

GENERAL RELATED ISSUES TO WATCH OUT FOR IN FUTURE SITTINGS

Antoyt DO'S DANTOYT	DA TO 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 (Intermediate and Associateship Level)
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.	Nuture fear on any subject. There is no subject that distinction cannot be obfained.
Attend the Annual Students' Forum	Avold the Annual Students' Forum
ETC ON THE FOLLOWING SITES naicom.com (I	ENITS, REGULATIONS AND GUIDELINES/MARKET AGREEMENTS NAICOM), nigeriainsurers.og(NIA); ncrib.net(NCRIB); (1): ciinigeria.org (CIIN)
	D LEAD TO STIFF SANCTIONS. DO NOT BE A CULPRIT. AN
Y CANDIDATE CAUGHT AND/OR FOUND TO BE CHEA	TING/HAVE CHEATED WILL BE BARRED FROM PARTICIPA
	IVITY FOR TWO (2) YEARS, AND THE EMPLOYER WILL BE
DULY INFORMED OF	ANY SUCH INCIDENCE(S).

STOP WORKING HARD TO FAIL!!! START WORKING EFFORTLESSLY TO PASS OUTSTANDINGLY!!!

CHARTERED INSURANCE INSTITUTE OF NIGERIA POST AIIN - FOUNDATION 2025 APRIL EXAMINATION

SUBJECT - PF02

PF02 - LOSS ADJUSTING PRACTICE (FOUNDATION)



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

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

FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL) WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL 2025 DIET CANDIDATES' INSTRUCTIONS.

CHARTERED INSURANCE INSTITUTE OF NIGERIA

PF02 - FOUNDATION

LOSS ADJUSTING PRACTICE (FOUNDATION)

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 to ...

- (a) pay the claim (b) inte
 - 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 three (3) case studies each followed by some questions. The case studies are not numbered and appear at the top of the page. Each of the questions following a case study is numbered. Four options follow each question. The options are labelled, a, b, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer from by filling in the appropriate box.

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

1.		dlowing are some insurance business in Nigeria, ex		aries au	thorised by l	NAICOM	to conduct
	(a)	loss adjusters	F	(b)	brokers		
	(c)	NIA		(d)	none of th	e above	
2.		w that required the registr	ation of loss	adjuste	ers before the	eir operatio	ons was the
	(a)		1977	(c)	1978	(d)	2003
3.	The In	stitute of Loss Adjusters of	of Nigeria wa	as estab	lished in wh	ich year?	
	(a)	1979 (b)	1980	(c)	1981	(d)	1984
4.		is responsible for payme pected to be	nt of remune	ration o	of Loss Adju	isters, neve	ertheless, they
	(a)	loyal to the insurer		(b)	fair to the	Insurer	
	(c)	impartial		(d)	all of the a	above	
5.	The lo	ss adjuster, as an agent, o	wes a legal d	uty of c	care to		
	(a)	the policyholder		(b)	their princ	cipal	
	(c)	NIA		(d)	public		
6.	howev	nce companies have coner, they engage Loss Ament requires	-				-
	(a)	interdisciplinary skills	(b)	speci	al skills		
	(c)	technical skills	(d)	finan	cial skills		
7.	extant	gh Loss Adjusters are ap law demand that they are	unbiased and	d in 1	their judgem	ent.	
	(a)	careful (b)	open	(c)	independe	ent (d)	friendly
8.	handle	ore cost-effective to engage claim investigation and ing except	-		•		•
	(a)	laboratory		(b)	technical of	expertise	
	(c)	manpower		(d)	all of the a	above.	
9.	The m	ission statement of ILAN	is, among	other o	bjectives, to	provide t	he following,
	(a)	transparent adjustment		(b)	fair adjust	ment	
	(c)	submitting writ of sum	mons	(d)	all of the a	above.	

10.		he requirement sion is a Profes						the Natio	nal Insur	ance
	(a)	₩10,000,000.		maciiii	ity cove	(b)	₩15,000,00	0.00		
	(c)	₩20,000,000.				(d)	N25,000,00			
	(0)	1420,000,000.	00			(u)	1425,000,00	0.00		
11.		ess plan is one I Insurance Cor		_		_	=		firm with	1 the
	(a)	1	(b)	2		(c)	4	(d)	5	
12.	_	uirements for t		wal of	a loss a	adjustin	g license incl	ude evid	lence tha	t the
	(a)	CIFM	(b)	NIA	(c)	ILAN	(d)	none	of the ab	ove
13.	about th	djuster issues a e insured, the cond recommendate	ircumst	ances o						
	(a)	repudiation				(b)	discharge vo	oucher		
	(c)	a loss reserve				(d)	all of the ab	ove		
14.	The fina except	l report will in	clude, l	out not	be limit	ted to, a	all details of t	he claim	listed be	low,
	(a)	executed disc	harge v	oucher		(b)	findings on	liability		
	(c)	adjustment/su	mmary	of find	ings	(d)	recommend	ation for	settleme	nt
15.		e insurers are sa ss adjuster to is				-	report, they w	ill issue	an instruc	etion
	(a)	discharge vou	cher fo	r signin	g	(b)	query on do	cumenta	tion	
	(c)	notice of arbit	ration			(d)	none of the	above		
16.	_	tion skills are or	-						compror	nise.
	(a)	corporation				(b)	communica	tion		
	(c)	persuasion				(d)	strategising			
17.	Section	of the Mari	ne Insu	rance A	ct 1906	defines	s a material fa	ct.		
	(a)	18(1)	(b)	18(2)		(c)	18(4)	(d)	18(6)	
18.	determin	rcumstance that ning the premi is not a ma Identity of the Location of su	ium or aterial fa E Insure	decidinact that	ng whe	ther to	accept the	risk is o	considered ect matter	d

19.		of the Insus			limits the i	nsured's dut	y of disc	losure to the
	(a)	54 (1)	(b)	55 (1)	(c)	56 (1)	(d)	57 (1)
20.		of the Insu		-			adjusters	to repudiate
	(a)	54 (2)	(b)	55 (2)	(c)	56 (2)	(d)	57 (2)
21.		closure to the		•			a clear a	nd accessible
	(a)	conclusive	-p		(b)	qualitative		
	(c)	substantially	correct		(d)	quantitative	e	
22.	Apart fr	om fraud, und	er the l	Insurance A	ct, an insu	rer will only	be entitl	ed to avoid a
	policy en	ntirely if the br	each of	f the duty of	fair presen	tation is		
	(a)	deliberate			(b)	reckless		
	(c)	deliberate or 1	reckless	8	(d)	all of the ab	oove	
23.	23. As per NAICOM's Market Conduct Business Practices Guidelines on Claims Procedure, it is expected that claims settlement procedures are clearly defined and appropriately communicated to the insured by the							
	(a)	loss adjuster			(b)	surveyors		
	(c)	insurer			(d)	NIA		
24.	and the	justers are paid growing need to of loss adjusting	for incr	eased consu	imer protec	tion have led	to the er	
	(a)	loss advocate			(b)	loss assesso	or	
	(c)	loss surveyor			(d)	private inve	estigator	
25.	-	pose of the C			_			
	_	ation and settle local insuranc		i Ciaiiiis. 11		=		
	(a)	facultative rei		00	(b)	foreign inst		
	(c)	racultative rei	ınsuran	ce	(d)	treaty reins	urance	
26.		ive Dispute Re insured and in				-		
	(a)	arbitration			(b)	out of cour	t settleme	nt
	(c)	mediation			(d)	reconciliati	on	
27.	argumen	ive Dispute Rents from both the ispute, similar	ne insur	er and the i	nsured, gath	-	_	•
	(a)	arbitration			(b)	out of cour		nt
	(c)	mediation			(d)	reconciliati	on	

28.	Nomina	ated Loss Adjuster clause found	in some po	licies has several disadvantages, as
	listed b	elow, except		
	(a)	stifles competition	(b)	compromise integrity
	(c)	unconscious bias	(d)	none of the above
29.	Insurab	le interest is defined as the finance	cial interest	of the insured in the subject matter
	of insu	rance. The following must have	an insurab	le interest in the subject matter of
		ce, except		·
	(a)	policyholder	(b)	named insured
	(c)	the regulator	(d)	additional insured
30.	The ins	surance contract is not always one	e of strict in	ndemnity in every case, considering
	the foll	owing, except		
	(a)	agreed value	(b)	life assurance
	(c)	term assurance	(d)	comprehensive motor insurance
31.	Proxim	nate cause can be any of the follow	ing except	
	(a)	remote cause	(b)	active cause
	(c)	dominant cause	(d)	efficient cause
32.	For the	proximate cause to be regarded as	the cause o	of the loss, there must be an unbroken
		tion between it and the actual loss		
	(a)	remote	(b)	net
	(c)	pecuniary	(d)	none of the above
33.	A loss	may result from two (or more) pr	oximate ca	uses, one covered by the policy and
		_		d. If the losses cannot be separated,
		adjusters will advise the insurer t		•
		repudiate in total	(b)	avoid the claim
	(c)	partially settle the claim	(d)	fully settle the claim
34.	The ope	erative clause of an insurance police	cy is its mos	st important clause as it defines what
	is	1		1
	(a)	covered by the policy	(b)	exclusions of the policy
	(c)	exceptions of the policy	(d)	deductible
35.	Policy	documents contain exceptions, o	outlining the	e risks that are not covered. These
	excepti	ons can typically be found under t	he followin	ng headings, except
	(a)	specific exceptions	(b)	public exceptions
	(c)	general exceptions	(d)	none of the above
36.		•		e broader than those specified in the
	-	ve clause. This is done through a(1		
	(a)	extensions	(b)	additional Insured
	(c)	Named Insured	(d)	exclusions

37.	conditio	ic test for reasonableness is that the ons if an investigation confirms that ding all warnings brought to their attractions.	t the in	nsured acted willfully or blatantly,
	(a)	carefully	(d)	willfully
	(c)	cautiously	(d)	all of the above.
38.	-	nciple of indemnity is, therefore, cl The exception to this rule is	osely re	elated to the principle of insurable
	(a)	burglary insurance	(b)	fire insurance
	(c)	money insurance	(d)	marine insurance
39.		ference to Sadler's Co. v. Badcock, e interest in the subject of insurance		-
	(a)	inception of the cover	(b)	loss
	(c)	adjustment of claim	(d)	all of the above
40.	_	y of disclosure of any material alteratred ends	ion in tl	he risk which comes to the notice of
	(a)	on payment of premium due	(b)	on activation of cover
	(c)	at any time up to the conclusion of	a contra	ct (d) on reporting a loss
41.		ering access to the facts surrounding to o is bound to declare all facts that are		_
	(a)	insured's placement brokers	(b)	insured's management
	(c)	insured's insurance manager	(d)	all of the above
42.	_	mbursing them for losses, provided the other party is liable for damage there is waiver of subrogation of the	hat	
	(c)	the damage is natural occurrence	(d)	all of the above
43.	Contrib	ution can arise in any of the followin	g situati	ons, except
	(a)	market agreement	(b)	common interest
	(c)	mutually inclusive	(d)	rateable proportion
44.	NAICO under	M's regulatory role in ensuring that l .	oss adjı	usting firms are financially sound is
	(a)	conduct of business	(b)	authorisation
	(c)	criminal offense	(d)	public censure
45.		M's regulatory role in ensuring the r and the public is under	elations	hip of loss adjusting firms with the
	(a)	conduct of business	(b)	authorisation
	(c)	criminal offense	(d)	public censure

Use the Loss Adjusters scale of fees to answer questions 46 - 60 below:

Loss Adjusters Scale of Fees

As agreed, to by Representatives of the Nigerian Insurers Association. Minimum fee \$1,500.00

Up To	₩50,000	12.50%	₩6,250	N 6,250
N50,0001	₩100,000	10.00%	₩5,000	₩11,250
₩100,001	N 250,000	8.00%	₩12,000	N 23,250
N 250,001	N 500,000	6.00%	₩15,000	N 33,250
N500,001	₩1,000,000	5.00%	₩25,000	₩63,250
₩1,000,001	₩1,500,000	4.00%	₩30,000	₩83,250
N 1,500,001	N 2,000,000	3.00%	₩15,000	N 98,250
N2,000,001	₩5,000,000	2.00%	₩60,000	₩158,750
N5,000,001	N 7,500,000	1.50%	₩37,500	₩185,750
N 7,500,001	₩10,000,000	1.00%	₩25,000	N 220,750
₩10,000,001	₩15,000,000	0.75%	₩37,000	N 258,250
₩15,000,001	₩20,000,000	0.50%	₩25,000	₩283,250

46.	With a gross settlement of \(\frac{\text{\tin}\text{\te}\tint{\texi}\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\texi}\text{\texit{\text{\text{\text{\text{\texi}\titt{\text{\text{\texi}\tex{\text{\text{\texit{\text{\text{\texi}\text{\texi}\texit{\t
	is the total fee payable to the Loss Adjusters by the Insurer using the Loss Adjusters'
	scale of fees?

(-)	NI40 750 00	(1-)	NICO 750 00	(-)	N(C) 750 00	(J) NIZO ZEO OO
(a)	N48,750.00	(D)	N68,750.00	(C)	11 09,/30.00	(d) $\times 78,750.00$

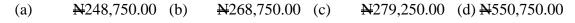
47. With a gross settlement of \$\frac{\text{\texi{\text{\tex

(a) $\frac{1}{4}$ 48,750.00 (b) $\frac{1}{6}$ 68,750.00 (c) $\frac{1}{4}$ 78,750.00 (d) $\frac{1}{4}$ 115,250.00	(a)	N4 8,750.00	(b)	₩68,750.00	(c)	N 78,750.00	(d) $\pm 115,250.00$
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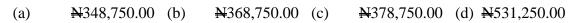
48. With a gross settlement of N550,000.00 and reimbursement expenses of N150,000.00, what is the total fee payable to the Loss Adjusters by the Insurer using the Loss Adjusters' scale of fees?

(a)	N 148,750.00	(b)	₩173,250.00	(c)	₩178,750.00	(d) $\$185,750.00$
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49. With a gross settlement of N850,000.00 and reimbursement expenses of N500,000.00, what is the total fee payable to the Loss Adjusters by the Insurer using the Loss Adjusters' scale of fees?



50. With a gross settlement of №1,450,000.00 and reimbursement expenses of №450,000.00, what is the total fee payable to the Loss Adjusters by the Insurer using the Loss Adjusters' scale of fees?



51. With a gross settlement of N4,000,000.00 and reimbursement expenses of N350,000.00, what is the total fee payable to the Loss Adjusters by the Insurer using the Loss Adjusters' scale of fees?

beare o	11005.					
(a)	N 448,750.00	(b)	N4 78,750.00	(c)	N 485,750.00	(d) N 488,250.00

52.	2. With a gross settlement of \$\frac{\text{\tilit{\texi}\text{\text{\text{\text{\text{\text{\text{\text{\text{\texin}\tint{\text{\texit{\text{\text{\text{\ti}}\text{\text{\									
	(a) $N590,750.00$ (b) $N568,750.00$ (c) $N-548,750.00$ (d) $N237,750.00$									
53.	With a gross settlement of $\$2,500,000.00$ and reimbursement expenses of $\$350,000.00$, what is the total fee payable to the Loss Adjusters by the Insurer using the Loss Adjusters' scale of fees?									
	(a) $\frac{1}{1}$ 458,250.00 (b) $\frac{1}{1}$ 748,750.00 (c) $\frac{1}{1}$ 768,750.00 (d) $\frac{1}{1}$ 778,750.00									
54.	With a gross settlement of $\$8,500,000.00$ and reimbursement expenses of $\$550,000.00$, what is the total fee payable to the Loss Adjusters by the Insurer using Loss Adjusters scale of fees?									
	(a) $N745,750.00$ (b) $N858,250.00$ (c) $N868,750.00$ (d) $N878,750.00$									
55.	With a gross settlement of $\frac{1}{2}$ 9,000,000.00 and reimbursement expenses of $\frac{1}{2}$ 850,000.00 what is the total fee payable to the Loss Adjusters by the Insurer using Loss Adjusters scale of fees?									
	(a) $N48,750.00$ (b) $N68,750.00$ (c) $N988,250.00$ (d) $N1,050,750.00$									
56.	With a gross settlement of \$\text{\t									
	(a) $N273,750.00$ (b) $N648,750.00$ (c) $N668,750.00$ (d) $N678,750.00$									
57. With a gross settlement of №17,500,000.00 and reimbursement expenses of №200 what is the total fee payable to the Loss Adjusters by the Insurer using the Loss Adjusters of fees?										
	(a) $N248,750.00$ (b) $N278,750.00$ (c) $N285,750.00$ (d) $N470,750.00$									
58. With a gross settlement of №19,000,000.00 and reimbursement expension №1,500,000.00, what is the total fee payable to the Loss Adjusters by the Insurance Loss Adjusters' scale of fees?										
	(a) $N648,750.00$ (b) $N685,750.00$ (c) $N1,778,250.00$ (d) $N1,778,750.00$									
59.	With a gross settlement of $\mathbb{N}14,000,000.00$ and reimbursement expenses of $\mathbb{N}200,000.00$, what is the total fee payable to the Loss Adjusters by the Insurer using the Loss Adjusters' scale of fees?									
	(a) $\frac{\text{N}428,250.00}{\text{N}428,250.00}$ (b) $\frac{\text{N}448,750.00}{\text{N}448,750.00}$ (c) $\frac{\text{N}450,750.00}{\text{N}450,750.00}$ (d) $\frac{\text{N}778,250.00}{\text{N}450,750.00}$									
60.	The current scale of fees agreed upon with the NIA and ILAN was in Year (a) 1990 (b) 1991 (c) 1992 (d) none of the above									

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

- 61. Subrogation means that after an insurer has paid a claim under an insurance contract, the insurer has the right to "step into the shoes" of the insured and seek recovery from the Policyholder.
- 62. Adjuster fees are charged after applying average and excess.
- 63. One of the requirements for registration as a Loss Adjuster is having a valid Professional Indemnity cover of at least \$\text{\text{N}}5,000,000.00.
- 64. Any principle of insurance that is not explicitly stated in the policy document will not be considered by the loss adjusters when assessing a reported claim, in order to remain transparent and fair to all parties.
- 65. Apart from fraud, as stipulated by Insurance Act 2003, an insurer will not be entitled to entirely avoid a policy if the breach of the duty of fair presentation is considered 'deliberate or reckless.'
- 66. A breach of warranty no longer automatically terminates the contract; instead, the insurer's liability will be suspended from the time of the breach until the breach is remedied.
- 67. Upon receiving an appointment from the insurer to adjust a claim, the loss adjuster is expected to submit a final report within a reasonable period, enabling the insurer to determine the reserve.
- 68. A Fellow and a former President of ILAN, Mr. Darlington Mgbojikwe,, was elected the President of IFAA in 2010.
- 69. While loss adjusters are remunerated by the insurer, the policyholder is responsible for covering the loss assessor's fees.
- 70. The purpose of the Claims Control Clause is to grant the reinsurer control over the investigation and settlement of claims. It is commonly included in treaty reinsurance agreements.
- 71. If arbitration is activated to resolve a dispute between the insurer and the insured, a neutral independent party, known as an arbitrator, listens to arguments from both sides, gathers evidence, and then decides on the outcome of the dispute. This decision, similar to a court ruling, is binding on both parties with no possibility of variation.
- 72. If mediation is activated to resolve a dispute between the insurer and the insured, the mediator is tasked with determining who is at fault and allocating liability accordingly.
- 73. Some ILAN members believe that the inclusion of a Nominated Loss Adjuster Clause in certain policies will promote healthy competition among members.
- 74. For an interest to be insurable, it must be a pecuniary one. A father does not have an insurable interest in the life of his son, but if the father depends on the son for his livelihood, that dependence constitutes an insurable interest.

- 75. To determine the validity of insurable interest, the insured must have a legal relationship to the subject matter of the insurance, such that they would benefit from the preservation of the property or suffer a loss from its destruction, damage, or loss.
- 76. Proximate Cause was defined in the landmark case of *Pawsey v. Scottish Union and National* (1807) as "the active, efficient cause that sets in motion a chain of events, leading to a result, without the intervention of any force that originates and works actively from a new and independent source."
- 77. For the proximate cause to be considered the cause of the loss under the policy terms and conditions, the chain of causes must be broken between the proximate cause and the actual loss.
- 78. For concurrent causes, a loss may result from two or more proximate causes, one of which is covered under the policy and the other either not mentioned or expressly excluded. In the former case, if the losses cannot be separated, the insurer may repudiate the entire claim.
- 79. The operative clause of an insurance policy is likely its most important clause, as it defines what is excluded by the policy.
- 80. The insurer has no greater rights than the insured and can only take actions against a person that the policyholder could have pursued.
- 81. When two or more policies cover the same risk but none provides full indemnity to the claimant, the insured may recover from multiple insurers, allowing the total of the claims to cover the loss.
- 82. If NAICOM determines that a firm has failed to meet a requirement under the Insurance Act 2003, it may issue a public statement of misconduct against the firm. However, public censure, as an enforcement or disciplinary action against any erring firm, is the same as a financial penalty.
- 83. NAICOM, as part of its regulatory actions against an erring firm, does have the power to prosecute in a court of competent jurisdiction for offenses such as carrying on a regulated activity without authorisation or misleading the regulator.
- 84. A Loss Adjuster may participate in any benefit from the sale of salvage for which they have adjusted or are adjusting the loss.
- 85. Any person who transacts business as a loss adjuster without being properly registered commits an offence and is liable, upon conviction, to a fine of \$\frac{\text{N}}{5}00,000\$.

SECTION C – ATTEMPT ALL QUESTIONS (Questions 86-100) Read the cases below carefully and answer the questions which follow.

A fire broke out at Ade's premises, which was covered by a Fire and Special Perils policy with LKY Insurance Company for the period from April 1, 2023, to April 1, 2024. The policy had a total sum insured of \$\frac{\text{N}}{2}0,000,000.00\$, allocated as \$\frac{\text{N}}{1}2,000,000.00\$ for the building and \$\frac{\text{N}}{8},000,000.00\$ for the contents. Before the Fire Service arrived to extinguish the blaze, Ade's neighbour and other individuals helped move the building's contents to a nearby location for safety while attempting to control the fire. The fire was caused by an electrical spark from one of the two air conditioners in Ade's sitting room, each valued at \$\frac{\text{N}}{2}50,000.00\$.

Fortunately, the fire did not spread to the kitchen, and the kitchen items, including a freezer valued at \text{\text{\text{N}}}300,000.00, were not directly damaged. However, to salvage all items before the fire could spread further, all kitchen items, including a mobile generator valued at №500,000.00, were relocated to the nearby premises.

After the fire was extinguished, a physical verification of the items revealed that the freezer and mobile generator were missing. Attempts to locate these items were unsuccessful. The investigation did not uncover any circumstances surrounding the disappearance of the generator and freezer, other than the fact that they were part of the items salvaged before the fire was put out.

It was confirmed that \$\frac{\text{N4}}{000},000.00\$ is required to repair the building, including fittings and fixtures (with the air conditioners considered part of the building for the sum insured), and ₩2,000,000.00 for the contents damaged by the fire, which includes the missing items. Standard fire policy terms and conditions apply.

Ade did not have a theft or burglary policy for the contents; only the active fire and special perils insurance was in place at the time of the damage.

- 86. How much is the Insurer's liability with respect to fire damage to the building?
 - +3,500,000.00 (b) +3,750,000
- (c) $\frac{N4,000,000}{N}$ (d) None of the above
- 87. How much is the Insurer's liability with respect to contents?
 - N1,500,000
- N1,800,000 (b)
- N2,000,000 (c)
- (d) $\pm 2,500,000$
- 88. How much is the Insurer's liability for the total claim?
 - N6,000,000
- N5,750,000 (b)
- N4,000,000 (c)
- (d) $\pm 2,000,000$
- 89. or 10% whichever is higher?
 - (a) N6,000,000
- (b) ₩5,175,000
- (c) N4,000,000
- (d)**N**2,000,000
- How much is the Insurer's liability for the total claim, assuming liability for missing 90. items is excluded?
 - N5.175,000 (a)
- (b) N5,200,000
- (c) N5,750,000
- (d) N6,000,000

A cashier at ABC Bank was suspected of fraud involving cash stored in the bank's safe. As per the bank's management-approved protocol, only the cashier and the bank manager had authorization and access to the safe.

ABC Bank had a Money Insurance policy in place with LKY Insurance Company Limited for the period April 1, 2023, to March 31, 2024, with the premium paid on March 31, 2023. The with an annual aggregate limit of \$15,000,000 for transit.

On March 30, 2024, four armed men invaded the bank, overpowered the guards on duty, broke into the safe, and stole the cash stored there. After the incident, the police forensic department reviewed the video footage and discovered that the weapons used by the perpetrators to intimidate the guards were toy guns.

The policy terms and conditions were standard, including an extension to cover incidents involving threats.

91. Assuming you are the loss adjuster appointed to handle the claim, and it is confirmed that \$\frac{\text{W}}{45,000,000}\$ was stolen from the safe during the attack, what would be the insurer's liability?

(a) \$5,000,000 (b) \$10,000,000 (c) \$15,000,000 (d) \$20,000,000

92. As the appointed loss adjuster, if it is confirmed that N45,000,000 was stolen from the safe during the attack and the policy excess is N2,500,000 or 10% of the claim amount (whichever is higher), what would be the insurer's liability?

(a) $\frac{1}{1}$ 45,000,000 (b) $\frac{1}{1}$ 7,500,000 (c) $\frac{1}{1}$ 5,000,000 (d) $\frac{1}{1}$ 10,000,000

93. As the appointed loss adjuster, if it is confirmed that N45,000,000 was stolen from the safe during the attack, and the policy excess is N2,500,000 or 10% of the claim amount (whichever is higher), but video footage and subsequent police arrests reveal that a bank staff member was the leader of the four-man gang that attacked the bank, what would be the insurer's liability?

(a) N45,000,000 (b) N17,500,000 (c) N15,000,000 (d) None of the above

94. As the appointed loss adjuster, if it is confirmed that №10,000,000 was stolen from the safe during the attack and the policy excess is №5,000,000 or 10% of the claim amount (whichever is higher), what would be the insurer's liability?

(a) $\cancel{N}45,000,000$ (b) $\cancel{N}17,500,000$ (c) $\cancel{N}10,000,000$ (d) $\cancel{N}5,000,000$

95. As the appointed loss adjuster, if it is confirmed that N15,000,000 was stolen from the safe during the attack, and the policy excess is \(\frac{\text{N}}{1}\),500,000 or 10% of the claim amount (whichever is higher), but the premium was unpaid at the time of the incident, what would be the insurer's liability?

(a) $\pm 55,000,000$ (b) $\pm 11,500,000$ (c) $\pm 15,000,000$ (d) None of the above

Ade has comprehensive motor insurance for his 2020 Toyota Highlander with TKY Insurance Company Limited, covering the period from January 1, 2024, to December 31, 2024, with a sum insured of \$\frac{\text{\text{N}}}{15,000,000}\$.

On April 20, 2024, while traveling from Ibadan to Lagos, a third-party truck coming from the opposite direction lost control due to brake failure, crossed the median, and crashed into Ade's vehicle. Based on the police report, the truck driver was found liable for the damage to Ade's car. The truck had a valid third-party motor insurance policy with a property damage limit of \$\frac{1}{2}\$10,000,000 at the time of the accident. The damage to Ade's Toyota Highlander was deemed a constructive total loss.

- 96. How much can Ade recover from TKY Insurance Company Limited under his comprehensive insurance cover, given that the current market value of a 2010 Toyota Highlander is №17,500,000?
 - (a) $\cancel{\$}17,500,000$ (b) $\cancel{\$}15,000,000$ (c) $\cancel{\$}5,000,000$ (d) None of the above
- 97. How much can TKY Insurance Company Limited recover from the liable third party (the owner of the truck) by exercising its subrogation rights on behalf of Ade?
 - (a) N20,500,000 (b) N15,000,000 (c) N5,000,000 (d) None of the above
- 98. How much can TKY Insurance Company Limited recover from the insurer of the liable truck, based on the terms and conditions of the policy, assuming a 5% excess, while exercising its subrogation rights on behalf of Ade?
 - (a) $\frac{1}{2}$ 20,500,000 (b) $\frac{1}{2}$ 15,000,000 (c) $\frac{1}{2}$ 9,500,000 (d) $\frac{1}{2}$ 5,000,000
- 99. Assuming TKY Insurance Company Limited recovered a total of \$\frac{\text{N}}{20,000,000}\$ for the damage, as presented by Ade's demand, from the liable third party (the owner of the truck) through exercising its subrogation rights on behalf of Ade, and considering that Ade has already been fully settled under the terms and conditions of his comprehensive insurance, how much will Ade's insurer retain from the \$\frac{\text{N}}{2}0,000,000\$ recovery?
 - (a) $\frac{1}{2}$ 20,500,000 (b) $\frac{1}{2}$ 15,000,000 (c) $\frac{1}{2}$ 9,500,000 (d) $\frac{1}{2}$ 5,000,000
- 100. Assuming TKY Insurance Company Limited recovered a total of №20,000,000 for the damage, as presented by Ade's demand, from the liable third party (the owner of the truck) through exercising its subrogation rights on behalf of Ade, and since Ade has already been fully settled according to the terms and conditions of his comprehensive insurance, how much will Ade's insurer release to him in addition to the initial payment from the №20,000,000 recovery?
 - (a) N20,500,000 (b) N15,000,000 (c) N5,000,000 (d) None of the above

Chief Examiner's Comment

The content of the course was well covered, the questions were standard and the performance of the candidates was relatively above average. Approximately 67% of the candidates passed the course.

Comments on overall performance:

Overall performance was above average.

Suggestion on improvement (if any)

Candidates are advised to undertake more thorough studies and ensure they are well-prepared for the examinations.

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