Chartered Insurance Institute of Nigeria

Chief Examiners' Report

October 2025

Post AIIN

(Loss Adjusting Practice)

PF02

GENERAL RELATED ISSUES TO WATCH OUT FOR IN FUTURE SITTINGS

DO'S	DON'TS
Start studying for the next diet early (from November/December for April diets and May for October diets)	Concentrate all your time and effort on Part 1 @ the detriments of Parts B & C (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 CONTENTS, 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!!!

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

1. Section ... of the Insurance Act 2023 mandates that all registered insurers, reinsurers, insurance agents, insurance brokers, and loss adjusters must adhere to and comply with the code of conduct governing the insurance profession.
   (a) 29 (b) 79 (b) 99 (d) none of the above

2. The insurer depends on the loss adjuster to provide an impartial report and to avoid presenting the report in a manner that is ...
   (a) selfish (b) free of charge
   (c) bias (d) none of the above

3. The act of an insurer claiming the legal rights of an insured after compensating them for loss or damage to their property or casualty is known as …
   (a) reward (b) substitution (c) subjugation (d) none of the above

4. Good conduct enhances reputation. A loss adjuster who practices this is perceived as …
   (a) competent (b) sociable and outgoing
   (c) reliable and trusted
   (d) someone who holds a current license and is more likely to benefit from the best insurer terms

5. One area where loss adjusters need to demonstrate good conduct is in the comprehensive adjustment of claims to the satisfaction of …
   (a) NAICOM (b) NIA (c) insured and insurer (d) none of the above

6. Fees are charged based on the gross settlement amount …
   (a) before investigation (b) before average and excess
   (c) on sum insured (d) on excess

7. Joint Loss Adjusters are appointed …
   (a) separately (b) at intervals (c) simultaneously (d) all of the above

8. The Institute of Loss Adjusters of Nigeria, responding to its members' calls for an upward review of the fee scale, has made several attempts to renegotiate the terms with the ...
   (a) NAICOM (b) FG (c) NIA (d) CIIN

9. Loss Adjusters are agents of the insurer and not the insured. It is therefore important that loss Adjusters display good conduct in all their dealings with the …
   (a) government (b) reinsurer (c) insured (d) public

10 In loss adjusting companies, as in any other organisation, corporate culture refers to the…
   (a) shared values (b) attitudes
   (c) standards and beliefs (d) all of the above

11. The insurance market comprises various categories of insurance intermediaries, one of which is commonly referred to as ... in the adjudication of insurance claims.
    (a) loss adjuster (b) claim adjuster
    (c) adjuster (d) insurance claim adjuster.

12. Insurance Intermediaries include the following, except …
    (a) risk managers (b) claimants
    (c) brokers (d) insurers

13. In Nigeria, the law that required the registration of loss adjusters before they could operate was the Insurance Decree of …
    (a) 1999 (b) 1981 (c) 1979 (d) 1976

14. One of the two Directors that should sign the Application Form for registration of loss adjusters by NAICOM is …
    (a) NIA Chairman (b) IGP (c) CEO (d) ILAN Registrar

15. Insurance contracts are contracts of …
    (a) winners win all (b) uberrimae die
    (c) res ipsa loquitur (d) *uberrimae fidei*

16. Although insurers have skilled personnel in their claims departments, they still engage Loss Adjusters for large and complex claims, as the assessment requires...
    (a) technical skills (b) multiple skills
    (c) interdisciplinary skills (d) none of the above.

17. Insurance contracts are based on the principle of utmost good faith, requiring all parties to uphold this standard. Historically, their validity hinged on the insured providing full and complete disclosure of ...
    (a) name and phone number of the Insured
    (b) all the material facts relating to the contract
    (c) all the streets in the neighborhood (d) all of the above

18. In an insurance contract, a breach of a term, whether referred to as a warranty or a condition, will not grant any rights or provide a defense to the insured unless the term is material and pertinent to the risk or loss being insured against. The relevant section of the Insurance Act 2003 in this context is …
    (a) 54(4) (b) 55 (1) (c) 79 (4) (d) 89 (1)

19. An Associate and Fellow of the International Federation of Adjusting Associations are referred to as ...
    (a) AFFAF, AFCIIN (b) AIFAA, FIFAA
    (c) AIAAF, FFIFAF (d) none of the above

20. For a loss adjuster to interact directly with the reinsurer, the policy must include …
    (a) claims demand note (b) signed discharge voucher
    (c) claims control clause (d) all of the above

21. In Nigeria, the practice of appointing adjuster(s) to handle all claims arising under and during the duration of the policy is...
    (a) demanding (b) popular
    (c) controversial (d) none of the above

22. In conflict management, both sides often gain more by engaging in negotiations rather than by ...
    (a) running away (b) standing out
    (c) walking away (d) all of the above

23. … is NOT an intermediary recognised in the Nigerian Insurance Industry.
    (a) Loss Adjuster (b) Broker
    (c) Agents (d) Claims Settling Agents

24. … is not a benefit of why insurers utilise loss adjusters.
    (a) Unbiased assessment of claim (b) Estimation of Salvage Quantum
    (c) Expert Knowledge (d) Dealing with salvage through proxy

25. The acronym ILAN means …
    (a) Institution of Loss Adjuster in Nigeria
    (b) Institute of Loss Assessor of Nigeria
    (c) Institute of Loss Adjusters of Nigeria (d) all of the above

26. … is NOT a registered aim and objective of ILAN.
    (a) To establish and sustain a professional body of practicing loss adjusters in Nigeria
    (b) To engage in activities that will ensure the general welfare and public well-being of Loss Adjusters in Nigeria.
    (c) To take necessary actions to advance education in the field of Loss Adjusting.
    (d) To engage in activities and promote disharmony among insurance companies.

27. In adjusting a claim, the loss adjuster must take into consideration …
    (a) local government chairman at the loss location (b) policy conditions
    (c) the corporate registration number of the insured
    (d) loss ratio of the insured/claimant's business

28. … document is NOT required for the renewal of a loss adjuster's license.
    (a) Duly completed Application Form 22
    (b) Receipt (Evidence) of payment of renewal fee
    (c) Copy of CAC from C2.2, C2.3, C2.5.
    (d) Declaration of Professional Fees earned in the preceding year

29. Many large international loss adjusters organise their operations into various segments and may specialise in different sectors of insurance products, such as by...
    (a) number of clients (b) class of insurance
    (c) number of employees (d) number of insurance company

30. "*Fundamental term*" refers to a warranty, condition, or any other provision within an insurance contract that a prudent insurer would consider significant and pertinent when deciding to underwrite a risk and determining the ...
    (a) policy inception (b) amount of premium
    (c) claims amount (d) policy conditions

31. The primary services provided by loss adjusters to their clients include the following, except…
    (a) traditional loss adjusting services (b) risk management
    (c) arrange annual seminars for their clients (d) services to insurers.

32. Risk management can be described as "the process of identifying, analyzing, and economically controlling risks that pose a threat to the assets or earning capacity of ..."
    (a) an organisation (b) a nation (c) an enterprise (d) a company

33. The classes of business managed by insurance loss adjusters include the following, except ...
    (a) fire and special perils (b) marine cargo and hull
    (c) hyroponics insurance (d) general accident

34. Loss adjusters need to understand the policy terms and conditions to provide guidance on liability and possess expertise in the art of ...
    (a) documentation (b) transportation
    (c) negotiation (d) socialisation

35. The practice of loss adjusting in Nigeria, was introduced by…
    (a) the EU (b) the French (c) the British (d) Russians

36. Since loss adjusting is an integral part of the insurance industry, it is inevitably influenced by the developments in...
    (a) medicine (b) insurance (c) engineering (d) social media

37. The pioneer loss adjusters in Nigeria consisted of respected and esteemed experts from the stable of...
    (a) Royal Exchange Assurance (b) British American Insurance Co.
    (c) Graham Millers and Associates (d) all of the above.

38. Before the arrival of figures like Graham Miller, loss adjusting services were obtained from overseas firms through the head offices of...
    (a) foreign-owned insurance companies (b) specialist brokers from abroad
    (c) United African Companies (d) none of the above

39. Among the Nigerians who had the foresight to respond positively to the opportunities created by the promulgation of the 1976 Insurance Decree for the development of local expertise in this field are distinguished practitioners such as the...
(a) Chief Robinson Ophara of City Loss Adjusters
(b) Sir Raphael N. Opara of Technique Loss Adjusters
(c) Late Chief Idowu of Continental Loss Adjusters (d) None of the above

40. The first meeting held to discuss the desirability of forming an Institute of Loss Adjusters took place at the Osun Suite of the Federal Palace Hotel in Lagos on ...
(a) 5th January 1980 (b) 5th August 1980
(c) 1st January1981 (d) 5th August 1981

41. On November 11, 1980, a meeting was held to determine the name of the Institute of Loss Adjusting at ...
(a) Polo Club of Nigeria (b) Lagos Tennis Club
(c) National Stadium Surulere (d) Lagos Polo Club.

42. The current name, "Institute of Loss Adjusters of Nigeria," replaced the earlier one on …
(a) June 19, 1980 (b) June 8, 1981
(c) June 29, 1981 (d) July 9, 1988 .

43. At the inaugural meeting establishing the Institute of Loss Adjusters, the pioneer elected President was ...
(a) Mr. A. A. Fawole (b) Mr. D.A. Toomey
(c) Chief S. N. Onwuazor (d) Mr. R. C. Poupard

44. How many years have elapsed since the establishment of the Institute of Loss Adjusters of Nigeria as at date?
(a) 77 years (b) 47 years (c) 44 years (d) 37 years

45. The International Federation of Adjusting Associations (IFFAA) is a global organisation founded to promote the role of...
(a) public advocacy in loss adjusting (b) loss adjusting associations
(c) commonwealth adjusting associations (d) none of the above

46. As an Associate or Fellow of the IFAA, you receive numerous professional benefits, some of which are listed below, except …
(a) entitled to use designation AMFFR or FMFFR
(b) entitled to use designation AIFAA OR FIFAA
(c) AIIN or FIIN (d) all of the above

47. A policyholder covered under an insurance contract is legally required to have an insurable interest because ...
(a) it is a requirement by the particular contract of insurance
(b) it is specified by statute as a condition to validate the policy
(c) both (a) and (b) (d) neither (a) nor (b)

48. According to Section 56(1) of the Insurance Act 2003, the phrase "other event whatsoever" encompasses all classes of insurance, including insurance of...
(a) property (b) computer (c) indemnity (d) motor

49. Regardless of whether the terms of the contract explicitly require an insurable interest, some degree of interest is mandated by...
(a) NIA (b) ILAN (c) Statute
(d) Community in every contract of insurance

50. For an interest to be insurable, it must be a/an … one.
(a) indemnity (b) pecuniary (c) vital (d) insurable

51. In marine insurance, an expectation to acquire an interest before the expiry of the policy is…
(a) null and void (b) debatable (c) warranted (d) insurable

52. In relation to material damage insurance, three essential elements must be established. Which of the following must be confirmed?
(a) Insurable Interest (b) Good Faith
(c) Utmost Good Faith (d) General Interest

53. Proximate Cause was defined in the landmark case of *Pawsey v. Scottish Union and National Insurance Company* ...
(a) 1970 (b) 1908 (c) 1907 (d) 1707

54. If NAICOM determines that a firm has not complied with a requirement under the Insurance Act 2003, it may issue … along with other measures it deems necessary.
(a) inform NIA of the misconduct
(b) public statement of misconduct
(c) cancel the operation license forthwith
(d) public statement of misconduct

55. The main implications for insurance loss adjusters of the current regulatory environment include all of the following, except that ...
(a) it is a criminal offense to carry on regulated activities without authorisation
(b) regulated firms must establish that the insurers or other intermediaries they deal with are properly authorised or exempt
(c) regulated firms must be supervised by NAICOM
(d) it must not adhere to its rules and principles to maintain their authorisation

56. Fee charges do not include out-of-pocket expenses and ...
(a) transportation (b) tips (c) disbursement (d) accommodation

57. Client retention is the practice of maintaining your ...
(a) past customers (b) prospective customers
(c) current consumers (d) all of the above

58. Policyholders are reporting a growing number of unpaid claims to the complaints desk at ...
(a) NIA (b) NAICOM (c) NCRIB (d) none of the above

59. In conflict management, a disagreement may be...
(a) personal (b) financial (c) political (d) all of the above

60. Although Loss Adjusters act as agents of the insurer rather than the insured, it is essential that they demonstrate ... in all their dealings with the insured.
(a) good conduct (b) no wrongdoing
(c) knowledge (d) superiority

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

61. One of the objectives of negotiation is to strengthen, rather than damage, the relationship between the conflicting parties.

62. Conflict management through negotiation may not always be beneficial for all parties involved in marine insurance.

63. The primary objective of negotiation in resolving conflicts related to an insurance contract is to reach an agreement that benefits all parties while adhering to the policy's terms and conditions.

64. We resolve conflicts in insurance contracts to ensure that relationships with claimants decline and are severed.

65. Making peace with your claimant may reduce business prospects in the industry.

66. Conflict management through negotiation can benefit all parties involved.

66. In insurance contracts, conflict resolution is to find peaceful solutions to difficult situations.

67. Conflict can be managed properly before all the issues escalate beyond reasonable resolution.

68. Any insurance principle not explicitly outlined in the policy document will be considered by loss adjusters during the assessment of a reported claim to ensure transparency and fairness for all parties.

69. A technical error or omission in the loss adjuster's report could be a reason for the insurer to reject the report.

70. The loss adjuster's report does not clearly interpret the cover provided, leaving room for ambiguity.

71. Arbitration can only be used to determine the quantum of settlement, not the policy liability.

72. In arbitration, NAICOM management reviews the adjuster's report to determine a fair offer for claims settlement.

73. The insurer may choose to engage a private investigator after receiving the loss adjuster's report to obtain a second opinion on the findings and conclusions of the adjuster.

74. Braithwaite (2009) states that C. T. Bowring & Co. Limited was introduced to the Nigerian market in 1985 at the invitation of the Nigerian Ports Authority.

75. Starting in 1976, several companies began operating in the market as loss adjusters.

76. The law that required the registration of loss adjusters before their operations was the Insurance Decree of 1976.

77. Insurance intermediaries include the Nigerian Insurers Association (NIA), the Institute of Loss Adjusters of Nigeria (ILAN), and the Nigerian Council of Registered Insurance Brokers (NCRIB).

78, Insurance loss adjusters serve as independent technical partners to insurers.

79. Under common law, anyone who acts on behalf of another person is considered an "agent."

80. Insurance loss adjusters assist the Federal and State Governments in investigating claims-related matters.

81. Insurance loss adjusters act as intermediaries between the insurer and their clients during a loss.

82. The insurance loss adjuster is typically compensated by the NIA for their services.

83. The loss adjuster, in their role as an agent, does not have a duty of care towards their principal.

84. It is crucial to recognise that the loss adjuster occupies a unique position between the insurer and the insured, with the relationship entirely based on trust.

85. Insurance loss adjusters are tasked with helping insurance companies and their clients interpret international laws and conventions.

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

A fire occurred at Bounjor & Co's location on Tom Jones Avenue, Ikeja. The business was covered by a Fire and Special Perils policy from Municipal Insurance Limited, effective from April 1, 2024, to April 1, 2025, with a total insured amount of ₦20,000,000—₦12,000,000 for the building and ₦8,000,000 for contents. Before the Fire Service arrived to extinguish the blaze, neighbours and nearby individuals helped move the building's contents to a safe location while trying to control the fire, which was sparked by one of the two air conditioners in the sitting room, each valued at ₦250,000.

Fortunately, the fire did not reach the kitchen, and the items there, including a freezer worth ₦300,000, remained undamaged. In an effort to save all items before the fire spread, everything from the kitchen, including a mobile generator valued at ₦500,000, was moved to a nearby site.

After the fire was extinguished and a physical inventory was conducted to assess the damage, it was found that both the freezer and the mobile generator were missing, and attempts to locate them were unsuccessful. Investigations revealed no details regarding the circumstances of their disappearance, except that they were among the items salvaged before the fire was completely put out. It was confirmed that ₦4,000,000 would be needed to repair the building (including fittings and fixtures, with the air conditioners considered part of the building for insurance purposes), while the value of the damaged contents, including the missing items, amounted to ₦2,000,000. The standard terms and conditions of the fire policy apply.

Bounjor & Co did not have a theft or burglary policy for the contents; only the active fire and special perils insurance was in effect at the time of the incident.

86. How much is the Insurer's liability with respect to fire damage to the building?
(a) ₦4,000,000 (b) ₦3,750,000 (c) ₦3,500,000 (d) None of the above

87. How much is the Insurer's liability with respect to contents?
(a) ₦1,500,000 (b) ₦1,800,000 (c) ₦2,000,000 (d) None of the above

88. How much is the Insurer's liability for the total claim?
(a) ₦6,000,000 (b) ₦5,750,000 (c) ₦4.000,000 (d) ₦2,000,000

89. How much is the Insurer's liability for the total claim, assuming an excess of ₦500,000 or 10% whichever is higher?
(a) ₦6,000,000 (b) ₦5,175,000 (c) ₦4,000,000 (d) ₦2,000,000

90. How much is the Insurer's liability for the total claim, assuming liability for missing items is excluded?
(a) ₦5,175,000 (b) ₦5,200,000 (c) ₦5,750,000 (d) ₦6,000,000

A cashier at ABC Bank was suspected of committing fraud regarding the cash stored in the safe. According to bank protocol approved by management, only the cashier and the bank manager had the authorisation and keys to access the safe.

The bank had taken out a money insurance policy with Bonjour Insurance Limited, covering the period from April 1, 2024, to March 31, 2025. The premium was paid on March 31, 2024. The policy provides coverage for ₦20,000,000 for cash in the safe, with a limit of ₦10,000,000 for cash in transit during any single transit and an annual aggregate limit of ₦15,000,000.

On March 30, 2024, four armed men invaded ABC Bank, overpowering the guards on duty. They broke into the safe and stole the cash stored there. After the armed assailants left the premises, police forensic analysis of the video footage revealed that the weapons used to threaten and subdue the guards were actually toy guns.

The policy includes standard terms and conditions, with extensions for threats.

91. Assuming you are the loss adjusters appointed to adjust the claim, if it is confirmed, that ₦45,000,000 was stolen from the safe at the time of attacked, how much is the liability of Insurer?
    (a) ₦10,000,000 (b) ₦15,000,000 (c) ₦20,000,000 (d) None of the above

92. Assuming you are the loss adjusters appointed to adjust the claim, if it is confirmed, that N45m was stolen from the safe at the time of attacked and policy excess of N2.5m or 10% whichever is higher, how much is the liability of Insurer?
    (a) ₦45,000,000 (b) ₦17,500,000 (c) ₦15,000,000 (d) None of the above

93. Assuming you are the loss adjuster appointed to handle the claim, and it is confirmed that ₦45,000,000 was stolen from the safe during the attack, with a policy excess of ₦2,500,000 or 10% of the claim, whichever is higher, and the video footage, along with the subsequent police arrest, reveals that a bank staff member was the leader of the four-man gang that attacked the bank, how much is the liability of Insurer?
    (a) ₦45,000,000 (b) ₦17,500,000 (c) ₦15,000,000 (d) None of the above

94. Assuming you are the loss adjuster appointed to handle the claim, and it is confirmed that ₦10,000,000 was stolen from the safe during the attack, with a policy excess of ₦5,000,000 or 10%, whichever is higher, what will be the insurer's liability?
    (a) ₦45,000,000 (b) ₦17,500,000 (c) ₦5,000,000 (d) None of the above

95. Assuming you are the loss adjuster appointed to handle the claim, and it is confirmed that ₦15,000,000 was stolen from the safe during the attack, with a policy excess of ₦1,500,000 or 10%, whichever is higher, and the premium was not paid at the time of the incident, what will be the insurer's liability?
    (a) ₦25,000,000 (b) ₦17,500,000 (c) ₦5,000,000 (d) None of the above

A building with a reinstatement value of ₦120,000,000 was insured against fire for a total sum insured of ₦105,000,000 at the time of the fire damage. The total damage, as confirmed by the loss adjusters, amounts to ₦50,000,000. The standard terms and conditions of a typical fire and special perils policy apply. Assuming there is no excess, what is the insurer's liability under these circumstances?

96. Given that the policy does not include the 85% special condition of average, what would be the insurer's liability?
   (a) ₦50,000,000 (b) ₦45,500,000 (c) ₦43,750,000 (d) ₦35,950,000

97. Assuming the policy includes an 85% special condition of average, what is the insurer's liability?
   (a) ₦50,000,000 (b) ₦45,500,000 (c) ₦43,750,000 (d) ₦35,950,000

98. Assuming the policy does not include the 85% special condition of average and incorporates an excess clause of ₦5,000,000 or 10% (whichever is higher), what will be insurer's liability?
   (a) ₦50,000,000 (b) ₦45,500,000 (c) ₦43,750,000 (d) ₦35,950,000

99. Assuming the policy includes an 85% special condition of average and has an excess clause of ₦6,000,000 or 10% (whichever is higher), what would be the insurer's liability?
   (a) ₦44,000,000 (b) ₦45,000,000 (c) ₦45,500,000 (d) ₦50,000,000

100. Assuming the policy includes an 85% special condition of average and has a deductible of ₦20,000,000 or 10% (whichever is higher), what would the insurer's liability be?
   (a) ₦30,000,000 (b) ₦40,000,000 (c) ₦45,000,000 (d) ₦50,000,000

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.

PF02 – Loss Adjusting Practice (Foundation)									
1	B	21	C	41	D	61	T	81	T
2	C	22	C	42	B	62	F	82	F
3	D	23	D	43	C	63	T	83	F
4	C	24	D	44	C	64	F	84	T
5	C	25	C	45	B	65	F	85	F
6	B	26	D	46	C	66	T	86	B
7	C	27	B	47	C	67	T	87	C
8	C	28	C	48	C	68	T	88	B
9	C	29	B	49	C	69	T	89	B
10	D	30	B	50	B	70	F	90	C
11	A	31	C	51	D	71	T	91	C
12	B	32	C	52	A	72	F	92	B
13	D	33	C	53	C	73	T	93	D
14	C	34	C	54	D	74	F	94	C
15	D	35	C	55	D	75	T	95	D
16	C	36	B	56	C	76	T	96	C
17	B	37	C	57	C	77	F	97	A
18	B	38	A	58	B	78	T	98	N38.75M
19	B	39	D	59	D	79	T	99	A
20	C	40	B	60	A	80	F	100	A