



Chartered Insurance
Institute of Nigeria

Chief Examiners' Report

April 2026

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 at the detriment of Parts B & C (Intermediate and Associateship Level)
Start each question on a fresh page	Write after the 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 the tips learnt before the exams and concentrating on questions that would fetch you more marks.	Nurture fear on any subject. There is no subject that distinction cannot be obtained.
Attend the Annual Students' Forum.	Avoid the Annual Students' Forum.
<p>CANDIDATES SHOULD VISIT & UNDERSTAND THE CONTENTS, REGULATIONS AND GUIDELINES/MARKING AGREEMENTS, ETC. ON THE FOLLOWING SITES: naicom.gov.ng (NAICOM), nigeriainsurers.org (NIA); ncrib.net (NCRIB); ilan.com.ng (ILAN); ciinigeria.org (CIIN)</p>	
<p>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 FACE NECESSARY DISCIPLINARY ACTIONS AND THE EMPLOYER WILL BE DULY INFORMED OF ANY SUCH INCIDENCE(S).</p>	
<p>STOP WORKING HARD TO FAIL!!! START WORKING EFFORTLESSLY TO PASS OUTSTANDINGLY!!!</p>	

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F01 - INSURANCE, LEGAL AND REGULATORY
YEAR 2026 APRIL DIET



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

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

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL)
WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL 2026
DIET CANDIDATES' INSTRUCTIONS.**

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION

F01 - INSURANCE, LEGAL AND REGULATORY

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

Section A

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

Example:

A comprehensive motor insurance policy would provide cover for:

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

The correct option is (a).

Section B

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

Example:

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

The correct option is False (F).

Section C

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

F01

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

1. An insurance company that enters into a reinsurance contract is a/an ...
(a) agent (b) assessor (c) cedant (d) retrocessionnaire
2. The value of the subject matter of insurance, in the event of a total loss, is agreed originally at the start of the insurance and the sum insured is fixed accordingly. This is known as ... policy.
(a) reinstatement (b) indemnity
(c) agreed valued (d) unlimited sum insured
3. The term for the termination of a contract of insurance before its expected expiry or renewal date is ...
(a) reinsurance (b) renewal (c) avoidance (d) cancellation
4. When considering a proposal for a fire insurance policy on a property, ... fact is not normally considered to be material.
(a) “details of any mortgage secured on the property”
(b) “the materials used to construct the building”
(c) “the purpose for which the building will be used”
(d) “whether or not the risk premises are under the sole occupation of the proposer”.
5. Olu falls from his horse and is injured. He is taken to hospital where he dies due to an infection contracted in the hospital. The proximate cause of the death is ...
(a) the fall from the horse (b) the infection
(c) riding his horse (d) his stay in the hospital
6. ... principle is applicable to a life insurance contract.
(a) Indemnity (b) Subrogation (c) Contribution (d) Proximate cause
7. A policy with a franchise of ₦5,000.00 suffers a loss of ₦4,000.00. How much will the insurer pay the insured?
(a) Nil (b) ₦4,000.00 (c) ₦5,000.00 (d) ₦9,000.00
8. The case of North British and Mercantile v Liverpool and London and Globe (1877) is on common ...
(a) pool (b) interest (c) peril (d) hazard
9. The King and Queen Granaries case firmly establishes common ... principle.
(a) payment (b) liability (c) subject (d) interest
10. Those perils named in the policy as covered are known as ... perils.
(a) insured (b) excepted (c) excluded (d) uninsured
11. ... occurs in property insurance when the sum insured is accepted by the insurer as less than the full value of the property but the insurer agrees to pay claims up to the sum insured, without imposing any penalty.
(a) Underinsurance (b) Over insurance
(c) First loss policy (d) Average policy
12. The legal principle that a policyholder should be restored to the same financial position after a loss is called the principle of ...

- (a) insurable interest (b) indemnity
(c) proximate cause (d) contribution
13. The person effecting an insurance policy for his/her own benefit is called the ...
(a) insured (b) assessor (c) reinsurer (d) retrocessionnaire
14. An expert in processing insurance claims from beginning to end appointed by the underwriter is called a/an ...
(a) intermediary (b) loss adjuster
(c) loss assessor (d) reinsurance broker
15. A statement that is incorrect in some way, relied upon by one party of a contract is ...
(a) material (b) misrepresentation (c) no-disclosure (d) warranty
16. The active, efficient cause which sets in motion a train or events that brings about a result, without the intervention of any force started and working actively from a new and independent source is called ...
(a) subrogation (b) contribution (c) contingency (d) proximate cause
17. The possibility of a loss is ...
(a) peril (b) risk (c) hazard (d) certainty
18. The insured's financial interest in the subject matter of insurance is ...
(a) subject matter of contract (b) subject matter of insurance
(c) indemnity (d) subrogation
19. ... are not categories of risks.
(a) Financial and non-financial (b) Mechanical and non-mechanical
(c) Pure and speculative (d) Particular and fundamental
20. An accidental event is a ...
(a) fundamental risk (b) public policy
(c) homogenous exposure (d) fortuitous event
21. ... is not a good example of moral hazard.
(a) Carelessness (b) Dishonesty (c) Sprinkler (d) Social attitudes
22. Co-insurance involves ...
(a) one insurer (b) two insurers only
(c) an insurer and a reinsurer (d) two or more insurers
23. ... is not an intermediary in the insurance business.
(a) Lloyd's broker (b) Call centres
(c) Consultants (d) Home services representatives
24. ... does not buy insurance.
(a) National Insurance Commission (b) Federal Government of Nigeria
(c) Insurance Companies (d) None of the above
25. Insurers may be distinguished from one another in terms of ownership and function, however, a/an ... is not one of these.
(a) proprietary company (b) intermediary company
(c) mutual company (d) Lloyd's
26. ... is used to describe an insurance market.

- (a) proprietary company (b) intermediary company
(c) mutual company (d) Lloyd's
27. An insurance company that sells a class of insurance product is called a ... insurer.
(a) captive (b) composite (c) specialist (d) mutual
28. There are different types of reinsurers and ... is not inclusive.
(a) Specialist reinsurance companies (b) Lloyd's syndicates
(c) Captive companies (d) Insurance companies
29. The relationship of principal and agent can arise in some ways that does not include ...
(a) consideration (b) apparent authority (c) ratification (d) necessity
30. An insurance broker recommends and arranges an insurance policy for the insured and collects the premium for the insurer. The broker subsequently advised the insured on how to make a claim. In this scenario, the insurer is the principal of the broker at the point of ...
(a) recommendation of the policy (b) arrangement of the policy
(c) collection of the premium (d) advising of the claim
31. Insurable interest must exist in property insurance like fire insurance ...
(a) at inception (b) always (c) at time of claim (d) at commencement
32. The principle of utmost good faith applies to ... in a contract of insurance.
(a) the proposer only (b) the insurer only
(c) both the insurer and proposer (d) third parties
33. The legal principle that a policyholder should be restored to the same financial position after a loss is based on the principle of ...
(a) indemnity (b) proximate cause (c) contribution (d) subrogation
34. A term of contract that goes to its root is ...
(a) assignment (b) consideration (c) condition (d) warranty
35. Edward Lloyd's opened his office at Tower Street in ...
(a) 1572 (b) 1666 (c) 1686 (d) 1714
36. ... risk type of risks is not insurable.
(a) Pure (b) Financial (c) particular (d) speculative
37. A sufficient number of exposures of similar risk is termed ...
(a) fortuitous event (b) homogeneous exposures
(c) public policy (d) fundamental risks
38. The basic concept of insurance is that losses of few are ...
(a) not met at all (b) met by the contribution of a few
(c) retained (d) met by the contribution of the many
39. The three steps in risk management does not involve risk ...
(a) prediction (b) identification (c) analysis (d) control

40. The acronym for the trade association of loss adjusters in Nigeria is ...
 (a) PRAN (b) ILAN (c) NAICOM (d) NIA
41. The term used to describe a situation where two or more policies are in force which cover the same risk is called ...
 (a) self-insurance (b) dual insurance (c) co-insurance (d) reinsurance
42. Insurance cover can usually be purchased to protect the insured against ...
 (a) an investment loss on the stock exchange market
 (b) dishonesty of an employee (c) failure of a business venture
 (d) war damage to a domestic property
43. The role of the claim personnel does not include ...
 (a) issuing motor, or other cover notes to give evidence of cover
 (b) deal quickly and fairly with all claims submitted
 (c) be able to distinguish between real and fraudulent claim
 (d) determine whether others, such as loss adjusters, need to be involved
44. Companies that do not sell reinsurance cover are ...
 (a) specialist reinsurance companies (b) Lloyd's syndicates
 (c) insurance intermediaries (d) Insurance companies
45. Declaration is found in the ...
 (a) proposal form (b) renewal notice
 (c) policy document (d) endorsement
46. The case of Household Fire Insurance v. Grant (1879) deals with ...
 (a) offer (b) general acceptance
 (c) postal acceptance (d) consideration
47. In law, an insurance agent is authorised by a principal to enter into a contract with ...
 (a) broker (b) an underwriter (c) third party (d) loss assessor
48. An agency contract cannot be terminated by ...
 (a) mutual agreement (b) the agency being withdrawn
 (c) death, bankruptcy or insanity (d) payment of consideration
49. Insurable interest should exist in motor insurance ...
 (a) at inception (b) at the time of claim
 (c) when the insured decides (d) both at inception and time of claim
50. The case of Carter v. Boehm (1766) has to do with the insurance principle of ...
 (a) contribution (b) subrogation
 (c) utmost good faith (d) proximate cause
51. The proximate cause of loss will always be the ... cause.
 (a) dominate (b) first (c) last (d) remote

52. Adeola falls from her horse and is injured. She is taken to hospital where she dies due to an infection caught at the hospital. The proximate cause of her death is the/her ...
 (a) fall from the horse (b) infection (c) hospital (d) stay in hospital
53. The most common example of the provision of indemnity in glass insurance is through ...
 (a) cash payment (b) repair (c) replacement (d) reinstatement
54. Emeka effects two personal accident insurance 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. The total amount that Emeka will receive in the event of a valid loss of limb claim is ...
 (a) ₦5,000.00 (b) ₦25,000.00 (c) ₦30,000.00 (d) ₦55,000.00
55. Hugh Brown & Co had a policy with an excess of ₦2,000.00. In the event of a loss of ₦1,000.00, the insurer will pay ...
 (a) ₦0.00 (b) ₦1,000.00 (c) ₦2,000.00 (d) ₦3,000.00
56. The Insurance Act empowers NAICOM to ...
 (a) set all premium rates (b) regulate insurance operations
 (c) control pension payments (d) determine bonuses
57. Section 73 of the Nigerian Insurance Act mandates insurers to maintain record of ...
 (a) policyholders' income (b) authorised repairers
 (c) advertising spend (d) staff bonuses
58. The Nigerian Insurance Act 2003 requires insurers to report pricing data based on the ...
 (a) underwriting year (b) calendar year
 (c) policy year (d) accounting year
59. NAICOM requires insurers to consider pricing factors that promote ...
 (a) market competition (b) fair and adequate premium rates
 (c) agent commissions (d) policy endorsements
60. The current law regulating insurance practice in Nigeria is ...
 (a) Insurance Commission Act 2026 (b) Insurance Act 2003
 (c) Employee Compensation Act 2010
 (d) Nigerian Insurance Industry Reform Act 2025

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

61. The principle of indemnity is applied in personal accident insurance.
 62. Proximate cause is a corollary of indemnity.
 63. Tort is the breach of duty to act in a reasonable way towards others.
 64. Theft insurance is a compulsory insurance in Nigeria.
 65. To practice in Nigeria, an insurance broker should not have professional indemnity insurance.
 66. Life assurance is a contract of indemnity.
 67. An 'all-risks' policy and travel insurance policy both covering the same property is an example of double insurance.
 68. A large excess is also known as deductible.

69. The case of Pawsey v. Scottish Union and National (1907) applied to the principle of contribution.
70. An example of particular risk is not unemployment risk.
71. The number of times a particular risk could occur is referred to as frequency.
72. Hazard can be defined as that which gives rise to a loss.
73. The leading office is usually the first named insurer and usually carries the largest share of the risk.
74. Business interruption is an example of pecuniary insurance.
75. Marine insurance covers loss of or damage to an aircraft.
76. Travel insurance is an example of combined or package policy.
77. Insurance cover can be used by a shareholder in a company to protect loss of his investment.
78. As a result of technology, actuaries are not needed now in the insurance industry.
79. An example of insurance market is the Lloyd's of London.
80. In insurance practice, a person that brings another into a contractual relationship with another party is a third party.
81. Insurable interest in marine insurance must exist at inception of the contract.
82. Construction of the building is a type of physical hazard in fire insurance.
83. The principle of utmost good faith does not apply to the insurance broker.
84. A person that holds property on a temporary basis on behalf of the legal owner is the bailee.
85. CIIN is a trade association of insurance companies in Nigeria.

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

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

Ekwema Industries Limited specialises in the manufacturing of foam materials. The company insured its factory on a value of ₦15m for the sum of ₦10m. It also failed to disclose to the insurer of another active insurance policy on the factory.

86. The non-disclosure of the other insurance to the insurer is against the principle of ...
 - (a) proximate cause
 - (b) utmost good faith
 - (c) indemnity
 - (d) insurable interest
87. Which of these is the option available for the insurer for the non-disclosure.
 - (a) Increase the sum insured
 - (b) Reinsure the risk
 - (c) Buy protection from the capital market
 - (d) Repudiate liability in the event of claim
88. The term used to describe the act whereby the insured brings two or more insurers together to insure its proposed risk is known as ...
 - (a) reinsurance
 - (b) retrocession
 - (c) co-insurance
 - (d) underwriting
89. The act of insuring the risk of ₦15m for ₦10m is called ...
 - (a) dual insurance
 - (b) underinsurance
 - (c) co-insurance
 - (d) Contribution
90. As a result of insuring the risk of ₦15m for ₦10m, the insurer would penalise Ekwema through the application of ...
 - (a) excess
 - (b) franchise
 - (c) contribution
 - (d) average.

Bosco Industries Limited, an organisation that is engaged in the production of plywood, and currently has two employees in its payroll. During a production process, one of the production

staff, Mike negligently fell a plywood on the leg of the boss which cause the later to suffer injury.

91. The policy that will protect employee only while at work is ... insurance.
(a) personal accident (b) group life
(c) employers' liability (d) business interruption
92. The policy that will protect employee against injury for a 24-hour period is ...
(a) personal accident insurance (b) group life assurance
(c) employers' liability insurance (d) business interruption insurance
93. The policy that will pay for death in service benefit not caused by accident is ...
(a) personal accident insurance (b) group life assurance
(c) employers' liability insurance (d) business interruption insurance
94. The policy that will protect the factory against explosion of equipment for industry process is ... insurance
(a) fire (b) engineering (c) motor (d) personal accident
95. The policy that will protect the factory against losses caused by boilers used for domestic purpose is ... insurance.
(a) fire (b) engineering (c) motor (d) personal accident

You have been invited to give a talk on the importance of insurance to the economy. However, the students want to know the differences between risks, perils, hazards, loss, among others.

96. The cause of loss is ...
(a) uncertainty (b) certainty (c) perils (d) hazard
97. ... diminishes the value of an item in an insurance contract.
(a) Risk (b) Uncertainty (c) Perils (d) Loss
98. The factor that will influence the severity of an outcome is the ...
(a) uncertainty (b) certainty (c) peril (d) hazard
99. The attitude of a proposer when proposing a risk is ...
(a) uncertainty (b) certainty (c) peril (d) hazard
100. The likelihood that a property belonging to proposer will suffer a loss is ...
(a) risk (b) certainty (c) peril (d) hazard

Chief Examiner's Comment

40.44% of the candidates who sat for the examination passed. Although the questions were straightforward, the poor performance may be attributed to inadequate preparation by the candidates.

The highest score recorded was 91%, while the lowest was 10%, indicating a wide disparity in performance.

Comments on Overall Performance

The overall performance was below average.

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

Candidates are encouraged to attend lectures to enhance their performance.

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F02 – GENERAL INSURANCE BUSINESS
YEAR 2026 APRIL DIET



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

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

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL)
WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL
2026 DIET CANDIDATES' INSTRUCTIONS.**

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION

F02 - GENERAL INSURANCE BUSINESS

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

Section A

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

Example:

A comprehensive motor insurance policy would provide cover for:

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

The correct option is (a).

Section B

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

Example:

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

The correct option is False (F).

Section C

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

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

1. ... is not part of the standard cover provided in a comprehensive private motor policy.
(a) Drivers' personal accident benefit
(b) Accidental damage to the insured vehicle
(c) Recovery of a vehicle after breakdown
(d) Recovery of the vehicle to a repairer after an accident
2. ... basis is how Directors' and Officers' policy is arranged in general insurance.
(a) Comprehensive
(b) Claims made
(c) Liability made
(d) Per occurrence any one year
3. ... is the extent of cover available in your company's (situate in Nigeria) Third Party only policy in respect of the death.
(a) Unlimited (b) Limited (c) ₦1million (d) ₦3million
4. ... option is not a specific exclusion in flood insurance policy.
(a) Violent strong wind damage (b) Lightning damage
(c) Escape of water (dam) damage (d) Ground heave damage
5. ... is the tenants' liability under public liability policy extension subject to.
(a) Waivers (b) Average (c) Deductible (d) Excess
6. ... is the minimum cover for a caravan attached to an insured vehicle.
(a) Comprehensive (b) Private (c) Third party only (d) Packaged
7. ... liability can arise when using objects like walking stick in a public right of way.
(a) Product accident (b) Product
(c) Public (d) Personal Accident
8. ... options best describe the cover provided by the standard fire insurance policy.
(a) Fire, lightning and boilers (b) Fire, lightning and limited explosion
(c) Fire, Lightning and explosion (d) Fire, lightning and special perils
9. ... is the reason for the first 21 days exclusion imposed in sickness insurance cover.
(a) To unearth health challenges of the proposer
(b) To exclude HIV (c) To include pre-existing disease
(d) To assure the proposer has insurability
10. ... is the maximum period of cover available in travel insurance.
(a) 3 months (b) 2 weeks (c) 3 weeks (d) 2 months
11. The event that gives rise to a loss or the cause of loss is often described as ...
(a) risk (b) uncertainty (c) hazard (d) peril
12. An extension available in a standard motorcycle policy will not include ...
(a) invalid carriages (b) trailers
(c) goods carrying vehicles (d) driving other cycles

13. The clause in general insurance policy which states that the proposal form is the basis of the contract is ... clause.
 (a) conditional (b) recital (c) operative (d) schedule
14. ... is the benefit of using an approved repair scheme by the insured.
 (a) New for old (b) Relationship management
 (c) No excess deduction (d) Not obtaining repair estimates
15. Standing charges, salaries, raw materials, e.t.c. is considered in ... insurance.
 (a) employers' liability (b) business interruption
 (c) money (d) fidelity guarantee
16. An insured will endeavour to rightfully claim disability benefit from his insurer on ...
 (a) causality and accident policy (b) personal accident and sickness policy
 (c) motor and sickness policy (d) accident and theft policy
17. An insured elects to buy back the excess of ₦630,000.00 in his motor insurance policy. Later he had a claim of ₦650,000.00. How much will the insurer pay?
 (a) ₦20,000.00 (b) ₦630,000.00 (c) ₦650,000 (d) Nil
18. The expert that investigates large and complex claim is called a ...
 (a) claims manager (b) risk surveyor
 (c) loss adjuster (d) loss assessor
19. The policy that would cover liability to third party property damage or bodily injury is called ... liability.
 (a) public (b) product (c) property (d) legal
20. ... concept in insurance is applied to tackle under-insurance.
 (a) Excess (b) Deductible (c) Limits (d) Average
21. 'Away Risk' is associated with ... liability policies.
 (a) public (b) employers' (c) product (d) personal
22. ... document is needed while renewing a personal accident and sickness insurance.
 (a) Affidavit (b) Cover note (c) Slip (d) Medical report
23. The satisfaction of policyholder is important in the industry ...
 (a) because the government wants it so
 (b) in order to meet costumer's expectation and retain the customer
 (c) as a result of the low insurance density
 (d) to be a leader in the market
24. A standard travel insurance covers ...
 (a) loss of deposit (b) loss of ticket
 (c) loss of fragile object (d) confiscation of luggage
25. The subject matter of insurance under a specified rider policy is the ...
 (a) passenger (b) motorcycle (c) car (d) rider

26. The underwriting information for product liability is ...
 (a) wage bill (b) sum insured (c) sales prospects (d) turnover
27. The insured has many duties after an insured loss occurs in connection with property insurance excluding to
 (a) provide all information and assistance to the insurer at the insured's expense,
 (b) notify the insurer as soon as possible
 (c) remove all damaged properties immediately
 (d) take reasonable steps to minimise the loss
28. A franchise is a policy term whereby the ...
 (a) insured always pays an agreed amount
 (b) insured never has to contribute towards a claim
 (c) insurer pays the full value of any claim under an agreed amount
 (d) insurer pays the full value of any claim which exceeds an agreed amount
29. A-Z Manufacturing Company is a company that produces spare car parts. Its turnover is ₦28m per year. Beewiase Insurance Company offers product liability insurance for a limit of indemnity of ₦2m at a rate of 0.5 per mille on turnover. Calculate, using the figures supplied in the example, the premiums for a ₦2m limit of the indemnity.
 (a) ₦10,000.00 (b) ₦12,000.00 (c) ₦14,000.00 (d) ₦16,000.00
30. A butcher wishes to arrange protection against claims made by customers who became ill as a result of eating the meat pies from its organisation. A/an ... policy will meet cover this need.
 (a) employers' liability (b) products
 (c) personal accident and sickness policy (d) professional indemnity policy
31. ... is not an optional extension in a comprehensive private motor insurance.
 (a) Increase cover for personal belongings and clothing
 (b) Young additional drivers (c) Loss of use
 (d) Injury or death to third party
32. Adjustable premium is applied in ... insurance.
 (a) motor (b) marine (c) standard fire (d) employers' liability
33. Liability incurred by the insured from another party is known as ... party liability.
 (a) first (b) second (c) third (d) independent
34. An amount specifically excluded in the policy is called the/a/an ...
 (a) sum insured (b) capital sum (c) benefit (d) excess
35. A provision in the policy wording that the insured must comply with is called ...
 (a) proposal (b) condition (c) warranty (d) representation
36. An example of a chemical type of peril is not ...
 (a) explosion (b) spontaneous fermentation
 (c) heating (d) subterranean fire
37. The policy that gives the widest cover and does not have an operative clause is ...
 (a) theft insurance (b) standard fire policy
 (c) all risk insurance (d) motor insurance

38. A section in the legal expenses insurance does not include ... cover.
 (a) fire insurance (b) employment (c) personal (d) conveyancing
39. The insurance protection for directors of a company in their personal capacity is ...
 (a) professional indemnity insurance (b) employers' liability insurance
 (c) directors' and officers' insurance (d) public liability insurance
40. The current law regulating insurance practice in Nigeria is ...
 (a) Insurance Commission Act 2026 (b) Insurance Act 2003
 (c) Employee Compensation Act 2010
 (d) Nigerian Insurance Industry Reform Act 2025
41. A fact that the insured should disclose is the fact ...
 (a) of law (b) that increases the risk
 (c) of public knowledge (d) that lessen the risk
42. The entry to and exit from the premises by forcible and violent means is ...
 (a) hold-up (b) armed robbery (c) theft (d) breakdown
43. The case of Oddy v. Phoenix Assurance Co. Ltd (1966) establishes the meaning of ...
 (a) landslip (b) landslide (c) ground heave (d) flood
44. The main headings of special perils do not include ...
 (a) chemical perils (b) social perils
 (c) perils of nature (d) impact perils
45. ... section of the personal accident and sickness insurance provides for compensation to be made in form of capital sum or annuity.
 (a) Temporary total disablement (b) Permanent total disablement
 (c) Total loss of one or both limbs (d) Permanent partial disablement
46. Cover for bicycle under the extension of a household insurance policy is mostly arranged on ... cover.
 (a) stand-alone (b) specified item (c) all risks cover (d) blanket
47. The name for the insurance policy that provides indemnity for costs arising on the need to pursue a civil action is the ...
 (a) professional indemnity insurance (b) lawyers' insurance
 (c) legal expenses insurance (d) public liability insurance
48. The policy that would cover manufacturers of goods is the ... policy.
 (a) professional indemnity (b) product liability
 (c) public liability (d) suppliers' insurance
49. ... policy will cover an organisation whose staff works in another organisation's premise against injury to its staff.
 (a) Away risk insurance (b) Public liability insurance
 (c) Employers' liability insurance (d) Professional indemnity insurance

50. ... method of claims recovery gives an insurer the right, after paying a claim, to ask other insurers similarly liable to share in the claims.
 (a) Contribution (b) Recovery right
 (c) Subrogation (d) Average
51. The arbitration clause is invoked when there is ...
 (a) dispute about liability (b) dispute about quantum
 (c) dispute about average (d) no dispute involving claim
52. A supporting document in an accident claim is a/an ...
 (a) medical certificate from the doctor (b) engineer's report
 (c) claim form (d) discharge voucher
53. The section of the policy that set out what the insured should do for the policy to be operative is the ...
 (a) exclusion (b) operative clause
 (c) recital clause (d) condition
54. The scope of cover in a policy is found in the ...
 (a) exclusion (b) operative clause
 (c) recital clause (d) condition
55. The policy document will not contain the ...
 (a) signature (b) policy schedule
 (c) claims number (d) exception
56. An employers' liability insurance certificate in Nigeria must be kept for ... year(s).
 (a) 1 (b) 5 (c) 40 (d) 50
57. ... is not a duty expected from an insured after a loss had occur in property insurance.
 (a) Removal of damage property (b) Notification of loss to insurer
 (c) Taking step to reduce loss (d) Cooperate with insurer's representative
58. The age of the proposer is a key underwriting factor in ... insurance.
 (a) personal accident (b) theft
 (c) public liability (d) money
59. Deductible means ...
 (a) large excess (b) reduction (c) average (d) mild average
60. The benefits under a medical expenses policy are payable on ...
 (a) diagnosis of a critical condition (b) undergoing minor surgery
 (c) inability to work due to sickness (d) inability to work due to accident

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

Answer True (T) or False (F).

61. Delayed baggage extension is found in motor insurance.
 62. Lloyd's of London has its own standard fire policy.
 63. Escape of water is an example of perils of nature.
 64. Subsidence is an example of perils of chemical type.
 65. Aircraft is an example of miscellaneous perils.
 66. If an excess of ₦250.00 applies to a policy the insurer will pay ₦250.00 for a loss of ₦500.00.

67. An 'all-risk' policy does not have an operative clause.
68. Theft insurance is an example of an 'all-risk' policy.
69. Theft policy will cover entry into the premises by key.
70. The condition of average applies to theft policies.
71. Breakage of glass is a common automatic extension in theft insurance.
72. Collusion is excluded in theft insurance.
73. Money is sold as an all-risk policy.
74. Legal expenses insurance is an example of pecuniary insurance.
75. Libel and slander protection is an optional extension in legal expenses insurance.
76. Business interruption insurance covers loss of profit.
77. Indemnity period is used in money insurance.
78. Material damage warranty is used in business interruption insurance.
79. Fire and special perils are a part of the most common business interruption insurance.
80. Engineering insurance is a common business interruption insurance.
81. Employers' liability policy will pay for injury to third parties.
82. Professional indemnity policy will not pay for negligent act of a doctor.
83. Extended warranties is not a policy but a warranty.
84. A person that suffers stomach as a result eating a food will be compensated by the public liability insurance policy.
85. A public liability policy provides an indemnity to the insured for legal liability to third parties.

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

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

Mr. Ike Madu is a young professional who works with an insurance broking firm. He has just purchased a Corolla saloon car which he drives to work every day. He had approached an insurance company to cover the vehicle and the company insisted that he would only get a full cover after an inspection by an expert. Before that time a temporary document was issued to him to evidence the contract.

86. The expert that will carry out the inspection in motor insurance is the ...
 - (a) risk surveyor
 - (b) loss assessor
 - (c) loss adjuster
 - (d) motor engineer
87. The temporary document issued to him is a ...
 - (a) proposal form
 - (b) cover note
 - (c) certificate
 - (d) endorsement
88. The final document issued to him after the inspection to show that there was a valid motor insurance cover as required by law is the ...
 - (a) proposal form
 - (b) cover note
 - (c) certificate
 - (d) endorsement
89. The document to be used to make some alterations in the policy earlier issued to Mr Madu after the inspection is carried is called the ...
 - (a) proposal form
 - (b) cover note
 - (c) certificate
 - (d) endorsement
90. The document issued to Mr Madu to complete by the insurer is called the ...
 - (a) proposal form
 - (b) cover note
 - (c) certificate
 - (d) endorsement

Mr. John Samson purchased a house in a high brow area. In order to meet his taste, he decided to buy cosy furniture from a big furniture company in London. The value of the house was ₦50million which he had insured fully; while he decided to insure the furniture valued for ₦20million as against its real value of ₦35million. There was a total loss to the insured items.

91. Which type of policy will John buy to cover the fire peril?
 (a) Subterranean fire policy (b) Household insurance
 (c) Comprehensive Insurance (d) Fidelity Guarantee
92. In the identified policy in (i) above, the section that will pay for a damaged television set will be the ... insurance.
 (a) building (b) content (c) all risk (d) personal effect
93. The policy that will pay for a loss to John's wife jewellery is the ... insurance.
 (a) building (b) content (c) all risk (d) personal effect
94. The insurer will pay ... for the loss of the insured furniture, if there was a total loss.
 (a) ₦11.428million (b) ₦20million
 (c) ₦35million (d) ₦50million
95. The total amount payable to John for his loss is ...
 (a) ₦20million (b) ₦50million
 (c) ₦36.428million (d) ₦51.428million

Wholesome Ventures is an herbal medicine producer. The organisation's medications are taken by young and old people, especially the elderly ones. The medications are claimed to be able to cure many sicknesses at the same time, especially malaria and typhoid fevers. The organisation allows buyers and other customers into their premises, which are potential legal liabilities to the organisation.

96. What must be proved in a legal case by a visitor to the premises, who files a case of legal liability against Whole Ventures, which the visitor alleges that Wholesome Ventures owed to the visitor?
 (a) Fault (b) Negligence
 (c) Visitor's liability (d) Contingency liability
97. Which policy would you recommend to Wholesome Ventures for the liability to customers that come to its premises?
 (a) Public liability (b) Customers liability
 (c) Third party only (d) Contingency liability
98. What policy will cover the liability of the Wholesome Ventures to its workers?
 (a) Legal expense policy (b) Public liability policy
 (c) Professional indemnity policy (d) Employers' liability policy
99. The policy that Wholesome Ventures will buy to protect itself against loss of its produced herbal medications by staff is a/an ... policy.
 (a) product liability insurance (b) fidelity guarantee insurance
 (c) public liability insurance (d) employers' liability insurance
100. The policy that will protect Wholesome Ventures against claim from the consumers of the herbal medicine who could die or suffer injury from consumption of the herbal medications from the organisation is ...
 (a) product liability insurance (b) fidelity guarantee insurance
 (c) public liability insurance (d) employers' liability insurance

Chief Examiner's Comment

The candidates appeared to be inadequately prepared for the examination, as only 24.05% of those who sat for it passed.

Comments on Overall Performance

A poor performance.

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

Candidates are encouraged to prepare adequately for the examination.

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F03 – LIFE ASSURANCE, ANNUITY
AND PENSIONS ADMINISTRATION
YEAR 2026 APRIL DIET



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

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

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL)
WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL
2026 DIET CANDIDATES' INSTRUCTIONS.**

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION

F03 - LIFE ASSURANCE, ANNUITY
AND PENSIONS ADMINISTRATION

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

Section A

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

Example:

A comprehensive motor insurance policy would provide cover for:

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

The correct option is (a).

Section B

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

Example:

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

The correct option is False (F).

Section C

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

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

1. The first mortality table ever constructed (1662) from the Bills of Mortality was the work of ...
(a) Edmond Halley (b) John Graunt
(c) James Dodson (d) Rev. Dr. Assheton
2. The Equitable Life Assurance Society (1762) applied the principle of level premiums first demonstrated by ...
(a) John Graunt (b) Edmond Halley (c) James Dodson
(d) William Morgan
3. The mortality table published in 1815 that was widely used by British life offices for many decades was the ... table.
(a) Northampton (b) Carlisle (c) English (d) Seventeen Offices
4. The Continuous Mortality Investigation (CMI) in the UK commenced its work in Year ...
(a) 1903 (b) 1921 (c) 1947 (d) 1963
5. The first indigenous life assurance company registered in Nigeria as a private limited liability company on 6 May 1960 was ...
(a) National Insurance Corporation of Nigeria
(b) African Alliance Insurance Company Limited
(c) Great Nigeria Insurance Company (d) Royal Exchange Assurance Nigeria
6. A joint-life first-death policy is normally more expensive than a joint-life last-survivor policy because ...
(a) it pays out the benefits twice
(b) the claim is statistically expected earlier
(c) it always written on with-profits basis
(d) it requires medical evidence for both lives
7. ... is NOT classified as one of the three fundamental types of life assurance contracts.
(a) Term assurance (b) Whole life assurance
(c) Pure endowment (d) Immediate annuity
8. Convertible term assurance allows conversion to whole life or endowment ...
(a) only at the end of the original term
(b) at any time during the term without fresh evidence of health
(c) only if health has deteriorated (d) automatically on renewal
9. Decreasing term assurance is most commonly used in connection with ...
(a) inflation protection (b) repayment mortgages
(c) permanent health insurance (d) children's education funding
10. The primary tax advantage of a Family Income Benefit policy paying by instalments rather than lump sum is to ...
(a) attract inheritance tax relief (b) avoid income tax on the benefit
(c) obtain capital gains tax exemption (d) qualify for business relief

11. The bonus that is only paid on death or maturity and is forfeited on surrender is the ...
 - (a) simple reversionary bonus
 - (b) compound reversionary bonus
 - (c) annual bonus
 - (d) terminal bonus
12. In unit-linked term assurance, the sum assured is maintained throughout the term by ...
 - (a) adding extra bonuses
 - (b) monthly cancellation of units to meet the mortality cost
 - (c) increasing the premium annually
 - (d) converting with-profits
13. The bid-offer spread in unit-linked contracts primarily represents ...
 - (a) annual management charge
 - (b) an explicit initial charge for set-up costs
 - (c) mortality risk loading
 - (d) surrender penalty
14. Initial units in unit-linked policies differ from accumulation units mainly because they carry ...
 - (a) no allocation rate
 - (b) a higher management charge
 - (c) guaranteed capital
 - (d) lower bid price
15. Low-cost endowment policies are structured to pay on death, the higher of ...
 - (a) basic sum assured plus bonuses or unit fund
 - (b) 101% of premiums paid
 - (c) original sum assured only
 - (d) target amount only
16. A pure endowment policy pays the sum assured ...
 - (a) only on death within the term
 - (b) on survival to the end of the term (nothing if death earlier)
 - (c) on death or maturity whichever is earlier
 - (d) as monthly income from maturity
17. Universal Life (i.e. variable life) policies are not characterised by ...
 - (a) flexible premiums
 - (b) unbundled transparent charges
 - (c) guaranteed cash values irrespective of fund performance
 - (d) ability to increase or skip premiums
18. The mandatory minimum Group Life cover required under the Pension Reform Act 2014 in Nigeria is ...
 - (a) 1 × annual emolument
 - (b) 2 × annual emolument
 - (c) 3 × annual emolument
 - (d) 4 × annual emolument
19. In Nigeria, pension business was removed from life assurance companies and transferred to licensed Pension Fund Administrators by the ...
 - (a) Insurance Act 2003
 - (b) Pension Reform Act 2004 (as amended 2014)
 - (c) NAICOM Act 1997
 - (d) Companies and Allied Matters Act 2020
20. The primary purpose of financial underwriting in life assurance is to prevent ...
 - (a) over-insurance and moral hazard
 - (b) adverse selection due to health conditions
 - (c) money laundering
 - (d) underpayment of premiums
21. A Personal Medical Attendant's Report (PMAR) is most likely to be required when ...
 - (a) the proposer is under 25 years old
 - (b) there is a history of serious illness or recent medical consultation
 - (c) the sum assured is below ₦5million
 - (d) the policy is unit-linked

22. ... report is specifically required when the proposer has a history of elevated blood pressure.
- (a) Urine test for sugar and albumin
 - (b) Mini-electrocardiogram (Mini-ECG)
 - (c) Blood pressure readings over three consecutive days
 - (d) Stress electrocardiogram (treadmill test)
23. Numerical rating system in life assurance underwriting assigns +100 debit points for a condition that approximately ...
- (a) halves the expected remaining lifetime
 - (b) doubles the expected mortality
 - (c) triples the expected mortality
 - (d) increases mortality by 50%
24. A sub-standard life rated at +200% would normally be charged ...
- (a) a standard premium
 - (b) 150% of the standard premium
 - (c) 200% of the standard premium
 - (d) 300% of the standard premium
25. The most common method of dealing with a sub-standard occupational risk in Nigeria is to ...
- (a) decline the proposal
 - (b) charge an extra premium per mile
 - (c) restrict the policy term
 - (d) exclude aviation cover only
26. Under the Insurance Act 2003, an insurer in Nigeria may avoid a life policy abinitio only if material non-disclosure or misrepresentation is proved to be ...
- (a) negligent
 - (b) innocent
 - (c) fraudulent
 - (d) material but not fraudulent
27. The statutory cooling-off period for life assurance contracts in Nigeria under NAICOM prudential guidelines is ... days.
- (a) 7
 - (b) 14
 - (c) 15
 - (d) 30
28. The document that constitutes the actual contract between the insurer and the insured in life assurance practice is the ...
- (a) proposal form
 - (b) policy document
 - (c) brochure
 - (d) premium receipt
29. The principle that a life assurance policy taken out by a person on his/her own life is presumed to have insurable interest applies ...
- (a) only to spouses
 - (b) automatically without limit
 - (c) only up to a maximum of ₦10million
 - (d) only if the proposer is over 40 years old
30. The standard grace period allowed for payment of renewal premium on life assurance policies is ... days.
- (a) 15
 - (b) 30
 - (c) 60
 - (d) 90
31. Universally, a policy acquires surrender value typically after payment of premiums for at least ... year(s).
- (a) 1
 - (b) 2
 - (c) 3
 - (d) 5

32. Under Section 68 of the Insurance Act 2003, the minimum period for which a lapsed policy can be reinstated without fresh evidence of health in Nigeria is ...
 (a) 6 months (b) 12 months (c) 2 years (d) 3 years
33. The primary purpose of a Deed of Assignment in life assurance practice is to ...
 (a) change the beneficiary
 (b) transfer legal ownership of the policy rights
 (c) alter the sum assured (d) convert a term policy to endowment
34. In the event of death within the first two years of a policy, insurers most commonly classify the claim as ...
 (a) early claim requiring detailed investigation (b) automatic paid-up claim
 (c) maturity claim (d) suicide exclusion claim
35. The most common form of reinsurance for individual life risks in Nigeria is ...
 (a) quota share (b) surplus
 (c) risk premium reinsurance (risk-rated) (d) facultative obligatory
36. In Nigerian practice, the maximum retention limit per life for most life offices is determined primarily by reference to ...
 (a) free assets of the company (b) NAICOM solvency margin requirements
 (c) shareholders' funds (d) paid-up capital
37. The reinsurance arrangement under which the ceding company has the right but not the obligation to cede a risk is known as ... reinsurance.
 (a) treaty (b) facultative (c) proportional (d) excess of loss
38. In life assurance practice, the incontestability clause becomes fully effective after the policy has been in force for ... year(s).
 (a) 1 (b) 2 (c) 3 (d) 5
39. The standard suicide exclusion period applied by most Nigerian life offices is ...
 (a) 12 months from commencement or reinstatement
 (b) 3 months from commencement or reinstatement
 (c) 24 months from commencement only
 (d) 36 months from commencement
40. Where death occurs during the days of grace and the renewal premium remains unpaid, life offices will normally ...
 (a) repudiate the claim (b) pay the claim in full
 (c) pay the claim less than the overdue premium
 (d) pay only the surrender value
41. The most common method of settling a maturity claim on a with-profits endowment policy in Nigeria is through ...
 (a) cash payment of sum assured only
 (b) cash payment of sum assured plus reversionary bonuses plus terminal bonus
 (c) automatic conversion into a paid-up policy
 (d) issuance of an annuity certain

42. Under the Money Laundering (Prohibition) Act in Nigeria, life offices are required to verify customer identity when single premium exceeds ...
 (a) ₦1million (b) ₦2million (c) ₦5million (d) ₦10million
43. Original risk premium reinsurance is predominantly used in Nigeria for ...
 (a) group life business (b) individual life business
 (c) annuity portfolios (d) micro-insurance
44. The maximum retention per life for most Nigerian life offices is normally expressed as a multiple of ...
 (a) paid-up capital (b) free assets/admissible assets
 (c) technical provisions (d) annual premium income
45. An annuity under which payments continue for a minimum guaranteed period even if the annuitant dies earlier is called ... annuity.
 (a) life (b) temporary (c) annuity certain (d) guaranteed
46. A joint-life last-survivor annuity pays income until ...
 (a) the first death (b) the second death
 (c) a fixed term expires (d) the younger annuitant attains age 75
47. The factor that has the most significant impact on the purchase price of an immediate annuity in Nigeria is ...
 (a) prevailing interest rates (b) annuitant's occupation
 (c) annuitant's gender (d) annuitant's marital status
48. Impaired life annuities in Nigeria are available to individuals who ...
 (a) are over age 70 years
 (b) have a reduced life expectancy due to medical conditions
 (c) purchase with-profits annuities (d) opt for escalating payments
49. The primary purpose of the National Insurance Commission (NAICOM) guideline on annuity pricing is to ensure ...
 (a) uniform annuity rates across all insurers
 (b) use of a mortality table not lighter than the prescribed table
 (c) minimum guaranteed period of 10 years
 (d) compulsory indexation of payments
50. A deferred annuity differs from an immediate annuity in that ...
 (a) payments begin at least one year after purchase
 (b) it is always purchased with multiple premiums
 (c) it carries no mortality risk (d) it is non-assignable
51. In Nigeria, the Pension Reform Act 2014 allows retirees to use part of their RSA balance to purchase an annuity from ...
 (a) any licensed bank (b) any licensed insurance company
 (c) only the top three life offices (d) only the PFA that manages the RSA
52. A defined benefit pension scheme is characterised by benefits being calculated primarily by reference to ...
 (a) investment performance (b) final salary and years of service
 (c) total contributions paid (d) employee's age at retirement

53. The main financial risk in a defined contribution scheme is borne by the ...
 (a) employer (b) employee/member
 (c) pension fund administrator (d) government
54. Retirement Savings Account (RSA) holders in Nigeria may begin to access benefits at the earliest upon attaining the age of ... years.
 (a) 50 (b) 55 (c) 60 (d) 65
55. Under the Pension Reform Act 2014, an employee who leaves service before age 50 may access a maximum of ... percentage of the RSA as lump sum if unemployed for 4months.
 (a) 25% (b) 40% (c) 50% (d) 100%
56. The maximum permissible lump sum at retirement under PENCOR guidelines (as at Year 2020) is such that the remaining balance must be sufficient to fund an annuity or programmed withdrawal of not less than ... of monthly salary.
 (a) 30% (b) 40% (c) 50% (d) 60%
57. Pension Fund Administrators (PFAs) in Nigeria are prohibited from investing RSA funds in ...
 (a) Federal Government Bonds (b) ordinary shares of quoted companies
 (c) real estate development (d) corporate bonds of licensed banks
58. The Nigerian pension system before the Year 2004 Reform Act was predominantly ...
 (a) fully funded defined contribution (b) pay-as-you-go defined benefit
 (c) hybrid system (d) voluntary contribution scheme
59. The Pension Transitional Arrangement Directorate (PTAD) was established to manage pensions of ...
 (a) private sector employees
 (b) Pre-2004 public service defined benefit schemes
 (c) military and paramilitary personnel (d) all micro-pension contributors
60. A retiree under the CPS who chooses programmed withdrawal receives ...
 (a) a guaranteed lifetime income
 (b) monthly or quarterly payments calculated based on life expectancy
 (c) an immediate annuity from a life office (d) a lump sum only

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

Answer True (T) or False (F).

61. The first life assurance company registered in Nigeria as an indigenous insurer was incorporated in.
62. Traditional Nigerian mutual aid systems such as Esusu and Ajo are regarded as early forms of social insurance.
63. The Northampton Table was the first mortality table ever constructed from the London Bills of Mortality.
64. The Carlisle Table was constructed from data collected between 1780 and 1787.
65. A pure endowment policy pays the sum assured on death if it occurs during the term.
66. Convertible term assurance may be converted at any time during the term without fresh evidence of health.
67. In a joint-life last-survivor policy, the sum assured is payable on the death of the first life.
68. Terminal bonus is declared every year and is guaranteed once attached.

69. Family Income Benefit policies pay benefits as a lump sum to maximize inheritance tax relief.
70. In unit-linked policies, initial units always enjoy a higher allocation rate than accumulation units.
71. Universal life policies are required to guarantee a minimum cash value regardless of investment performance.
72. The primary objective of financial underwriting is to prevent over-insurance and moral hazard.
73. In Nigeria, the maximum non-medical limit is determined solely by the sum assured without reference to age.
74. A rating of +150% using the numerical rating system means the life is charged 250% of the standard premium.
75. Nigerian insurers may avoid a policy ab initio for innocent non-disclosure under the Insurance Act 2003.
76. The statutory cooling-off period for life assurance policies in Nigeria is 30 days.
77. Globally, a person has unlimited insurable interest in the life of his or her spouse.
78. A life policy in Nigeria normally acquires a guaranteed surrender value after premiums have been paid for three full years.
79. The standard grace period for renewal premiums in Nigerian life policies is 15 days.
80. Suicide is excluded from cover if committed within 13 months from commencement or reinstatement in most Nigerian policies.
81. Early claims are defined as claims occurring within the first three years of the policy.
82. Original risk premium reinsurance is the most used form of reinsurance for individual life business in Nigeria.
83. Facultative reinsurance is a treaty arrangement under which the ceding company must cede, and the reinsurer must accept all risks offered.
84. An immediate annuity purchased with a single premium begins payment at least one year after purchase.
85. A joint-life first-death annuity continues payment until the death of the second annuitant.

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

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

Akin lent ₦20,000.00 to Olu for five years. He effected a life policy on Olu's life for the same amount. Three years later, Olu and Akin died after Olu had paid ₦5,000.00 out of the loan. Akin's wife collected the policy money from the insurer. Olu's wife argued that Akin's wife has no right to the entire ₦20,000.00 since her husband had paid ₦5,000.00 out of the loan.

86. What gave Akin the right to insure Olu's life?
 (a) Contract (b) Debt (c) Friendship (d) Siblingship
87. The principle that allowed Akin to procure the insurance is ...
 (a) utmost good faith (b) indemnity
 (c) proximate cause (d) insurable interest
89. Akin's wife is entitled to the sum of ...
 (a) ₦5,000.00 (b) ₦10,000.00 (c) ₦15,000.00 (d) ₦20,000.00
89. The type of life policy suitable to this case is a/an ... assurance.
 (a) term (b) endowment (c) whole life (d) group life
90. The beneficiary to Akin's policy on Olu's life is ...
 (a) Akin (b) Olu (c) Akin's wife (d) Olu's wife

Maxwell Nigeria Limited is a leading publishing company in Ibadan where the company publishes books of different genres. The company wants a life policy on the lives of its staff in accordance of the law, as it is a good corporate citizen.

91. ... requires Maxwell Nigeria Limited to buy insurance on the lives of its staff.
(a) Pension Reform Act 2014 (b) Life Assurance Act 1774
(c) National Health Insurance Act 1999 (d) Insurance Act 2003
92. The benefits payable under this policy in line with the law is a minimum of ...
(a) the annual total emolument of the staff
(b) two times annual total emolument of the staff
(c) three times annual total emolument of the staff
(d) four times annual total emolument of the staff
93. The minimum contribution of an employee under this law for his pension is ...
(a) 5% of the total monthly salary (b) 8% of the total monthly salary
(c) 10% of the total monthly salary (d) 20% of the total monthly salary
94. The minimum contribution of the employer under this law for a staff pension is ...
(a) 5% of the total monthly salary (b) 8% of the total monthly salary
(c) 10% of the total monthly salary (d) 20% of the total monthly salary
95. Where the employer wants to solely contribute to the staff Retirement Savings Account, the monthly contribution will be ...
(a) 5% of the total monthly salary (b) 8% of the total monthly salary
(c) 10% of the total monthly salary (d) 20% of the total monthly salary

Sweetie Manufacturing Company in Freetown, Sierra Leone has contacted an intermediary, Mr. Johnson White to assist them to buy life assurance products from a reputable insurance company. One of the engineering staff of the company also requested the agent to help him effect a policy that will be used to pay school fees for his child with a sum assured of Le6million (Sierra Leone Currency). This staff was exempted from going for medical examination by the life office.

96. Mr. Johnson White is the ...
(a) broker (b) underwriter (c) agent (d) reinsurer
97. The traditional form of life assurance for educational purpose is ...
(a) term assurance (b) endowment
(c) whole life assurance (d) annuity
98. The exemption from going to see a doctor for medical examination in life assurance proposal is called ... underwriting.
(a) non-medical (b) medical (c) occupational (d) financial
99. The amount of cover where the proposal is exempted from medical examination is ...
(a) free cover limit (b) underwriting limit
(c) paid-up limit (d) surrender value
100. The best cover for the staff to meet his need is through purchase of ...
(a) Flexidowment (b) annuity certain
(c) pure endowment (d) educational endowment

Chief Examiner's Comment

The overall performance of the candidates was very poor, reflecting a very low level of preparation. It appears that many candidates relied primarily on reviewing past questions rather than engaging thoroughly with their prescribed coursebooks.

Comments on Overall Performance

The overall performance was poor.

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

Candidates should be encouraged to study their prescribed coursebooks rather than relying on past question papers.

F03 - LIFE ASSURANCE, ANNUITY AND PENSIONS ADMINISTRATION									
1	B	21	B	41	B	61	1960	81	F
2	C	22	C	42	C	62	T	82	T
3	B	23	B	43	B	63	F	83	F
4	B	24	D	44	B	64	T	84	F
5	B	25	B	45	D	65	F	85	F
6	B	26	C	46	B	66	T	86	B
7	D	27	C	47	A	67	F	87	D
8	B	28	B	48	B	68	F	88	C
9	B	29	B	49	B	69	F	89	A
10	B	30	B	50	A	70	F	90	C
11	D	31	C	51	B	71	F	91	A
12	B	32	C	52	B	72	T	92	C
13	B	33	B	53	B	73	F	93	B
14	B	34	A	54	A	74	T	94	C
15	A	35	C	55	A	75	F	95	D
16	B	36	A	56	C	76	F	96	C
17	C	37	B	57	C	77	T	97	B
18	C	38	B	58	B	78	T	98	A
19	B	39	B	59	B	79	F	99	A
20	A	40	C	60	B	80	T	100	D

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F04 - BUSINESS COMMUNICATION AND
INFORMATION TECHNOLOGY
YEAR 2026 APRIL DIET



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

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

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL)
WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL
2026 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 one (1) case study followed by ten questions. The case study is not numbered and appear at the top of the page. Each of the ten questions following a case study is numbered. Four options follow each question. The options are labelled, a, b, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer from by filling in the appropriate box.

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

1. The core of business communication is to ...
 - (a) make for efficient supervision of staff
 - (b) provide information to business partners
 - (c) share information that will enhance the actualisation of organisational goals
 - (d) None of the above

2. ... is not an objective of business communication.
 - (a) Awareness creation
 - (b) Attitude shaping
 - (c) Corporate image projection
 - (d) None of the following

3. An effective way of tackling language barrier in business communication is by ...
 - (a) employing a translator
 - (b) repeating information
 - (c) writing down information communicated
 - (d) appointing good speakers and writers as heads of departments

4. The following ensures effective business communication.
 - (a) Cooperation, content and completeness
 - (b) Cooperation, content and compassion
 - (c) Courtesy, cooperation and content
 - (d) Courtesy, clarity and completeness

5. ... is not covered in business communication.
 - (a) Issues relating to advertisement
 - (b) Information between a business and another person or entity in an organisation's external environment
 - (c) ideas and opinions about an organization's products and/or services
 - (d) None of the above

6. Ineffective communication is one that is ...
 - (a) understood by its receiver
 - (b) misunderstood by its receiver
 - (c) sent from a junior to a senior officer
 - (d) All of the above

7. Attitudinal barrier in business communication can result from ...
 - (a) language differences
 - (b) poor management
 - (c) personal discomfort
 - (d) obsolete equipment

8. ... is a good example of physical barrier to effective communication.
 - (a) The emotional state of the receiver
 - (b) The credibility of the sender
 - (c) The social status of the sender
 - (d) None of the above

9. Bypassing in communication occurs when ...
 - (a) men and women adopt different communication styles
 - (b) communicators are faced with condensed communication tools
 - (c) a communicator is afraid of criticism
 - (d) communicators attach different symbolic meanings to words

10. The major concern of formal letters is/are ...
 - (a) news of the day
 - (b) enquiries about people's interests
 - (c) business matters
 - (d) All of the above

11. A business letter contains ... major items.
 (a) two (b) five (c) four (d) six
12. ... is the appropriate closing in a formal letter.
 (a) Yours' faithfully, (b) Yours Faithfully,
 (c) yours faithfully, (d) Yours faithfully,
13. The principle which demands that business communication be intelligible and free from verbosity is that of ...
 (a) objectivity (b) conciseness (c) completeness (d) accuracy
14. ... is/are not a form of internal communication in an organisation.
 (a) Advertisements (b) Memorandum (c) Reports (d) Workshops
15. The purpose of internal communication could be to ... information.
 (a) request (b) provide (c) record (d) All of the above
16. A memorandum is ...
 (a) a piece of written communication (b) informal communication
 (c) semi-formal communication (d) oral communication
17. A ... is used for internal business communication only.
 (a) memorandum (b) newsletter
 (c) questionnaire (d) circular
18. A major factor that enhances the understanding of a memorandum is that ...
 (a) the sender and the receiver have similar business background
 (b) it is usually issued by a senior officer
 (c) the sender and receiver usually have similar professional background
 (d) the subject matter is usually a common one
19. The ... is not essential in a memorandum.
 (a) name, initials or designation of the writer (b) date
 (c) complimentary close (d) subject and the text
20. One of the following is true about a memorandum? It is ...
 (a) strictly informal (b) strictly formal
 (c) less formal than a letter (d) None of the above
21. The content of an e-mail comprises ... and ...
 (a) the subject and the message (b) the message and signature of the sender
 (c) the message header and the message body (d) the subject and the header
22. ... does not enhance external business communication.
 (a) improving internal communication (b) giving out bonuses to customers
 (c) issuing press release (d) improving the organisation's image
23. A ... is a bulletin issued periodically to the members of a society or an organisation.
 (a) newsletter (b) circular (c) gazette (d) journal

24. Intra-company presentations are usually geared towards ...
 (a) promoting sales (b) passing information to external stakeholders
 (c) introducing new policies or operations to staff
 (d) informing the public of a company's policies
25. A major advantage of online advertisements is that they ...
 (a) are unaffected by weather conditions or power supply
 (b) can only be assessed by their target audience
 (c) are sent directly to subscribers (d) can reach a global audience at a low cost
26. Ideally, a press release contains ... paragraphs.
 (a). 2–3 (b) 5–6 (c) 3–5 (d) 4–5
27. A ... is a research instrument.
 (a) questionnaire (b) circular (c) catalogue (d) power-point
28. ... is the question type in a survey which allows respondents the liberty to provide their own answers.
 (a) Scaling (b) Dichotomous questions
 (c) Open ended questions (d) Multi choice questions
29. Operational feedback is the type of feedback given by ...
 (a) research respondents (b) government agencies
 (c) a company's employees or management (d) customers
30. The acronym "IFTDC" is a useful guide in writing ...
 (a) terms of reference (b) press release
 (c) online advertisements (d) memorandum
31. ... is not a type of business meetings.
 (a) Extraordinary general meetings (b) Zonal meetings
 (c) Annual general meetings (d) Board meetings
32. Issues to be discussed in a meeting collectively make up its ...
 (a) notice of meeting (b) minutes (c) agenda (d) resolution
33. The first three items in an agenda are ...
 (a) time of the meeting, minutes of the previous meeting and opening remarks
 (b) opening remarks, minutes of the previous meeting and matters arising
 (c) opening remarks, attendance and minutes of the previous minutes
 (d) apologies for absence, minutes of the previous meeting and matters arising
34. Issues not included in the agenda of a meeting are treated as ...
 (a) matters arising (b) special business
 (c) any other business (d) None of the above
35. The segment of a meeting where its major purpose is discussed is known as ...
 (a) motion (b) all important businesses
 (c) special business (d) None of the above

36. ... minutes record a concise summary of discussions of a meeting under the various headings and the decisions or conclusions reached on each.
 (a) Full (b) Brief (c) Standard (d) Overall
37. ... are styles of minutes writing.
 (a) Objective and concise (b) Objective and sub-objective
 (c) Concise and complicated (d) All of the above
38. Computers on a network are said to be in ...
 (a) communication (b) communion (c) contact
 (d) None of the above
39. ... is a formal type of oral presentation.
 (a) Training sessions (b) Seminars (c) Interviews (d) All of the above
40. ... is a key factor in the choice of a channel for business communication.
 (a) The nature of the message (b) Confidentiality
 (c) Speed (d) Conciseness
41. Sensors have the capacity to respond to all the following except ...
 (a) light (b) blood pressure (c) voice (d) alcohol
42. A major advantage of technology to a business is that it ...
 (a) reduces cost (b) reduces staff workload
 (c) increases staff strength (d) minimises dependence on power supply
43. ... is not an input device of a computer.
 (a) Keyboard (b) Light pen (c) Printer (d) Webcam
44. A drone is a ...
 (a) smoke dictator (b) flying robot
 (c) computer software (d) household machine
45. Alexa is a/an ...
 (a) sensor (b) voice recorder (c) optical sign dictator
 (d) humanoid robot
46. Which of the following is not a merit of Technology in business? It ...
 (a) can be used to process business record
 (b) helps a business to operate with minimal manpower
 (c) reduces the cost of running a business
 (d) ensures that no information is leaked to unauthorised persons
47. ... function cannot be performed by a sensor.
 (a) Fingerprint access (b) Turning off of a television
 (c) Production (d) Smoke detection
48. One of the office functions that can be performed a computer is ...
 (a) record keeping (b) accounting (c) payroll
 (d) All of the above

49. One of the most recent uses of robots is their use in ...
 (a) car production (b) medicine
 (c) home cleaning (d) lawn mowing
50. ... is not a recent advancement in business communication.
 (a) Radio (b) Skype (c) Blogs (d) YouTube

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

51. The decision the Registrar has taken is ...
 (a) irevocable (b) irrivocable (c) irrevocable (d) irrevocible
52. The coach's continuous injection of fresh blood into the team has made it ...
 (a) invincible (b) invinsible (c) invisibile (d) envinsible
53. Lions are one of the ... species of cats found in Sub-Saharan Africa and India.
 (a) intomitable (b) indomitable (c) imdomitable (d) imtominable
54. News had it that what the twenty-year old girl saw at the Mariam shrine was an ...
 (a) aparition (b) arparition (c) apparition (d) aperition
55. In today's academic world, you either be visible or go into ...
 (a) obcurity (b) oscurity (c) orbscurity (d) obscurity
56. Poultry farmers report that the ... period for chicken eggs is between 20 and 21 days.
 (a) inculation (b) incurbation (c) inculbation (d) incubation
57. Theresa claimed to have broken the ... in her family but I think otherwise because she still falls ill regularly.
 (a) jink (b) jinxs (c) jinx (d) jinks
58. ... insurance covers businesses against financial losses.
 (a) Percunary (b) Precuniary (c) Pecuniary (d) Pecruniary
59. I hate that actor because he is such an ... fellow.
 (a) undisciplined (b) indisciplined (c) undiciplinned (d) indisciplinned
60. I was ... every now and then as I read through the tiny prints.
 (a) squanting (b) squinting (c) squintting (d) squinthing

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

61. a. Mr. Adekunle came to live in Owerri since 1990.
 b. Mr. Adekunle came to live in Owerri in1990.
 c. Mr. Adekunle came to live in Owerri at 1990.
 d. Mr. Adekunle came to live in Owerri between 1990.
62. a. Susan was pregnant and could not lift anything heavy.
 b. Susan was under pregnancy and could not lift anything heavy.
 c. Susan has been experiencing pregnant and could not lift anything heavy.
 d. Susan has been on pregnancy and could not lift anything heavy.

63. a. My dad died in 1982. My eldest brother was struggling to a first degree by then.
 b. My dad died in 1982. My eldest brother was struggling to a first degree at then.
 c. My dad died in 1982. My eldest brother was struggling to a first degree then.
 d. My dad died in 1982. My eldest brother was struggling to a first degree in that time.
64. a. I advised the girl to get into contact with a gynaecologist.
 b. I advised the girl to get on contact with a gynaecologist.
 c. I advised the girl to get in contact with a gynecologist.
 d. I advised the girl to get contact with a gynaecologist.
65. (a) The leader of the opposition party is now on exile.
 (b) The leader of the opposition party is now under exile.
 (c) The leader of the opposition party is now in exile.
 (d) The leader of the opposition party is now at exile.
66. (a) We look forward to the intelligencias of the nation for fresh ideas.
 (b) We look forward to the intelligentials of the nation for fresh ideas.
 (c) We look forward to the intelligentiase of the nation for fresh ideas.
 (d) We look forward to the intelligentsia of the nation for fresh ideas.
67. (a) The earthquake caused so many damages to the National Museum.
 (b) The earthquake caused many damages to the National Museum.
 (c) The earthquake caused so much damages to the National Museum.
 (d) The earthquake caused much damage to the National Museum.
68. (a) We lived in fears of being arrested. (b) We lived in the fear of being arrested.
 (c) We lived in fear of being arrested.
 (d) We lived in the fears of being arrested.
69. (a) Mrs. Haruna was in loggerheads with all her colleagues.
 (b) Mrs. Haruna was in loggerhead with all her colleagues.
 (c) Mrs. Haruna was at loggerheads with all her colleagues.
 (d) Mrs. Haruna was at loggerhead with all her colleagues.
70. (a) As soon as the fire alarm was blown, all the staff started running for their dear lifes.
 (b) As soon as the fire alarm was blown, all the staff started running for their dear lives.
 (c) As soon as the fire alarm was blown, all the staff started running for dear life.
 (d) As soon as the fire alarm was blown, all the staff started running for dear lives.

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

71. (a) When his father died, he withdrew from school.
 (b) When his father, died he withdrew from school.
 (c) When his father died, he withdrew, from school.
 (d) When his father died he withdrew from school.

72. (a) The University provides all sorts of courses; Architecture, Arts, Business Administration, Science, Social Sciences, etc.
 (b) The University provides all sorts of courses: Architecture, Arts, Business Administration, Science, Social Sciences, etc.
 (c) The University provides all sorts of courses/ Architecture, Arts, Business Administration, Science, Social Sciences. etc.
 (d) The University provides all sorts of courses. Architecture, Arts, Business Administration, Science, Social Sciences, etc.
73. (a) The little boy gasped; panted and collapsed on the floor.
 (b) The little boy gasped, panted and collapsed on the floor.
 (c) The little boy, gasped panted and collapsed on the floor.
 (d) The little boy gasped, panted and collapsed on the floor;
74. (a) I never knew that my neighbour has a Phd. in English.
 (b) I never knew that my neighbour has a PH.d. in English.
 (c) I never knew that my neighbour has a ph.D. in English.
 (d) I never knew that my neighbour has a Ph.D. in English.
75. (a) This is my place of rest, the priest said to himself.
 (b) This is my place of rest, “the priest said to himself”.
 (c) “This is my place of rest”, the priest said to himself.
 (d) “This is my place of rest”, ‘the priest said to himself’.
76. (a) Ben asked the girl if she was married?
 (b) Ben asked the girl if she was married;
 (c) ben asked the girl if she was married.
 (d) Ben asked the girl if she was married.
77. (a) Indeed, we cannot predict the outcome of the election.
 (b) indeed, we cannot predict the outcome of the election.
 (c) Indeed, we cannot predict the, outcome of the election.
 (d) indeed we cannot predict the outcome of the election!
78. (a) Finally, I charge you to be of good courage?
 (b) Finally; I charge you to be of good courage.
 (c) Finally! i charge you to be of good courage.
 (d) Finally, I charge you to be of good courage.
79. (a) You will have to speak loudly to mr. Lemoha; he does not hear very well.
 (b) You will have to speak loudly to Mr. Lemoha; he does not hear very well.
 (c) You will have to speak loudly to Mr. lemoha he does not hear very well.
 (d) You will have to speak loudly to mr. lemoha; he does not hear very well.
80. (a) We will leave New york tomorrow.
 (b) We will leave new York tomorrow.
 (c) We will leave New York tomorrow.
 (d) We will leave new york tomorrow.

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

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

81. Mrs. Orji and her husband fell out and refused to live ... the same roof.
(a) in (b) under (c) inside (d) on
82. The lecturer said he had never ----- insulted in his life.
(a) so being (b) so been (c) been so (d) being so
83. Everyone was happy when the couple made ... after their disagreement.
(a) over (b) up (c) in (d) out
84. Neither David nor his sister ... present at the meeting yesterday.
(a) are (b) is (c) was (d) were
85. Before the recent ... in agriculture, medicine and industry, man's life was difficult.
(a) growths (b) adventures (c) development (d) experiment
86. The new employee accepted the conditions we gave her ... for my liking.
(a) too much quickly (b) much too quickly
(c) quickly too much (d) much quickly too
87. Those who owe the company are were urged to ... their debts.
(a) pay out (b) pay in (c) make good (d) make up
88. I know Raymond to as a man of ... character.
(a) troubling (b) trustworth (c) stable (d) cunning
89. Ibrahim has since taken over the ... of power.
(a) reigns (b) rains (c) reins (d) realms
90. In some cultures, dead people are ...
(a) baked (b) flared (c) cemented (d) cremated

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

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

In any country, developed or developing the book industry is a small one in monetary terms. But just as a small switch can set in motion and control an enormous machine or an electrical system carrying power to remote areas, book publishing is also a "key". Since that is not always understood and appreciated by people outside the book field, one of the important factors in the grand strategy of book development in any country is to explain to the general public, or at least to the people in charge of national planning, the way in which book publishing is the key to educational, social and economic development and hence to true nationhood.

At the most practical level, and in terms most easily understood by people outside of the book field, the thought is most simply stated by saying that education is the basic investment for economic development, and that books are the basic tools of education.

Furthermore, if books are to be truly useful, they must respond to the actual needs and interests of the readers. Foreign books, if in the right language, can be useful in many ways for certain kinds of readers; in fact, for some readers at the higher educational levels, the world view that can be obtained through reading books from abroad is a most desirable feature. But for most of the book readers in most countries, the books must grow out of 'local soil'.

Quite aside from questions of national pride and the natural wish of most countries to have book industries of their own, a local book industry is needed, no matter how great the availability of books from abroad. This is necessary for cultural enrichment, opportunities for self-expression by the nation's thinkers and writers and artists, and for developing a sense of national unity as well as a sense of historic tradition.

But the argument that carries weight with the national leaders even if they think the points above are too "philosophical" is that young readers, or adults who are newly literate, must be interested if they are to enjoy the newly acquired art of reading. And they must have a feeling of enjoyment and profit if they are to keep on reading. And the reading that people do by themselves, for their own reasons, represents the cheapest kind of education and one that triumphs over all other difficulties – even a shortage of good teachers – if good books are available that deal with understandable facts and situations in their own life experience.

(Adopted from *A Guide to Book Publishing* by D.C. Smith Jr.)

91. According to the passage, the book industry ...
- (a) must be a small scale business
 - (b) yields small financial gain
 - (c) is limited by non-availability of funds
 - (d) is seen as requiring small amounts of money in comparison to other industries.
92. Which of the following captures the need for a local book industry?
- (a) Foreign books are not always accessible to readers.
 - (b) A local book industry affords a nation's thinkers, writers and artists the opportunity for self-expression and for developing a sense of national unity.
 - (c) Book business is lucrative.
 - (d) All of the above
93. The phrase "book publishing is a key" as used in the passage means that it can ...
- (a) work like a small switch
 - (b) help to facilitate other processes of national development
 - (c) be used to supply information to remote areas
 - (d) stimulate interest in reading
94. In the passage, the author is of the view that when people read "good books ... that deal with understandable facts and situations in their own life experience, they are trying to ...
- (a) entertain themselves
 - (b) cope with shortage of good teachers
 - (c) dispense with the services of teachers
 - (d) educate themselves
95. The main thrust of the passage is to ...
- (a) examine the viability of local book industries
 - (b) list out gains readers derive from local book industries
 - (c) argue in favour of setting up a local book industry
 - (d) point out the role of the government in setting up local book industries

The term pollution can be seen as the existence of substances which create unfavorable imbalances in the constituents of man's environment. Such substances include smoke from wood burning and coal, human waste, discharge from industries and vehicle exhaust, production of chemical reactors from nuclear plants, heat and sources of noise.

According to scientists, while quality environment is necessary for man's physical and emotional health, the truth is that it is difficult if not impossible to completely eradicate environmental pollution as long as man continues to exist. This explains why most scientists believe that the fight against environmental pollution should be geared towards reducing pollution-causing substances to the barest minimum rather than outright eradication.

Some of the ways suggested by scientist for the control of pollution include education, recycling, legal sanctions, provision of special areas for industrial activities among others. Since pollution has negative consequences on humans, other animals as well as plants, it becomes imperative that all necessary measures be employed to tackle it.

96. Which of the following is true according to the passage?
- (a) It is easy to eradicate environmental pollution.
 - (b) Scientists are yet to discover ways of tackling environmental pollution.
 - (c) Total eradication of environmental pollution is impossible.
 - (d) Scientists make false claims about environmental pollution.
97. To reduce pollution-causing substances to the barest minimum is to ensure that they ...
- (a) are non-existent
 - (b) do not interfere with man's daily activities
 - (c) are reduced to a manageable level
 - (d) are in sizeable quantities
98. As stated in the passage, ... is not a way of tackling environmental pollution.
- (a) Sanctions
 - (b) Education
 - (c) Recycling
 - (d) Industrialization
99. From the passage one can infer that environmental pollution affects ...
- (a) plants only
 - (b) animals only
 - (c) humans only
 - (d) all living things
100. A suitable title for the passage is ...
- (a) environmental pollution
 - (b) man and his environment
 - (c) the dangers of industrialisation
 - (d) animal life and environmental pollution

Chief Examiner's Comment

46.22% of the candidates who sat for the examination passed, which reflected a below-average level of overall performance.

Comments on Overall Performance

The overall performance was below average.

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

Candidates are advised to enhance their preparation for the examination and develop a more in-depth understanding of the course content.

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F05 - INSURANCE UNDERWRITING PROCESS
YEAR 2026 APRIL DIET



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

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

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL)
WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL
2026 DIET CANDIDATES' INSTRUCTIONS**

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION

F05 - INSURANCE UNDERWRITING PROCESS

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

Section A

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

Example:

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

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

The answer is option (c).

Section B

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

Example:

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

The correct option is False (F).

Section C

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

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

1. Material information in insurance refers to any fact that ...
 - (a) the insured considers irrelevant to the proposal
 - (b) would influence a prudent insurer's decision to accept or decline a risk
 - (c) only affects the insured's perception of risk
 - (d) is provided after the issuance of policy

2. According to the Nigerian Insurance Act 2003, a proposer has the duty to ... before a contract is concluded.
 - (a) pay premium in arrears
 - (b) disclose every material circumstance known to them
 - (c) register with NAICOM
 - (d) obtain a broker's certificate

3. In underwriting practice, a physical hazard refers to ...
 - (a) a characteristic of the insured property that increases the chance of loss
 - (b) a moral character defect in the insured
 - (c) the insured's legal obligations
 - (d) the insurer's claims department errors

4. In the context of motor insurance, the proposer's history of traffic offences is regarded as ...
 - (a) irrelevant information
 - (b) non-material information
 - (c) material information
 - (d) information for the driver's license authority only

5. A proposer who wrongly states his/her age in a life insurance policy has committed ...
 - (a) deliberate concealment
 - (b) innocent misrepresentation
 - (c) fraudulent misstatement
 - (d) material omission

6. The principle of ... ensures that the terms of an insurance contract are clear, agreed upon and documented before the policy is issued.
 - (a) contract certainty
 - (b) contract flexibility
 - (c) policy renewal
 - (d) risk modification

7. In Nigeria, a certificate of insurance is most commonly required for ... in(as)surance.
 - (a) marine hull
 - (b) motor
 - (c) life
 - (d) fire and burglary

8. The primary purpose of a quotation in underwriting is to ...
 - (a) serve as a contract agreement
 - (b) provide the proposer with indicative terms, conditions, and premium rates
 - (c) replace the proposal form
 - (d) function as a cover note

9. The insurer calculates the premium payable based on the ... of the risk.
 - (a) market reputation
 - (b) frequency and severity
 - (c) broker's recommendation
 - (d) client's negotiation power

10. When the underwriter accepts a risk but with modified terms, the process is called ...
 - (a) counter-offer
 - (b) provisional acceptance
 - (c) deferred acceptance
 - (d) conditional renewal

11. The section of an insurance policy that outlines the specific risks covered is known as the ...
 - (a) policy schedule
 - (b) operative clause
 - (c) warranty
 - (d) exception
12. The ... is the amount the insured must bear before the insurer pays a claim.
 - (a) premium
 - (b) deductible
 - (c) sum insured
 - (d) contribution
13. A ... is a condition in a policy that must be strictly complied with, failing which the insurer may repudiate liability.
 - (a) representation
 - (b) warranty
 - (c) clause
 - (d) schedule
14. ... risk is typically excluded from standard insurance policies.
 - (a) Fire
 - (b) Theft
 - (c) War
 - (d) Accidental damage
15. When a policy is cancelled mid-term, the insurer may apply a ... scale to determine the refund.
 - (a) flat rate
 - (b) short-period
 - (c) long-term
 - (d) actuarial
16. Cancellation statistics are useful for identifying trends in ...
 - (a) policyholder satisfaction
 - (b) regional income patterns
 - (c) underwriting fraud
 - (d) policy retention
17. If a renewal premium is received after policy expiry, the insurer may issue a ...
 - (a) retroactive endorsement
 - (b) premium warrant
 - (c) fresh proposal form
 - (d) renewal certificate
18. ... factor most influences the cost of renewing a motor insurance policy.
 - (a) The age of the insured
 - (b) The number of endorsements
 - (c) The claims history
 - (d) The location of the insurer
19. In a personal accident policy, the weekly benefit payable during temporary disability is referred to as the ...
 - (a) death benefit
 - (b) sickness cover
 - (c) income replacement
 - (d) convalescence benefit
20. Medical expenses arising from a road accident may be recovered under the ... section of a comprehensive motor policy.
 - (a) personal accident
 - (b) medical expenses
 - (c) extended warranty
 - (d) all-risk
21. Optional extensions in a personal insurance policy allows the insured to ...
 - (a) increase coverage by paying an additional premium
 - (b) cancel the policy mid-term
 - (c) transfer policy ownership
 - (d) reduce existing cover
22. ... clause in a personal insurance policy that lists the risks that are not covered.
 - (a) Warranty
 - (b) Exception
 - (c) Operative
 - (d) Arbitration
23. ... is represented by a deductible in a personal insurance policy.
 - (a) The amount paid by the insurer
 - (b) The amount paid by the insured before the insurer contributes
 - (c) The total premium
 - (d) The sum insured

24. The clause that excludes coverage for war, nuclear risks, and wear and tear is referred to as ...
- (a) standard exclusions (b) special perils
(c) material damage proviso (d) warranty clause
25. A company that loses revenue due to a fire destroying its warehouse may claim under ...
- (a) property insurance (b) pecuniary insurance
(c) legal expenses insurance (d) pollution liability insurance
26. A Professional Indemnity Policy in Nigeria would most likely be required by a ...
- (a) baker supplying bread to schools
(b) lawyer representing corporate clients
(c) retailer selling household items (d) taxi company owner
27. When a Nigerian manufacturer exports goods to Europe, ... insurance policy is most relevant for protection against claims arising from harm caused by these exported products.
- (a) property all risks (b) employers' liability
(c) products liability (d) public liability
28. The Material Damage Proviso connects fire and business interruption insurance by requiring ...
- (a) the same insurer to provide both covers
(b) that physical loss occurs before loss of profits is paid
(c) the insured to renew both policies simultaneously
(d) premiums to be paid annually in advance
29. 'All Risks' Insurance differs from Fire Insurance mainly in that it ...
- (a) excludes perils caused by accident
(b) covers accidental loss or damage not otherwise excluded
(c) is limited to specific locations
(d) is not subject to policy excesses
30. Risk identification is most effective when conducted ...
- (a) after a claim is settled (b) during policy cancellation
(c) before underwriting acceptance (d) during premium payment
31. Risk analysis involves evaluating the ... of a potential insured risk.
- (a) profitability (b) insurability and exposure
(c) marketing appeal (d) legal ownership
32. Risk control activities include ...
- (a) risk analysis and transfer
(b) installation of safety devices and fire prevention measures
(c) risk pooling and investment (d) claim repudiation and adjustment
33. An extended warranty provides coverage beyond the ... period.
- (a) underwriting (b) claims
(c) standard warranty (d) policy renewal

34. A claims handler who ensures timely settlement while preventing overpayment demonstrates ...
- (a) risk control (b) underwriting consideration
(c) fraud prevention skill (d) loss minimisation
35. The most important consideration when analysing underwriting data is to ensure ...
- (a) accuracy, confidentiality, and lawful usage (b) minimal supervision
(c) higher claims settlement speed (d) reduced documentation
36. ... action may be taken by an insurer when fraud is confirmed in a submitted claim.
- (a) Increase the premium
(b) Cancel the policy and initiate legal action
(c) Offer a discount (d) Upgrade the coverage
37. ... tool is commonly used by insurers to detect fraudulent claims.
- (a) Customer surveys (b) Predictive analytics
(c) Loyalty programs (d) Manual record-keeping
38. The Nigerian Insurance Act 2003 mandated insurers to submit annual returns based on the ... year.
- (a) calendar (b) policy (c) accounting (d) underwriting
39. The severity of claims refers to the ...
- (a) number of claims filed (b) average cost per claim
(c) frequency of claims (d) total premium collected
40. ... is the purpose of analysing account performance in underwriting.
- (a) To determine staff bonuses (b) To assess profitability and risk exposure
(c) To calculate taxes (d) To increase advertising
41. All insurance markets often use past claims experience to establish the ... for future premium rating.
- (a) discount factor (b) benchmark rate
(c) data trend (d) indexation rate
42. When comparing performance across different business classes, insurers often rely on the ... ratio.
- (a) expense (b) underwriting (c) earned loss (d) gross written premium
43. The Motor Insurer's Bureau (MIB) in Nigeria provides compensation for victims of ...
- (a) insured accidents (b) fraudulent claims
(c) uninsured or hit-and-run drivers (d) policy cancellations
44. The pricing factor that is most affected by natural disasters such as flooding is ...
- (a) frequency (b) catastrophe claims (c) commission (d) IBNR
45. In underwriting, the term "claims run-off" describe the ...
- (a) cancellation of policies
(b) settlement of claims from previous underwriting years
(c) refund of premiums (d) the increase in policy endorsements

46. National Insurance Commission (NAICOM) requires insurers to maintain adequate reserves for claims that have been incurred but not yet reported. This reserve is commonly referred to as ...
- (a) Incurred But Not Paid (IBNP) (b) Incurred But Not Reported (IBNR)
(c) Outstanding Claims Reserve (d) Claims Run-Off
47. A claim that has occurred but remains undiscovered or unreported for a long period, common in liability policies like "Directors and Officers", is known as a/an ... claim.
- (a) IBNR (b) latent (c) contingent (d) delayed
48. If an insurer cedes a risk with a sum insured of ₦200million under a Surplus Treaty with a retention limit of ₦40million and 4 lines, the maximum capacity the insurer can offer on a single risk is ...
- (a) ₦40million (b) ₦160million (c) ₦200million (d) ₦240 million
49. In managing liability risks, an insurer must primarily assess the ...
- (a) moral hazard of the insured
(b) legal environment and potential compensation limits
(c) reinsurance treaty duration (d) number of intermediaries involved
50. ... types of claims are best managed by excess of loss reinsurance.
- (a) Low-frequency, high-severity claims
(b) High-frequency, low-severity claims
(c) Commission-related claims (d) Surplus retention claims

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

Answer True (T) or False (F)

51. The duty of disclosure applies only at the time of making a claim and not during the proposal stage.
52. If an insurer discovers a material non-disclosure after issuing the policy, the insurer has the right to void the contract.
53. A cover note provides temporary insurance protection until the full policy document is issued.
54. A certificate of insurance serves as legal evidence that a valid insurance contract exists between the insurer and the insured.
55. A quotation is a legally binding contract between the insurer and the proposer.
56. Conditions in an insurance policy are optional guidelines that the insured may choose to follow.
57. Excess is a fixed amount or percentage that the insured must bear in every claim.
58. Renewal statistics assist insurers in monitoring customer retention and policy lapse rates.
59. The renewal process typically begins when the insurer sends out a renewal notice prior to the policy's expiry date.
60. A Third-Party Only motor insurance policy covers only the liabilities of the insured towards others.

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

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

Mrs. Oghenekaro operates a fashion boutique in Benin City. She sought to insure her shop against fire and burglary risks. The underwriter at Royal Trust Insurance Plc insisted that all material details be agreed upon and documented before policy inception.

61. The underwriter's insistence ensures the principle of ...
 - (a) contract flexibility
 - (b) contract certainty
 - (c) policy variation
 - (d) premium equivalence
62. The main purpose of a proposal form in underwriting is to ...
 - (a) calculate taxes payable
 - (b) replace the policy schedule
 - (c) determine broker's commission
 - (d) serve as the basis of the contract
63. In the Nigerian context, the duty to disclose all relevant facts arises ...
 - (a) when signing the proposal form
 - (b) when submitting the claim
 - (c) when the policy expires
 - (d) during claim investigation
64. The principle of utmost good faith requires ...
 - (a) the insurer to disclose claims history
 - (b) both parties to disclose material information
 - (c) only the insured to disclose health conditions
 - (d) only brokers to provide facts
65. Failure to achieve contract certainty before policy inception may lead to ...
 - (a) ambiguous coverage and claim disputes
 - (b) lower premium rates
 - (c) automatic policy cancellation
 - (d) faster underwriting turnaround

Fatima insures her tailoring shop in Kaduna against fire with Double Crown Insurance Limited. The policy includes a franchise clause of ₦100,000.00 and excludes war and terrorism. A fire incident causes ₦80,000.00 damage. Ngozi insists on full compensation.

66. What does the franchise clause of ₦100,000.00 mean?
 - (a) Claims below ₦100,000.00 are paid in full
 - (b) Claims above ₦100,000.00 are paid in full
 - (c) Claims below ₦100,000.00 are not paid
 - (d) Claims are shared among insurers
67. Why is Fatima's claim of ₦80,000.00 not payable?
 - (a) It is below the franchise limit
 - (b) It is a war-related loss
 - (c) It is a fraudulent claim
 - (d) It is covered by another insurer
68. Which clause excludes terrorism from coverage?
 - (a) Operative Clause
 - (b) Arbitration Clause
 - (c) Warranty Clause
 - (d) Exception Clause
69. What document outlines the sum insured and premium?
 - (a) Proposal Form
 - (b) Certificate of Insurance
 - (c) Endorsement
 - (d) Policy Schedule

70. If the fire was caused by a terrorist attack, what applies?
- (a) Full Compensation
 - (b) Arbitration
 - (c) Exclusion of Liability
 - (d) Subrogation

A petroleum company in Port Harcourt accidentally spilled oil into a nearby river, affecting local farmers and fishermen. Multiple third-party claims were filed.

71. Which policy would best respond to this loss? It is a ... Insurance.
- (a) Fire and Special Perils
 - (b) Public Liability
 - (c) Pollution Liability
 - (d) Employers' Liability
72. The primary objective of Pollution Liability Insurance is to ...
- (a) cover deliberate pollution acts
 - (b) cover the cost of pollution clean-up and third-party claims
 - (c) replace damaged company property
 - (d) compensate employees for health risks
73. Which organisation regulates the conduct of the insurer in Nigeria for such claims?
- (a) National Insurance Commission (NAICOM)
 - (b) Federal Ministry of Finance
 - (c) Federal Ministry of Environment
 - (d) Nigeria Deposit Insurance Corporation
74. Pollution Liability policies generally exclude ...
- (a) sudden accidental discharges
 - (b) third-party bodily injury
 - (c) clean-up costs approved by regulators
 - (d) gradual contamination over time
75. ... principle of insurance ensures fair compensation without profit to the insured.
- (a) Subrogation
 - (b) Contribution
 - (c) Indemnity
 - (d) Utmost Good Faith

Chief Examiner's Comment

61% of the candidates who sat for the examination passed, indicating a generally satisfactory level of performance.

Comments on Overall Performance

Performance was above average. Candidates should prepare adequately for the examination.

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

Candidates are advised to ensure they are well-prepared for the examinations.

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F06 - MOTOR INSURANCE PRODUCTS
YEAR 2026 APRIL DIET



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

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

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL)
WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL
2026 DIET CANDIDATES' INSTRUCTIONS**

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION

F06 – MOTOR INSURANCE PRODUCTS

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

Section A

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

Example:

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

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

The answer is option (c).

Section B

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

Example:

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

The correct option is False (F).

Section C

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

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

1. A consolidating statute is ...
 - (a) legislation sponsored by many communities
 - (b) law that was jointly passed by both the state and federal
 - (c) legislation that brings together pieces of legislation before it
 - (d) law that was proposed by an amalgamation of trade unions

2. The ... has the power to require the production of insurance certificate from a motorist.
 - (a) Broker
 - (b) Hospital
 - (c) Police
 - (d) Repairing Garage

3. In a situation where there is third party liability in a motor accident but there is no identifiable negligent party to take to court or claim against, ... picks up the matter.
 - (a) Driver and Vehicle Licensing Agency
 - (b) Motor Insurance Database
 - (c) Council of Bureaux
 - (d) Motor Insurance Bureau

4. Just like the travels across Europe by vehicle must be backed by an insurance cover that meets the minimum cover in each country, the same applies to countries in West Africa. The name of the document for this document is the ...
 - (a) Savannah Travel Certificate
 - (b) Pan African Travel Card
 - (c) ECOWAS Brown Card
 - (d) Sub-Sahara Transit Certificate

5. Where a claim of an accident that happened abroad has been notified, the claims representative or insurer must respond with an offer or a reasoned response within ...
 - (a) 10 months
 - (b) 9 months
 - (c) 6 months
 - (d) 3 months

6. The rehabilitation period begins to count from the date ...
 - (a) of conviction
 - (b) the offence was committed
 - (c) it was reported to the police
 - (d) it was first heard in court

7. A breach for which the insurer has a remedy against the insured is referred to as ...
 - (a) light breach
 - (b) initial breach
 - (c) qualifying breach
 - (d) neutral breach

8. In the absence of a certificate of motor insurance, ... document plays the role of statutory evidence of cover.
 - (a) policy
 - (b) proposal form
 - (c) endorsement
 - (d) cover note

9. Form B certificates are issued to those with large commercial vehicles and are sometimes referred to as ... certificates.
 - (a) volume
 - (b) omnibus
 - (c) unspecified
 - (d) anonymous

10. In contemporary times, cover notes are rarely used and if used, now automated. In a situation where cover copy is issued, there are usually ... copies in all.
 - (a) One
 - (b) Two
 - (c) Three
 - (d) Four

11. In the process of insurance transaction, information may be obtained over the phone and then recorded; this is then sent as a document to the policyholder to correct any information that may be incorrect. This document is called a/an ...
 - (a) endorsement
 - (b) prospectus
 - (c) statement of insurance
 - (d) discharge form

12. The policy section that lists or refers to the cover offered by the policy is called the ...
 (a) operative clause (b) heading (c) opening clause
 (d) warranties
13. The insurer or an authorised agent can cancel the policy by giving the policyholder the required notice within a standard notice period of ... days
 (a) 7 days (b) 14 days (c) 1 month (d) 3 months
14. The insurer may at any time pay the insured the amount of the indemnity provided by the policy and leave the insured to deal directly with the third party. This is the operation of ...
 (a) stop loss (b) subrogation condition
 (c) limit of indemnity exceeded (d) transfer condition
15. For a motor garage, the road risks cover for its operations can be rated on any of these except ...
 (a) office space (b) named driver
 (c) trade plate (d) point basis
16. ... body in the larger motor insurance industry is referred to as 'payer of last resort'.
 (a) Lloyd's Syndicate (b) British Insurance Association
 (c) Motor Insurance Bureau (d) Financial Services Authority
17. When insurance write off vehicles that have been extensively damaged beyond economic repairs, details of such are shared with ... in the United Kingdom.
 (a) ABI (b) DVLA (c) MIAFR (d) Police Helpline
18. The regulatory body for all insurance related issues in Nigeria is headed by the ...
 (a) Minister of State of Finance (b) President
 (c) Commissioner for Insurance (d) Registrar
19. In using technology in motor vehicle operation, the telematics item in the vehicle is used for ...
 (a) informing the police of where a theft took place
 (b) resolving dispute between two motorists in an accident
 (c) monitoring the driving habits of motorists
 (d) helping the insurer with the date of manufacture
20. The type of underwriting where insurers work out a rating system which will focus on each facet of the proposers' risk is called ... underwriting.
 (a) basic (b) focus (c) bespoke (d) lifestyle
21. Where a vehicle is being used as a tool of trade and no RTA liability arises, ... policy will be issued to cover the liability for injury to third parties or damage to property.
 (a) Plant All Risks (b) Machinery Breakdown
 (c) Professional Indemnity (d) Public Liability
22. An insurer taking over a motor fleet account who does not have the statistics of the insurance experience will need to request for ... years of experience history from the insurer that had the account last.
 (a) 3 (b) 5 (c) 6 (d) 7

23. ... is not true of the renewal process.
- (a) The renewal notice will indicate the degree of NCD level
 - (b) The insurer will issue a new policy document for the renewal
 - (c) The renewal is a new contract
 - (d) The renewal does not dispense with disclosure of new material facts
24. An insured must be able to demonstrate that the subject matter exists and that they benefit from its continued existence and will suffer financially from its loss. This relates to the principle of ...
- (a) indemnity
 - (b) utmost good faith
 - (c) contribution
 - (d) insurable interest
25. The right of the insurer to take over the insured's right of recovery of payment from a third party responsible for the loss operates on the principle of ...
- (a) indemnity
 - (b) contribution
 - (c) insurable interest
 - (d) subrogation
26. Many insurers directly or through repairers arrange for alternative transport when the car is in the garage for repairs. This alternative is known as ...
- (a) consequential vehicle
 - (b) back up vehicle
 - (c) courtesy car
 - (d) pilot car
27. If the repair of the vehicle is not economically viable, it is then considered as a ...
- (a) write-off
 - (b) junk
 - (c) dash
 - (d) recall
28. ... item is not related to theft reduction of vehicles.
- (a) Deadlocks
 - (b) Anti-tilt Sensitive Alarm
 - (c) Engine Immobilizer
 - (d) Portable Fire Extinguisher
29. In a total loss case, the insurance company failed to pay the finance company that financed the lease of the vehicle. Under which common law doctrine can the finance company proceed against the insurer for not observing their lien?
- (a) Negligence
 - (b) Nuisance
 - (c) Conversion
 - (d) Strict liability
30. A third party who was a passenger in the front seat of a car was injured in an accident. It was discovered that if she had worn a seat belt, the injury would not have been severe. A case was made for her award to be reduced based on ...
- (a) breach of contract
 - (b) legal ignorance
 - (c) contributory negligence
 - (d) penalty clause
31. The Financial Ombudsman Service (FOS) is in place to ...
- (a) assist insureds/policyholders negotiate rates
 - (b) assist in the settlement of disputes of private individuals
 - (c) assist to pull together statistics of fire claims
 - (d) assist in the collection of rates for motor rates
32. Under the Insurance Act 2003 in Nigeria, the insurer has ... days to settle a claim after the issuance of the discharge voucher.
- (a) 30
 - (b) 45
 - (c) 60
 - (d) 90

33. The body that has the power to require the production of certificate whether heard copy or soft copy is the ...
 (a) Broker (b) Police (c) Surveyor (d) Automobile Engineer
34. For the purpose of the Road Traffic Act, ... is the other document that serves the purpose of the certificate.
 (a) proposal (b) policy document
 (c) cover note (d) endorsement
35. The internationally recognised document that serves solely as evidence that the motorist has the minimum insurance cover required by law in the country visited is
 (a) work permit (b) international passport
 (c) brown card (d) international driver's license
36. In tort, action for a civil wrong which results in property damage must be instituted within ... years.
 (a) 3 (b) 6 (c) 7 (d) 9
37. The claims department performs all the duties below except ...
 (a) indemnify the policyholder in line with policy cover
 (b) ensure that appropriate rates are charged
 (c) ensure that only valid claims are processed and paid
 (d) protect the fund of premiums against fraud
38. That principle of insurance that seeks to return the policyholder to the financial position (s)he was in relation to the subject matter prior to the accident is ...
 (a) insurable interest (b) contribution
 (c) indemnity (d) proximate cause
39. the principle behind when the insurer stands in the shoes of the insured in exercising any rights that the insured has in respect of recovery from a negligent third party is ...
 (a) subrogation (b) apportionment (c) indemnity (d) insurable Interest
40. The usual manner that policyholders normally advise insurers of an accident that could lead to a claim is by a/an ...
 (a) proposal form (b) accident report form
 (c) endorsement (d) prospectus
41. In claims disputes over quantum, the matter is referred to ...
 (a) a loss adjuster (b) s surveyor (c) arbitration (d) an engineer
42. Olamide was driving out of her gate when a strong wind released the gate, which hit the front passenger's door with force damaging it extensively including the glass inside. The insurer refers her to a garage on their list. These garages are called ...
 (a) recommended repairers (b) nominated garage
 (c) favourite mechanic (d) choice repairer
43. Upon collection of a vehicle involved in an accident being repaired to the policyholder's satisfaction, he is expected to pay agreed contribution known as ...
 (a) top up (b) excess (c) penalty (d) layer

44. If the cost of repairs of a vehicle is so high that it is not viable, the vehicle is described as a/an ...
 (a) abandonment (b) reject (c) derelict (d) write-off
45. Motor policies state that the most an insurer will pay is the market value of the vehicle at the time of the loss or damage. This is the measure of ...
 (a) insurable interest (b) contribution
 (c) indemnity (d) betterment
46. A person's damages will be reduced by an amount which is just and equitable having regard to that person's extent of responsibility for the occurrence. This is talking about ...
 (a) contributory negligence (b) blame scale
 (c) defence tactic (d) neutralising mechanism
47. In normal circumstances, an injured party will have to pursue a claim within ... years from the date of accident in order for it not to be time barred.
 (a) 6 (b) 5 (c) 4 (d) 3
48. Personal effects is covered subject to a limit under ... scope of cover.
 (a) Comprehensive (b) Third Party only
 (c) Road Traffic Act (d) Third Party, Fire and Theft
49. ... types of certificates are permitted under the Motor Vehicles (Third Party Risks) Regulations.
 (a) 5 (b) 4 (c) 3 (d) 2
50. ... document acts as a temporary certificate of insurance which complies with the RTA.
 (a) Proposal Form (b) Cover Note
 (c) Payment Receipt (d) Endorsement

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

51. A victim injured in an automobile accident has 6 years to bring a case against the motorist driver or owner for bodily injury.
52. In the absence of enquiry, the insured is not required to disclose a fact or circumstance if it diminishes the risk.
53. One of the users exempted from the provisions of the Motor Vehicle (Third Party) Insurance Act 1950 in Nigeria is a person using a motor vehicle owned by the government whilst such vehicle is being used for the purpose of the government owning such motor vehicle.
54. Under the Nigerian RTA when a policy is cancelled by mutual consent or by virtue of any provision of the policy, the policyholder must return the certificate to the insurer with 14 days.
55. What puts the value of the cover and the company's service projections to test is the claims delivery.
56. A person who demonstrates that (s)he own a motor vehicle and that (s)he will benefit from its continued existence and suffer financially from its loss is proving indemnity.

57. Mr. Koleayo's car was bashed at the rear by Mr. Sanwo. Mr. Koleayo's insurance company paid his claim but requested for details of Mr. Sanwo's insurers, they must be trying to exercise subrogation.
58. The other meaning of contribution relates to a situation in which the condition of the vehicle is better after repairs than its pre-loss condition.
59. An insured whose car was damaged in an accident had his car repaired by his insurer. The other party does not want his NCD reduced and also made cash payment to him. This enhances the principle of indemnity.
60. Contribution which seeks to ensure that when a circumstance exist in which two insurance companies are responsible for a loss on a subject matter and paid on a proportionate basis is an offshoot of indemnity.

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

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

A young executive has just obtained a loan facility in his place of work and has approached you to explain to him all matters relating to car insurance so that he could have peace of mind on getting the car.

61. What is the purpose of the proposal form given to him?
 - (a) To be given to the seller of the car
 - (b) To convey facts of himself and the car
 - (c) To provide evidence of the vehicle insurance
 - (d) To obtain bank financing details
62. What document will be given to him as evidence of valid insurance that he can show to the Police?
 - (a) Official payment receipt
 - (b) Certificate
 - (c) Policy
 - (d) Prospectus
63. Insurance is an agreement between two parties, insured and insurer. The document that expresses the contractual intentions is the ...
 - (a) endorsement
 - (b) receipt
 - (c) premium
 - (d) policy
64. ... part or section of the policy will provide information that customises the policy to the person of the insured.
 - (a) Schedule
 - (b) Operative clause
 - (c) Preamble
 - (d) Heading
65. If he has an accident and reports it, which document will the insurer give him to state the details and circumstances of the accident?
 - (a) Proposal Form
 - (b) Endorsement
 - (c) Claim Form
 - (d) Requisition Form

In obtaining insurance cover, there are various procedures that are observed before the cover is given. These procedures are carried out through documentation and by the designated officers. An intern, for a four months internship program, was posted to your organisation, how will you convey this information to him using the leading questions below?

66. The first step in insurance is to convey material information to the insurer. By which means is this done?
 - (a) Policy document
 - (b) Proposal form
 - (c) Cover letter
 - (d) Introduction letter

67. In an event that the proposer wishes to use the vehicle but documentation is not yet complete, which document will the insurer give that complies with the requirements of the RTA?
- (a) Cover letter (b) Prospectus
(c) Proforma document (d) Cover note
68. After all terms have been agreed and all documents in place, which document is issued to formalise the transaction/contract.
- (a) Policy (b) Endorsement (c) Agreement (d) covenant
69. The Road Traffic Act requires that a particular document must be delivered to the policyholder to validate it as meeting the requirements of the RTA. This document is ...
- (a) the policy (b) the receipt (c) the demand note (d) the certificate
70. The insured wants a cover which only will cover legal liabilities for death and injury to third parties, as well as third party property conveying that they can always repair any size of damage to their own vehicle, which scope of cover will you recommend?
- (a) Road Traffic Act (b) Third Party Only
(c) Third Party, Fire and Theft (d) Comprehensive

Insurance as a practice, is of utmost good faith, transcending the expectation of a simple contract. We still see that insured exhibit a lot of fraudulent tendencies for which the industry has put measures in place.

71. The policy contains a condition that the insured must notify the insurer of any modification or alteration to the subject matter. This relates to the principle of ...
- (a) insurance interest (b) contribution
(c) proximate cause (d) utmost good faith
72. When does the duty of utmost good faith start and end in a motor insurance contract?
- (a) At the beginning only
(b) At the beginning, during the currency and at renewal
(c) At renewal only (d) At time of an accident
73. There are two parties to the contract of motor insurance. From these two parties, ... owes the duty of utmost good faith.
- (a) the insured (b) the insured's broker or agent
(c) the insurer (d) both the insurer and insured
74. The insurers have come with a document to assist the proposer in disclosing material information regarding the subject matter for insurance. This document is called the ...
- (a) request form (b) endorsement (c) proposal form (d) cover note
75. The material information supplied in respect of the subject matter form the basis of the contract of insurance and is evidenced by a ...
- (a) policy document (b) cover note (c) certificate (d) payment receipt

Chief Examiner's Comment

Many of the candidates tended to get confused when presented with similar-looking options because they have not studied the coursebook thoroughly enough. This lack of adequate preparation affected their ability to differentiate between closely related answers during the examination.

Comments on Overall Performance

The performance was below average. Candidates need to study more.

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

Candidates are advised to adopt a regular study routine and early preparation for the examination.

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F07 – HOUSEHOLD INSURANCE PRODUCTS
YEAR 2026 APRIL DIET



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

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

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL)
WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL
2026 DIET CANDIDATES' INSTRUCTIONS**

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION

F07 - HOUSEHOLD INSURANCE PRODUCTS

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

Section A

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

Example:

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

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

The answer is option (c).

Section B

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

Example:

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

The correct option is False (F).

Section C

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

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

1. The distribution platform that allows customers to obtain quotations from several insurers by completing a single online form is known as ...
 - (a) bancassurance
 - (b) brandassurance
 - (c) aggregators
 - (d) direct insurance
2. In Nigeria, the collaboration between insurers and banks to enhance access to insurance services supports the national objective of ...
 - (a) market segmentation
 - (b) financial inclusion
 - (c) product differentiation
 - (d) underwriting control
3. The Market Development and Restructuring Initiative (MDRI) in Nigeria was introduced by NAICOM to:
 - (a) promote bancassurance through commercial banks
 - (b) increase premium income and reduce fake insurance policies
 - (c) replace all intermediaries with direct insurers
 - (d) mandate the use of aggregators for all insurance sales
4. The rise of direct insurance in Nigeria was significantly influenced by the adoption of ...
 - (a) bancassurance partnerships with microfinance banks
 - (b) call centres and internet-based sales platforms
 - (c) mandatory insurance under the Insurance Act 2003
 - (d) regulatory guidelines on aggregator operations
5. A household insurance product promoted under MTN or Dangote brand partnerships is an example of ...
 - (a) bancassurance
 - (b) brandassurance
 - (c) aggregation
 - (d) direct insurance
6. ... feature best distinguishes direct insurance from intermediary-based insurance.
 - (a) Use of underwriting agents
 - (b) Absence of broker involvement
 - (c) Mandatory regulatory approval
 - (d) Provision of multiple insurer options
7. ... distinguishes aggregators from traditional insurance brokers.
 - (a) Aggregators underwrite insurance risks
 - (b) Aggregators provide product comparisons without advisory duty
 - (c) Aggregators are regulated as insurers
 - (d) Aggregators issue policy documents
8. Liability arising from occupation of a private dwelling and domestic activities is insured under the ... section of a household policy.
 - (a) contents
 - (b) buildings
 - (c) personal effects
 - (d) endorsements
9. Specifying jewelry separately on a household policy helps to ...
 - (a) remove policy excess
 - (b) override the single article limit
 - (c) eliminate average
 - (d) reduce premium

10. A common peril covered under buildings insurance in Nigeria is ...
 (a) subsidence (b) theft of jewelry
 (c) loss of cash in transit (d) employee dishonesty
11. Landslip cover is particularly relevant in Nigerian regions such as ...
 (a) Jos Plateau and hilly terrains (b) Lagos Island waterfront
 (c) Kano desert areas (d) Maiduguri plains
12. ... peril is specifically covered under the standard buildings section of a Nigerian household policy.
 (a) Wear and tear (b) Gradual deterioration
 (c) Ground heave (d) Intentional damage
13. Subsidence, ground heave, and landslip are collectively classified under ... risks type of household insurance risk.
 (a) weather (b) accidental (c) ground movement (d) catastrophic
14. ... household insurance policy combines buildings, contents, and liability cover in one contract.
 (a) Commercial (b) Specialist (c) Package (d) Compulsory
15. A loss arising from wear and tear is generally treated under household policies as a/an ...
 (a) insured peril (b) extension benefit
 (c) policy exclusion (d) specified risk
16. The geographical limit for cover under a personal possessions extension while travelling outside Nigeria is usually up to ... in any one period of insurance.
 (a) 30 days (b) 90 days (c) 60 days (d) the full policy period
17. A common exclusion under the 'Pedal Cycles' extension in Nigeria is loss or damage due to ...
 (a) accidental collision (b) theft from a locked garage
 (c) use for racing or trials (d) vandalism in a public place
18. For a high-value camera to be fully covered under the personal possessions extension in Nigeria, it must usually be listed as a/an ... item on the policy schedule.
 (a) temporary (b) unspecified (c) specified
 (d) general belonging
19. ... loss is most likely excluded under a standard household personal possessions extension.
 (a) Accidental (b) Theft following forcible entry
 (c) Gradual deterioration (d) Fire damage
20. In a Nigerian travel insurance policy, the section that provides reimbursement for lost deposits if a holiday is cancelled before departure due to unforeseen illness is called ...
 (a) baggage and personal effects cover (b) cancellation or curtailment cover
 (c) personal accident cover (d) travel delay cover

21. Mobile Phone Insurance (MPI) in Nigeria commonly excludes claims for loss or damage if the phone is stolen while ...
- (a) in a locked car boot (b) at the owner's workplace
(c) unattended in a public place (d) being used by a family member
22. In a Nigerian Mobile Phone Insurance (MPI) policy, cover for 'fraudulent calls and downloads' is typically provided only if the phone has been ...
- (a) lost for more than 24 hours (b) damaged by liquid
(c) stolen (d) used by an unauthorised family member
23. In Nigeria, insurers apply excess clauses to discourage ...
- (a) frequent small claims by policyholders (b) payment of premiums
(c) purchase of specified items (d) travel abroad
24. A Nigerian household insurance policy extended to cover temporary accommodation after fire damage is an example of ...
- (a) extension to the basic cover (b) exclusion clause
(c) livestock insurance (d) mobile phone insurance
25. In Nigeria, a 'lifetime' pet insurance policy provides veterinary fees cover for an animal ...
- (a) only for accidents, not illnesses
(b) for a maximum of twelve months per condition
(c) for the animal's life, provided the policy is renewed annually
(d) up to a fixed financial limit per condition, after which cover ceases
26. In Nigeria, home working policies became more relevant during ...
- (a) COVID-19 pandemic period (b) agricultural reforms
(c) pension restructuring (d) road construction projects
27. In Nigeria, landlords' policies often include ...
- (a) loss of rent due to insured perils (b) tax exemptions for tenants
(c) pension contributions for landlords (d) mortgage waivers
28. Insurance policies designed for high net-worth households usually provide ... cover.
- (a) fixed and limited (b) compulsory only
(c) extended and flexible (d) statutory minimum
29. Under the NAICOM Market Development and Restructuring Initiative (MDRI), which compulsory insurance requires building owners to have coverage for injuries to members of the public on their premises ... insurance.
- (a) motor third-party (b) occupiers' liability
(c) group life (d) health care professional
30. For a landlord's policy covering a rented property, a common policy condition requires the landlord to notify the insurer if the property becomes unoccupied for more than ... days.
- (a) 30 (b) 60 (c) 90 (d) 120

31. ... is a defining characteristic of a high net worth household insurance policy in Nigeria compared to a standard household policy.
- (a) Provision of cover on an indemnity basis only
 - (b) Inclusion of automatic worldwide "all risks" cover for contents and personal possessions
 - (c) Exclusion of cover for accidental damage
 - (d) Requirement of a higher compulsory excess on all claims.
32. To maintain insurance cover on a holiday home in Nigeria that is often unoccupied, ... security measure is commonly required by insurers.
- (a) installation of solar panels
 - (b) employment of a 24-hour security guard
 - (c) fitting of hurricane-proof windows
 - (d) installation of standard locks and possibly an intruder alarm
33. A situation where legal liability can arise even without fault or negligence, such as in the case of damage caused by a dangerous animal, is known as ...
- (a) vicarious liability
 - (b) breach of contract
 - (c) strict liability
 - (d) contributory negligence
34. The Defective Premises Act 1972 imposes a duty on builders to ensure dwellings are fit for habitation, a principle that is reflected in the liability considerations of Nigerian household ... insurance.
- (a) contents
 - (b) buildings
 - (c) personal accident
 - (d) travel
35. A key source of law based on judicial decisions and binding precedent is known as ...
- (a) legislation
 - (b) case law
 - (c) civil law
 - (d) regulatory law
36. Insurance claims arising from unsafe property conditions are commonly assessed under ... principles.
- (a) contract
 - (b) tort
 - (c) equity
 - (d) agency
37. A legally binding agreement requiring offer, acceptance and consideration is governed by ...
- (a) the law of tort
 - (b) criminal law
 - (c) law of contract
 - (d) administrative law
38. ... best describes "strict liability" in the context of household insurance.
- (a) Liability that only arises if negligence is proven
 - (b) Liability that arises from a breach of a contractual term
 - (c) Liability that can arise even in the absence of fault or negligence
 - (d) Liability that is limited to criminal acts
39. In Nigeria, the most common modern method of gathering risk assessment information for household insurance, often replacing the traditional proposal form, is the ...
- (a) survey report
 - (b) statement of fact
 - (c) cover note
 - (d) broker's slip
40. When assessing a household risk in Nigeria, insurers will check the proposer's previous claims history through a shared database known as the ...
- (a) National Identity Database
 - (b) Nigerian Insurance Industry Database
 - (c) Credit Reference Bureau
 - (d) NAICOM Policy Register

41. Examples of non-standard risks in Nigeria include homes ...
 (a) in flood-prone areas (b) with tax arrears
 (c) with pension contributions (d) with mortgage balances
42. A residential property built with a thatched roof in Nigeria will typically be classified by insurers as a ...
 (a) standard risk eligible for the lowest premium
 (b) non-standard risk requiring special underwriting
 (c) risk that cannot be insured under any circumstances
 (d) preferred risk due to its traditional design
43. The Nigerian Insurance Act 2003 supports underwriting discipline by enforcing ... disclosure by proposers.
 (a) partial (b) selective (c) material (d) optional
44. Non-standard household risks are often managed through ... terms or specialist underwriting.
 (a) compulsory (b) relaxed (c) amended (d) automatic
45. In the UK, an agreement that prevents multiple insurers from paying full claims for the same personal effects loss is the ...
 (a) ABI Domestic Subsidence Agreement
 (b) ABI Personal Effects Contribution Agreement
 (c) Insurance Fraud Register (d) Art Loss Register
46. The unwritten legal duty requiring a policyholder to act as if they were uninsured and take steps to minimise a loss is known as a/an ... duty.
 (a) express (b) statutory (c) implied (d) regulatory
47. A technique used by claims handlers involving a structured, empathetic telephone conversation to test the consistency of a claimant's story is known as ...
 (a) data matching (b) voice stress analysis
 (c) cognitive interviewing (d) forensic accounting
48. The Insurance Fraud Taskforce was established to ...
 (a) strengthen measures against insurance fraud (b) provide tax exemptions
 (c) waive premium payments (d) grant pension contributions
49. ... shared industry database record previous claims history to assist underwriting and fraud detection.
 (a) Insurance Fraud Register (b) Claims and Underwriting Exchange
 (c) Art Loss Register (d) Data Matching Software
50. The legal condition in a policy that provides a mechanism to resolve disputes over the amount of a claim settlement through an independent third party is known as ...
 (a) subrogation (b) litigation (c) mediation (d) arbitration

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

Answer True (T) or False (F)

51. Aggregator websites allow a proposer to obtain insurance quotations from multiple providers by completing one set of questions.
52. Bancassurance refers to the involvement of supermarkets and retail brands in selling insurance products.
53. Direct insurers in Nigeria sell insurance policies to customers without using an intermediary like a broker or agent.
54. A call centre used by a direct insurer can provide insurance quotations and arrange cover entirely over the telephone.
55. Ground heave refers to the upward movement of the ground that can cause damage to insured buildings.
56. The "single article limit" in contents insurance requires any item valued above a specified amount to be separately listed and specified on the policy schedule.
57. The "money" definition under a household policy extension typically includes cash, cheques and travellers' cheques.
58. An Implied Duty is a requirement written explicitly in the policy document, such as the need to notify the police of a theft.
59. Cognitive Interviewing is a claims investigation technique that uses specialised software to analyse a claimant's voice for signs of stress during a phone call.
60. Civil Procedures Rules guide the legal process for resolving insurance disputes, and the onus of proof lies with the claimant to establish the validity of a claim.

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

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

A Nigerian commercial bank offers household insurance to customers who take home loans. The insurance is underwritten by a licensed insurer, while the bank markets the product and collects premiums through customers' accounts.

61. This distribution arrangement is known as ...
(a) brandassurance (b) aggregation (c) direct insurance (d) bancassurance
62. The bank's main advantage in this arrangement is its ...
(a) underwriting expertise (b) existing customer base
(c) claims settlement authority (d) risk pooling capacity
63. The underwriting risk in this arrangement is borne by the ...
(a) bank (b) customer (c) insurer (d) regulator
64. Bancassurance arrangements in Nigeria require regulatory approval from ...
(a) CBN only (b) NAICOM only
(c) CBN and NAICOM (d) Nigerian Insurers Association
65. This distribution channel supports increased insurance penetration mainly by ...
(a) reducing claims (b) eliminating intermediaries
(c) leveraging bank infrastructure (d) increasing underwriting standards

Mr. Sadiq insures his household contents for ₦10 million. His policy includes limits on valuables and individual items. During a loss, he submits claims for multiple high-value items.

66. The total maximum amount payable under contents insurance is the ...
(a) excess (b) single article limit
(c) sum insured (d) valuables limit
67. A limit that applies specifically to jewelry and similar items is called the ...
(a) contents limit (b) valuables limit
(c) rebuilding limit (d) policy excess
68. The purpose of setting policy limits is to ... the insurer's liability.
(a) expand (b) measure (c) control (d) remove
69. Failure to declare high-value items may result in ... settlement.
(a) full (b) average (c) reduced (d) automatic
70. Household policy limits must be clearly disclosed to policyholders in line with ... requirements.
(a) NAICOM market conduct (b) banking regulations
(c) tax laws (d) building codes

A visitor slips on a wet tiled floor in Mr. Okeke's home in Asaba and sustains injuries. The visitor makes a claim for medical expenses.

71. The section of a household policy that responds to third-party injury claims is ... cover.
(a) contents (b) buildings (c) legal liability (d) personal accident
72. Legal liability under household insurance applies to ... parties.
(a) insured family members (b) tenants (c) visitors
(d) insurers
73. Legal liability claims arise from the insured's ... to others.
(a) duty of care (b) right of indemnity
(c) insurable interest (d) policy warranty
74. Household legal liability cover is typically provided on a ... basis.
(a) benefit (b) first loss (c) indemnity (d) agreed value
75. NAICOM guidelines require insurers to handle liability claims in line with ... principles.
(a) marketing (b) underwriting
(c) fairness and transparency (d) profit maximisation

Chief Examiner's Comment

59.25% of the candidates who sat for the examination passed. Candidates need adequate preparation for the examination.

Comments on Overall Performance

The overall performance was slightly above average.

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

Candidates are encouraged to study adequately ahead of time.

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F08 – HEALTHCARE INSURANCE PRODUCTS
YEAR 2026 APRIL DIET



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

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

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL)
WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL
2026 DIET CANDIDATES' INSTRUCTIONS**

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION

F08 - HEALTHCARE INSURANCE PRODUCTS

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

Section A

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

Example:

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

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

The answer is option (d)

Section B

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

Example:

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

The correct option is False (F).

Section C

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

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

1. In addition to insurance, the small but significant proportion of private medical schemes being run on behalf of employers for their employees is called ...
(a) NHIS (b) Third Party Administrator
(c) Commercial Insurers (d) Mutual Organisations
2. The major client base of independent intermediaries in the distributive of healthcare products is the ...
(a) middle class group (b) high income earning
(c) low income earners group (d) grassroots
3. ... is a complex major.
(a) Wisdom teeth removal (b) Partial thyroidectomy
(c) Heart by-pass (d) Removal of skin lesions
4. ... is an alternative way for expatriates to deliver private healthcare for employees.
(a) Provident insurers (b) Health cash plan
(c) Health trust (d) Health Maintenance Organisations
5. ... serve as provider of Workmen Compensation of Insurance in Nigeria.
(a) NHIS (b) HMO (c) NSITF (d) Government
6. In Nigeria, primary healthcare is the responsibility of ...government.
(a) State (b) Council Wards (c) Local (d) Federal
7. In their annual survey of the health insurance market, Laing Buisson estimated that at the start of 2017, ... million subscribers had health insurance cover.
(a) one (b) three (c) five (d) six
8. PMI pays for treatment as a/an ...
(a) in-patient (b) out-patient (c) day patient (d) All of the above
9. The personal accident policy will cover the insured per day for ... hours.
(a) 12 (b) 24 (c) 32 (d) 48
10. In Critical Illness (CI) cover, the policy will ...
(a) pay lumps on diagnosis of cancer (b) pay disability claim
(c) pay travel allowance (d) pay piecewise hospital bills for cancer treatment
11. Vulnerable group social health insurance products will not cover ...
(a) pregnant women (b) beggars
(c) physical challenged person (d) armed force members
12. ... dates back to the late nineteenth century.
(a) Private Medical Insurance (b) National health Scheme
(c) Third Party Administration (d) Workmen Compensation
13. Another name for basic policies is ... policies.
(a) comprehensive (b) mid-range (c) international (d) budget
14. PMI means ...
(a) Public Medical Insurance (b) Public Medical Institution
(c) Private Medical Institution (d) Private Medical Insurance

15. Allen Koff has an excess of ₦1,500.00 on his medical policy and he incurred a medical bill of ₦3,000.00 for a treatment, how much will the insurer pay for the treatment?
 (a) ₦500.00 (b) ₦1,500.00 (c) ₦1,000.00 (d) ₦3,000.00
16. The group PMI schemes only cover ...
 (a) acute, non-emergency treatment (b) emergency treatment
 (c) accidental injuries (d) critical illness
17. ... policies pre-date critical illness (CI) cover but work in a similar way.
 (a) Health cash plan (b) Major Medical Expenses
 (c) Budget policies (d) Cancer only Cover
18. ... is not an objective of the Employee Compensation Act 2010.
 (a) To provide for fair and adequate assessments for employers
 (b) To provide for an open and fair system of guaranteed and adequate compensation for all employees
 (c) To pay the retirement benefits to all staff whose company did not put in place such
 (d) To provide rehabilitation to employees with work disability
19. ... is the largest provident association.
 (a) AXA (b) HAS (c) BUPA (d) NHS
20. The medical insurance market is divided into these three categories except ... groups.
 (a) indemnity paid (b) individual paid
 (c) company paid (d) affinity or voluntary employee-paid
21. The name for choosing to have treatment abroad in the lowest cost country offering a similar quality is known as health ...
 (a) arbitrage (b) financing (c) tourism (d) cover
22. The PMI policy will not be cancelled if the insured ...
 (a) dies (b) is ill
 (c) fails to pay the premium (d) relocates abroad
23. An amount which the insured will bear for each and every loss is called a/an ...
 (a) excess (b) franchise (c) limit (d) indemnity
24. Treatment that does require a patient to stay in hospital overnight is called ...
 (a) day case treatment (b) complementary therapies
 (c) in-patient treatment (d) prosthesis
25. Health insurance programme in Nigeria is provided through the authority of ...
 (a) NHS (b) NHIS (c) PMI (d) NICE
26. The body corporate in Nigeria responsible for health insurance was established in
 (a) 1999 (b) 2004 (c) 2014 (d) 2015
27. At the outset, the NHS introduced the concept of healthcare that was free at the point of use for every citizen. This means all the statements below except ...
 (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

- s28. ... includes therapies outside the 'traditional' medicine like acupuncture, homeopathy.
- (a) PMS (b) Emergencies
(c) Complimentary medicine (d) Cosmetic surgery
29. ... is non-essential surgery that will change a person's appearance.,
- (a) PMS (b) Emergencies
(c) Complimentary medicine (d) Cosmetic surgery
30. ... is covered by PMI.
- (a) Long-term physical disability (b) Normal pregnancy and childbirth
(c) Chronic illness (d) Treatment of fever
31. ... is not a criterion for provident insurers.
- (a) Non-profit-making (b) Having shareholders
(c) Counting operating surplus as part of their reserves
(d) Inability to attract tax relief for any losses
32. Which of these is the largest provident association?
- (a) AXA (b) NHS (c) BUPA (d) HSA
33. ... of could 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
34. The strengths of both TPAs and consultancies are all, except ...
- (a) independence (b) flexibility (c) finance (d) information
35. In Nigeria, primary healthcare is the responsibility of ...
- (a) Council wards (b) Local governments
(c) State governments (d) Federal government
36. ... is not a benefit of the Augusto & Co report.
- (a) Provision of information on the health insurance industry
(b) Examining the industry's size, structure and competitive profile of operators
(c) Reviewing the financial condition of operators
(d) Paying for the treatment of the identified insureds under various schemes
37. ... 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
38. Health insurance is a form of social ...
- (a) contract (b) indemnity (c) security (d) finance
39. ... spends the most amounts on healthcare.
- (a) USA (b) Japan (c) Spain (d) Ireland
40. An international medical insurance policy will not cover ...
- (a) home nursing (b) surgeons' fee
(c) all expenses for in-patient day patient (d) None of the above

41. ... is not a rating factor in travel insurance.
 (a) Age (b) Income (c) Countries to be visited
 (d) The length of cover required
42. The regulator of health insurance in Nigeria is ...
 (a) NHIS (b) NHS (c) PMI (d) NSITF
43. The purpose of PMI is to pay ...
 (a) cost of secondary acute cure received outside the national health insurance
 (b) cost of secondary acute cure received within the national health insurance
 (c) for disability benefit (d) for sickness benefit
44. ... is not a healthcare-acquired infection.
 (a) MRSA (b) DPIS (c) MSSA (d) C.diff
45. ... condition is a disease, illness or injury that is likely to respond quickly to treatment which aims to return one to the state of health one was in immediately before suffering the disease, illness or injury, or which leads to full recovery for one.
 (a) Acute (b) Chronic (c) Severe (d) Specialist
46. PMI pays for treatment ...
 (a) as an in-patient (b) as a day patient
 (c) as an out-patient (d) all of the above
47. The PMI policies cover ...
 (a) private consultations with a GP (b) cosmetic surgery
 (c) pre-existing conditions
 (d) illness or injury which the customer has already suffered
48. 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
49. The widest category of Personal PMI is provided as ...
 (a) standard (b) comprehensive (c) band (d) international
50. ... is referred to as a surgical implanted device intended to remain permanently in a part of the body.
 (a) physiotherapy (b) prosthesis
 (c) theatre treatment (d) surgical dressing
51. Specialist fees include ... fees
 (a) nursing (b) accommodation (c) anaesthetist (d) day case treatment
52. The procedure for the removal of skin lesion for a surgeon is classified as ...
 (a) major plus (b) intermediate (c) minor (d) standard
53. The procedure for the removal of wisdom teeth for a surgeon is classified as ...
 (a) major plus (b) intermediate (c) minor (d) standard

54. The procedure for the removal of wisdom teeth for an Anaesthetist is classified as ...
 (a) major plus (b) intermediate (c) minor (d) standard
55. The procedure for Partial thyroidectomy for an Anaesthetist is classified as ...
 (a) major plus (b) intermediate (c) major (d) complex major
56. The procedure for Partial thyroidectomy for a surgeon is classified as ...
 (a) major plus (b) intermediate (c) major (d) complex major
57. ... is the term used for blood and urine test.
 (a) Prosthesis (b) Pathology (c) Radiology (d) Physiotherapy
58. The increase in the cost of equipment or surgical procedure is referred to as ...
 (a) medical cost inflation (b) RPI
 (c) billing (d) accommodation fees
59. Another name for basic policies is ... policies.
 (a) mid-range (b) comprehensive (c) international (d) budget
60. ... Schemes will cover 80 or more employees.
 (a) Small Group (b) Middle Group (c) Large Group (d) Affinity

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

Answer True (T) or False (F).

61. In some cases, an insurer may be prepared to offer continued personal medical exclusions (CPME), which may be marketed as its switching terms.
62. Age is not a rating factor in health insurance.
63. Travel insurance covers all pre-existing conditions.
64. There are five stages of the claims process in PMI.
65. Electronic billing is a specialist software used by hospitals or specialists to record details of claim along with their costs or fee.
66. PMI insurers do not negotiate pricing agreements with hospital for each bed category, procedure, diagnostic and consumable, with prices fixed against mutually agreed limits.
67. A session is defined as a notional half day.
68. 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.
69. The main advantage to be gained by people buying private medical treatment is that they will have more waiting time for surgeries.
70. Medical insurance is designed to pay for the treatment of acute medical conditions.
71. The PMI policy will be cancelled if the insured is sick.
72. Geographical location does not tend to determine the price band of a hospital or a hospital room.
73. Limited benefit policies concentrate on providing cover for the more important or expensive types of treatment such as in-patient costs and day case treatment.
74. Members of an affinity group may get discounts as long as they remain members of that affinity group.
75. Income protection is usually underwritten in the same way as a life insurance policy.

76. 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, e.t.c.
77. PMI policies routinely include cover for the costs incurred as a result of normal pregnancy and childbirth.
78. Health insurance is a social security system that guarantees the provision of needed health services to persons on the payment of contributions at regular intervals.
79. An international medical insurance policy may cover medications and dressing.
80. Individuals with major medex style products may not choose to have treatment abroad.
81. A key element of travel insurance policy is cover for health treatment abroad.
82. Medical insurance can enable people to avoid finding themselves in a mixed sex ward.
83. PMI Basic Policies have become increasingly popular in recent years.
84. Most PMI policies are not supported by a table of benefits.
85. Benefits available under the majority of healthcare insurance policies are for specialist treatment, with primary care from a GP usually excluded.

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

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

Yetunde Precious works with an insurance company in Lagos Island and she wants to travel to Germany for treatment for her ill health. She also wants to buy an individual policy for her family to top up the one from the State scheme.

86. Which policy will she buy for her travel risk?
(a) Travel insurance (b) PMI (c) International medical insurance (d) NHS
87. What policy will cater for her treatment while in Germany?
(a) Travel insurance (b) PMI (c) International medical insurance (d) NHS
88. Which of these is not an exclusion in the policy to cater her treatment in Germany?
(a) Pre-existing conditions (b) GP costs
(c) Regular screenings (d) Surgery in Germany
89. Which of these is the individual policy that she will buy?
(a) Travel insurance (b) PMI (c) International medical insurance (d) NHS
90. The individual policy will cover the payment for ...
(a) cancer treatment (b) lump sum on diagnosis of cancer
(c) treatment of malaria (d) surgery in India

Chief Alanu Okan in Osogbo, Osun State, Nigeria and wants to travel to China for both business and pleasure. He also wants an insurance to cover the trip and also an accident within his metropolis for 24 hours.

91. What policy will cover the risks of his travelling to China?
(a) National Health Insurance (b) Medical Insurance
(c) Travel Insurance (d) Personal Accident Insurance
92. Which of the policy will cover him while in Osun State, Nigeria?
(a) National Health Insurance (b) Medical Insurance
(c) Travel Insurance (d) Personal Accident Insurance

93. In which of these policies is there a benefit of 104 weeks?
 (a) National Health Insurance (b) Medical Insurance
 (c) Travel Insurance (d) Personal Accident Insurance
94. If Chief Alanu Okan should have an accident while in China, which of these policies will pay on this event?
 (a) National Health Insurance (b) Medical Insurance
 (c) Travel Insurance (d) Personal Accident Insurance
95. In case Chief Alanu had an accident while in Osogbo, Osun State, Nigeria, which of these policies that will pay him benefit on this event?
 (a) National Health Insurance (b) Medical Insurance
 (c) Travel Insurance (d) Personal Accident Insurance

Mr. and Mrs. Robbison Ajanaku propose for healthcare insurance policy for their family. The couple got married ten years ago and Mrs. Ajanaku 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, Mr. and Mrs. Robbison Ajanaku's story in underwriting, Mrs. Ajanaku is considered as a ...
 (a) higher risk (b) physical hazard (c) moral hazard (d) Low risk
98. From the above narration, insurer will always look at each case differently thus the underwriter will consider the case of Mr. and Mrs. Robbison Ajanaku 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 risk that Mrs. Ajanaku presents to the portfolio?
 (a) Loading the premium (b) Maintaining the base premium
 (c) Reviewing the premium (d) Accepting the cover as presented
100. In Risk Management, how would you have compared Mrs. Ajanaku with her husband?
 (a) Frequency (b) Frequency and severity
 (c) Severity (d) None the above

Chief Examiner's Comments

Many candidates did not adequately study their coursebook. Only 3.85% of the candidates passed the examination, indicating a very poor level of performance.

This may suggest that some candidates are wrongly approaching the professional examination in the same way as school examinations, where they are often given an "area of concentration." However, such an approach is not applicable in this context.

Candidates are therefore strongly advised to intensify their study efforts, as the standard of question setting has remained consistent and has not changed over time.

Comments on Overall Performance

The performance was poor at a pass rate of 3.85%.

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

Candidates are strongly encouraged to adopt a habit of consistent and regular study, rather than relying on last-minute preparation.

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

FOUNDATION
F10 - INSURANCE BROKING PRACTICE - I
YEAR 2026 APRIL DIET



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

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

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL)
WILL ATTRACT STATED SANCTIONS AS STATED IN THE APRIL
2026 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 form by filling in the appropriate box.

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

1. Rendering advice based on the technical data on the reinsurance cover available in the international insurance and reinsurance markets is a function of the ...
(a) insurance broker (b) reinsurance broker
(c) retrocessional (d) reinsurer
2. Large broking organisations that employ thousands of people across many countries are called ...
(a) consolidations (b) global firms
(c) wholesale brokers (d) reinsurance brokers
3. In the UK, before the Year ..., there were four organisations representing insurance brokers.
(a) 1967 (b) 1977 (c) 1987 (d) 1997
4. A primary duty of a broker is to its client and it must first understand the needs of the client before recommending an insurance product. These needs are known as the customer's ...
(a) right of choice (b) wants and demand
(c) demands and needs (d) demand and wants
5. ... is not a traditional broking service provided by a broker.
(a) Negotiating terms and conditions with the insurer
(b) Providing advice to clients
(c) Reviewing clients' employees' performance and promotion
(d) Negotiating insurance contract renewals
6. A broker that has no direct contact with the policyholder is called a/an ...
(a) consolidators (b) wholesale brokers
(c) online brokers (d) retail brokers
7. Greater access to the Lloyd's market is now available to a wider range of intermediaries as a result of the ...
(a) Legislative Reform (Lloyd's) Act 2008
(b) Legislative Reform (Lloyd's) Order 2008
(c) Legislative Reform (Lloyd's) Order 2018
(d) Legislative Reform (Lloyd's) Act 2018
8. Insurance brokers perform value-added services such as property surveys, business continuity and others. These services are also known as ...
(a) risk management (b) specialist risk consultancy services
(c) risk consultancy and management
(d) specialised risk consulting services
9. ... is not a statutory insurance policy in Nigeria.
(a) Motor Third Party Insurance (b) Construction All Risk
(c) Occupiers Liability (Public Building Insurance)
(d) Healthcare Professional Indemnity Insurance

10. The process of identifying, analysing and economically controlling risks that could threaten the assets or earning capacity of an enterprise is called ...
- (a) risk evaluation (b) risk control
(c) risk management (d) risk transfer
11. ... is not a value-added service that an insurance broker might provide to its clients.
- (a) Business Interruption Review (b) Business Review and Tax Exposure
(c) Health and Safety Consultation (d) Disaster Recovery Services
12. Most insurance brokers follow a standard process to identify the needs of their clients and recommend the most suitable products. ... is the second step in this process.
- (a) Establishing the client's wants
(b) Completing a proposal for appropriate to the class of business.
(c) Formally arranging cover and bring the insurer and the client to a contract.
(d) Confirming the client's demands and needs and provide them with a copy of the proposal form
13. ... is not a factor that brokers typically consider when selecting or recommending an insurer to their clients.
- (a) Financial Security (b) Regulation
(c) Brokers selection (d) Shareholder/Ownership
14. A broker will assume full responsibility for a claim up to an agreed financial limit with insurers, effectively acting as the insurer and authorising claims payment under ...
- (a) Full Claims Service (b) Delegated Authority Claim Service
(c) Claim Advocacy Role (d) Claims Management Agreement
15. In Nigeria, all new insurance products must be approved by NAICOM with all the following documents except ... accompanying the application for the new product approval.
- (a) actuarial statement (b) letter of consent from reinsurer
(c) memorandum and article of association of the company
(d) 5 years business plan
16. A 'hard market' occurs under ... market situation.
- (a) high capacity (b) capital market invests less
(c) increased in claims (d) increase in premium
17. In the UK, a broker can handle claims in ... number of ways.
- (a) 2 (b) 3 (c) 4 (d) 5
18. ... is not a purpose of reinsurance.
- (a) To protect the portfolio of risk being insured
(b) To provide customer service (c) To further share the risk
(d) To protect the insurer's clients directly
19. In risk control, risk ... is the process of taking active steps to reduce the severity or frequency of a risk that cannot be eliminated.
- (a) avoidance (b) reduction (c) prevention (d) minimisation

20. In the UK, brokers may be registered to transact business at Lloyd's provided they satisfy the Council of Lloyd's regarding their ..., ..., and ...
- (a) experience, interest and finance
 - (b) expertise, integrity and fund availability
 - (c) experience, integrity and financial standing
 - (d) expertise, integrity and financial standing
21. ... is not one of the additional services brokers may offer to clients, insurers or other broking organisations.
- (a) Security Service
 - (b) Regulatory Service
 - (c) Premium Financing
 - (d) Genuine Risk Consultancy
22. ... is the term for an organisation that underwrites insurance risks and owes its primary duties to one or more insurance companies or providers of insurance capacity.
- (a) Coverholder
 - (b) Managing General Agents
 - (c) Reinsurer
 - (d) Cedant
23. ... is not an activity that an insurer may delegate under a delegated authority agreement.
- (a) Underwriting
 - (b) Credit control
 - (c) Operation review and alignment
 - (d) Claims settlement
24. ... is not one of the legal duties imposed on a broker when acting as an agent to their principal.
- (a) Duty of due skill and care
 - (b) Duty of contribution
 - (c) Duty of accountability
 - (d) Duty of observance
25. As a general rule, brokers acting as agents of their principals are not permitted to delegate their duties without permission. This is known as the duty of ...
- (a) good factor
 - (b) utmost good faith
 - (c) personal performance
 - (d) good performance
26. In Nigeria, brokers are not permitted to own more than ... of shares in an insurance or reinsurance company.
- (a) 5%
 - (b) 10%
 - (c) 15%
 - (d) 20%
27. Brokers act as mediators and this unique position may require them to manage ... interest.
- (a) personal
 - (b) conflicting
 - (c) mutual
 - (d) client
28. In Nigeria, ... is the term used for brokers' remuneration.
- (a) fees
 - (b) indemnity
 - (c) brokerage
 - (d) compensation
29. The British Insurance Brokers' Association merged with the Institute of Insurance Brokers (IIB) in Year ...
- (a) 2017
 - (b) 2013
 - (c) 2011
 - (d) 2010
30. Client retention and new business acquisition are essential for an insurance broker's sustainable growth. To achieve this feat, ... is required.
- (a) planning
 - (b) investment
 - (c) trust
 - (d) strategy

31. In Nigeria, the maximum commission payable for Group Life Insurance is ... of the premium, as set by the National Insurance Commission (NAICOM).
 (a) 20% (b) 12.5% (c) 10% (d) None of the above
32. To retain clients, broking firms should invest less in ...
 (a) Quality staff (b) Good IT system and communication
 (c) Provide adequate training (d) Promoting NCRIB
33. An insurance broker acts as the agent of its principal, the insured and carries out several duties except ...
 (a) negotiate with insurers on its clients' behalf
 (b) advice their principal on general staff matters (c) negotiate on renewal
 (d) provide advice and make recommendations to their client
34. Service is a key area for meeting client expectations. However, ... factors typically lead to poor service.
 (a) always completing what has been agreed by the deadline.
 (b) returning client call and messages impromptly
 (c) knowing the clients (d) Avoidance of errors and omissions
35. In Nigeria, the requirement that the receipt of an insurance premium is a condition precedent to a valid contract, and that no cover exists unless the premium is paid in advance, is established in Section ...of Nigerian Insurance Industry Reform Act 2025.
 (a) 50 (b) 55 (c) 60 (d) 65
36. In the UK, some broking firms focus heavily on acquiring new clients and may offer fees at a competitive rate, even if it means the business is unprofitable in the first year. The firm that deploys this type of business acquisition is called a ... leader.
 (a) prime (b) loss (c) best (d) focus
37. ... is the term for an individual approved by NAICOM to perform one or more controlled functions on behalf of an authorised firm.
 (a) CEO (b) Compliance Officer
 (c) Approved person (d) Management
38. What does CTR stand for?
 (a) Cash in Transit Reports (b) Cash Transportation Reports
 (c) Cash Transaction Reports (d) Cash Tracking Reports
39. All suspicious transactions, including the amounts involved and outstanding, must be reported to the NFIU within 7 days. The full meaning of the acronym NFIU is ...
 (a) Nigerian Fraud Intelligence Unit (b) National Financial Intelligence Unit
 (c) Nigerian Financial Intelligence Unit (d) National Fraud Intelligence Unit
40. In certain circumstances, when brokers receive money from the insurer that actually belongs to the policyholder, this is referred to as...
 (a) insurers funds (b) brokers funds
 (c) return funds (d) client assets

41. NAICOM has the authority to prosecute a wide range of offences, including ...
- (a) carrying on a regulated activity without being a member of NCRIB
 - (b) carrying on a regulated activity without documentation
 - (c) carrying on a regulated activity without authorisation
 - (d) carrying on a regulated activity without record
42. In Nigeria, insurance business activities must be authorised and regulated directly by NAICOM. The equivalent regulatory framework used in the UK is called ...
- (a) Insurance Services
 - (b) Insurance Mediation
 - (c) Insurance Activities
 - (d) Insurance Development
43. ... is not a criterion that a broker uses to assess which insurers to approach for a specific risk.
- (a) Geographical spread
 - (b) Premium financing
 - (c) Brokers remuneration
 - (d) Innovation
44. ... is not an issue that brokers typically face when designing insurance programmes for their clients.
- (a) Insurers
 - (b) Risk Retention
 - (c) Programme Term
 - (d) Profitability
45. ... is not one of the fundamental factors that distinguish Lloyd's brokers from other insurance brokers.
- (a) Method of transacting business
 - (b) Agents of the syndicates
 - (c) Market in which they operate
 - (d) Many of the risks they place
46. In risk control, risk ... is the process by which actions are taken to completely eliminate the possibility that an undesirable event will occur.
- (a) prevention
 - (b) avoidance
 - (c) reduction
 - (d) minimisation
47. In a delegated authority agreement, ... is the name given to the monthly report provided by the coverholder detailing risks written and claims reported.
- (a) template
 - (b) cession
 - (c) bordereau
 - (d) statement of account
48. ... is not a benefit of a delegated authority agreement for brokers.
- (a) Full autonomy, subject to their degree of authority
 - (b) Potentials for increased commission level
 - (c) Cost effective way of trying out a new area of business rather than employing a new set of staff
 - (d) Access to a unique product on the best policy for the clients
49. ... is the term used for the arrangement in which brokers partner with a third party to provide certain secondary services, allowing them to focus on their core functions.
- (a) Segmentation
 - (b) Co-broking
 - (c) Outsourcing
 - (d) Business continuity
50. The recommendation that all staff in an intermediary should be aware of conflicts and take responsibility for conflicts arising from their own conduct was made by ...
- (a) BIBA
 - (b) NCRIB
 - (c) FCA
 - (d) NAICOM

51. Insurance brokers, as agents of their principals, may at different times act on behalf of both the insured and the insurer. The need to separate these conflicting roles was established in ...
- (a) Marine Insurance Act 1906
 - (b) North and South Trust Company vs Berkley (1970)
 - (c) South and North Trust Company vs Berkley (1970)
 - (d) Data Protection Act 2018
52. A Terms of Business Agreement (TOBA) between brokers, insurers, and clients covers four key elements: broker remuneration, details of services provided, the broking firm's TOBA and ...
- (a) business plan
 - (b) feasibility studies
 - (c) regulatory information
 - (d) business continuity plan
53. One major benefit of the business relationship between brokers and underwriters is ...
- (a) prompt claim settlement
 - (b) prompt underwriting
 - (c) peace of mind
 - (d) reciprocity
54. A TOBA must be clear and succinct, reflect the business relationship, define and allocate responsibilities and rights, and ensure ... with regulatory or statutory rules.
- (a) mutual understanding
 - (b) compliance
 - (c) common knowledge
 - (d) agreement
55. ... is a role within an insurance broking organisation
- (a) Complaining
 - (b) Office Automation
 - (c) Compliance
 - (d) Segmentation
56. One of the key material facts that must be disclosed to the underwriter is the client's ..
- (a) family history
 - (b) conflict of interest
 - (c) premium payment history
 - (d) loss experience
57. ... is not a method of transacting business at Lloyd's.
- (a) Face to Face
 - (b) Through one of the delegated authorities.
 - (c) Through BIBA
 - (d) Through a business set-up outside Lloyd's syndicates
58. In broking activities, the term 'cross-selling' means that ...
- (a) selling an insurance product to a client of another broker
 - (b) selling another product to an existing client
 - (c) selling an insurance product to another broker
 - (d) partnering with another broker to complete a sale
59. ... 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
60. Brokers may receive commissions from insurers on a whole account basis, which can vary depending on the profitability and/or growth of the business. 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. An insurance broking firm that operates in many territories and has the capacity to arrange and manage global insurance programmes is called a consolidator.
62. Holding regulatory responsibility for sanctions screening and handling clients' money is one of the services/benefits that brokers provide to insurers.
63. A Lloyd's broker must be registered with BIBA and the Council of Lloyd's to act as a Lloyd's broker.
64. Compliance is one of the common roles found in most insurance broking firms.
65. Capturing accurate and relevant data from clients is a core part of a broker's service.
66. The accessibility of an insurer's technical experts, brokers and clients is one of the criteria for assessing which insurers to approach for a specific risk.
67. In the insurance market cycle, when capital market investment is low, there is less capacity and insurers write less business.
68. Retrocession occurs when a reinsurer places reinsurance with another reinsurer.
69. In traditional forms of insurance, reinsurance and technology, risk can be transferred to captive markets.
70. The duty of personal performance allows an agent to delegate their tasks to another person with the principal's permission.
71. The term "insurance broker" is generally used in any insurance market to describe organisations that offer independent advice.
72. The NCRIB was established to provide financial support to its members in times of difficulty.
73. Section 50 of the Insurance Act 2007 contains the "No Premium, No Cover" provision.
74. Where a reinsurer places reinsurance with another reinsurer, this is known as cession, and the risk placed in this way is called retrocession.
75. The first operational objective of NAICOM is the protection of brokers and consumers.
76. In Nigeria, for the registration of a corporate insurance broking firm, directors are required to provide evidence of registration as members of the CIIN.
77. The Data Protection Act 2018 is a specific legislation that also affects insurance brokers.
78. Managing agents are companies specifically established to manage the underwriting of one or more syndicates.
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 UK Market Reform Council (MRC) ensures the requirements for contract certainty are met.
81. Construction All Risks insurance is a statutory and therefore compulsory policy.
82. Contract certainty means that all the terms and conditions of an insurance policy are agreed upon before either the insured or the insurer commits to the contract.
83. In Nigeria, all new insurance products are legally required to be approved by both NAICOM and NCRIB.
84. The reinsurance market consists of specialist reinsurance companies, Lloyd's syndicates and insurance companies that also act as reinsurers.
85. Membership of NCRIB is categorised into corporate and partnership membership.

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

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

Mr. Nwobi is a former staff member of RST Insurance Company Limited and was duly authorised to operate as an insurance agent. Having recently retired, he now wishes to practice

as an insurance broker. To this end, he has acquired PWC Insurance Brokers, whose operating license has since expired. Mr. Nwobi seeks your professional guidance and has raised the following questions to help him successfully navigate the insurance broking industry in Nigeria consideration the Insurance Act 2003 and the NAICOM Act 1997.

86. Which of the following is not a valid requirement for the re-registration of an insurance broker with a lapsed license?
- (a) Submission of a letter of appeal stating the reasons for the license lapse and payment of a non-refundable processing fee
 - (b) Obtaining a clearance letter for the company from the Nigerian Council of Registered Insurance Brokers (NCRIB)
 - (c) Attending and passing the re-registration interview
 - (d) Obtaining NAICOM's approval for the members of the Board
87. All of the following, except one, are powers of NAICOM under the stated relevant laws.
- (a) Withdrawal of a company's authorisation
 - (b) Imposition of penalties
 - (c) Referral of matters to NCRIB for appropriate action
 - (d) Provision of protection
88. What is the amount of the non-refundable fee payable for processing the appeal?
- (a) ₦200,000.00
 - (b) ₦250,000.00
 - (c) ₦500,000.00
 - (d) ₦1,000,000.00
89. What amount is payable if the application for re-registration is upheld?
- (a) ₦1,000,000.00
 - (b) ₦500,000.00
 - (c) ₦250,000.00
 - (d) ₦200,000.00
90. What is the applicable license fee?
- (a) ₦500,000.00.
 - (b) ₦1,000,000.00.
 - (c) ₦2,000,000.00
 - (d) ₦2,250,000.00

In insurance programme design, especially for global programmes, brokers must understand the various stages of the insurance market cycle across different markets. This enables them to approach the most suitable markets at the right time to secure the best terms for their clients. Understanding how the market cycle operates and its stages is essential because it directly influences insurance availability and pricing.

91. In the insurance market cycle, what typically follows when premiums exceed claims?
- (a) New insurers and underwriting vehicles are encouraged
 - (b) Capital market invests in insurance
 - (c) Insurers capacity increases
 - (d) Competition for interested capacity insurers rates
92. Within the insurance market cycle, what typically occurs when claims exceed premiums?
- (a) Capital markets withdraw from insurance
 - (b) Insurer's capacity increases
 - (c) Insurers unite more business
 - (d) Competition for lower rates
93. What typically follows when competition for limited capacity drives rates upward?
- (a) Insurer's capacity increases
 - (b) Insurer's capacity reduces
 - (c) Competition lowers rates
 - (d) Premium exceeds claims

94. What usually happens next when capital markets invest in insurance?
 (a) Insurer's capacity reduces (b) Competition lower rates
 (c) Insurers write more business
 (d) New insurers and underwriting vehicles emerge
95. What does it indicate when competition leads to lower rates?
 (a) Premium exceeds claims (b) Claims exceed premium
 (c) Insurer writes more business (d) Insurers capacity reduces

Irish Garden Investment Company Limited, a licensed insurance agent, purchased a brand-new Range Rover Motor Vehicle valued at ₦100million. The company arranged insurance cover for the vehicle through QED Insurance Brokers Limited. The broker placed the comprehensive policy with ABC Insurance Company Limited as the lead insurer with a 50% share, while Frontline Insurance Company Limited took 20% and OceanView Insurance Company Limited took 30%.

96. Under common law, who is the agent in this insurance transaction?
 (a) Irish Garden Investment Company Limited
 (b) QED Insurance Brokers Limited (c) ABC Insurance Company Limited
 (d) Frontline Insurance Company Limited
97. Who acted as the intermediary in placing the insurance?
 (a) QED Insurance Brokers Limited (b) ABC Insurance Company Limited
 (c) Frontline Insurance Company Limited
 (d) Irish Garden Investment Company Limited
98. Who is the principal in this insurance placement?
 (a) QED Insurance Brokers Limited (b) ABC Insurance Company Limited
 (c) Frontline Insurance Company Limited
 (d) Irish Garden Investment Company Limited
99. What is the relationship among the three insurance companies involved?
 (a) Reinsurance (b) Facultative arrangement
 (c) Co-insurance (d) Quota share reinsurance arrangement
100. If the premium rate is 10% and the broker's commission is 12.5%, how much premium will OceanView Insurance Company Limited receive?
 (a) ₦8,750,000 (b) ₦3,000,000
 (c) ₦2,625,000 (d) ₦1,250,000

Chief Examiner's Comments

The course content was adequately covered; however, the overall performance of the candidates was below average, with only 20.63% pass rate in the examination. This outcome indicated the need for candidates to engage in thorough reading and a comprehensive study of the prescribed coursebook.

Comments on Overall Performance

The overall performance was below average.

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

Candidates are encouraged to prepare thoroughly for the examination.

F10 – INSURANCE BROKING PRACTICE I									
1	B	21	B	41	C	61	F	81	F
2	B	22	B	42	B	62	T	82	T
3	B	23	C	43	C	63	F	83	F
4	C	24	B	44	D	64	T	84	T
5	C	25	C	45	B	65	T	85	F
6	B	26	B	46	B	66	T	86	C
7	B	27	B	47	C	67	T	87	A
8	C	28	C	48	C	68	T	88	D
9	B	29	C	49	C	69	F	89	C
10	C	30	B	50	C	70	T	90	B
11	B	31	D	51	B	71	T	91	B
12	B	32	D	52	C	72	F	92	A
13	D	33	B	53	C	73	F	93	D
14	B	34	B	54	B	74	F	94	D
15	C	35	C	55	C	75	F	95	B
16	B	36	B	56	D	76	F	96	B
17	C	37	C	57	C	77	F	97	A
18	D	38	C	58	B	78	T	98	D
19	B	39	C	59	B	79	F	99	C
20	D	40	D	60	C	80	F	100	C