Chartered Insurance Institute of Nigeria

Chief Examiners' Report

October 2025

Foundation

(F01 to F10)

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 (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 obtained.
Attend the Annual Students' Forum	Avoid the Annual Students' Forum

CANDIDATES SHOULD VISIT & UNDERSTAND THE CONTENITS, REGULATIONS AND GUIDELINES/MARKET AGREEMENTS ETC ON THE FOLLOWING SITES naicom.com (NAICOM), nigeriainsurers.og(NIA); ncrib.net(NCRIB); ilan.com.ng(ILAN); ciinigeria.org (CIIN)

INFRACTIONS ON ANY OF THE INSTRUCTIONS COULD LEAD TO STIFF SANCTIONS. DO NOT BE A CULPRIT. ANY CANDIDATE CAUGHT AND/OR FOUND TO BE CHEATING/HAVE CHEATED WILL BE BARRED FROM PARTICIPATING IN ANY OF THE INSTITUTE'S EXAMINATION ACTIVITY FOR TWO (2) YEARS, AND THE EMPLOYER WILL BE DULY INFORMED OF ANY SUCH INCIDENCE(S).

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

F01

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F01 – INSURANCE, LEGAL AND REGULATORY
YEAR 2025 OCTOBER DIET

LOGO

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

- Two hours are allowed for this paper.
- Fill in the information requested on the answer form and 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 OCTOBER 2025 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 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. Which of these is not a category of risk?
   (a) Particular and Fundamental (b) Financial and Non-Financial
   (c) Pure and Speculative (d) Fundamental and Pure

2. The risk whereby the impact is on an identifiable person is … risk.
   (a) particular (b) pure (c) speculative (d) mobile

3. The risk whose impact is on a group or society at large is … risk.
   (a) static (b) financial (c) non-financial (d) fundamental

4. … exposure is used to describe large number of exposures.
   (a) Homogeneous (b) Fortuitous (c) Chance (d) Risk

5. The number of times that a risk could occur is …
   (a) severity (b) frequency (c) chance (d) exposures

6. … gives rise to a loss in most circumstances.
   (a) Chance (b) Risk (c) Peril (d) Hazard

7. … is not an example of moral hazard.
   (a) Carelessness (b) Dishonesty
   (c) Social Attitude (d) Thatched Roof

8. A benefit of insurance will NOT include …
   (a) releasing of capital within companies that can be used in the business
   (b) encouraging of enterprises to start and expand
   (c) reduction of losses in size and number
   (d) expansion of risk exposures of businesses

9. … is not an example of pecuniary insurance.
   (a) Money insurance (b) Credit insurance
   (c) Legal expenses (d) Business interruption

10. The insurance policy that covers the liability for the use of a car on a road is …
    (a) public liability insurance (b) professional indemnity
    (c) motor insurance (d) legal expenses

11. … risk is covered by an insurance policy.
    (a) An investment loss on the stock market
    (b) Dishonesty of an employee leading to fraud
    (c) Failure of a business venture irrespective of the reason
    (d) Rise and fall of prices of goods in the market

12. The evidence of the insurance contract is a copy of the …
    (a) proposal form (b) policy document (c) schedule (d) endorsement

13. … insurance is a contract of benefit.
(a) Personal accident (b) Business interruption (c) Fire (d) Money

14. A policy that combines many perils as a single policy to suit the insurance needs of an insured is called a/an … policy.
(a) accident (b) protection (c) paternal (d) packaged

15. The document that sets out the list of items covered in insurance is a …
(a) manifest (b) bill of lading (c) policy list (d) policy specification

16. One of the information contained in a renewal notice is/are the …
(a) previous losses (b) location of the risk
(c) occupation of the insured (d) sum insured

17. … is a peril that is covered under a standard fire policy.
(a) Lightning (b) Storm (c) Civil commotion (d) Escape of oil

18. George effected two personal accident policies. The first policy provides ₦25,000.00 cover for loss of limb. The second policy provides ₦30,000.00 cover for loss of limb. What is the total amount that George will receive in the event of a valid loss of limb?
(a) ₦5,000.00 (b) ₦25,000.00 (c) ₦30,000.00 (d) ₦55,000.00

19. RiskNet Insurance Brokers Limited placed with an insurer company, a risk; and in return the Broker will be entitled to …
(a) fees (b) commission (c) profit (d) revenue

20. … is not a function of the Chartered Insurance Institute of Nigeria.
(a) Setting a standard for members (b) Promoting professional growth
(c) Promoting interest of insurers (d) Specifying professional qualifications

21. The payment maid even when the insured is not entitled to claim under a policy is …
(a) voluntary excess (b) ex-gratia (c) return premium (d) premium

22. A voucher signed by the insured before collecting his/her claim is …
(a) money collection receipt (b) discharge voucher
(c) payment voucher (d) pay-in slip

23. The consideration paid for an insurance contract is called …
(a) money (b) commission (c) premium (d) fee

24. … is not a function of an insurance broker.
(a) Assisting clients in paying premium
(b) Maintaining proper record of claims
(c) Assisting clients in connecting to insurers
(d) Assisting clients in effecting uninsured loss.

25. … is not a component of an insurance policy document.
   (a) Signature clause   (b) Particular loss
   (c) Recital clause   (d) Operative clause

26. The payment by an insurer to the insured in the event of loss is …
   (a) claim   (b) premium   (c) fee   (d) interest

27. … is the maximum liability which the insurer can pay on a particular loss.
   (a) Average   (b) Sum insured   (c) Franchise   (d) Excess

28. Insurance is described as a risk … mechanism.
   (a) avoidance   (b) regulating   (c) transfer   (d) assessment

29. In the insurance industry in Nigeria, the he full meaning of "NCRIB" is …
   (a) National Council of Registered Insurance Brokers
   (b) Nigerian Council of Registered Insurance Brokers
   (c) Nigerian Corporation of Registered Insurance Brokers
   (d) National Corporation of Registered Insurance Brokers

30. A trade group for insurance companies in Nigeria is …
   (a) Chartered Insurance Institute of Nigeria
   (b) National Insurance Commission
   (c) Nigerian Corporation of Registered Insurance Brokers
   (d) Nigerian Insurers Association

31. The direct seller of insurance products in the Nigerian insurance market is …
   (a) an insurance company   (b) a reinsurance company
   (c) a broker   (d) an agent

32. … is not a function of the underwriter.
   (a) Assessing the risks that people bring to the pool
   (b) Investing collected premium
   (c) Deciding whether to accept or not accept a risk
   (d) Determining the terms, conditions and scope of cover

33. Small claims are handled in the company by …
   (a) claims personnel   (b) loss adjusters
   (c) loss assessors   (d) insurance brokers

34. … may be defined as a professionally qualified person who applies probabilities and statistical theory to problems of insurance.
   (a) Risk surveyor   (b) Actuary   (c) Loss adjuster   (d) Loss assessor

35. Which of these is not part of the insurance market?
   (a) Buyers   (b) Intermediaries   (c) Investors   (d) Reinsures

36. A company that is owned by a parent company that is not in insurance is called …
(a) mutual company (b) proprietary company
(c) captive company (d) Lloyd’s

37. … type of insurance company does not provide insurance to the general public.
(a) Captive (b) Composite (c) Mutual (d) Proprietary

38. An example of an intermediary in the Nigerian insurance market is a/an …
(a) home service representative (b) agent
(c) Lloyd’ s broker (d) underwriter

39. … individuals provide financial backing for Lloyd’s syndicate.
(a) Underwriters (b) Names (c) Managing agents (d) Member agent

40. A reinsurance company will not provide cover to …
(a) insurance company (b) Lloyd’s syndicate
(c) reinsurers (d) all of the above

41. An agreement enforceable by law is called a/an …
(a) policy (b) contract (c) legality (d) acceptance

42. … is not an element to a valid contract.
(a) Intention to create legal relations (b) Capacity to contract
(c) Impossibility of performance (d) Certainty

43. The case that ruled on the non-receipt of a letter of acceptance is …
(a) Hyde v. Wrench (1840) (b) Household Fire Insurance Co. v. Grant (1879)
(c) Currie v. Misa (1875) (d) Carter v. Boehm (1766)

44. Jane offers to supply filing cabinets to Pam who accepts the offer. What further action is required in order that a legally enforceable contract exists between them?
(a) The terms of their agreement need to be written down
(b) Another person needs to witness their agreement
(c) The filing cabinets need to be delivered to Pam
(d) Pam needs to agree to pay Jane for the filing cabinets

45. Agent by …. is the term used for a situation where a person is entrusted with someone else’s goods and it becomes crucial to act in a certain way in order to preserve the property in an emergency.
(a) consent (b) apparent authority (c) necessity (d) ratification

46. The most usual way of creating a relationship with principal and agent is by …
(a) consent (b) necessity (c) ratification (d) negotiation

47. Which of these is not a duty of an agent to the principal?
(a) Obedience (b) Personal performance
(c) Termination of contract (d) Due care and skill

48. An agency may be terminated in a number of ways except by …
(a) mutual agreement (b) captive agreement
(c) the agency being withdrawn (d) death, bankruptcy or insanity

49. The document issued by the insurer when there is a change in the particulars of a risk insured is called a/an …
(a) endorsement (b) certificate voucher (c) policy (d) notice

50. The right of choice of option for method of indemnity is exercised by the …
(a) insured (b) insurance broker
(c) insurance consultant (d) insurer

51. … is a duty of an insured in an insurance contract.
(a) Concealment of facts (b) Exposure of facts
(c) Disclosure of facts (d) Acceptance of facts

52. A temporary insurance document providing coverage until a permanent policy is issued is called a …
(a) proposal form (b) cover note
(c) policy document (d) Insurance certificate

53. The document used by insurers to collect details of a proposed risk is called a …
(a) proposal form (b) policy (c) claim form (d) cover note

54. … is not regarded as a general question in an insurance proposal format.
(a) Age of driver (b) Proposer's name
(c) Details of previous claims (d) Proposer's occupation

55. social perils will not include …
(a) subsidence (b) riot (c) malicious person (d) strikers

56. Material circumstance has to do with …
(a) indemnity (b) insurable interest
(c) utmost good faith (d) proximate cause

57. The factor that influences the outcome of the loss is the …
(a) risk (b) hazard (c) peril (d) none of the above

58. Declaration is found in …
(a) proposal from (b) endorsement
(c) policy document (d) none of the above

59. A positive duty voluntarily to disclose, accurately and fully, all facts material to the risk is called the …
(a) proximate cause (b) indemnity
(c) utmost good faith (d) insurable interest

60. To whom does the principle of utmost good faith apply in contracts of insurance?
   (a) The proposer (b) The insurer only
   (c) The insurer and proposer (d) All interested parties

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

61. The accident report form will not seek information for the details of the insured.
62. Fire insurance is a contract of benefit.
63. The measure of indemnity in liability insurance is the amount that any court award or, more commonly, negotiated out of court settlement plus costs arising in connection with the claim.
64. The maximum amount recoverable under any policy is limited to the sum insured.
65. Deductible is smaller excess.
66. Subrogation is a corollary of indemnity.
67. Subrogation is the right of the insured to recover payment from the insurer.
68. In contribution, the insurer do not call upon other insurers involved to share a loss.
69. Any means of reducing the size of the loss by exercising recovery rights are for the insurer's benefits up to the amount that the insurer has paid out.
70. Castellain v. Preston (1883) is a case on indemnity and subrogation.
71. At common law, everyone has a duty to act in a reasonable way towards others which is the basis of tort.
72. An insurer pays ₦10,000.00 and allows the insured to retain the salvage valued at ₦1,000.00 in settlement of a claim for a damage. The insurer would recover the sum of ₦9,000.00 from the third party that caused the loss in exercising the right of subrogation.
73. In the case of Lister v. Romford Ice and Cold Storage Ltd (1957), a son injured his father and the employers' liability as both of them work in the same company but had to recover the amount from the son as he was negligent.
74. Insurance brokers in Nigeria are licensed by the Nigerian Council of Registered Insurance Brokers.
75. If an insurance company fails to meet its requirements, NAICOM can intervene and the company can be wound up.
76. Money laundering is the process by which criminals convert money that has been obtained illegally.
77. The NIA sets a standard for members who are individual professionals.
78. In theft of property, the financial value of the risk is its current market value.
79. All fundamental risks are insurable.
80. It is commonly recognised in law that contracts must not be against public policy or go against what society consider to be the moral thing to do.
81. By operating a pooling of risk system, the law of large numbers assists insurers in making reliable new business prediction.
82. Risk management is important for the reason that it provides a disciplined approach to quantifying risks.
83. Fidelity guarantee is an example of pecuniary insurance.
84. A loss adjuster is an expert in processing claims from start to finish.
85. Mutual companies are owned by a parent body.

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

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

West Life Construction Company is building a road for a State Government. The company has 1000 workmen working for it and is afraid that the construction equipment could cause damage to third party property.

86. Which type of insurance will the company buy to cover injury to the workmen?
    (a) Group Life Insurance (b) Employers' Liability Insurance
    (c) Public Liability Insurance (d) Fidelity Guarantee Insurance

87. The policy that would cover damage to third party property is …
    (a) Group Life Insurance (b) Employers' Liability Insurance
    (c) Public Liability Insurance (d) Fidelity Guarantee Insurance

88. The policy that is compulsory in Nigeria that would cover death in service of the workmen is …
    (a) Group Life Insurance (b) Employers' Liability Insurance
    (c) Public Liability Insurance (d) Fidelity Guarantee Insurance

89. The principle of insurance that enabled them to buy the different classes of insurance is …
    (a) indemnity (b) insurable interest
    (c) utmost good faith (d) proximate cause

90. The policy that will cover the construction equipment is … insurance.
    (a) fidelity guarantee (b) engineering (c) marine (d) money

Oluwu Industry Limited is located at Ibadan, Oyo State and the organisation insured its building valued at ₦10,000,000.00 for ₦8,000,000.00. The building suffered a loss of ₦500,000.00.

91. The act of insuring an item below its value is …
    (a) indemnity (b) reduced insurance (c) underinsurance (d) average

92. The penalty for not insuring the item for the correct amount is …
    (a) excess (b) franchise (c) deductible (d) average

93. The maximum amount of indemnity for the above contract is …
    (a) ₦500,000.00 (b) ₦8,000,000.00
    (c) ₦10,000,000.00 (d) ₦10,500,000.00

94. On the event of the suffered loss, the insurer will pay Olowu Industry Limited the sum of …
    (a) ₦100,000.00 (b) ₦400,000.00 (c) ₦500,000.00 (d) ₦8,000,000.00

95. In the event of the suffered loss, Olowu Industry Limited will bear the sum of …
    (a) ₦100,000.00 (b) ₦400,000.00 (c) ₦500,000.00 (d) ₦10,000,000

BabiLink Industry, is a manufacturer of paper products in Osogbo, Osun State has approached you as an insurance expert to explain insurance principles to the Management of the organisation in order to enable them decide whether or not insurance is the same thing as gambling.

96. The principle that would put the insured in same position he was before a loss is …
    (a) indemnity (b) utmost good faith (c) proximate cause (d) contribution

97. The principle that has to do with material fact is …
    (a) indemnity (b) utmost good faith (c) proximate cause (d) contribution

98. Where the organisation decide to engage two insurers to provide cover to them; this is guided by the principle of …
    (a) indemnity (b) utmost good faith (c) proximate cause (d) contribution

99. The principle that would assist the insurer to know the cause of loss is …
    (a) indemnity (b) utmost good faith (c) proximate cause (d) contribution

100. Supposing BabiLlink Industry's property is damaged by a third party; the principle involved will be …
    (a) indemnity (b) utmost good faith (c) proximate cause (d) contribution

Chief Examiner's Comment
64.63% of candidates passed the course.

Comments on Overall Performance
The overall performance was above average.

Suggestion(s) on Improvement(s) (if any)
Though there is an improvement from last diet, candidates are encouraged to study more for improved future performances and to have a solid foundation for future level courses.

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

F02

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F02 – GENERAL INSURANCE BUSINESS
YEAR 2025 OCTOBER DIET

LOGO

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- Ensure that you write the full and correct candidate's number.
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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

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 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 from by filling in the appropriate box.

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

1. The minimum level of cover for motor insurance in Anglo-Western African sub-region is …
   (a) Road Traffic Act only (b) Third Party only
   (c) Third Party, Fire & Theft (d) Comprehensive

2. Which of the following does not form part of the standard covers that is provided under a comprehensive private motor insurance policy?
   (a) Third party liability cover in the event of an accident
   (b) Accidental damage to the insured vehicle
   (c) Recovery of a vehicle after breakdown
   (d) Driver's personal accident benefits

3. Cranes and forklift trucks are examples of …
   (a) goods-carrying vehicles (b) passengers-carrying vehicles
   (c) agricultural and forestry vehicles (d) vehicles of special construction

4. … level of cover will cover only third-party liabilities in Motor Insurance.
   (a) Third Party only (b) Third Party and Fire
   (c) Third Party, Fire and Theft (d) Comprehensive

5. … is not included as a class of motor insurance.
   (a) Motor Trade (b) Private Cars
   (c) Motor Cycle (d) Commercial Vehicles

6. The personal accident insurance could be described as …
   (a) policy of indemnity (b) policy of subrogation
   (c) contribution policy (d) benefit policy

7. … is an example of a social peril.
   (a) Riot (b) Storm (c) Subsidence (d) Heating

8. … liability policy covers "Third Party" liabilities.
   (a) Employers' Liability Insurance (b) Public Liability Insurance
   (c) Product Liability Insurance (d) Professional Indemnity Insurance

9. Authorised repairers are used in … class of insurance.
   (a) money insurance (b) fidelity guarantee insurance
   (c) business interruption insurance (d) household insurance

10. The cause of loss is called …
    (a) risk (b) hazard (c) peril (d) uncertainty

11. The document used by an insurer to collect information about a proposed risk is the …
    (a) endorsement (b) policy (c) proposal form (d) renewal notice

12. The evidence of an insurance contract is …
    (a) endorsement (b) policy (c) proposal form (d) renewal notice

13. Rate per mille is used in … insurance.
(a) motor (b) fire (c) product liability (d) goods-in-transit

14. … is not a main class of motor insurance.
(a) Private Cars (b) Goods in Transit
(c) Commercial Insurance (d) Motorcycle

15. "No Claim Discount" is used in … insurance.
(a) Employers' Liability (b) Marine (c) Fire (d) Motor

16. The widest cover in motor insurance is provided in … insurance cover.
(a) Act only (b) Third Party only
(c) Third Party, Fire and Theft (d) Comprehensive

17. A motorist driving his car from Lagos to Accra will be required to have a … card.
(a) green (b) pink (c) blue (d) brown

18. … is covered by a personal accident policy.
(a) The insured being under the influence of alcohol (b) Self-inflicted injury
(c) Venereal Diseases (d) Medical Expenses

19. … is a form of 'all risks' cover.
(a) Money Extension (b) Bicycles Extension
(c) Freezer Contents (d) Household Cover

20. … is an example of a package policy.
(a) Travel Insurance (b) Fire Insurance
(c) Money Insurance (d) Fidelity Guarantee Insurance

21. … will be granted cover in conjunction with storm cover.
(a) Subterranean Fire (b) Spontaneous Fermentation
(c) Flood (d) Escape of Water

22. The educational arm of the Nigerian Insurance Industry is …
(a) PILA (b) ILAN (c) CIIN (d) NAICOM

23. … must be disclosed by a proposer of insurance.
(a) Circumstances that increases the risks
(b) Circumstance that the insurer knows
(c) Circumstances the insurer ought to know
(d) Circumstances that a survey would have revealed

24. An example of poor physical hazard in theft insurance is …
(a) thatched roof (b) storage of dangerous chemicals
(c) intruder alarms (d) buildings of lightweight construction

25. Transit risk will be considered in … classes of insurance.
   (a) public liability risks (b) product risks
   (c) money risks (d) fire risks

26. The duration of the cancellation period for general insurance contracts is … days.
   (a) 2 (b) 7 (c) 14 (d) 30

27. Cover note is used in … insurance.
   (a) theft (b) motor (c) fire (d) travel

28. … describes the scope of cover in detail.
   (a) Rental Clause (b) Operative Clause (c) Exception (d) Condition

29. … has been legally defined in *Oddy v. Phoenix Assurance Co. Ltd (1966)* as ' … it is a rapid downward movement under the influence of gravity of a mass of rock or earth on a slope'.
   (a) Subsidence (b) Earthquake (c) Ground Heave (d) Landslid

30. … is not an extension which should be granted subject to careful underwriting and payment of an additional premium in theft insurance.
   (a) Temporary Removal (b) Collusion
   (c) Extended or Full Theft (d) Robbery and Aggravated Burglary

31. The money insurance policy will not cover …
   (a) cash (b) recharge card (c) lottery ticket (d) postage stamp

32. … policy cannot be used in arranging consequential loss insurance.
   (a) Fire and Special Peril Insurance (b) Personal Accident Insurance
   (c) "All risks" Insurance (d) Engineering insurance

33, … will buy an extended warranty insurance.
   (a) Everybody (b) The seller of a product
   (c) An agent (d) A third party

34. … are paid in the event of death or certain specified injuries in personal accident cover.
   (a) Mortality benefit (b) Morbidity benefit
   (c) Capital sum (d) Capitation sum

35. … means temporary disablement that prevents the insured person from attending to a substantial part of their normal business due to accident.
   (a) Permanent Partial Disablement (b) Temporary Total Disablement
   (c) Permanent Total Disablement (d) Temporary Partial Disablement

36. The benefits from a medical expenses' insurance cover will become payable under the following circumstance: …
   (a) when undergoing out-patient treatment
   (b) when unable to work due to illness

(c) on diagnosis of a critical condition
(d) when unable to work due to accident

37. New for old in household claims' settlement is also known as …
(a) repair (b) cash payment (c) replacement (d) reinstatement

38. The building policy will NOT cover …
(a) falling trees or branches (b) escape of oil
(c) explosion and earthquake (d) money

39. "The total value of articles of precious metal, jewelry or fur may be restricted to, say, one-third of the total contents sum insured". This is called …
(a) single article limit (b) multiple article limit
(c) valuable limit (d) non-valuable limit

40. Specific exclusions under the 'All Risks' section of the household policy will include all the following, except …
(a) wear and tear, depreciation (b) loss of personal jewelry
(c) insects or vermin (d) deeds, bonds documents

41. Travel insurance will cover …
(a) baggage, personal effects and money (b) loss of deposits
(c) personal liability (d) all of the above

42. … risk is not covered under fire and additional perils insurance.
(a) Trading Profit (b) Lightning (c) Aircraft (d) Earthquake

43. … is an example of perils of nature.
(a) Malicious person (b) Subsidence
(c) Escape of water (d) Spontaneous Fermentation

44. The law that defines theft is …
(a) Theft Act 1934 (b) Theft Act 1968
(c) Theft Act 1988 (d) Theft Act 2008

45. Assume that a money policy has a limit of ₦500.00 in respect of money left out of safe on the insured's premises overnight. The maximum amount to be paid for such loss is …
(a) ₦300.00 (b) ₦500.00 (c) ₦600.00 (d) Nil

46. The definition of money under a standard money policy exclude …
(a) Bank and Currency Notes (b) Lottery Ticket
(c) Luncheon Vouchers (d) Postal Order

47. The period beginning with the occurrence and ending not later than the maximum indemnity period thereafter is called …
(a) interruption period (b) indemnity period
(c) business period (d) loss period

48. … policy will cover a manager who was personally sued for breach of duty.
(a) Employers' Liability Insurance (b) Public Liability Insurance
(c) Directors' and Officers' Insurance (d) Professional Indemnity insurance

49. … type of loss will the uninsured loss recovery service under a comprehensive motor policy NOT assist the insured.
(a) Personal Injury (b) Loss of use of the vehicle whilst being repaired
(c) Policy Excess (d) Repairs to the insured vehicle

50. A person wishing to effect insurance, will clearly want to know the rate of premium to be charged and the terms that would apply to the contract and proceeding with the cover. When an insurer provides such an indication it is known as a …
(a) proposal (b) premium (c) notice (d) quotation

51. Johnson Ltd is a company that produces spare car parts. Its turnover is ₦28m per year. Beewise Insurance Company offers product liability insurance for a limit of indemnity of ₦2m at a rate of 0.5 per mille on turnover. If Johnson Ltd wishes to increase the policy limit to ₦5m Beewise has quoted an increased rate of 0.7 per mille. Calculate the premium for a proposal of ₦5m limit of indemnity.
(a) ₦14,000.00 (b) ₦19,600.00 (c) ₦140,000.00 (d) ₦196,000.00

52. The evidence of a contract of insurance is …
(a) cover note (b) certificate (c) policy document (d) renewal notice

53. Preamble in policy document is same as …
(a) recital clause (b) operative clause (c) schedule (d) heading

54. … is the term for the penalty for under insurance.
(a) Excess (b) Average (c) Franchise (d) Limit

55. ... is the first amount of each and every claim for which the insured is responsible.
(a) Excess (b) Franchise (c) Warranties (d) Deductibles

56. Express warranty is commonly found in … insurance.
(a) motor (b) theft (c) marine (d) all classes of

57. The insured has many duties after an insured loss occurs in connection with property insurance. … is not of these duties.
(a) At the insured's expense, provide all information and assistance to the insurers
(b) Notify the insurer as soon as possible
(c) Remove all damage property immediately
(d) Take reasonable steps to minimise loss

58. An insured has effected three policies covering the same risk and the same peril, with sum insured as: Policy A – ₦50,000.00; Policy B – ₦60,000.00 and Policy C – ₦70,000.00. How much will Policy A pay in the event of a loss of ₦20,000.00?
(a) ₦20,000.00 (b) ₦33,333.00 (c) ₦40,000.00 (d) ₦55,555.55

59. An assurance policy taken by experts to cover possible negligence arising from their duties is …
    (a) consequential loss   (b) professional indemnity
    (c) cargo   (d) freight

60. The class of insurance that covers legal liability to a third party for bodily injury and property damaged caused by goods supplied is …
    (a) employer's liability   (b) public liability
    (c) professional indemnity   (d) product liability

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

61. Private motor insurance is the most significant compulsory insurance in Nigeria.
62. Glass insurance can be extended to cover damage to goods in a shop without as a result of fire damage.
63. A fire and special peril policy cannot be extended to cover damage at suppliers and/or customers where a business's continues existence depends on them.
64. Most Insurance policies contain number of general exclusions or exception.
65. Contribution is the common law right of an insurer to call upon other insurers similarly, but not necessarily equally liable to the same insured in order to share the claims cost.
66. An excess is the first amount of each and every claim which the insurer is responsible.
67. Claims form is not used in personal accident insurance.
68. Subrogation is applicable to personal accident insurance.
69. Implied duties include acting as if, uninsured, notifying appropriate authorities, taking steps to prevent a loss from spreading.
70. Private car is an example of classes of motor insurance.
71. Goods-carrying vehicles are no insured in motor insurance.
72. The first twenty one (21) days are not covered in sickness insurance.
73. Household insurance is an example of package policy.
74. Riot is an example of social perils.
75. The standard fire policy specifically excluded fire caused by earthquake.
76. The standard policy for glass insurance covers destruction or damage to all fixed glass.
77. Indemnity period is not used in business interruption.
78. Employers' liability insurance will also pay compensation to third parties.
79. If directors and officers are personally sued for breach of duty, the law does not permit them to be indemnified by their company.
80. Facts that lessen the risk must be disclosed when making a proposal for insurance.
81. Proposal form is the evidence of the contract of insurance.
82. War and related perils exclusion is standard in most general insurance policies.
83. Implied warranties are written down in the policy.
84. The insurer is to pay the claim without adjustment in all insurance contracts.
85. Contribution applies to personal accident insurance.

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

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

Alhaji Tofa bought a duplex building along Tuduwada Road in Kano City, Kano State for the sum of ₦50,000,000.00. He acquired different contents for the furnishing of the building at the sum of ₦20,000,000.00 and had approached you for the requisite insurance protection for the risks, including the risks of rearing two cows in the compound.

86. What section of the household policy that will cover the whole risks associated to him as owner and occupier of the building?
    (a) Building Insurance (b) Contents Insurance
    (c) Business and Contents Insurance (d) Building and Pet Insurance

87. The insurance policy cover for the cows is … insurance.
    (a) pet (b) pony (c) animal (d) livestock

88. In the event that he employs two staff members to take care of the cows; these staff members will be covered by … insurance.
    (a) travel (b) work-from-home
    (c) fidelity guarantee (d) employers' liability insurance

89. In the event of loss of the household goods owned by him, the maximum liability of the insurer will be … million Naira only.
    (a) 20 (b) 30 (c) 50 (d) 70

90. The principle of insurance that empowers him to buy these insurances is …
    (a) indemnity (b) proximate cause
    (c) insurable interest (d) utmost good faith

Tafeek Adebayo purchased a personal line insurance directly from his insurer with the hope that it will be cheaper than buying through a Broker. His friend, Sunday Lawal, who purchased his house through a bank facility also purchased his insurance cover through the same bank; while his colleague, Alhaji Musa Adamu, purchased his own insurance through a company that complies with Islamic principles.

91. The company that sold the insurance product directly to clients and not through any intermediary is known as a … company.
    (a) direct insurance (b) bancassurance (c) takaful (d) mutual insurance

92. The purchase of insurance through the bank is referred to as ..
    (a) direct insurance (b) bancassurance (c) takaful (d) mutual insurance

93. An insurance company that complies with Islamic principle is known as a … company.
    (a) direct insurance (b) bancassurance (c) takaful (d) mutual insurance

94. Purchasing of insurance directly from the insurer has eliminated the services of an/a …
    (a) underwriter (b) assessor (c) broker (d) adjuster

95. The reason why Mr. Adebayo's premium will not necessarily be cheaper is because …
   (a) the intermediary's commission is usually borne by the insurer
   (b) Mr. Adebayo is not an insurance expert
   (c) Mr. Adebayo did not negotiate well
   (d) Mr. Adebayo will get higher claim in the event of a loss

Miss. Modupe was driving along Sango in Ibadan when her car rammed into Sir Mustapha's car causing a major damage to the car which was comprehensively insured. She promised him that she would assist with the repairs. Having collected the sum of ₦200,000.00 from Miss. Modupe, Sir Mustapha also made a claim from his insurer who fully repaired the car without collecting any money from him.

96. Which insurance principle will be applicable in the case?
   (a) Subrogation (b) Utmost Good Faith
   (c) Contribution (d) Insurable interest

97. In case two insurers are to contribute for the loss, identify the leading case on the insurance principle in place in such a scenario.
   (a) North British and Mercantile v. Liverpool and London and Globe ((1877)
   (b) East British and Mercantile v. Liverpool and London and Globe (1978)
   (c) Castellain v. Preston (1883) (d) Carter v. Boehn (1766)

98. How should the ₦200,000.00 collected by Sir Mustapha be treated?
   (a) He will keep the money (b) He will use the money to improve the car
   (c) He will return the money to the insurer (d) He will invest the money

99. How does the principle of the case arise? It is through …
   (a) tort (b) statute (c) contract (d) court order

100. The above case study has to do with … type of claim.
   (a) own damage (b) third party (c) benefit (d) indemnity

Chief Examiner's Comment
46.38% of the candidates passed the course.

Comments on Overall Performance
The overall performance was below average.

Suggestion(s) on Improvement(s) (if any)
Candidates should study in-depth and endeavor to understand what is being studied so as to be able to choose the best fit answer from the provided options. They are also encouraged to study more in order to have a solid foundation for future level courses.

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

F03

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION F03 – LIFE ASSURANCE, ANNUITY AND PENSIONS ADMINISTRATION YEAR 2025 OCTOBER DIET

LOGO

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

- Two hours are allowed for this paper.
- Fill in the information requested on the answer form and 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 OCTOBER 2025 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 life assurance policy is on …the life of a person and not on a property, tor insurance policy would provide cover for:

(a)	the life of a person	(b)	the life of a valued pet
(c)	the life of a minor	(d)	all of the above

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 life assurance policy can be issued on the life of a minor (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 from by filling in the appropriate box.

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

1. … are the three types of traditional life assurance cover.
   (a) Term Assurance, Endowment Assure and Whole Life Assurance.
   (b) Endowment Assurance, Term Assurance and Group Life
   (c) Whole Life Assurance, Endowment and Pure Endowment
   (d) Term Assurance, While Life Assurance and Key Man Assurance

2. … are two uses of term assurance.
   (a) For short business trip abroad and claims payment
   (b) As collateral security for loan transaction and asset declaration
   (c) For tax relief and life protection
   (d) For claims payment and asset declaration

3. … are the uses of Education Endowment Assurance policy.
   (a) For pension provision and gratuity provision
   (b) For life protection and investment purpose
   (c) To augment pension and gratuity
   (d) All of the above

4. … are the main purposes of Financial Underwriting in LifeAssurance.
   (a) To determine the ability of the policyholder to pay the applicable premium
   (b) To determine whether or not the policyholder is rich
   (c) To determine whether or not to except the risk proposed for the life assurance
   (d) None of the above

5. … is not one of the uses of Annuity Product.
   (a) For Pension (b) For Investment Purpose
   (c) For Gratuity Provision (d) To Augment Pension

6. … is not a type of Annuity Product.
   (a) Annuity Certain (b) Contingent Annuity
   (c) Temporary Annuity (d) Equity Linked Annuity

7. The following are types of term assurance policies except … term assurance.
   (a) level (b) convertible (c) decreasing (d) with profit

8. … is not a type of whole life assurance.
   (a) Ordinary Whole Life Assurance (b) Optional Whole Life Assurance
   (c) With Profit Whole Life Assurance
   (d) Without Profit Whole Life Assurance

9. … is not a type of bonuses to a life assurance policy.
   (a) Nominal Bonus (b) Terminal Bonus
   (c) Uniform Simple Reversionary Bonus (d) Capital Bonus

10. … are two types of investment in which unit linked funds can be placed.
(a) Debenture and Property Funds (b) Equity and Fixed Interest Funds
(c) Building Society Property Funds
(d) Cooperative Society and Debenture Funds

11. … occupations have an above average risk of death by accident.
(a) Scaffolders (b) Steeplejacks (c) Oil Rig Workers (d) All of the above

12. … is the name of the first indigenous life assurance company in Nigeria.
(a) Royal Exchange Assurance (b) African Alliance Insurance Company
(c) Tobacco Insurance Company (d) Law Union & Rock Insurance

13. The first set up of people to look at mortality risks were …
(a) parish clerks (b) scientist (c) actuaries (d) mathematicians

14. The earliest mortality table is the … table.
(a) Carlisle (b) Chlease (c) Southamton (d) Northampton

15. … policies are the best form of policies for death.
(a) Life Assurance (b) Income Protection (c) Travel (d) Annuity

16. … policies are the best form of policies for income in old age.
(a) Life Assurance (b) Income Protection (c) Travel (d) Annuity

17. … term assurance is the form of term assurance has an option which enables the assured to migrate any time during its existence, to a whole life or endowment assurance.
(a) Level (b) Renewal (c) Convertible (d) Decreasing

18. The form of policy that has no investment is … assurance.
(a) term (b) whole life (c) endowment (d) annuity

19. The form of policy that will pay the sum assured at death or maturity of the policy is …
(a) term assurance (b) whole life assurance
` (c) endowment assurance (d) annuities

20. The form of endowment that will not pay the sum assured in the event of death during the period of cover is …
(a) flexidowment (b) low start endowment
(c) unit linked endowment (d) pure endowment

21. A single life policy covers …
(a) only one life (b) anybody (c) an unmarried person (d) everybody

22. A contingent policy pays the sum assured when the life assured …
(a) dies (b) does not die during the specified period
(c) dies during the life time of another specified person
(d) all of the above

23. Group life assurance enables employers to provide for dependants of employees who … while in service.
(a) dies (b) retires (c) resigns (d) any of the above

24. … is not a form of business assurance cover.
(a) Partnership Share Protection (b) Directors' Share Protection
(c) Key Person Insurance (d) Income Protection

25. The law in Nigeria that made group life assurance compulsory for employees for the first time is the …
(a) National Health Insurance Scheme 1999 (b) Insurance Act 2005
(c) Pension Reform Act 2004 (d) Employee Compensation Act 2020

26. The regulator of pensions in Nigeria is …
(a) PENCOM (b) NAICOM (c) NAIC (d) NSITF

27. … policy will pay the sum assured only if the assured dies during the period of the cover.
(a) Term Assurance (b) Whole Life Assurance
(c) Endowment (d) Pure Endowment

28. A form of term assurance which gives the assured the option to upgrade the policy to a higher cover is the … policy.
(a) renewal term assurance (b) level term assurance
(c) convertible term assurance (d) decreasing term assurance

29. The life assurance policy that will pay the sum assured whenever death occurs is …
(a) term assurance (b) endowment assurance
(c) whole life assurance (d) annuity contract

30. The individual that buys protection from a life office is officially called the …
(a) insured (b) assured (c) beneficiary (d) reinsurer

31. The first mortality table was constructed by …
(a) John Graunt (b) Rev Dr. Assheton (c) James Dobson (d) Edmond Halley

32. Mr. Ola took a policy on the life of Mr. Akpan having had a valid insurable interest, a scenario like this is called a … policy.
(a) simple life (b) life of another (c) joint life (d) first death

33. … policy is not part of the basic life assurance policy.
(a) Term Assurance (b) Whole Life Assurance
(c) Endowment Assurance (d) Annuity

34. … is the simplest way of providing term assurance.
(a) Renewable Term Assurance (b) Family Income Protection
(c) Level Term Assurance (d) Unit Linked Policies

35. … is another name for equity.
   (a) Fixed Interest Fund (b) Property Fund
   (c) Ordinary Share (d) Endowment

36. … is another name for bonds and it is also the simplest form of unit-linked policy.
   (a) Non-Profit Whole Life Policies (b) Low-Cost Whole Life Policies
   (c) Single Premium Unit-Linked Whole Life Policies
   (d) Regular Premium Unit-Linked Whole Life Policies

37. … is not wholly a life policy since it provides no life cover.
   (a) Pure Endowments (b) Universal Life Policies
   (c) Contingent Policies (d) Flexidowment

38. … are riders to basic life policies.
   (a) Bolt-On Policies (b) Partnership Group Life Assurance
   (c) Income Protection Insurance (d) Proportionate Benefit

39. … will pay out the sum assured on the diagnosis of a life-threatening illness as well as death.
   (a) Increasing Cover Option (b) Critical Illness Cover
   (c) Terminal Illness Cover (d) Waiver of Premium Option

40. … is referred to as the basis of life assurance contract.
   (a) Policy (b) Endowment (c) Renewal Notice (d) Proposal Form

41. The power of sale allows the … to sell the mortgaged property to recover the loan.
   (a) Mortgagee (b) Mortgagor (c) Company (d) Planners

42. An equitable mortgage has …. power of sale.
   (a) little (b) huge (c) no (d) long

43. For second-hand policies, the selling price on the second-hand market may be … the surrender value of the policy.
   (a) higher than (b) lower than (c) equal to (d) indifferent from

44. When a person cannot pay his debt, he is declared as being …
   (a) redundant (b) bankrupt (c) unemployed (d) unfit

45. The claimant must provide the documents of … to prove his ownership.
   (a) title (b) loan (c) lease (d) receivership

46. What is the full meaning of NIA?
   (a) Nigerian Insurance Authority (b) Nigerian Insurers Association
   (c) Nigerian Insurance Association (d) Nigeria Insurers Association

47. An insurance person who accepts a policy is called …
(a) an underwriter (b) a marketer (c) the CEO (d) the policyholder

48. The best time to start financial planning is at …
(a) retirement (b) post retirement
(c) first employment (d) after marriage

49. Annuity benefits usually … when the annuitant dies.
(a) cease (b) continue (c) become higher (d) become reduced

50. In an annuity certain contract, one of these statements will not apply. The annuity …
(a) is paid for a specified period of time
(b) does not depend on the age of the annuitant
(c) is paid only if the annuitant is alive
(d) is guaranteed for the set period irrespective of what happens

51. … is not a type of increasing annuity.
(a) Unit Linked Annuity (b) Annuity Certain
(c) Inflation Linked Annuity (d) With Profits Annuity

52. In a fixed benefit annuity policy, the investment risk is borne by the …
(a) annuitant (b) insurer (c) reinsurer (d) employer

53. All except one of the following is a reason for provision of pension.
(a) For a retiree to enjoy a good standard of living as he enjoyed while in active service
(b) For employers to fulfil the requirements of the law
(c) As a form of corporate social responsibility
(d) To retain incompetent or poorly qualified staff

54. The principle of *Uberrima fides* in insurance is to be upheld by …
(a) the insured only (b) both the insurer and the insured
(c) by the insurer only (d) intermediaries only

55. The scale of benefits for payment of gratuity based on qualifying years of service is called the … scale.
(a) weighing (b) payment (c) salary (d) vesting

56. The document completed by a client seeking insurance cover is called a …
(a) prospectus (b) questionnaire (c) proposal form (d) attendance form

57. … is not a type of pension scheme.
(a) Money Loan Scheme (b) Insured Pension Scheme
(c) Contributory Pension Scheme (d) Self-Administered Pension Scheme

58. Under the Pension Reform Act 2014, when an employee changes his job, his pension contributions are …
(a) collected by him (b) used to purchase annuity for him
(c) transferred to his new employer
(d) in his RSA and his new employer continues contributions to the same account

59. Which of the following information is an employer required to communicate to its employees as regards its pension scheme?
   I. The categories of employees covered   II. The applicable retirement age
   III. When does an employee become eligible to join the scheme
   IV. The kinds of benefits available to employees
   V. Whether the pension scheme is contributory or non-contributory.

   (a) Statements I, III & V   (b) Statements I, II & IV
   (c) All the above statements   (d) Statements II, III & V

60. … trust is not a type of trust.
   (a) People's   (b) Bare   (c) Fixed   (d) Express

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

61. A whole life policy does not have an investment element.
62. If a terminal illness is diagnosed, the life assured will not receive a large payout.
63. In group life cover, the expiry date is usually the same date as the employer's retirement date.
64. Clubs and associations cannot have a group life cover for their members.
65. Key person insurance provides cover for only directors.
66. In Nigeria, life insurance cover is not mandatory for all employees in employment.
67. In line with the provisions of the Pensions Reform Act 2004, each employer shall obtain an insurance certificate from the insurer.
68. The insurance certificate must be kept in secret from the employees.
69. In the payment of death benefit of a deceased employee, the sum assured shall not be encumbered or subject to any deductions by the employer.
70. Insurable interest must exist before an insurance proposal can be accepted.
71. A proposal under the non-medical limits will be considered without a medical report.
72. A proposal form must not contain any medical questions.
73. Life assurance companies have separate rates for smokers and non-smokers.
74. The underwriter will not look for medical factors affecting longevity.
75. A person with HIV/AIDS cannot be accepted for life insurance.
76. The occupation of the proposer is material to the underwriter.
77. The life assurance policy document is not prepared until after all premiums have been paid.
78. An assignment by handing over a policy document without doing anything further is void.
79. An equitable mortgage has no power of sale.
80. It is not the duty of a claimant to prove title on a death claim.
81. The production of the policy document is the sole proof of title by the claimant in the processing of a claim.
82. In a death claim, the cause of death is not important.
83. Where the cause of death is excluded under the policy, the life office will not pay the claim.
84. Annuity is a form of pension payment at retirement and is payable for the duration of the life of the annuitant.
85. Under a trusteeship arrangement, the trustees possess the legal ownership of the trust property.

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

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

Professor Okon took out a term life assurance policy for himself and usually pays his premiums on an annual basis even though the policy was based on quarterly premium payment basis which was what he agreed at inception and chose in the questionnaire at the start of the policy. The policy was for thirty years and had been in force of twenty-one years. Twenty days after his next premium payment was due, he died without having paid either the quarterly premium or the annual premium and his son decided to ask the insurance company for payment of his death benefit. The company informed him that the policy had lapsed due to none payment of the premium for the policy.

86. Term Life Assurance policy is in force only when …
    (a) there is full premium payment
    (b) all premiums are paid fully for the whole policy duration
    (c) the policyholder is alive and healthy (d) the insurance company says so

87. Since the insured paid his premiums on an annual basis he had …
    (a) changed his quarterly policy to an annual policy
    (b) given the insurance company advance payment
    (c) made sure his premiums were paid to avoid any lapse in the policy
    (d) made his savings account lean

88. The days of grace for payment of a quarterly policy is … days.
    (a) thirty (b) twenty (c) fifteen (d) ten

89. What benefits would the son receive?
    (a) The full sum assured
    (b) Pro rata sum assured as the policy will be deemed paid up
    (c) The return of all premiums paid (d) No benefit as the policy had lapsed

90. Assuming the policy was incepted as an annual policy, what benefits, if any, would be paid to the son?
    (a) The full sum assured
    (b) Pro rata sum assured as the policy will be deemed paid up
    (c) The return of all premiums paid (d) No benefit as the policy had lapsed

Moses David works Udobi Oil Producing Limited as an accountant. When he joined the company, he provided the company a wrong age, instead of his age which was 38 years, he had declared 32 years. The company had approached Premium Insurance Company for a group life cover and had innocently disclosed the wrong age as the real age. Six months after joining the company, he died.

91. The type of insurance that the company bought for the employees is called ...
    (a) Joint Life Assurance (b) Joint Annuity
    (c) Group Life Assurance (d) Group Annuity

92. The principle of not disclosing the age of the staff correctly is based on …
    (a) insurable interest (b) utmost good faith
    (c) indemnity (d) proximate cause

93. Non-disclosure of the age is termed …
- (a) material interest
- (b) material fact
- (c) arbitration
- (d) subrogation

94. The current law in Nigeria that requires the employer to buy life cover on the lives of employees is the …
- (a) Pension Act 2003
- (b) Pension Reform Act 2006
- (c) Pension Reform Act 2014
- (d) Pension Reform Act 2020

95. The form of life assurance purchased for the benefit of employees as a group is …
- (a) term assurance
- (b) whole life assurance
- (c) annuity
- (d) endowment assurance

Mrs. Oluwaseun Orija approached a life assurance company to buy a life assurance policy on the life of her elder sister, Mrs. Omolaja Abiola, who normally assist her with funds whenever she is broke, but the life office had refused the proposal. In order to convince the life office to accept the risk, Mrs. Orija told the life office that when she had borrowed the sum of ₦20,000.00 from Mrs. Abiola for her business, that Mrs. Abiola had bought a life assurance on her life and was given cover. Mrs. Orija then wanted to find out the kind of cover she can buy that will protect her if he has to take a loan to pay her shop rent over a period of five years with the value of loan reducing over the years.

96. Life assurance is not a contract of indemnity and this is guided by the understanding of the principle behind …
- (a) utmost good faith
- (b) proximate cause
- (c) benefit contract
- (d) insurable interest

97. If Mrs. Orija was owing Mrs. Abiola the sum of ₦20,000.00 and wants to purchase life assurance on the life of Mrs. Abiola for ₦50,000.00. How much cover could she buy on the life?
- (a) Mrs. Orija will not be allowed to buy cover on Mr. Abiola's life
- (b) ₦20,000.00
- (c) ₦50,000.00
- (d) Any amount of her choice

98. The principle against Mrs. Orija insuring on the life of her sister is …
- (a) utmost good faith
- (b) proximate cause
- (c) benefit contract
- (d) insurable interest

99. Which traditional form of cover best suit for the soft loan collected by Mrs. Orija which decreases over the years?
- (a) Endowment
- (b) Whole Life Assurance
- (c) Term Assurance
- (d) Annuity

100. If Mrs. Orija was owing Mrs. Abiola the sum of ₦20,000.00 and Mrs. Abiola then approaches the life office to cover Mrs. Orija's life for ₦50,000.00. How much will the life office allow Mrs. Abiola to insure?
- (a) Mrs. Abiola will not be allowed to buy cover on Mrs. Orija's life
- (b) ₦20,000.00
- (c) ₦50,000.00
- (d) Any amount of her choice

Chief Examiner's Comment
76.52% of candidates passed the course.

Comments on Overall Performance
The overall performance was well above average.

Suggestion(s) on Improvement(s) (if any)
Candidates are encouraged to continue to study more for improved future performances and to have a solid foundation for future level courses.

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

F04

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F04 – BUSINESS COMMUNICATION AND
INFORMATION TECHNOLOGY
YEAR 2025 OCTOBER DIET

LOGO

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

- Two hours are allowed for this paper.
- Fill in the information requested on the answer form and 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 OCTOBER 2025 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) Folow (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 two passages, each followed by five questions. The passages are not numbered but 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 from by filling in the appropriate box.

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

1. The term "Business English" describes ---.
   - (a) English relating to financial and commercial transactions
   - (b) English used in foreign trade
   - (c) English used in the work place
   - (d) English used in domestic services

2. Which of the following best defines communication?
   - (a) The transmission of information from a person(s), group(s) or an organisation to another.
   - (b) The transmission of information among groups of individuals
   - (c) The transmission of information from an employer to an employee
   - (d) The transmission of information among business partners

3. Which of the following is not true about communication?
   - (a) It may be verbal or non-verbal.
   - (b) It is transmitted through a medium.
   - (c) It is initiated by the sender.
   - (d) The medium of communication is irrelevant to the information communicated.

4. Which of the following is not a verbal type of communication?
   - (a) Audio Messages
   - (b) Letters
   - (c) Body Language
   - (d) Telephone Calls

5. One of the following is not an end punctuation mark.
   - (a) The period
   - (b) The question mark
   - (c) The colon
   - (d) The exclamation mark

6. All the following are true about written communication except one.
   - (a) It can only be sent to a large audience.
   - (b) It can be filed for future reference.
   - (c) It carries more weight than oral communication.
   - (d) It can be used to transmit organisational goals.

7. The major motivating factor in communication is the need to ---.
   - (a) share information
   - (b) request information
   - (c) record information
   - (d) send feedback

8. The essence of recording information does not include one of the following.
   - (a) The need to prevent it from being forgotten or disputed
   - (b) The need for future reference
   - (c) The need to establish the sender
   - (d) The need to ensure that everybody sees it

9. Pre-thinking about the message to be communicated is vital because it enables ---.
   - (a) the receiver to track the sender
   - (b) the sender to develop a creative message

(c) the sender to choose the appropriate channel of communication
(d) both the sender and receiver to decide on the right action

10. In communication, filters represent ---.
    (a) a barrier to effective communication
    (b) a means of fine-tuning a message
    (c) a device which separates the real message from junks
    (d) All of the above

11. Effective communication is one in which ---.
    (a) no barrier is present
    (b) information conveyed is documented by the receiver
    (c) all concerned receive the information
    (d) the receiver(s) understand(s) and act(s) on the information conveyed

12. Language barrier in communication can be effectively overcome by ---.
    (a) employing a secretary (b) employing a competent translator
    (c) re-writing the message in another language
    (d) organising language proficiency classes for the sender and the receiver(s)

13. The type of communication barrier created by people being critical of a person during communication because they do not like the person is best described as ---.
    (a) emotional barrier (b) physical barrier
    (c) the barrier of selective perception (d) None of the above

14. In a situation where there is information overload, the responsibility of breaking it down into smaller bits is that of the ---.
    (a) sender (b) receiver
    (c) sender and the receiver (d) None of the above

15. Pick out the odd one.
    (a) The Sender (b) The Decoder
    (c) The Message (d) System Design

16. An ambiguous message breaches the principle of --- in communication.
    (a) completeness (b) correctness (c) honesty and integrity (d) clarity

17. Which of the following is not a part of a business letter?
    (a) salutation and closing (b) date
    (c) address of the recipient (d) pleasantries

18. The inclusion of the word ‘for’ before the signature at the closing of a business letter is mandatory if ----.
    (a) the letter is signed by the writer
    (b) the writer is unable to deliver the letter personally
    (c) the letter is signed by a person other than the writer
    (d) the letter is for an external person

19. In order to be objective in a business letter, the writer needs to consciously avoid ---.
(a) misinterpretation of the information contained in the letter
(b) unfamiliar words and long sentences
(c) expressing personal feelings and opinions (d) abbreviations

20. Informal business letters are usually for ---.
(a) friends within an organisation
(b) colleagues of equal status within an organisation
(c) casual acquaintances and business friends
(d) family members within the same organisation

21. Which of the following is an acceptable statement in a business letter?
(a) Thanking you for your anticipated co-operation.
(b) I have enclosed a copy of the receipt.
(c) I beg to stop here.
(d) Please find enclosed a copy of the receipt.

22. Which of the following is true about the writer's signature in a business letter? It ---.
(a) is optional (b) comes after the writer's name
(c) comes before the writer's name (d) must be long

23. Which of the following is/are correctly written dates in business letters?
(a) 10/03/2023 (b) 10^{th} March, 2023 (c) March 10, 2023 (d) b and c

24. Which of the following is true about the structure of business letters?
(a) The name of the writer may be included in the address.
(b) The recipient's address may include his/her name and position
(c) The date may be omitted (d) All of the above

25. In business communication, any communication between or among members of the same organisation is referred to as --- communication.
(a) internal (b) organisational (c) dual (d) lateral business

26. Which of the following is not a channel for internal communication?
(a) workshops (b) reports (c) bill boards (d) presentations

27. The four essential items contained in a memorandum are ---, ---, --- and ---.
(a) The addresser, the addressee, the date and the subject
(b) The addresser, the addressee, the addresser's signature and the date
(c) The date, the information, the address and the subject
(d) The date, the information, the addresser and the addresser's signature

28. One of the ways in which a memorandum differs from a formal letter is that a memo ---.
(a) does not have the initiator's name
(b) does not require the opening and closing courtesies
(c) does not have a message (d) All of the above

29. A circular can be defined as ---.
   (a) a written document that is circulated to a group of people
   (b) a short piece of information used for external communication only
   (c) a short piece of information meant for the public (d) None of the above

30. Which of the following is preferred to memorandum in today's business?
   (a) E-mails (b) Short Message Service (SMS)
   (c) Circulars (d) Seminars

31. Which of the following departments is responsible for initiating external communication in a company?
   (a) The Corporate Communication Department (b) The Dispatch Department
   (c) The Human Resources Department (d) None of the above

32. Which of the following is not a form of external communication?
   (a) Advertisements (b) Press Releases
   (c) Memorandum (d) Public Presentations

33. When done by an organisation, group powerpoint presentations are not usually used to ---
   (a) entertain the public
   (b) inform new employees of a company's policies
   (c) communicate with board members on important matters
   (d) convince relevant stakeholders to accept new programmes and strategies

34. An invitation includes all but one of the following details.
   (a) Reason for the invitation (b) Time of the event
   (c) Venue of the event (d) Address of the inviter

35. Which of the following is not true about a report? It is ---.
   (a) formal S(b) a result of an investigation
   (c) must be written by a committee (d) contains definite information

36. To say that a report is formal is to say that ---.
   (a) it is guided by rules and conventions (b) its tone is personal
   (c) it contains two addresses (d) All of the above

37. A well written report is one that ---.
   (a) assists someone else towards the best course of action
   (b) presents facts and figures in a very lengthy manner
   (c) the writer(s) present(s) facts based on personal experience
   (d) initiates a new idea

38. Which one of the following is not included in the terms of reference of a report?
   (a) The name of the company head
   (b) The precise instructions given by the person or body requesting the report
   (c) The name or position (or both) of the writer
   (d) The date of publication or dispatch

39. Which of the following is not found in a report?
(a) The introduction (b) Recommendations
(c) Findings (d) None of the above

40. Meetings are essential in business because ---.
(a) they help the management to be aware of the views of stakeholders
(b) they are important for career advancement
(c) they present a medium for staff welfare improvement
(d) all business matters are better discussed during meetings

41. Board meetings are meetings held by ---.
(a) shareholders of a company (b) top management of a company
(c) members of a committee (d) directors of a company

42. Departmental meetings are mainly concerned with ---.
(a) a specific aspect of work
(b) the progress and strategy of departmental work
(c) full report of a company's annual activities (d) periodic work

43. Which of the following is not stated in a notice of a meeting?
(a) Date of the meeting (b) Time of the meeting
(c) The presiding officer at the meeting (d) The venue of the meeting

44. A proxy in a meeting is usually ---.
(a) a member of the group holding a meeting
(b) one who presides over a meeting on behalf of the chairperson
(c) one authorised by a member of a company to attend a meeting and vote on his/her behalf
(d) a person who decides to attend a meeting without an invitation

45. One of the following applies to the agenda numbering of minutes.
(a) The minutes are produced strictly in accordance with the original items on the agenda.
(b) Each year's minutes are regarded as a single unit.
(c) The minutes are written such that they are entirely free from emotion on the part of the writer.
(d) All discussions during the meeting are reflected in the minutes.

46. In Information Technology, the acronym "AI" stands for -----,
(a) Artificial Intelligence (b) Authenticated Information
(c) Accredited Information (d) Accessed Information

47. One of the merits of cloud storage of information is that ---.
(a) data stored are easily accessed by non-members of the organisation
(b) data stored are easily accessible to authorised persons irrespective of their locations
(c) data stored are error free
(d) data stored require no password to be accessed

48. One of the following is not part of the technologies used in business.
(a) Skype (b) Face-to-face interaction (c) Radio (d) Facebook

49. One of the demerits of Artificial Intelligence has to do with its ---.
(a) accuracy (b) lack of flexibility (c) speed (d) ineffectiveness

50. Robots are designed to ---.
(a) carry out human operations only (b) carry out non-human operations only
(c) carry out both human and non-human operations (d) None of the above.

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

51. Anita is really a good ---.
(a) enterpreneur (b) enterpeneur (c) antepreneur (d) entrepreneur

52. I simply dislike her for her ---.
(a) glutuny (b) glotorny (c) gluttony (d) gluetony

53. You must ensure that this information is kept ---.
(a) confedential (b) confidential (c) confidentail (d) confidental

54. Her two prison terms are to run ---.
(a) concurrently (b) corncurrently (c) cuncorently (d) concurrantly

55. --- are people who show extreme love and care for themselves.
(a) Naccisits (b) Narsicists (c) Narssicists (d) Narcissists

56. One of responsibilities of a secretary is to --- information to other staff members.
(a) disceminate (b) discrimate (c) disseminate (d) diseminate

57. The director's absence at the meeting was so ---.
(a) confiscious (b) conspicos (c) conspicius (d) conspicuous

58. Marriage has become one of most challenging issues in ----- times.
(a) contaporary (b) comteplary (c) contemporary (d) comtemporary

59. I went through his work, it was all ---.
(a) gibberish (b) jiberish (c) gibarish (d) gilberish

60. The Registrar has warned all staff members against --- on Management's decisions.
(a) procastinating (b) poscatinating (c) proscarsinating (d) procrastinating

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

61. (a) I dislike Kate for her bad characters.
(b) I dislikes Kate for her bad character.
(c) I dislike Kate for her bad character.
(d) I disliked Kate for her bad characters.

62. (a) Mr. Ufong is at loggerheads with all his colleagues.
(b) Mr. Ufong is at loggerheads with all his colleague.
(c) Mr. Ufong is at loggerhead with all his colleagues.
(d) Mr. Ufong is at loggerheads with all him colleagues.

63. (a) Rumour has it that our Managing Director has eaten the company's money.
(b) Rumours have it that our Managing Director has eaten the company's money.
(c) Rumours has it that our Managing Director has embezzled the company's money. (d) Rumour has it that our Managing Director has embezzled the company's money.

64. (a) Her situation is like jumping from frying pan to fire.
(b) Her situation is like jumping from the frying pan into the fire.
(c) Her situation is like jumping from the frying pan to fire.
(d) Her situation is like jumping from the frying pan into fire.

65. (a) Need she pay that much? (b) Needs she pay that much?
(c) Need she pays that much? (d) Needs she pays that much?

66. (a) The politician plans to start from the grassroot.
(b) The politician plan to start from the grassroot.
(c) The politician plan to start from the grassroots.
(d) The politician plans to start from the grassroots.

67. (a) Can you sing the national anthem off head?
(b) Can you sings the national anthem off head?
(c) Can you sing the national anthem off hand?
(d) Can you sings the national anthem off hand?

68. (a) Tell the client to put his complaint into writing.
(b) Tell the client to put his complain into writing.
(c) Tell the client to put his complaint in writing.
(d) Tell the client to put his complain into writing.

69. (a) The election into the Institute's Council will be by a secret ballot.
(b) The election into the Institute's Council will be by a secret's ballot.
(c) The election into the Institute's Council will be by balot.
(d) The election into the Institute's Council will be by secret ballots.

70. (a) To my opinion, the cleaner should be sacked for gross misconduct.
(b) For my opinion, the cleaner should be sacked for gross misconduct.
(c) At my opinion, the cleaner should be sacked for gross misconduct.
(d) In my opinion, the cleaner should be sacked for gross misconduct.

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

71. (a) Jide is a Software Engineer. (b) Jide is a software engineer.
(c) jide is asoftware engineer. (d) Jide is A software Engineer.

72. (a) I like those girl’s Dresses. (b) I like those girls’s dresses
(c) I like those girls’ dresses. (d) i like those girlS’ dresses.

73. (a) The whole world is beginning to realize the important role of the English Language.
(b) the whole world is beginning to realize the important role of the English language.
(c) The whole world is beginning to realize the important role of the English language.
(d) The whole World is beginning to realize the important role of the English language.

74. (a) Whether the accused likes it or not he must pay the fine.
(b) Whether the accused likes it or not, he must pay the fine.
(c) Whether the accused likes it or not. He must pay the fine.
(d) whether the accused likes it or not -he must pay the fine.

75. (a) These are some of the dos and donts of the school.
(b) These are some of the Do’s and Dont’s of the school.
(c) These are some of the dos’ and donts’ of the school.
(d) These are some of the do’s and don’ts of the school.

76. (a) When’s the next plane to lagos please?
(b) When’s the next plane to Lagos, please?
(c) When’s the next plane to Lagos please?
(d) When’s the next plane to Lagos, please.

77. (a) Yes, please. Put it in the trash bin.
(b) Yes, please, Put it in the trash bin.
(c) Yes please, Put it in the trash bin.
(d) Yes, please. put it in the trash bin.

78. (a) Ben cant do it, can he? (b) Ben cant do it. can he?
(c) Ben can’t do it, can he. (d) Ben can’t do it, can he?

79. (a) My son, who is an engineer drives a red car.
(b) My son who is an engineer drives a red car.
(c) My son, who is an engineer, drives a red car.
(d) My son who is an engineer, drives a red car.

80. (a) Who was the manager at the time of the incident.
(b) who was the manager at the time of the incident?
(c) Who was a Manager at the time of the incident?
(d) Who was the manager at the time of the incident?

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

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

81. He dabbles --- local politics.

(a) in (b) with (c) into (d) through

82. The government has set up a --- panel to investigate that fire incident.
(a) five—men (b) five men (c) five—man (d) five man

83. We received --- that the workers would soon go on strike.
(a) an information (b) informations (c) some informations (d) information

84. The careless manager has made the company to --- millions of naira.
(a) lose (b) lost (c) loose (d) loss

85. Her sick child --- in bed for two months.
(a) lay (b) laid (c) lied (d) lie

86. --- people turned out to welcome the august visitors.
(a) Few (b) Some few (c) Quite few (d) Many few

87. She asked me ----
(a) who am I? (b) that who am I? (c) whom I am. (d) who I was.

88. Neither Mary nor her sister --- at home when the guest arrived.
(a) was (b) are (c) were (d) is

89. The officer --- that he was not supposed to talk to the press on the matter.
(a) will know (b) shall know
(c) could have know (d) should have known

90. This is Lekan's handwriting; there ----- be no argument about it.
(a) will (b) may (c) might (d) can

SECTION F – ATTEMPT ALL QUESTIONS (Questions 91 - 100)
Read the passages below carefully and answer the questions which follow.

Epilepsy is a condition in which the patient is subject to recurrent attacks of loss of consciousness, known as 'fits'. On losing consciousness the patient falls and may hurt himself, and though in some cases, the fit may end at this point, most attacks go on to a stage in which the muscles of the body become rigid and the breathing is interrupted. This in turn is usually followed by the convulsive state in which there are jerking movements of the head, limbs and hands. The tongue may be bitten, and the patient's writhing, irregular breathing, staring eyes and blue lips may be very alarming to the spectator. Then the patient slowly recovers, though when consciousness is fully restored the patient is still in a weakened condition and suffers unpleasant after—effects. On-lookers often insist on calling an ambulance but this is unnecessary. The patient should be made as comfortable as possible and allowed to rest.

Epileptic attacks seem most likely to come when the patient is inactive, and at least half of them come during sleep. In about half the cases, there is no warning signal and afterwards the patient can remember nothing except the ordinary circumstances just before the attack.

In other cases. the onset of an attack may be preceded by dizziness, a sensation in the chest, flashes of light or musical sounds. Attacks may be induced if the patient blinks too rapidly, or if he drives past trees or railings. Cinema and TV screens and fluorescent lightings are dangerous to some people, in the same way are flickering lights or sudden changes from dark to light or from noise to silence. Some activities as reading, writing, adding up figures, playing chess, the use of certain tools or machines, are all known to be associated with attacks. Some patients are able to forestall attacks by deliberately diverting their attention from what they know to be a stimulus.

The frequency of fits is very varied; there may be two or three in a short period or there may be long intervals between single attacks. Epilepsy usually starts in adolescence. It is very rare for it to last throughout life and it may stop as suddenly and mysteriously as it began.
(Adopted From: Colin Robinson: *Advanced Use of English*, p. 321.)

91. According to the passage, epileptic attacks are likely to occur when the patient is ---.
    (a) reading or writing (b) not engaging in any physical activity
    (c) actively participating in an activity (d) calm

92. The writer is of the view that it is not necessary to call an ambulance for an epileptic patient under attack because ---.
    (a) the patient may die on the way
    (b) calling an ambulance suggests that the situation is too serious
    (c) the patient can recover with some rest and a comfortable atmosphere
    (d) doctors may refuse to admit the patient into a hospital

93. An epileptic attack may be preceded by all the following except one.
    (a) Rapid Blinking (b) Flashes of Light (c) Musical Sounds (d) Dizziness

94. In what stage of life does epilepsy usually start according to the passage?
    (a) Childhood (b) Adulthood (c) Adolescence (d) None of the above

95. Which of the following is not stated in the passage?
    (a) Epilepsy rarely lasts throughout life.
    (b) The frequency of epileptic fits varies from patient to patient.
    (c) Epilepsy attacks can be prevented by avoiding things that stimulate it.
    (d) Epileptic patients are likely to die young.

PASSAGE 2
Standards of oracy and literacy among further education students are generally low. In many cases, they are so low that they prevent students from following their technical or professional studies as efficiently as one would wish. Despite the evidence that, nationally, standards of literacy are rising, it would appear that a great deal of progress has to be made before we can be satisfied that students are able to communicate effectively in speech and writing.

The need to develop methods of enabling students to improve their use of the English language is so great that it really demands a completely new approach. Even the term ‘English’ may perhaps have to be replaced by a broader term such as ‘communication’; to make this possible we may well ask what is in a word. But experience suggests that many students, especially those following technical courses, have so deep rooted a prejudice against English that terminology is in fact, important.

Is this widespread prejudice among adolescents against ‘English’ caused by some failure on the part of the schools? It is, of course, a common practice in further education to blame the schools for many students’ failings, but it seems unlikely that this particular baby can be laid on their doorsteps. A more plausible reason is simply that students have been ‘doing’ English for so long that they, perhaps understandably, feel that if they have not mastered the complexities of its usage by the age of 16, they are never likely to. That their reaction may be justified as a natural one should not lead us to suppose that it is necessarily right. Many further education lecturers would argue that students can, if properly guided, improve their use of communication skills – thinking, reading, writing, listening and speaking more during their period in further education than during earlier periods of education. This may be because adolescence frequently brings a new awareness of self to express oneself.
(From: Education and Training, Vol.13)

96. Which of the following is true according to the passage?
   - (a) The school is to blame for further education students’ failings in English.
   - (b) Further education students’ failings in English are attributable to psychological reasons.
   - (c) Further education students who fail English are not likely to improve on the subject.
   - (d) The reaction of further education students towards English is not justifiable.

97. Further education lecturers’ argument that students have the tendency to improve on their use of communication skills is based on the fact that ---.
   - (a) they are experienced on the field of teaching
   - (b) they are ready to guide the students
   - (c) they are all experts in the field
   - (d) the stage of life in which adolescents are is one that demands self- expression

98. The writer is of the view that the term “English” ought to be replaced with a broader term such as ‘communication’ because ---.
   - (a) the term ‘English’ has become overused
   - (b) many students are biased against the term ‘English’
   - (c) the term communication is more suitable than the term ‘English’
   - (d) communication skills require less efforts to teach than English

99. The word ‘prejudice’ as used in the passage means ---.
   (a) unreasonable dislike (b) love (c) affection (d) criticism

100. The passage is --- in nature.
   (a) expository (b) descriptive (c) argumentative (d) narrative

Chief Examiner's Comment
54.13% of candidates passed the course.

Comments on Overall Performance
From the performance, it can be deduced that candidates seem not to be conversant with the application of technology to contemporary business practice and also not conversant with basic English grammatical rules.

Suggestion(s) on Improvement(s) (if any)
Candidates should endeavour to use correct grammar in day-to-day conversations and also ensure that when studying the course, they have a good understanding of what is being studied.

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

F05

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F05 – INSURANCE UNDERWRITING PROCESS
YEAR 2025 OCTOBER DIET

LOGO

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

- Two hours are allowed for this paper.
- Fill in the information requested on the answer form and 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 OCTOBER 2025 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 from by filling in the appropriate box.

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

1. Approved Repairers/Garages are a feature of … type of policy.
   (a) group personal accident (b) contractors all risks
   (c) travel insurance (d) motor insurance

2. The stage in the risk management process when an insurer examines past data involving frequency and severity is the risk … stage.
   (a) control (b) analysis (c) identification (d) naming

3. Insurance and reinsurance as risk management methods fall into risk … stage in the risk management process.
   (a) neutralisation (b) control (c) analysis (d) identification

4. A recommendation was made that mortice locks should be fitted on the doors leading inside the house. The stage of the risk management process is called the risk …
   (a) control (b) identification (c) analysis (d) investigation

5. … type of policy has a 'helplines' section that give the details of plumbers, roofers and glazing services that could be contacted in times of emergency.
   (a) Business Interruption Insurance (b) Commercial Motor Policy
   (c) Household Insurance (d) Employers Liability

6. The anniversary date for a general insurance policy is called the … date.
   (a) jubilee (b) consensus (c) convergence (d) renewal

7. … is untrue of the renewal process.
   (a) The renewal constitutes a new contract
   (b) Once the insurer issues a renewal, the insured is obliged to insure
   (c) The insurer may review terms and conditions
   (d) There is usually no obligation on either party to renew

8. The period allowed at inception or renewal for the Insured to take a decision if they wish to back out of the contract is called the … period.
   (a) maintenance (b) testing (c) cooling off (d) waiting

9. The duty placed on the insured to provide information in relation to the risk relates to the insurance principle of …
   (a) indemnity (b) proximate cause
   (c) contribution (d) utmost good faith

10. The most important medium insurers use to collect information they deem material is through …
    (a) prospectus (b) proposal form (c) corporate profile (d) invoice

11. …will not constitute a duty of fair presentation continuation during the term of the policy.
    (a) Age of the main driver disclosed at inception

(b) Description of the property because of enlargement
(c) Increase in sum insured because of improvement to property
(d) Duty to driving limitation

12. The options below are all available remedies to the insurer, in the case of breach of fair presentation by a non-consumer except …
(a) insurer may void the policy if breach is deliberate
(b) insurer may alter the terms where the breach is not deliberate
(c) reduce claim quantum if they would have charged higher premium
(d) take over the subject matter of insurance in every case

13. All the options below relate to moral hazard except …
(a) careless attitude on the part of a driver
(b) unguarded machinery on the factory floor
(c) dishonesty by a person who has made exaggerated claims
(d) roofing of a building with aluminum

14. All these media are used to obtain information in respect of the risk prior to underwriting, except …
(a) internet (b) supplementary questionnaire
(c) call centers (d) endorsement

15. All these are examples of facts that do not need to be disclosed except …
(a) facts relating to insurance history (b) facts relating to the law
(c) facts that are of public knowledge (d) facts that the insured did not know

16. Insurers as business concerns must meet the aspirations and needs of stakeholders as stated in the options below except …
(a) claimants (b) shareholders (c) regulators (d) religious bodies

17. Within the organisation, issues of group performance/profitability are handled are at the … level of decision taking.
(a) union (b board (c) managers (d) operational

18. Data provided for the implementation of day-to-day underwriting practices and procedures are used at the … level of the company.
(a) operational (b) union (c) adhoc committee (d) board

19. In most business, the sales figure and other incomes are referred to as “turnover”. This is called … in insurance.
(a) capital (b) premium income (c) gross reserves (d) gross asset

20. Frequency in insurance measures in relation to a peril is related to …
(a) how many times the annual premium is paid in instalments
(b) how many times a particular type of loss occurs
(c) how neutral disasters patterns happen
(d) how many large premiums are received in a year

21. Losses that are relatively predictable and may be referred to as underlying claim cost are more related to … loss patterns.
(a) High Frequency and Low Severity (b) High Frequency and High Severity
(c) Low Frequency and Low Severity (d) Low Frequency and High Frequency

22. Loss Ratios are very important in the technical operations of an insurance company. A loss ratio which takes into consideration the portion of the premium earned in the financial year in comparison to claims for the period is called the … loss ratio.
(a) net (b) earned (c) outstanding (d) aggregate

23. … will not be considered as an emerging risk.
(a) Toxic mould (b) Storm (c) Asbestosis (d) Electro-magnetic forces

24. Of all the monitoring periods, … year is most suitable for individual policy performance.
(a) policy (b) underwriting (c) calendar (d) accounting

25. The expected ultimate cost in claims of the risk accepted including an allowance for the degree of the uncertainty attaching to the claim cost is known as … premium.
(a) ultimate (b) net (c) risk (d) aggregate

26. … class of claim is associated with latent claims.
(a) Liability (b) All Risks
(c) Personal Accident (d) Business Interruption

27. Fraud has become a part of insurance, particularly the retail and small medium enterprise. This could be at time of loss or at inception. The fraud at inception is called … fraud.
(a) inception (b) starting (c) application (d) individual

28. … cost element of the expenses varies according to the size, complexity and nature of the risk concerned.
(a) Complex (b) Simple (c) Normal (d) Variable

29. The highest commission payable under the Insurance Act 2003 in Nigeria for direct business from brokers is …
(a) 10% (b) 12.5% (c) 15% (d) 20%

30. The proportion of total account premiums that must be kept as free reserves to ensure that an insurer can meet its claims obligations is …
(a) Gross Profit (GP) (b) Risk Capital Requirements
(c) Net Profit (NP) (d) Fixed Cost (FC)

31. The ROCE is a very technical computation that officer saddled with the duty within an insurance organisation is the … manager.
(a) investment (b) finance (c) actuarial (d) risk compliance

32. Insurers try to balance their investment portfolios between two broad classes, which are interest bearing investments on one hand and …
(a) savings accounts (b) bank placements (c) money market (d) equities

33. In assessing risks proposed, two parameters are important, one dealing with qualitative aspect which is the specific risk like office block or warehouse; while the second deals with quantitative aspect, which is related to the …
(a) insured (b) location
(c) sum-insured (d) source of business

34. EML as an input into the underwriter's risk management is normally based on the recommendation of the …
(a) broker (b) insured (c) surveyor (d) actuary

35. In property insurance, potential loss is spoken about in terms of sum insured. In liability insurance, potential loss is spoken about in terms of …
(a) limit of liability (b) target risk
(c) operational limit (d) policy schedule

36. A reinsurance arrangement in which the insurer cedes into the treaty an agreed proportion of all insurances of a specific nature is called a …
(a) surplus treaty (b) quota share treaty
(c) stop loss treaty (d) facultative obligatory

37. A type of reinsurance treaty in which the reinsurer agrees to contribute to losses exceeding a specified figure per loss per risk is called a/an …
(a) quota share (b) stop loss
(c) excess of loss (d) surplus treaty

38. The task of managing the common pool in insurance is that of the …
(a) underwriter (b) accountant
(c) finance analyst (d) investment manager

39. All these duties except … are to be undertaken by the underwriter.
(a) assess the risk on behalf of the company
(b) decide whether to accept the risk or not
(c) determine the investment mix for the company
(d) determine the terms and conditions attaching to each policy

40. In building aspect of household insurance, … is not a good feature when it comes to roofing part of the risk.
(a) slates (b) concrete (c) aluminum (d) thatch

41. … does not have a direct bearing on the different factors considered in the underwriting of a private vehicle.
(a) Age of the driver (b) Make of the vehicle
(c) Use of the vehicle (d) Registration number of the vehicle

42. Geographical area is important in the underwriting consideration of motor insurance because of all these factors except …
   (a) the mode by which the premium is paid
   (b) the area may have history of high vehicle theft
   (c) some areas have many vehicles on the road
   (d) where the vehicle is parked overnight

43. In household insurance underwriting, all these are important considerations except …
   (a) nature of construction (b) mortgage arrangement
   (c) location of building (d) occupation of the building

44. Risk management features and practices are important in fire and special perils insurance. However, … cannot be classified under this heading.
   (a) housekeeping (b) provision for fire extinguishers
   (c) installation of sprinkler systems (d) type of machinery

45. In the course of underwriting, asking for details of goods storage, number of floors and construction material by the insurer is relevant in … type of insurance.
   (a) contractors all risks (b) fire and special perils
   (c) fidelity guarantee (d) erection all risks

46. An insurer that is concerned with how quickly a proposer can get their business back into operation after an incident that stopped the production of the company. Should recommend … policy as appropriate.
   (a) fire and special perils (b) contract works insurance
   (c) all risks insurance (d) business interruption insurance

47. To underwrite … policy, information about the final use of the product and its potential to cause third party bodily injury or damage is important.
   (a) erection all risks (b) burglary
   (c) products liability (d) commercial vehicle insurance

48. The … policies are sold at point of sale and are not subject to underwriting in the usual way but based on statistics produced by the insurer for loss record.
   (a) all risks (b) extended warrantees
   (c) boiler pressure (d) erection all risks

49. All the following except … is a form of insurance fraud
   (a) insuring a brand-new car on third party
   (b) exaggerating the number of items stolen
   (c) deliberately creating an insured event
   (d) inventing a loss event that never took place

50. A new technology that uses pooled claims database pooled together by insurers to identify repeated claims is to …
   (a) increase sales (b) insured profiling (c) cross selling (d) detect fraud

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

51. One of the duties of the underwriter is to safeguard the common pool by investing in high yield instrument(s).
52. The Cover Note although issued for a short period serves the same purpose as the motor insurance certificate.
53. For complex industrial risk, the completed proposal form is enough to take all underwriting decisions.
54. The standard fire policy consists of three perils – fire, lightning, and explosion (domestic gas uses) only.
55. The professional indemnity policy is written on claims made basis.
56. Negligence is the main issue that must be proved in all liability policies.
57. ICOW cover section of a Business Interruption provides for the costs of hiring alternative premises, office contents and corporate events.
58. The Theft Act 1968 cover is not the same as that in the theft policy issued by commercial insurers.
59. In the classification of conditions, utmost good faith is a condition precedent to liability.
60. The condition inserted into every property insurance policy which has the effect of reducing claims payment in proportion to any under insurance is average.

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

Insurance companies are said to be the backbone of the economy paying huge claims for big risks that are multiples of the shareholder's fund. How do they achieve this feat and still continue in business declaring dividends?

61. The concept of the common pool in insurance is a pool of …
    (a) claims (b) underwriters (c) premiums (d) clauses

62. In surplus treaty, the capacity of the treaty is expressed as a multiple of …
    (a) lines (b) reinsurers (c) intermediaries (d) reserves

63. An arrangement in which the reinsurer agrees to pay when claims exceeds an agreed threshold is called a/an …
    (a) pool (b) coinsurance (c) stop loss ratio (d) excess of loss

64. An arrangement in which each insurer accepts a proportion of the risk and pays the same proportion directly to the insured in the event of a claim is called a/an …
    (a) pool (b) coinsurance (c) quota share (d) excess of loss

65. In this type of reinsurance arrangement an agreed proportion of all insurances written by an insurer is added into the treaty irrespective of the sum insured. This should be a/an …
    (a) pool (b) coinsurance (c) quota share (d) excess of loss

Mr. Ajosanmi is a successful Nigerian living abroad. Ahead of his relocation back home, he built a hospital equipped with modern medical equipment as well as a functional five-bedroom duplex for him and his wife to live in on returning to the country. This is in addition to two cars to be brought down for them. What insurance needs can be advised to him and his wife?

66. Since he has been away from the country for a long time, he requested that he would like to place the risks through a professional. Which professional will you recommend to him?
(a) Surveyor (b) Engineer (c) Broker (d) Solicitor

67. He needs to supply information about the items he wishes to insure and his own identity to the insurers. Which document will he be given to give information to the insurer?
(a) Proposal form (b) Prospectus (c) Claim form (d) Policy

68. For his hospital complex, which essential policy will you recommend for the building?
(a) Contractor All Risks (b) Fidelity Guarantee
(c) All Risks (d) Fire and Special Perils

69. The building duplex with its contents should be covered with which type of insurance policy?
(a) All Risks (b) Householder's Insurance
(c) Personal Accident (d) Erection All Risks

70. He would like to have a policy on the two cars that will give protection for liabilities against third parties and cover as much as possible damages or loss to the vehicles themselves. Which slope of cover will meet this requirement?
(a) Road Traffic Act (b) Third Party only
(c) Third Party, Fire and Theft (d) Comprehensive

Nkema took a comprehensive policy on his car nine months ago as a first time insured. He has asked you to put him through what he needs to do at expiry and documents that are essential so that he does not have a time his fine car will be without cover.

71. What is the normal insurance period for a motor insurance policy like all other general insurance covers?
(a) 3 months (b) 6 months (c) 9 months (d) 12 months

72. When a motor insurance policy is approaching the end of the insurance period, the insurance company will normally send communications in this respect to the insured. What is this called?
(a) Renewal notice (b) Postcard (c) Demand Note (d) Invoice

73. A very important document is issued by the insurance company in line with the relevant RTA that accompanies the policy document and is shown to the police as evidence of cover in line with the law. Which document will this be?
(a) Proposal form (b) Offer letter (c) Certificate (d) Prospectus

74. In Nigeria, there is a database maintained by the insurance industry that contains details of all vehicles that are validly insured in line with the relevant RTA. What is the name of this database platform?
(a) Website (b) NIID (c) Brown Card Scheme (d) MTC

75. In Nigeria, for the insurance cover to be valid, the premium must be paid …
(a) by promise at a date conveyed (b) by bank mandate
(c) prior to commencement (d) by direct debit

Chief Examiner's Comment
76.3% of candidates passed the course.

Comments on Overall Performance
The overall performance was above average.

Suggestion(s) on Improvement(s) (if any)
Prospective candidates are advised to prepare more adequately for future examinations.

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

F06

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F06 – MOTOR INSURANCE PRODUCTS
YEAR 2025 OCTOBER DIET

LOGO

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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:
Which insurance principle does new for old overrule?

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

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:
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 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 sets of 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 – 50)

1. The principle of insurance that warrants that the insured must benefit from the existence of the subject matter and suffer from its loss/ damage is …
   (a) utmost good faith (b) proximate cause
   (c) contribution (d) insurable interest

2. A policyholder that under motor insurance suffers a loss and is compensated is guided by the insurance principle of …
   (a) average (b) indemnity (c) utmost good faith (d) contribution

3. When an insurance company undertakes the repair of a vehicle resulting in it been better or more enhanced, this situation is referred to as …
   (a) upgrading (b) betterment (c) escalation (d) improvisation

4. Mrs. Marie was involved in an accident in which another motorist caused damage to her car. The motorist accepted liability. However, she decided to pursue her claim with her own insurance company under her comprehensive policy. The insurance company requested for the details of the other motorist and his insurance company. This is to enable them exercise …
   (a) court order (b) industry fraternity (c) utmost good faith (d) subrogation

5. A situation in which a youngster is trying to get lower premium through a parent is …
   (a) delegation (b) collaboration (c) fronting (d) cooperation

6. A policy that it is tainted with fraud is treated as …
   (a) a small connivance (b) it never existed
   (c) neglected duty (d) negotiable contract

7. After the completion of a repair by an insurer's approved garage, an invoice and a document to be signed by the insured confirming that the vehicle was well repaired, is …
   (a) thank you (b) acknowledgement paper
   (c) satisfaction note (d) repair request

8. … controls or feature does not relate to security check of theft.
   (a) Deadlock (b) Engine Immobilizer
   (c) Cruise Control (d) Anti-motion sensitive alarm

9. When identity of broken or crushed vehicles/ motorcycles is used on stolen vehicles, this is known as …
   (a) rejigging (b) ringing (c) overhauling (d) restooling

10. In a situation in which an insurance company pays a total loss claim in which outstanding payment still exists on the vehicle, the finance company can claim the value of the vehicle from the insurer under the common law doctrine of …
   (a) conversion (b) negligence (c) strict liability (d) nuisance

11. The law which states that a person's damages will be reduced by an amount of the insured party's extent of responsibility for the occurrence is known as …
(a) strict liability (b) secondary defence
(c) statutory exclusion (d) contributory negligence

12. Data is held electronically by an insurance company and the …use them to calculate rates.
(a) accountants (b) investment specialist
(c) actuaries (d) surveyors

13. Variable cost varies in relation to volume of production in any business, the main variable cost in relation to insurance operation is …
(a) commission (b) settled claim (c) staff salary (d) office rent

14. Telematics unit is a small technology device fitted in a vehicle to monitor driving habits of the motorist. … is not a component of it.
(a) inverter unit (b) GPS unit (c) frequency sensor (d) sim card

15. Vehicles especially private cars/ saloons that are modified from the standard manufacturer's specification affect rating because of all the options below except …
(a) improve performance (b) more expensive repairs
(c) more attractive to thieves (d) improve physical beauty

16. Cherish or classic vehicles increases in value with time and are therefore subject to special type of cover known as … policy.
(a) straight line (b) indemnity (c) average (d) agreed value

17. For the larger commercial vehicles, weight definitions are used as the basis for the rate table for all the reasons below except …
(a) the larger the vehicle the greater the severity of the accident
(b) the larger the vehicle the greater the value
(c) the larger the vehicle the bigger the number of its specialists
(d) the larger the cost of repairs likely to be

18. Fleets are classified into … categories.
(a) 6 (b) 5 (c) 4 (d) 3

19. The appropriate policy given in situations in which employees are authorised to use their vehicle on their employer's business is … policy.
(a) agreed value (b) special type
(c) contingent liability (d) occasional business use policy

20. In the present circumstances in the Nigeria motor insurance market, the issue of NCD no longer applies. What was the maximum NCD % granted in the 5th year when the market followed due guidelines?
(a) 25% (b) 40% (c) 50% (d) 60%

21. A driver who has driven company cars for many years and now owns his own car, which is being proposed to be insured with the same insurance company can be offered … type of NCD.
(a) reversionary (b) guaranteed (c) protected (d) starter

22. … is not true of the renewal process.
(a) Normally the insurer will send out a renewal notice
(b) The renewal notice is an offer on the part of the insurer
(c) Changes to the subject matter or policyholder's is acceptable
(d) Both parties must indicate any potential changes to the contract

23. The insurance market agreed that the holding insurance company should provide information on a fleet policy to other insurers in the risk for … number of prescribed years.
(a) 5 (b) 4 (c) 3 (d) 2

24. In private motor insurance, the policies are usually issued to individuals but occasionally a "joint" policy may be issued to …
(a) business partnerships (b) unlimited companies
(c) a couple (d) religious organisations

25. Motor trade policy will be issued to all these except …
(a) garages (b) supermarkets (c) auto electricians (d) repairers

26. Websites that allow potential customers to view prices of an array of financial products belongs to …
(a) supermarkets (b) clouds (c) connectors (d) aggregators

27. Apart from handling costs, direct sell companies also reduce costs in the area of …
(a) claims (b) commission (c) reserves (d) fixed costs

28. … are the members of the motor insurance bureau?
(a) Insurers (b) Reinsurers (c) Brokers (d) All of the above

29. A person who wants to drive a vehicle on Nigerian roads must hold a valid driving license obtained from the …
(a) Nigerian Passport Office (b) Nigerian Orientation Office
(c) Federal Road Safety Corps (d) Federal Ministry of Transport

30. The National Insurance commission is headed by the …
(a) Commissioner for Insurance/CEO (b) President/Chairman of Council
(c) Chairman/CEO (d) Director/CEO

31. The equivalent of the European Green Card in the West African region is the …
(a) ECOWAS International passport (b) International Visa
(c) ECOWAS Brown Card (d) ECOWAS Common Currency

32. The main objective of the NIID is to …
    (a) rate motor insurance companies (b) submit data to NAICOM for annual levy
    (c) confirm the genuineness of motor insurance cover
    (d) notify the public of services offered by insurers

33. The cover given under the "driving other cars" extension is …
    (a) comprehensive (b) third party, fire and theft
    (c) third party only (d) road traffic act

34. In the case of urgency where documentation has not been completed, … document will be issued by the motor insurer in place of a certificate in the meantime.
    (a) cover note (b) receipt (c) proposal form (d) prospectus

35. In a situation where a temporary certificate is issued in motor insurance, it is issued in … number of copies.
    (a) 2 (b) 3 (c) 4 (d) 5

36. The statement of insurance facts takes the place of the …
    (a) proposal form (b) schedule (c) cover note (d) certificate

37. The part of the policy that connect the proposal, the certificate and schedule to other parts of the contract is the …
    (a) preamble (b) condition (c) operative clause (d) service information

38. The condition inserted in the policy that requires the insured to inform the insurer of only accident that could lead to a claim is known as … condition.
    (a) cooperation (b) warning (c) contribution (d) notification

39. If the law of the place/ country where an accident occurs obliges the insurer to pay despite a fundamental breach and seek recovery, the form given to the policyholder to complete in agreement is the …
    (a) consent and indemnity form (b) guarantee agreement
    (c) disclosure form (d) conviction form

40. A condition found in a standard motor policy state "if at the time of a claim under this policy any other policy exists that would cover the claim, we will pay only our share of the claim". This condition is known as …
    (a) average (b) deductible (c) contribution (d) subrogation

41. Details or instructions relating to the insurers complaint procedure will normally be found in the … section of the policy document.
    (a) notification condition (b) service information
    (c) operative clause (d) preamble

42. The main aim of Section 50 of the Nigerian Insurance Act 2003 called "No Premium, No Cover" is .to ensure that …

(a) premium is paid in advance
(b) a proportion of premium is shared between primary insurers and reinsurers
(c) to allow premium to be warehoused by brokers at discretion
(d) to ensure that reinsurers receive their premium in advance

43. Section 56 (2) of the 2003 Insurance Act that relates to a person who may benefit from the safety of a person insured or be prejudiced by the death of that person relates to the … principle of insurance.
(a) indemnity (b) insurable interest (c) utmost good faith (d) contribution

44. A consolidating statute like the RTA 1988 …
(a) unifies the insurance industry (b) applies to some segments of the society
(c) brings together various pieces of legislation before it
(d) brings many unrelated matters together in one law

45. Most people including corporate persons find it difficult or impossible to compensate victims of road traffic accident out of their wealth, hence the legal requirement for insurance. Which other alternative is recommended by the Act?
(a) Security (b) Saving Bond (c) Life Assurance (d) Credit Bond

46. On the occurrence of all of the following except … to the insured, the Third Parties (Right Against Insurers) Act is used in all these situations.
(a) death (b) marriage (c) bankruptcy (d) insolvency

47. How much is an insured expected to pay under the latest regulations issued by NAICOM on motor tariff for third party cover of a car used for private purposes?
(a) ₦5,000.00 (b) ₦10,000.00 (c) ₦15,000.00 (d) ₦20,000.00

48. The Third Party Rights Against Insurers Act is for the benefit of the …
(a) insured (b) insurer (c) third-party victim (d) intermediary

49. An agent is the agent of the insurer in all the scenarios below except where the agent …
(a) does something in the capacity as the appointed representative of the insurer
(b) helps the insured to complete information and sends same to the insurer
(c) collects information based on the express authority of the insurer
(d) enters into the contract as the insurer's agent based on express authority to do so

50. Where an insured motor owner wishes to cancel cover, he is obliged to surrender the certificate to the insurer within … days.
(a) 7 (b) 15 (c) 21 (d) 30

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

51. In the cyclical business of insurance, once capacity reduces substantially, rates will begin to improve.
52. A joint policy is issued to directors or managers of the same company entitled to status vehicles.
53. If an individual or a couple have two vehicles it can constitute a fleet and be so rated.
54. The aggregators play an important role in insurance as they arbitrate between the insured and insurer to settle conflicts relating to claims.
55. The RTA relies on the fact that there is a negligent person at fault who has insurance cover, where there is an accident and the negligent party holds no cover and runs away, the fallback for the innocent people for compensation is the DVLA.
56. The levies on the member companies in the MIB is based on the claims paid by each company in the preceding financial year.
57. When insurers ask potential insureds to provide their driving license number, they can validate the proposer's information from the DVLA.
58. The prudential regulation authority which sits within the bank of England is responsible for coordinating the activities of intermediaries who introduce business to insurance companies.
59. The nearest aid to police helpline in the UK that officers of the Nigeria Police Force can use is the NIID.
60. Only a Lloyd's broker could place business with Lloyd's syndicates.

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

Government and parliament got worried about the death, injuries and destructions caused in early times, leading to the passing of the Road Traffic Act (RTA) in 1930 (in the UK) and afterwards in Nigeria.

61. What is the minimum scope of cover required by the Act under the UK statute?
    (a) Road Traffic Act (b) Third Party only
    (c) Third Party, Fire & Theft (d) Comprehensive

62. The cover that fully covers third-party liabilities and all forms of loss, damage to the vehicle of the insured is the …
    (a) Road Traffic Act (b) Third Party only
    (c) Third Party, Fire & Theft (d) Comprehensive

63. When an insured person is driving a vehicle under the "driving other cars" extension, the scope of cover given is …
    (a) Road Traffic Act (b) Third Party only
    (c) Third Party, Fire & Theft (d) Comprehensive

64. Items which are necessary to the functioning of the vehicle and/or would be sold with the vehicle itself are known as …

(a) Appendices (b) Attachments
(c) Accessories (d) Ancillaries

65. The policy that will cover the vicarious liability incurred by an employer when they allow an employee to use their vehicle on the employer's business is …
(a) professional indemnity (b) fidelity guarantee
(c) contingent liability (d) public liability

The first major attempt in Nigeria to bring defined practices and acts to driving on the roads as it relates to liability to road users was the Motor Vehicle (Third Party) Insurance Act 1950. It also had provisions and other related statutes put in place to guarantee indemnity to injured third-parties for death, injury and property damage.

66. At inception, the minimum cover prescribed by the Act is …
(a) Road Traffic Act (b) Third Party only
(c) Third Party, Fire and Theft (d) Comprehensive

67. By the NAICOM's regulation of Year 2023, the third-party property damage limit for private motor …
(a) ₦1million (b) ₦2million (c) ₦3million (d) ₦4million

68. The Act made it compulsory that a certificate must be issued for each policy, which is also required to be delivered to …
(a) The Police (b) Policyholder (c) Broker (d) NIA

69. The Act makes the certificate of motor insurance the evidence of compliance with the Act and the body that has the right to demand for the document is …
(a) NURTW (b) Intermediary (c) the engineer (d) the police

70. To ensure that insurance companies meet their obligations, the Insurance Act requires that after a discharge voucher has been delivered to the insurer, payment must be made within … days.
(a) 30 (b) 60 (c) 90 (d) 120

Policyholders are always looking for the opportunity to pay less premium and obtain maximum cover. Various NCD schemes provide them opportunity for this.

71. In the Nigerian insurance market under the erstwhile tariff system, the maximum NCD level is attained after … years of free claims regime.
(a) 5 (b) 4 (c) 3 (d) 2

72. An NCD scheme in which the policyholder can qualify for a full year's NCD after 6 months is called a/an …
(a) starter discount (b) initial discount
(c) accelerated NCD (d) Promo NCD

73. A situation where the insurer provides an agreement to maintain a particular insured's NCD level irrespective of the number of claims submitted is referred to as … discount.
(a) protected (b) agreed level (c) initial (d) guaranteed

74. Under … discount scheme, the policyholder pays additional premium once he has reached the maximum NCD in consideration that if he has one or two claims within a given period, he will not lose his NCD.
(a) top up NCD (b) protected NCD
(c) discretionary discount (d) preferential discount

75. Mr. Bibik has a company car attached to him which he drove for four conservative years without an accident/claim. He purchased his own personal car brought up his driving record before the insurers for NCD entitlement on his car. This would be an example of …
(a) isolated discount (b) starter discount
(c) choice discount (d) discretionary discount

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Chief Examiner's Comment
53.34% of candidates passed the course.

Comments on Overall Performance
The overall performance was just average.

Suggestion(s) on Improvement(s) (if any)
Candidates are encouraged to commence preparations early and study the whole syllabus as questions will usually cut across all the topics/chapters.

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

F07

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F07 – HOUSEHOLD INSURANCE PRODUCTS
YEAR 2025 OCTOBER DIET

L O G O

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 OCTOBER 2025 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:
Which insurance principle does new for old overrule?

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

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:
A household policy can be extended to cover motor insurance. (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 from by filling in the appropriate box.

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

1. The "principle of indemnity" in household insurance …
   (a) ensures the policyholder profits from a loss
   (b) limits claim payouts to the actual value of the loss
   (c) guarantees an automatic policy renewal after a claim
   (d) excludes high-value personal property from claims

2. The purpose of "claim adjusters" is to …
   (a) determine the validity and value of claims
   (b) recommend premium increases
   (c) sell additional policies to claimants
   (d) deny claims for underinsured properties

3. An insurance company may deny a claim for storm damage if the …
   (a) home is located in a storm-prone area
   (b) damage resulted from lack of maintenance
   (c) policyholder reported the claim promptly
   (d) repairs were started before the claim was filed

4. … is "loss assessment coverage" in household insurance.
   (a) Coverage for loss due to theft
   (b) Additional coverage for personal belongings
   (c) Protection against claims related to shared property losses
   (d) Coverage for accidental damage caused by tenants

5. The "principle of utmost good faith" in insurance …
   (a) requires full disclosure of all relevant information by both parties
   (b) ensures policyholders pay premiums without questioning terms
   (c) mandates insurers to accept all claims filed
   (d) guarantees profits for insurance companies

6. "Contents insurance" is designed to cover …
   (a) the physical structure of the home (b) Personal belongings inside the home
   (c) damage caused by tenants (d) the cost of utility bills

7. "Insurance endorsement" is important because it …
   (a) reduces premiums for policyholders
   (b) removes policy exclusions (c) guarantees higher claim payouts
   (d) modifies the original terms of the policy

8. "Loss of use coverage" is applicable …
   (a) when the home is uninhabitable after a covered event
   (b) when minor inconveniences are caused by maintenance issues
   (c) the policyholder decides to rent out their property
   (d) during periods of non-payment of premiums

9. The duty of a "claims assessor" is to …
   (a) determine the extent of loss and calculate claim value
   (b) approve premium discounts for policyholders
   (c) oversee the renewal process for expired policies
   (d) cancel policies without warning

10. "Peril" in an insurance policy means …
   (a) a type of insurance policy for luxury homes
   (b) a risk or event that can cause a loss
   (c) a refund process for unused premiums
   (d) an optional benefit for policyholders

11. "Policy renewal" is important for household insurance because it …
   (a) ensures continuous protection without a lapse in coverage
   (b) allows the insurer to add new exclusions to the policy
   (c) guarantees the highest possible premiums
   (d) prevents the policyholder from filing new claims

12. "Flood insurance" typically cover …
   (a) general water damage caused by burst pipes
   (b) damage caused by rising water levels or overflow of water bodies
   (c) costs of repairing old plumbing systems
   (d) expenses incurred due to water shortages

13. "Third-party liability" in household insurance is …
   (a) coverage for damages caused to other people or their property
   (b) protection against natural disasters
   (c) insurance for the policyholder's business activities
   (d) an optional feature for high-value homes

14. The purpose of "named perils coverage" is that it …
   (a) covers only risks specifically listed in the policy
   (b) includes all risks except exclusions
   (c) guarantees a refund of unused premiums
   (d) provides coverage for all accidental damages

15. "Policy cancellation" is regulated by insurance laws because it …
   (a) ensures that insurers do not arbitrarily terminate policies
   (b) allows insurers to adjust premiums frequently
   (c) allows policyholders to avoid paying premiums
   (d) prevents claims from being filed

16. "Hazard insurance" is critical in household policies because it …
   (a) includes coverage for unique perils like landslides
   (b) only applies to business properties
   (c) eliminates the need for deductibles
   (d) protects against specific risks such as fire, theft, and storms

17. A "home security system" is often rewarded by insurers because it …
    (a) reduces the risk of theft and property damage
    (b) guarantees higher claim payouts
    (c) eliminates the need for a deductible
    (d) replaces the need for household insurance

18. … is a "settlement offer" in the claims process.
    (a) A proposal from the insurer to resolve a claim for a specific amount
    (b) A decision to cancel the policy due to high-risk claims
    (c) A formal rejection of the policyholder's claim
    (d) An agreement to extend coverage after a claim has been made

19. "Deductible" affect a claim payout through …
    (a) reducing the total amount the insurer will pay for a claim
    (b) increasing the amount the insurer will pay for a claim
    (c) having no effect on the payout
    (d) making it possible to be the amount that the insurer will pay out of pocket

20. "Moral hazard" in insurance terms means the …
    (a) potential for increased risk because the policyholder is protected
    (b) risk that the insurer will underpay on claims
    (c) process of evaluating the value of property insured
    (d) risk of fraudulent claims by third parties

21. A "home inventory" help in the claims process by …
    (a) preventing claims from being rejected by the insurer
    (b) helping to establish proof of ownership and item values
    (c) determining how much the deductible will be
    (d) guaranteeing faster claim settlements

22. A "policy endorsement" is a …
    (a) special rider that adds or changes the coverage in an existing policy
    (b) document that cancels the insurance policy
    (c) notification that the insurer will not pay claims
    (d) clause that automatically reduces premiums after claims

23. "Re-Takaful" is …
    (a) a conventional form of insurance for large corporations
    (b) a reinsurance arrangement for Takaful insurance companies
    (c) a government subsidy for the insurance sector
    (d) insurance for renewable energy projects

24. The primary purpose of "homeowners liability insurance" is to …
    (a) ensure full coverage for all perils
    (b) insure the structure of the home against damage
    (c) cover medical expenses for household members
    (d) cover legal expenses if the homeowner is sued for injuries or damages

25. In relations to premiums, "home security system" …
   (a) can lead to premium discounts for reducing risk of loss
   (b) has no effect on premium rates
   (c) will increase the premiums due to installation costs
   (d) can make the policy void if not installed correctly

26. In household insurance policies, "accidental damage" covers damage caused by …
   (a) deliberate actions or negligence (b) natural disasters like storms
   (c) unintentional events such as drops or spills
   (d) only from vandalism

27. "Contents insurance" cover in a household policy means the …
   (a) structural elements of the property
   (b) liability for injuries caused by the property owner
   (c) damage caused by natural disasters like hurricanes
   (d) personal belongings inside the home, such as furniture and electronics

28. A "no-claims discount" in insurance means a …
   (a) reward given to policyholders who do not file any claims during the policy term
   (b) penalty applied to those who file multiple claims
   (c) policy feature that guarantees higher coverage
   (d) type of insurance designed for businesses

29. "Personal liability" coverage in household insurance is …
   (a) coverage that protects the homeowner if someone is injured on their property
   (b) insurance that covers the homeowner's health expenses
   (c) coverage that reimburses the homeowner for lost personal items
   (d) coverage for legal disputes with neighbors

30. The significance of the "age of the property" in household insurance is that …
   (a) it determines the amount of coverage based on depreciation
   (b) it is irrelevant in calculating premiums
   (c) older properties typically receive lower coverage
   (d) it affects the property's eligibility for certain types of coverage

31. In Liability insurance, "aggregate limit" means the …
   (a) total coverage available for all claims in a policy period
   (b) maximum payout per claim (c) minimum deductible required
   (d) total premiums paid by the policyholder

32. "Liability insurance" in the context of household policies is …
   (a) insurance that covers damages to the home caused by fire
   (b) a policy designed only for homeowners with rental properties
   (c) coverage for damage to the home's contents
   (d) coverage for injuries or damages that the policyholder might cause to others

33. "Excess" in relation to household insurance means the …
(a) amount the insurer will contribute towards a claim
(b) premium amount that needs to be paid before claims are made
(c) deductible or the amount the policyholder must pay before the insurer covers the rest
(d) total payout that will be given after the claim is processed

34. The primary goal of "burglary insurance" in household policies is to provide coverage for …
(a) stolen property and damages caused by a break-in
(b) injuries sustained during a break-in
(c) property damage caused by a burglary
(d) the replacement of locks and keys after a burglary

35. In household insurance, the term “underinsured" means the …
(a) value of the coverage is higher than the property’s actual worth
(b) property is not covered for any risks
(c) policyholder is overpaying for insurance
(d) policyholder has insufficient coverage for the full value of their property

36. In household insurance, "loss of use" coverage means …
(a) compensation for lost wages due to property damage
(b) coverage for additional living expenses when the home is uninhabitable
(c) compensation for loss of personal property
(d) coverage for repair costs of appliances

37. A "policyholder" in household insurance means the …
(a) person who receives payouts from the insurance company
(b) insurance agent responsible for the claim process
(c) person or entity who owns the insurance policy
(d) person who decides the terms of the insurance policy

38. "Reinsurance quota share" is a …
(a) bonus for reinsurers accepting multiple policies
(b) fixed cap on claim payouts per incident
(c) method to exclude high-risk perils from policies
(d) proportional sharing of premiums and claims between insurers and reinsurers

39. In a household insurance policy, "liability coverage" protect against …
(a) damage caused by natural disasters like floods and earthquakes
(b) damage caused by the policyholder's negligence in maintaining the property
(c) loss of rental income due to damage to the property
(d) injuries or property damage to others caused by the policyholders or their families

40. “Replacement cost coverage" differ from "actual cash value" in household insurance by …
   (a) replacement cost coverage is higher because it includes depreciation
   (b) replacement cost covers the full cost to replace property, while actual cash value deducts depreciation
   (c) actual cash value offers better coverage than replacement cost coverage
   (d) replacement cost coverage is only available for specific items

41. "Cash value insurance" in the context of household policies is insurance that …
   (a) covers repair costs regardless of depreciation
   (b) only covers the physical structure of the home
   (c) reimburses the policyholder with the amount equal to the property’s current market value
   (d) reimburses the policyholder based on the original purchase price

42. "Inflation protection" benefits a homeowner’s insurance policy in that it …
   (a) excludes damage caused by inflation-related factors
   (b) guarantees that the insurance premium stays fixed for life
   (c) automatically adjusts the coverage amount to keep pace with inflation and rising repair costs
   (d) offers a discount for homeowners who maintain inflation-adjusted property values

43. In household insurance, "third-party liability" covers …
   (a) damages caused to a third party's property or injury due to the policyholder's actions
   (b) coverage for damages caused by natural disasters to a third party's property
   (c) insurance for damage caused to the policyholder’s own property
   (d) protection against theft of a third party’s property on the insured property

44. In household insurance, the term "insured event" refers to …
   (a) an event or accident that is covered by the insurance policy
   (b) a meeting between the policyholder and the insurance company
   (c) an annual review of the policy
   (d) an event where the policyholder receives a refund for unused coverage

45. In household insurance, "all-risk" term provides coverage …
   (a) for a specific set of risks, such as fire or theft
   (b) that only applies in natural disaster situations
   (c) for all types of risks except those specifically excluded in the policy
   (d) for only high-value items like jewelry and electronics

46. In household insurance, "vandalism" is …
   (a) the accidental damage caused by children or pets
   (b) theft of personal property from the home
   (c) damage caused by natural disasters like storms or earthquakes
   (d) deliberate damage or destruction of property, often due to malicious intent

47. The purpose of "home contents insurance" is to cover …
   (a) only the building's structure
   (b) personal property and belongings inside the home from risks like theft, fire, or damage (c) damage to the roof, walls, and windows of the home
   (d) the homeowner’s legal fees

48. The purpose of "temporary accommodation" coverage in household insurance is to …
   (a) cover the cost of repairing the property
   (b) cover the policyholder's medical expenses
   (c) provide funds for the policyholder to live elsewhere while their home is being repaired (d) cover the cost of legal fees in case of disputes

49. In household insurance, a "total loss" means a …
   (a) situation where the property is completely destroyed or damaged beyond repair
   (b) situation where only a portion of the property is damaged
   (c) scenario where the policyholder cancels the policy
   (d) claim for damages caused by accidental injury

50. Nigerian Insurers Association (NIA) play the role of … in the insurance industry.
   (a) setting premiums for insurance companies
   (b) enforcing the regulatory requirements for insurers
   (c) representing insurers and promoting the insurance industry in Nigeria
   (d) approving insurance claims for policyholders

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

51. Fire caused by negligence is always excluded from household insurance policies.
52. Household insurance usually covers the cost of repairing structural damage to the property.
53. A policyholder is required to pay a deductible before the insurance coverage kicks in for a claim.
54. Policyholders are obligated to notify their insurer of any changes in the condition of their homes home’s condition that could affect the insurance coverage.
55. Home insurance policies in Nigeria are compulsory for all residential buildings.
56. House insurance premiums are generally lower for properties located in high-risk areas, such as flood zones.
57. A household insurance policy can be transferred to a new property without any restrictions.
58. House insurance policies generally cover property loss caused by flooding in Nigeria.
59. Home insurance policies in Nigeria are not available for renters; they are only for property owners.
60. A home insurance policy usually covers damage caused by fire, but not by the actions of the homeowner.

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

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

Mr. and Mrs. Essien returned from a two-week vacation to find their home in Calabar had been burgled. Valuables, including electronics and jewelries were stolen. Fortunately, their household insurance policy covered theft, and they were compensated for the stolen items after submitting proof of ownership and a police report.

61. What did the Essiens' household insurance policy cover in this incident?
    (a) Damage to the structure of the home
    (b) The stolen valuables
    (c) Expenses for replacing locks
    (d) Travel costs from the vacation

62. What documentation did the Essiens provide to file their claim?
    (a) A police report and proof of ownership
    (b) Testimonies from neighbours
    (c) A detailed repair estimate
    (d) Their travel itinerary

63. Under what condition might their claim have been denied?
    (a) If they had secured their home before leaving
    (b) If the burglary had occurred during daylight hours
    (c) If they failed to provide proof of ownership for stolen items
    (d) If the incident was reported to the police

64. What precautions could the Essiens take to minimise theft while away?
    (a) Install a home security system and notify neighbors of their absence
    (b) Avoid leaving valuables inside the home
    (c) Avoid purchasing insurance for theft
    (d) Leave doors and windows unlocked to avoid breakage.

65. What type of insurance might supplement their existing policy?
    (a) Jewellery-specific insurance for high-value items
    (b) Auto insurance
    (c) Health insurance
    (d) Travel insurance

After heavy rainfall in Abakaliki, a landslide occurred, damaging the walls and foundation of Mr. Obi's home. His standard household insurance policy did not include landslide coverage. He later opted for a separate geological hazard insurance policy for future protection.

66. Why was the landslide damage not covered under Mr. Obi's standard policy?
    (a) Landslides are not covered in standard policies unless specified
    (b) The home was newly built
    (c) The damage was too minor to be claimed
    (d) Landslides are covered only for renters

67. What type of insurance would cover landslide damage?
    (a) Contents insurance
    (b) Fire insurance
    (c) Auto insurance
    (d) Geological hazard insurance

68. How can homeowners in landslide-prone areas mitigate risks?
    (a) Ignore visible signs of soil instability
    (b) Purchase auto insurance for their vehicles

(c) Avoid building on steep slopes and maintain proper drainage systems
(d) Avoid purchasing insurance altogether

69. What immediate steps should Mr. Obi have taken after the landslide?
(a) Repair the damage before filing a claim
(b) Document the damage and contact his insurer
(c) Avoid reporting the incident to anyone
(d) Dispose of all damaged materials

70. What additional insurance might Mr. Obi consider for comprehensive protection?
(a) Flood insurance for heavy rainfall events
(b) Health insurance for medical costs (c) Auto insurance for vehicles
(d) Cyber liability insurance

Mr. and Mrs. Olawale, homeowners in Lagos, discovered that a burst pipe in their kitchen caused water damage to the cabinets and flooring. Fortunately, their household insurance policy covered water damage from accidental leaks. The insurer approved the claim, enabling them to repair the kitchen and replace the damaged flooring.

71. What type of damage was covered under the Olawales' policy?
(a) Damage from flooding caused by natural disasters
(b) Water damage from accidental leaks
(c) Regular wear and tear of kitchen fixtures
(d) Damage due to homeowner negligence

72. What might not be covered in such cases under a household insurance policy?
(a) Sudden and accidental water damage
(b) Damage resulting from poor maintenance
(c) Repairs to the plumbing system
(d) Damage to personal items in the kitchen

73. How can homeowners prevent water damage from burst pipes?
(a) Regularly inspect and maintain plumbing systems
(b) Only address leaks when they cause visible damage
(c) Avoid using water during rainy seasons
(d) Rely on insurance to handle all plumbing issues

74. What should the Olawales do immediately after discovering a burst pipe?
(a) Notify their insurance company and document the damage
(b) Disregard the incident if it seems minor
(c) Attempt all repairs themselves before filing a claim
(d) Wait a few weeks before contacting their insurer

75. What additional coverage might complement the Olawales' household policy?
(a) Cyber liability insurance (b) Auto insurance for vehicle repairs
(c) Life insurance for medical emergencies
(d) Flood insurance for natural disaster-related water damage

Chief Examiner's Comment
100% of candidates passed the course.

Comments on Overall Performance
The overall performance was excellent.

Suggestion(s) on Improvement(s) (if any)
Candidates should imbibe the act of excellence displayed in this course this diet on all other courses. Very impressive performance.

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

F08

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION F08 – HEALTHCARE INSURANCE PRODUCTS YEAR 2025 OCTOBER DIET

L O G O

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 OCTOBER 2025 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 from by filling in the appropriate box.

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

1. … serves as "insurer" in providing health insurance in Nigeria.
   (a) HMOs (b) NHIS (c) NSITF (d) NHS

2. In the classification of hospitals in Nigeria, … group of hospitals is referred to as tertiary.
   (a) General Hospitals (b) Health Centres
   (c) Federal Medical Centre (d) Teaching Hospitals

3. The provision that where an insurer requires an insured to complete a proposal form, it shall be done in a certain manner is contained in Section … of the Insurance Act 2003.
   (a) 54(1) (b) 54(2) (c) 63(1) (d) 63(2)

4. … policy is also referred to as mortgage payment protection insurance.
   (a) Payment Protection Insurance (b) Pre-Funded
   (c) Long Term Care (d) Accident Sickness and Unemployment Insurance

5. … is referred to as an alternative to traditional PMI.
   (a) Travel Insurance (b) Cancer only
   (b) Health Care Plan (d) Major Medical Expenses

6. … is part of the general insurance group in Nigeria.
   (a) Group Life Insurance (b) Individual Life insurance
   (c) Personal Accident Insurance (d) Health Insurance

7. … are 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

8. A person will receive a discount of 10% for being a member of a sports club or an employee of a particular organisation as a result of … discount.
   (a) payment (b) affinity (c) voluntary (d) earned

9. Medical saving plans combine some forms of savings with … insurance.
   (a) fidelity (b) money (c) travel (d) medical

10. PMI means …
    (a) Public Medical Insurance (b) Public Medical Institution
    (c) Private Medical Institution (d) Private Medical Insurance

11. Most PMI policies are supported by a … benefits.
    (a) link (b) chat of (c) list of (d) table of

12. The group PMI schemes only cover …
    (a) acute, non-emergency treatment (b) emergency treatment
    (c) accidental injuries (d) critical illness

13. … policies pre-date critical illness (CI) cover but work in a similar way like CI cover.
(a) Health Cash Plan (b) Major Medical Expenses
(c) Budget Policies (d) Cancer only Cover

14. Which of these is a disadvantage of direct marketing of health insurance?
(a) Insurers (b) Brokers
(c) IFAs (d) Employee Benefits Consultants

15. … is the largest provident association as it relates to Health Insurance.
(a) AXA (b) HAS (c) BUPA (d) NHS

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

17. An international medical insurance policy will not cover …
(a) surgeon's fee (b) home nursing
(c) all expenses for in-patient day patient (d) None of the above

18. 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
(c) accommodation cost (d) menu lines

19. The health insurance programme in Nigeria is provided through the authority of …
(a) NHS (b) NHIS (c) PMI (d) NICE

20. The body corporate in Nigeria responsible for health insurance was established in Year….
(a) 1999 (b) 2004 (c) 2014 (d) 2015

21. At the outset, the NHS introduced the concept of healthcare that was free at the point of use for every citizen. This means all below except that …
(a) the NHS provides a comprehensive service available to all
(b) access to NHS service is based on clinical need
(c) the NHS does not aspire to the highest standards of excellence and professionalism
(d) the NHS is accountable to the public.

22. …. includes therapies outside the 'traditional' medicine like acupuncture and homeopathy.
(a) PMS (b) Emergencies
(c) Complimentary medicine (d) Cosmetic surgery

23. … is regarded as incidences that will occur as sudden or unexpected illness or injuries that requires immediate hospital attention.
(a) PMS (b) Emergencies
(c) Complimentary medicine (d) Cosmetic surgery

24. … is covered by PMI.
(a) Long-term physical disability (b) Normal pregnancy and childbirth
(c) Chronic illness (d) Treatment of fever

25. … is not a provident insurer.
(a) AXA (b) NHS (c) BUPA (d) HSA

26. The law regulating health insurance in Nigeria is ….
(a) National Health Insurance Act 1999
(b) National Insurance Commission Act 1997
(c) Insurance Act 2003 (d) Employee Compensation Act 2010

27. … can trace its ancestry as a movement back to the nineteenth century.
(a) Third-Party Administrator (b) Health and Dental Cash Plans
(c) National Health Service (d) Private Medical Insurance

28. The strengths of both TPAs and consultancies are all these, except …
(a) independence (b) flexibility (c) finance (d) information

29. In Nigeria, primary healthcare is the responsibility of …
(a) council wards (b) local governments
(c) state governments (d) federal government

30. In their annual survey of the health insurance market, Laing Buisson estimated that at the start of Year 2017, … million subscribers had health insurance cover.
(a) one (b) two (c) four (d) six

31. … is not an alternative way for employers to deliver private healthcare for employees.
(a) Self-Funded Schemes (b) Health Trusts
(c) Health and Dental Cash Plans (d) National Health Service

32. Health insurance is a form of …
(a) social contract (b) social indemnity
(c) social security (d) social finance

33. …, as a country, have the highest percentage of public health expenditure.
(a) USA (b) Japan (c) Spain (d) Ireland

34. The most common categories of expatriate international medical insurance policies will not include …
(a) a specific country or region (b) a local government area
(c) Europe only (d) rest of the world

35. The regulator of health insurance in Nigeria is …
(a) NHIS (b) NHS (c) PMI (d) NSITF

36. The purpose of PMI is …
   (a) to pay cost of secondary acute cure received outside the national health insurance
   (b) to pay cost of secondary acute cure received within the national health insurance
   (c) to pay for disability benefit (d) to pay for sickness benefit

37. Medical insurance will not enable people to …
   (a) receive information which can help on medical matters
   (b) pay for disability benefit (c) avoid to have wait for treatment
   (d) receive medical treatment

38. … is a disease, illness or injury that has one or more of the characteristics of needing ongoing or long-term monitoring through consultations, examinations, check-ups, and/or tests; needing ongoing or long-term control or relief of symptoms, e.t.c.
   (a) Acute condition (b) Chronic condition
   (c) Severe situation (d) Specialist situation

39. The PMI policy will not be cancelled if the insured …
   (a) fails to pay the premium (b) dies
   (c) is sick (d) moves abroad

40. The regulator of the insurance industry in Nigeria is …
   (a) NCRIB (b) CBN (c) NHIS (d) NAICOM

41. The highest band covers …
   (a) the cheapest in accommodation (b) the most beautiful hospital
   (c) the most expensive in accommodation
   (d) what the insurer feels about the hospital

42. The widest Personal PMI is provided as …
   (a) standard (b) comprehensive (c) band (d) international

43. Herbalism, chiropractic etc are examples of …
   (a) orthodox medicine (b) physiotherapy
   (c) complementary therapy (d) prosthesis

44. Specialist fees include …
   (a nursing fees (b) accommodation fees
   (c) anesthetist fee (d) fees for day case treatment

45. The procedure for the removal of skin legion for a surgeon is classified as …
   (a) major plus (b) intermediate (c) minor (d) standard

46. The procedure for the removal of wisdom teeth for a surgeon is classified as …
   (a) major plus (b) intermediate (c) minor (d) standard

47. The procedure for the removal of wisdom teeth for an anesthetist is classified as …
   (a) major plus (b) intermediate (c) minor (d) standard

48. The procedure for heart by-pass for an Anesthetist is classified as …
(a) major plus (b) intermediate (c) minor (d) complex major

49. The procedure for partial thyroidectomy for a surgeon is classified as …
(a) major plus (b) intermediate (c) major (d) complex major

50. … is the term for blood and urine test.
(a) Prosthesis (b) Pathology (c) Radiology (d) Physiotherapy

51. … should not be included in PMI Comprehensive policies for standard benefits.
(a) A cash payment for each night spent in hospital
(b) Treatment overseas (c) Home nursing facilities
(d) Use of private road ambulance to cover transfers between hospitals

52. … have become increasingly popular by allowing individuals to buy some protection against the cost of private treatment while keeping premiums to a minimum.
(a) Mid-range Policies (b) Comprehensive Policies
(c) International Policies (d) Budget Policies

53. The Limited Benefit Policies are forms of …
(a) mid-range policies (b) comprehensive policies
(c) international policies (d) budget policies

54. PMI means …
(a) Public Medical Insurance (b) Private Medical Insurance
(c) Public Medical Institution (d) Private Medical Institution

55. … is also usually paid for by the company and may cover pre-existing conditions.
(a) Small Group Schemes (b) Middle Group Schemes
(c) Large Group Schemes (d) Affinity Schemes

56. … will cover 80 or more employees.
(a) Small Group Schemes (b) Middle Group Schemes
(c) Large Group Schemes (d) Affinity Schemes

57. … falls midway between individually paid PMI and group schemes.
(a) Small Group Schemes (b) Middle Group Schemes
(c) Large Group Schemes (d) Affinity Schemes

58. … is the term used for a surgical implanted device intended to remain permanently in a part of the body.
(a) Physiotherapy (b) Prosthesis
(c) Theatre treatment (d) Surgical dressing

59. The rate of increase in the cost of technology and surgical procedures has risen faster than ...
(a) medical cost inflation (b) RPI
(c) billing (d) accommodation fees

60. … policies provide similar cover to comprehensive policies with the exception of certain benefits such as the cash benefit.

(a) Standard (b) Basic (c) Mid-range (d) International

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

Answer True (T) or False (F).

61. Medical history disregarded usually applies to large group schemes where pre-existing medical conditions are covered.
62. In some cases, an insurer may be prepared to offer continued personal medical exclusions (CPME), which may be marketed as its switching terms.
63. Lifestyle is not considered in medical underwriting.
64. Individual policies are usually not subjected to the strictest levels of underwriting.
65. Age is not a rating factor in health insurance.
66. Members of an affinity group may get discounts as long as they remain a member of that affinity group.
67. Most traditional schemes simply exclude all pre-existing conditions.
68. Travel insurance covers all pre-existing conditions.
69. Income protection is usually underwriting in the same way as a life insurance policy.
70. Critical Illness insurance is usually underwritten in the same way as life insurance policy.
71. There are five stages of the claims process in PMI.
72. Pre-authorisation means that the insurer is not consulted prior to the member receiving medical treatment.
73. PMI insurers use the direct settlement of bills for those who provide medical treatment and services.
74. Electronic billing is a specialist software used by hospitals or specialists to record details of claim along with their costs or fees.
75. Claim forms are not always necessary but will typically still be used on contentious claims, dental and health cash plans.
76. Medical inflation has not risen more rapidly than the Retail Price Index measure of inflation.
77. PMI insurers do not negotiate pricing agreements with hospital for each bed category, procedure, diagnostic and consumable, with prices fixed against mutually agreed limits.
78. PMI insurers have not employed medical professionals to develop clinical guidelines sometimes known as protocols or care pathway.
79. Networks are where an insurer select specific facilities, consultants and/or medical protocols to form a network to carry out particular forms of treatment or diagnostics.
80. A session is defined as a notional half day.
81. One of the objectives of NHIS is to protect families from the financial hardship and huge medical bills.
82. NAICOM is the regulator of health insurance in Nigeria.
83. PMI is to provide social health insurance in Nigeria where health care services of contributors are paid from the common pool of funds contributed by the participants of the scheme.
84. The Employee Compensation Scheme is to provide for an open and fair system of guaranteed and adequate compensation for all employees or their dependants for any death.
85. There is no difference between public and private sector healthcare system.

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

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

Ms. Bolanle Alo visited her doctor a few months ago complaining of a bad back. The doctor undertook an investigation but could not find nothing wrong. Janet was given painkillers and adviced regarding posture. Although she had not had any recurrence, her PMI underwriter has applied an exclusion related to her back.

86. If she requires treatment for a back condition in the future, her PMI policy will …
    (a) cover her (b) not cover her (c) exempt her (d) exclude her

87. Supposing the insurer wants to give a general basic exclusion, what is it called in medical insurance policies?
    (a) Full medical underwriting (FMU)
    (b) Exclusion of all pre-existing medical conditions
    (c) Moratorium underwriting (d) Medical history disregarded

88. In case Ms. Bolanle Alo belongs to large group schemes where pre-existing medical conditions are covered, what is this called?
    (a) Full medical underwriting (FMU)
    (b) Exclusion of all pre-existing medical conditions
    (c) Moratorium underwriting (d) Medical history disregarded

89. In a situation where there is no requirement – and no opportunity – for the applicant to declare their medical history, this is called …
    (a) Full medical underwriting (FMU)
    (b) Exclusion of all pre-existing medical conditions
    (c) Moratorium underwriting (d) Medical history disregarded

90. Which of these will pay disability benefit in case she was sick and out of work for a period of six months?
    (a) Personal Accident Insurance (b) Medical Insurance
    (c) Health Insurance (d) Sickness Insurance

Jackson Nigeria wants to insure the injuries to its employees in line with the provisions of the law and also those that have to do with their health. The company has forty (40) staff members and wants the insurance to be same for all staff irrespective of their salary.

91. The company can buy such insurance with the benefits being same amount for all staff.
    (a) True (b) False (c) In doubt (d) Avoid it

92. Which law makes it compulsory that such a company will buy such a cover?
    (a) Insurance Act 2003 (b) Pension Reform Act 2004
    (c) Employee Compensation Act 2010 (d)National Insurance Commission Act 1997

93. Which of these is a compulsory against injury and death of employees which must be taken by employers?
(a) Employee Compensation Insurance (b) Pension
(c) Group Life Insurance (d) Health Insurance

94. Which of these is the insurer in Nigeria for risks of injury or death to employees?
(a) NHS (b) NSITF (c) PMI (d) NIA

95. Which of these is associated with the selling of health insurance in Nigeria?
(a) HMO (b) MHS (c) NSITF (d) NIA

Mr. and Mrs. Adigun Maderubami proposed for healthcare insurance policy for their family. The couple got married ten (10) years ago, and Mrs. Maderubami have had a caesarean operation twice. The first operation took place about five years ago and the second surgery was done about three years ago. The couple is expecting the third child and they decided to move their covers from existing HMO believing they are paying higher premium.

96. Underwriting is about … for every proposal initiated by their customer.
(a) analysing (b) investigation
(c) assessment (d) diagnosing an applicant's medical condition

97. From the above case study, Mrs Maderubami is considered as a … risk/hazard.
(a) higher (b) physical (c) moral (d) low

98. From the above case study, insurer will always look at each case differently. To this end, the underwriter will consider the care of Mr. and Mrs. Adigun Maderubami as …
(a) varying degree of risk (b) same degree of risk
(c) severity (d) frequency and risk

99. What options do you think the underwriter will consider over the seemingly high risk that Mrs. Maderubami brings to the transaction?
(a) Loading the premium (b) Declare the premium
(c) Reviewing the premium (d) Accept the cover as proposed

100. In Risk Management, how would you have compared Mrs. Maderubami proposed risk contribution to the transaction with that of her husband?
(a) Frequency (b) Frequency and severity
(c) Severity (d) None the above

Chief Examiner's Comment
70.59% of candidates passed the course.

Comments on Overall Performance
The overall performance was above average.

Suggestion(s) on Improvement(s) (if any)
Candidates are encouraged to thoroughly study and understand the course being prepared for in order to boost their performances during examinations.

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F10 – INSURANCE BROKING PRACTICE - I
YEAR 2025 OCTOBER DIET

L O G O

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 OCTOBER 2025 DIET CANDIDATES' INSTRUCTIONS.

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION

F10 – INSURANCE BROKING PRACTICE - I

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 Broker in claims processing is to …
(a) pay the claim (b) support the insurer (c) support the insured
(d) be the intermediary between the insurer and the insured.

The correct option is (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:
The insurance market consists of different categories of intermediaries. (True or False).
The correct option is True (T).

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 from by filling in the appropriate box.

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

1. In the insurance market, the person who facilitates bringing the principal and the client into a contractual agreement with the insurance company is called the …
   (a) agent (b) representative (c) mediator (d) broker

2. In Nigeria, the remuneration received by brokers is referred to as …
   (a) fees (b) indemnity (c) brokerage (d) compensation

3. Engaging a broker minimises the risk of an unfavorable outcome for the insured. Brokers are responsible for ensuring that clients fully understand the insurance products being contractually committed to with the insurer. This responsibility stems from the broker's...
   (a) independence (b) expert knowledge
   (c) relationship with insurer (d) matter of convenience

4. The Nigerian Council of Registered Insurance Brokers, formerly known as the Nigerian Corporation of Insurance Brokers, was established in the Year …
   (a) 1952 (b) 1960 (c) 1962 (d) 1972

5. The NCRIB was incorporated on …
   (a) 9th May 1967 (b) 6th May 1976 (c) 9th May 1976 (d) 6th May 1986

6. … is an independent body representing the interest of Insurance and Reinsurance Brokers who operate in London and international markets.
   (a) London and the International Insurance Brokers Association
   (b) British Insurance Broking Association
   (c) International Underwriting Association (d) Corporate Affairs Commission

7. In a situation where a broker has no direct contact with the policyholder but is engaged by another broker to access a preferential market and policy coverage, such a broker is referred to as a … broker.
   (a) reinsurance (b) retail (c) consolidation (d) wholesale

8. Risk … is the term for identifying, analyzing, and economically controlling risks that threaten an enterprise's assets or earning capacity.
   (a) control (b) avoidance (c) management (d) evaluation

9. The functions within an insurance broking organisation include …
   (a) compliance (b) back office function (c) (a) and (b) (d) segmentation

10. The reason for using insurance brokers by clients is ...
    (a) convenience (b) expert knowledge
    (c) assistance with claims (d) all the above

11. Traditional broking services exclude …
    (a) design and operation of insurance programme by the broker.
    (b) actual payment of claims by the broker.
    (c) negotiation and placement by the broker
    (d) selection of insurers by the broker.

12. One of the key material facts that should be disclosed to the underwriter is the client's...
(a) family history (b) conflict of interest
(c) premium payment history (d) loss experience

13. The Insurance Act 2003 modifies the duty of utmost good faith, which underlies the insurance contract, by introducing the duty of …
(a) material circumstances (b) fair circumstances
(c) fair presentation (d) fair misrepresentation

14. Apart from fraud, under the Nigerian Insurance Act 2003, an insurer will only be entitled to avoid a policy entirely when the breach of fair representation is …
(a) careless (b) reckless (c) deliberate (d) (b) and (c)

15. In Nigeria, when selecting an insurance company to trade with, a broker must consider the …
(a) shareholders of the company (b) class of business
(c) regulation (d) both (a) and (b)

16. When assessing which insurers to approach, a broker considers the following criteria except…
(a) quality of service (b) flexibility
(c) capacity (d) listing on the stock exchange

17. In handling claims, the regulator requires insurance companies and brokers to act…
(a) decisively (b) promptly and fairly
(c) without prejudice (d) in the best interest of the industry

18. When an individual or firm exaggerates or inflates a genuine claim to increase the payout value, this situation is called…
(a) organised fraud (b) misrepresentation
(c) fraudulent representation (d) opportunistic fraud

19. In the insurance market cycle, a higher frequency of claims and increased claims costs, combined with lower premiums, lead to capital exiting the market. This situation is known as…
(a) soft market (b) hard market (c) recession (d) deposition

20. The insurance market functions in a cycle, where insurance … fluctuates depending on the market phase at any given time.
(a) profit (b) turnover (c) rates (d) dividend

21. Lloyd's market is a/an .,,
(a) group of brokers (b) group of underwriters
(c) institution (d) stock exchange

22. The business activities of Lloyd's managing agents are also regulated by the FCA. FCA stands for…
(a) Fair Conduct Authority (b) Financial Collation Authority
(c) Financial Conduct Authority (d) Financial Crime Authority

23. The purpose of Reinsurance is to …
(a) ensure perfect underwriting (b) ensure brokerage is paid promptly
(c) provide support for Insurer entering new areas of business.
(d) to protect the broker placing the business.

24. The process where a reinsurer places reinsurance with another reinsurer is known as…
(a) retrocession (b) retroceding (c) cessionaire (d) reinsurance

25. Generally speaking, a broker who arranges and conducts insurance directly on behalf of the insured or policyholder is a … broker.
(a) stock (b) wholesale (c) retail (d) reinsurance

26. When risk control as an elimination process involves physical measures to minimize the extent of damage when it occurs, it is called risk …
(a) avoidance (b) survey (c) management (d) minimisation

27. The broker can play a significant role in the client's risk management through risk identification by…
(a) collating premium payment history (b) conducting survey
(c) premium financing (d) claims settlement history

28. Specialist risk management services offered as additional services by large broking firms may generate additional …
(a) commission (b) brokerage (c) fees (d) profit commission

29. A general term used to describe various non-traditional forms of reinsurance and techniques where risk is transferred to the capital market is known as…
(a) captive risk transfer arrangement (b) delegated authority arrangement
(c) alternative risk transfer mechanism (d) specialised risk transfer method

30. An entity to which an insurer can grant delegated authority is called a …
(a) managing general agent (b) alternative risk holder
(c) cover holder (d) wholesale broker

31. An entity responsible for underwriting risks and primarily serving one or more insurance companies or capacity providers is known as …
(a) managing general agent (b) coverholder
(c) reinsurer (d) wholesale brokers

32. One of the main challenges for the insurer in a Delegated Authority agreement is the potential reliance on a single market…
(a) loss of control (b) increased workload
(c) potential conflict of interest (d) insured reporting and audit requirements

33. An insurance broker acts as the agent of their principal, the insured, and carries out several duties except …
   (a) negotiate with insurers on their client's behalf
   (b) advice their principal on general staff matters (c) negotiate on renewal
   (d) provide advice and make recommendations to their client

34. Brokers are required to account for all funds received on behalf of their principal and maintain records of all transactions. This type of relationship is known as…
   (a) trustee relationship (b) financial relationship
   (c) fiduciary relationship (d) ethical relationship

35. The law of agency serves as the primary legal framework governing brokers. Like any other individual or organisation, brokers also have a common law duty under …
   (a) trustee relationship (b) principle of tort
   (c) principle of contractual agreements (d) principle of non-disclosure

36. To manage conflicts of interest, meet client needs, and comply with regulatory disclosure requirements, broking firms establish formal written agreements with their clients and insurers. This is known as…
   (a) service level agreement (b) term of business agreement
   (c) business understanding and agreement (d) working relationship agreement

37. The application fee for registration with NAICOM as an insurance broker is …
   (a) ₦100,000.00 (b) ₦150,000.00 (c) ₦200,000.00 (d) ₦250,000.00

38. … is a requirement for the renewal of an insurance broker's license by NAICOM.
   (a) Evidence of payment of Renewal fee of ₦200,000.00
   (b) Evidence of payment of 10% of Brokerage or minimum of ₦200,000.00 whichever is greater.
   (c) Evidence of NCRIB membership.
   (d) Evidence of Directors membership of CIIN.

39. NAICOM is set to adopt Risk-Based Supervision. The primary objective of this approach is to protect the …
   (a) industry (b) government (c) consumer (d) shareholders

40 In enforcing discipline against an erring insurance broking firm, NAICOM may impose the following sanctions, except …
   (a) cancellation of registration at CAC (b) prosecution for a criminal offence
   (c) financial penalty (d) public censure

41. A regulated insurance broker that submits a false return or carelessly provides inaccurate information to NAICOM will be subject to a fine of ...
   (a) ₦100,000.00 (b) ₦200,000.00 (c) ₦250,000.00 (d) ₦500,000.00

42. What does AML/CFT stand for?
(a) Anti Money Laundering/Crime Financing terrorist
(b) Anti Money Laundering/ Criminal Financial Terrorism
(c) Anti Money Laundering/ Combating Financial Terrorism
(d) Anti Money Laundering/ Crime Financial Terrorism

43. All Insurance Broking firms are expected to file with NFIU and copy NAICOM within 7 days any single cash transaction involving a corporate body in excess of ,,,
(a) ₦5,000,000.00 (b) ₦3,000,000.00
(c) ₦2,000,000.00 (d) ₦1,000,000.00

44. In Nigeria, when an insurance business is conducted through an insurance broker, the broker is required to remit the collected premium to the insurer no later than … days
(a) 7 (b) 30 (c) 60 (d) 90

45. A refund of premium paid to the client due to a policy change during the contract term that results in a reduced risk is known as…
(a) unearned premium (b) mid-term adjustment
(c) short-term adjustment (d) short-term review

46. In Nigeria, the commission rate, typically expressed as a percentage, is strictly regulated and monitored by NAICOM. The approved commission payable for Group Life Insurance is …
(a) 9% (b) 10% (c) 12.5% (d) 20%

47. Client retention is a highly desirable growth strategy for brokers, as the costs associated with acquiring new clients can be significant. … is an example of such a cost.
(a) NAICOM levy (b) business continuity cost
(c) sales staff cost (d) IT and communication cost

48. An insurance broking firm can achieve business growth by selling additional products or services to an existing client. This is referred to as…
(a) opportunistic selling (b) cross selling
(c) additional sales (d) multiplier effect

49. For a broking firm to achieve growth and maintain business sustainability, it requires regular …
(a) NAICOM support (b) new clients
(c) cross selling (d) NCRIB support

50. … does not reflect good conduct for a broking firm.
(a) Efficient handling of complaints
(b) Convincing the insurer to settle a suspicious claim
(c) Provision of service excellence (d) High quality advice

51. The collective values, attitudes, standards, and beliefs that shape the identity of an organisation and define its operational nature are referred to as …
(a) organisation integrity (b) administrative system
(c) corporate culture (d) corporate governance

52 Broking firms with a strong corporate culture are more likely to achieve …

(a) corporate governance pressure (b) exceeding customer expectation
(c) business sustainability (d) peers respect and admiration

53. A deliberate, reckless, or negligent sale of a product or service where the contract is misrepresented or the product/service is unsuitable for the customer's needs is called…

(a) cross selling (b) poor selling (c) mis selling (d) bad selling

54. … is an added value to the core services provided by insurance brokers.

(a) The traditional broking services (b) Risk Management
(c) Services to Insurers (d) Business continuity planning

55. In an Agency Agreement, an Agent has the right to claim from their Principal all expenses or losses incurred while acting on behalf of the Principal. This is called …

(a) contractual agreement (b) indemnity
(c) reward (d) contribution

56. When a client places business with more than one insurer, some conflicts may be inevitable. This potential conflict can be resolved by…

(a) proper accountability
(b) clear disclosure and the agreement of all parties
(c) utmost good faith (d) implied understanding and agreement

57. If NAICOM believes that a firm has failed to meet a requirement imposed under the Insurance Act 2003, it may issue a public statement of misconduct. This is called …

(a) regulatory order (b) public censure
(c) public warning (d) public shame

58. NAICOM's requirements for registering as an insurance broker excludes …

(a) Duly complete application form 20 (b) Memo and Article of Association
(c) NCRIB membership certificate
(d) Current company tax clearance certificate

59. An insurance broking firm is required to appoint a Compliance Officer responsible for monitoring compliance with all anti-money laundering laws, regulations, and guidelines. The officer expected to take on this role is the …

(a) CFO (b) CTO (c) COO (d) CEO

60. Brokers may earn commissions paid by insurers on a whole-account basis, which vary depending on the profitability and/or growth of the business accounts. This type of commission is called … commission.

(a) retail (b) wholesale (c) contingent (d) blanket

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

61. In the insurance market, the insurance broker acts as an agent, facilitating a contractual agreement between their principal (the client) and the insurer, who is referred to as the third party.

62. At law, a broker is presumed to possess the necessary knowledge and expertise to manage all their clients' insurance matters and provide accurate and appropriate advice.

63. One key benefit for an organisation in using brokers is their ability to facilitate the prompt settlement of borderline and uninsured claims.

64. In Nigeria, insurance brokers are classified into two categories: Corporate Insurance Brokers and Partnership Insurance Brokers.

65. In Nigeria, registration as a corporate broking firm requires the directors to provide evidence of their membership with the Chartered Insurance Institute of Nigeria (CIIN).

66. One of the key functions of a broking firm in Nigeria is to offer services related to insurance consultancy and risk management, for which they are compensated through appropriate fees.

67. FSR stands for Financial Service Record.

68. Under common law, both brokers and agents are collectively regarded as agents.

69. One reason why the insured purchases insurance through brokers is that brokers can facilitate the direct settlement of claims to the insured.

70. Designing an insurance program is not considered one of the core structural services provided by brokers.

71. The Nigerian Council of Registered Insurance Brokers (NCRIB) was formerly known as the Nigerian Corporation of Insurance Brokers, which was founded in 1960.

72. Healthcare professional indemnity is not classified as one of the statutory insurance policies in Nigeria.

73. The purpose of the 'suitability' statement is to ensure that customers have the necessary information to make an informed decision about purchasing a specific insurance contract and to determine whether the contract continues to meet their needs.

74. The Consumer Insurance (Disclosure and Representations) Act modifies the customer's duty of utmost good faith by removing the obligation to disclose all material facts. Instead, it requires customers to provide information honestly and reasonably in response to the insurer's questions.

75. In broking practice, contract certainty refers to the principle that all terms and conditions of the insurance policy are fully agreed upon and clearly documented before either the insured or the insurer commits to the contract.

76. During the renewal of a license, an insurance broker is required to provide evidence of payment of 10% of brokerage income or minimum of ₦500,000.00 insurance supervisory levy (whichever is greater).

77. Traditionally, brokers manage all claims on behalf of their clients, including processing the claims and addressing any issues with the insurer. This role is known as the broker acting as their client's advocate.

78. In Nigeria, when a broking firm designs an insurance programme, it must comply with the New Product Development guidelines and obtain approval from the Nigerian Council of Registered Insurance Brokers (NCRIB).

79. In the insurance market cycle, when the capital market invests less in insurance, it creates opportunities that attract new insurers and investors to the insurance business.

80. The process of identifying and clarifying a client's requirements is known as establishing the client's demands and needs.

81. Regulation is not considered a limiting factor in a broker's choice of insurer to trade with.

82. Delegated authority claims handling is one of the methods brokers can use to manage claims on behalf of their clients.

83. An insurance policy is a legal document that evidences the contract between the insurer and the insured, facilitated by the broker, and outlines the insurer's promise to pay in the event of a claim.

84. A soft market occurs when there is excess capacity in the insurance market, leading insurers to compete more aggressively by offering lower premiums, broader coverage, and more flexible terms to attract business.

85. Brokers' funds, clients' assets, and claims funds are three types of funds that a broker is likely to manage.

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

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

People Insurance Brokers, authorised and licensed to transact business in Nigeria, also wish to conduct business at Lloyd's. Traditionally, Lloyd's was a closed market accessible only to specialist Lloyd's brokers. However, this has changed, and brokers can now register to transact business at

Lloyd’s either directly or through a registered Lloyd’s broker. In fact, our Nigerian broker has been successfully registered at Lloyd’s.

86. If People Insurance Brokers decides not to Register to transact business at Lloyd’s directly but wish to access the Lloyd’s market by using the services of a Lloyd’s broker. In this situation, the People Insurance Brokers becomes the … broker.
(a) retail (b) formal (c) informal (d) wholesale

87. The Broker at Lloyd’s in use by the People Insurance Broker is the … broker.
(a) wholesale (b) retail (c) formal (d) informal

88. One of the Nigerian Brokers that was registered at Lloyd’s was …
(a) Tunji Braithwaite Insurance Broker
(b) T. A Braithwaite Insurance Broker
(c) T. B Braithwaite Insurance Broker
(d) T. C Braithwaite Insurance Broker

89. … legislation changed the traditional position and allowed any broker to Register to transact business at Lloyd’s.
(a) Miscellaneous law Reform (Lloyd’s) Order 2008
(b) Legislative Reform (Lloyd’s) Order 2008
(c) Misc Law Reform (Lloyd’s) Order 2004
(d) Legislative Reform (Lloyd’s) Order 2004

90. People Insurance Brokers can be Registered at Lloyd’s provided the company can …
(a) satisfy Lloyd’s syndicate of their expertise, Integrity and financial standing.
(b) satisfy Lloyd’s managing agents or their expertise, integrity and financial standing.
(c) satisfy the council of Lloyd’s as to their expertise, integrity and financial standing.
(d) satisfy the Lloyd’s market of their expertise, integrity and financial standing

TGL Brokers used to focus only on helping clients buy insurance. But over time, they noticed that many businesses wanted more than just insurance. They wanted help figuring out how to prevent problems before they happen. One client, a logistics company, kept having accidents with their delivery vans. Instead of just selling them a policy, TGL took a different approach by offering risk management consultancy. They looked at what was causing the accidents, suggested better driver training, and introduced regular vehicle checks.

As a result, the accidents reduced, and the client even paid lower insurance premiums. The client also learned the difference between avoiding a risk completely (like choosing not to transport dangerous goods), reducing the risk (like installing speed limiters), and preventing risks (like doing safety drills).

In the end, the company felt more in control, and TGL earned extra income from their advice, not just from insurance. It was a win-win for both sides.

91. ,,, is NOT a benefit of risk management.
   (a) A reduction in the potential for loss by identifying and managing hazards
   (b) Outright elimination of possible loss
   (c) A disciplined approach to quantifying risk
   (d) Potential reduction in insurance premium

.

92. …, … and … are the sequential steps in the risk management process.
   (a) Risk analysis, risk control and risk transfer.
   (b) Risk identification, risk analysis and risk control.
   (c) Risk definition, risk analysis and risk control.
   (d) Risk identification, risk control and risk transfer

.

93. Risk … is the process of taking active steps to reduce the degree of hazard that cannot be eliminated.
   (a) avoidance (b) prevention (c) reduction (d) minimisation

94. Risk … is the process of taking action to entirely avoid the possibility of an undesirable event occurring.
   (a) prevention (b) reduction (c) minimisation (d) avoidance

95. Risk … control technique involves individual and physical controls to minimise or prevent the possibility of loss occurring.
   (a) avoidance (b) reduction (c) prevention (d) elimination

In broking practice, it is standard procedure for firms to develop and maintain formal written agreements with both their clients and insurers. These agreements serve multiple purposes: they define the nature of the business relationship, allocate responsibilities and rights among parties, and ensure full compliance with regulatory or statutory requirements. By clearly outlining roles and obligations, these agreements help manage potential conflicts of interest, align the services with client needs, and fulfil the regulatory obligation to disclose pertinent information to clients before transacting business.

Such agreements are critical to transparency, professionalism, and legal compliance within the insurance broking environment.

96. … is the formal name given to the written agreement between broking firms and their clients or insurers, which outlines the terms of the relationship and ensures regulatory compliance.
   (a) Terms of Business Alliance (b) Terms of Business Appointment
   (c) Regulatory Compliance (d) Terms of Business Agreement

97. … is not typically included as a key component in the formal written agreement between a broker and a client or insurer.
   (a) Regulatory Information (b) Details of the services provided
   (c) Details of outsourcing (d) The broker’s remuneration

98 In the United Kingdom, the regulatory body that mandate that insurance brokers must provide clients with specific information before the client commits to purchasing an insurance product

(a) Financial Services Compensation Scheme (FSCS)
(b) Financial Ombudsman Service
(c) Financial Conduct Authority
(d) Financial Regulatory Agency

99. Brokers are also expected to comply with the national legislation of the jurisdiction in which they operate. Which of the following is not a recognised version of the Data Protection Act applicable to insurance broking firms?

(a) Data Protection Act 2008
(b) Data Protection Act 2018
(c) Data Protection Act 2014
(d) Data Protection Act 2004

100. Ownership structures can sometimes create potential conflicts of interest, especially where brokers and insurers have cross-ownership. In Nigeria, a broking firm is restricted in terms of the maximum equity it may hold in an insurance or reinsurance company. … is the specified maximum shareholding limit required as explained above.

(a) Not more than 5%
(b) Not more than 10%
(c) Not more than 15%
(d) Not more than 20%

Chief Examiner's Comment
38.46% of the candidates passed the course.

Comments on Overall Performance
The overall performance was below average.

Suggestion(s) on Improvement(s) (if any)
Candidates should study in-depth and endeavor to understand what is being studied so as to be able to choose the best fit answer from the provided options. They are also encouraged to study more in order to have a solid foundation for future level courses and for adoption when they practice as Brokers.

F10 – INSURANCE BROKING PRACTICE I									
1	D	21	C	41	D	61	T	81	F
2	C	22	C	42	C	62	T	82	T
3	B	23	C	43	A	63	F	83	T
4	C	24	B	44	B	64	T	84	T
5	A	25	C	45	B	65	F	85	F
6	A	26	D	46	A	66	F	86	A
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8	C	28	C	48	B	68	T	88	B
9	C	29	C	49	B	69	F	89	B
10	D	30	A	50	B	70	F	90	C
11	B	31	A	51	C	71	F	91	B
12	D	32	A	52	C	72	F	92	B
13	C	33	B	53	C	73	T	93	C
14	D	34	C	54	D	74	T	94	D
15	D	35	B	55	B	75	T	95	C
16	D	36	B	56	B	76	F	96	D
17	B	37	C	57	B	77	T	97	C
18	D	38	C	58	D	78	F	98	C
19	A	39	C	59	D	79	F	99	B
20	C	40	A	60	C	80	T	100	B