Adjuster Clause is widely accepted among members of the Institute of Loss Adjusters of Nigeria (ILAN).
73. In the English legal system, it is established case law that a shareholder, in their capacity as a shareholder, does have an insurable interest in the assets of the corporation.
74. Section 79 of the Insurance Act 2003 mandates that all registered insurers, reinsurers, insurance agents, insurance brokers, and loss adjusters must adhere to and comply with the code of conduct of the insurance profession.
75. Loss adjuster reports may be rejected or queried if there are suspicions of collusion involving internal or external parties altering the assessment of the loss.

76. Negotiation, although a powerful tool in conflict management, may not always be the most effective approach, as walking away from the negotiation table could potentially lead to more beneficial outcomes for all parties.
77. The insured not the insurer has the right to lodge any complaint on service dissatisfactions.
78. Integrity, Provision of excellent service and Errors and Omissions are ways a Loss Adjuster can demonstrate good conduct when dealing with the insured and insurer.
79. Any person who transacts business as a Loss Adjuster without having been registered on that behalf commits an offense and is liable on conviction to a fine of ₦1,000,000.00.
80. NAICOM may decide to take remedial action where disciplinary action is deemed necessary.
81. Contribution as a principle of insurance, may arise through common law and moral agreement.
82. Insurable is referred to as the undertaking by the insurer that in the event of a loss or damage to the insured's property, the insurer shall restore the insured financially to the position prior to the loss.
83. Material circumstances are not confidential information acquired through a business relationship unconnected to the contract of insurance.
84. The Insurer is generally responsible for covering the costs associated with the loss assessor's fees.
85. Emotional Intelligence is the ability to recognise one's emotions and recognise another's feelings.

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

ABC Insurance Company Limited appointed your firm to investigate and adjust a Professional Indemnity claim submitted by one of the customers of the Insured, XYZ Specialist Hospital. According to the details provided by the Insured, the claimant is demanding compensation of ₦20,000,000.00 due to alleged wrongful diagnosis and treatment received at the Hospital between January 5, 2022, and March 30, 2022, by one of the hospital's medical doctors. The XYZ Professional Indemnity Insurance policy was renewed for the period of January 1, 2022, to January 1, 2023, with a limit of ₦20,000,000.00 for any one loss/annual aggregate.

During your investigation into the proximate cause of the alleged error, you established the following facts:

- i. XYZ Hospital declared four medical doctors in the proposal form submitted before the inception of coverage. The names of these four doctors were explicitly stated on the policy document and the current renewal endorsement.
- ii. The information on the proposal form was reconfirmed as correct by the Insured when the Insurer inquired prior to the current renewal.
- iii. The medical doctor who attended to the claimant was not among those declared to the Insurer. Additionally, it was discovered that contrary to the Insured's declaration that

- only four medical doctors were working at the Hospital, there were actually 20 doctors on the Insured's payroll and working at the Hospital at the time of the claim.
- iv. The risk exposure rating by the Insurer was not properly conducted due to the Insured's deliberate misrepresentation of facts.
 - v. The claimant is threatening to go to court if not compensated within two months of submitting the demand.
 - vi. The premium was paid prior to the inception of coverage.
86. What is your recommendation to the Insurer regarding the admissibility and settlement amount of the claim, considering the partial declaration of material facts in the proposal form?
 - (a) Pay 50% of the claim
 - (b) Repudiate liability due to deliberate misrepresentation of material facts
 - (c) Ask the Insured to pay an additional premium
 - (d) All of the above
 87. As the adjuster recommended to handle the case, what risk improvement would you suggest to the Insured to prevent similar issues in the future?
 - (a) Ask the insured to contest the decision taken on the claim
 - (b) Advise the Insured to review the coverage to accurately reflect the number of doctors in its employment
 - (c) Recommend the Insured not to renew with the current insurance company
 - (d) Request an ex-gratia payment
 88. The Insured's failure to declare the total number of doctors engaged to the Insurers constituted a breach of a fundamental principle of insurance, which is the principle of ...
 - (a) misrepresentation
 - (b) concealment
 - (c) breach of utmost good faith
 - (d) innocent misrepresentation
 89. How could the Insurer have prevented such a breach before initiating coverage?
 - (a) Survey the business premises
 - (b) Obtain the tenancy agreement with the landlord
 - (c) Ask for evidence of membership in the Nigerian Medical Association
 - (d) Request the staff payroll
 90. During the discussion on the implications of the partial declaration of the number of doctors employed by the Hospital, the Insured sought your advice on professional services to help secure full coverage of his assets and professional integrity. What would you recommend?
 - (a) Engage the services of an insurance broker
 - (b) Seek the counsel of his lawyer
 - (c) Register for an insurance course
 - (d) Commence part-time training in an insurance program

Alagbe & Ajasin Limited, an accounting firm often engaged by various loss adjusters to prepare financial statements, had a director who had long desired to establish a loss adjusting firm. This opportunity arose following the death of the owner-manager of an existing loss adjusting firm. After making the necessary financial commitment, the managers of the firm neglected to inform NAICOM of the change in executive management. Subsequently, Alagbe & Ajasin Limited became the auditor for the loss adjusting firm, bypassing the proper nomination process and

failing to submit returns to NAICOM. The new CEO, whose approval by NAICOM was still pending, assumed duty and altered the existing operational structure. The firm continued business as usual, and under the auditing subsidiary's influence, the financial statements of the loss adjusting firm were manipulated to attract more investors. Unfortunately, NAICOM became aware of these actions and issued a notice of the penalties incurred.

91. What penalty amount will NAICOM impose on the firm for providing false information?
(a) ₦100,000.00 (b) ₦150,000.00 (c) ₦250,000.00 (d) ₦350,000.00
92. A proposal to appoint a chief executive officer for a loss-adjusting firm must be submitted and approved within a few days. Upon filing, the commission shall respond no later than ... days
(a) 20 (b) 30 (c) 60 (d) 120
93. All Loss Adjusters must submit audited statements of account, including revenue, profit & loss, and balance sheet, to the commission no later than ... months
(a) 6 (b) 12 (c) 18 (d) 24
94. What was the consequence of Alagbe & Ajasin Limited's actions as reported in the case study?
(a) The firm received a commendation from NAICOM for its transparency and integrity
(b) The firm was given a warning by NAICOM for minor breaches of regulatory requirements
(c) NAICOM issued a notice of penalties incurred due to the non-compliance of the firm with regulatory requirements
(d) The firm was exempt from filing returns with NAICOM due to its large size
95. What critical oversight did Alagbe & Ajasin Limited make regarding their engagement with the loss adjusting firm?
(a) Failure to inform NAICOM of the change in executive management
(b) Improper auditing procedures
(c) Neglecting to submit financial statements to investors
(d) Hiring of unqualified staff

Mr. ABC owns a Toyota Highlander registered as XYZ 070 YY, insured comprehensively with Chicago Insurance Company Limited from January 1, 2020, to December 31, 2020. According to the incident report provided by Mr. ABC, while driving from Lagos to Ibadan on October 1, 2020, near Ibafo, Ogun State, Nigeria, a truck registered as XYZ 100 YB experienced brake failure and collided with the rear of the Toyota Highlander. This collision resulted in significant damages estimated at ₦1,000,000.00 for repair or replacement costs. The driver of the Highlander sustained minor injuries, was initially treated with first aid and later examined and discharged from a hospital on the same day. The police report confirmed that the accident was caused by the recklessness and brake failure of the truck driver with registration number XYZ 100 YB. The Toyota Highlander was insured for a sum of ₦5,000,000.00.

Chicago Insurance Company Limited has tasked you with assessing and adjusting the claim of ₦1,000,000.00 submitted by Mr. ABC. After investigating the incident, the following details were confirmed:

- (i) The accident occurred as reported on October 1, 2020
- (ii) The truck driver paid Mr. ABC ₱500,000.00 for the damage to the Toyota Highlander
- (iii) The policy excess on Mr. ABC's motor policy with Chicago Insurance Company Limited is ₱200,000.00 or 5%, whichever is greater.

As an adjuster, your task is to determine the next steps in processing this claim and ensuring a fair settlement for all parties involved.

96. If the insurer of Mr. ABC is found liable, how much would you recommend for settlement?
 (a) ₱1,000,000.00 (b) ₱900,000.00 (c) ₱800,000.00 (d) ₱300,000.00
97. Why would it be impossible for Mr. ABC to recover the damage to the Toyota Highlander from Chicago Insurance Company Limited and the owner of Truck with Registration Number XYZ 100 YB that caused the accident?
 (a) Due to application of contribution (b) Due to application of franchise
 (c) Due to the application of principle of subrogation (d) None of the above
98. While investigating the aforementioned traffic incident, what other factors should the police report disclose to justify the presence of the truck on the road?
 (a) Ownership of the truck (b) Driver's license and insurance coverage
 (c) Address of the driver (d) The time of day the truck was on the road
99. Since the Police established that the accident was caused by the recklessness of the truck driver, what further action should they take to prevent similar incidents involving the driver?
 (a) Call a press conference (b) Prosecute the driver for incompetence
 (c) Remove the truck from the road
 (d) Detain the driver in Police custody indefinitely
100. Since the Highlander driver has comprehensive cover, what other benefits could he derive from his policy?
 (a) Seek reimbursement of medical expenses
 (b) Take advantage of the accident to enrich himself
 (c) Demand for waiver of premium at renewal of his policy
 (d) Seek compensation from his insurers for damage to his car

Chief Examiner's Comment

The content of the course was well covered, the questions were standard and the performance of the candidates was highly encouraging. 80% of the candidates passed the course. Candidates find it difficult to identify the correct answer where the options are closely related.

Comments on Overall Performance:

Overall performance was excellent as 80% of the candidates passed.

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

Candidates are encouraged to maintain the current identified level of adequate preparedness to maintain the pass rate in this examination.

PF02 – LOSS ADJUSTING INSURANCE PRACTICE									
1	C	21	C	41	D	61	T	81	F
2	D	22	B	42	C	62	F	82	F
3	D	23	C	43	A	63	T	83	T
4	D	24	A	44	C	64	F	84	F
5	D	25	B	45	D	65	T	85	T
6	D	26	A	46	D	66	T	86	B
7	D	27	C	47	D	67	F	87	B
8	C	28	A	48	B	68	T	88	B
9	B	29	A	49	C	69	T	89	A
10	D	30	C	50	D	70	F	90	A
11	C	31	C	51	C	71	T	91	A
12	B	32	B	52	D	72	F	92	B
13	A & D	33	D	53	B	73	T	93	A
14	B	34	B	54	D	74	T	94	C
15	C	35	C	55	A	75	T	95	A
16	D	36	B	56	C	76	T	96	D
17	C	37	C	57	C	77	T	97	C
18	B	38	D	58	C	78	T	98	D
19	B	39	C	59	D	79	T	99	B
20	D	40	C	60	B	80	T	100	A