



Chartered Insurance

Institute of Nigeria

Chief Examiners' Report

April 2026

Post AIN

(Loss Adjusting Practice)

PF02

GENERAL RELATED ISSUES TO WATCH OUT FOR IN FUTURE SITTINGS

DO'S	DON'TS
Start studying for the next diet early (from November/December for April diets and May for October diets)	Concentrate all your time and effort on Part 1 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), nigeriansurers.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>	

PF02

CHARTERED INSURANCE INSTITUTE OF NIGERIA

POST AIIN - FOUNDATION

2026 APRIL EXAMINATION

SUBJECT - PF02

PF02 - LOSS ADJUSTING PRACTICE (FOUNDATION)



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

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

PF02 - FOUNDATION

LOSS ADJUSTING PRACTICE (FOUNDATION)

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

Section A

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

Example:

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

- | | |
|---|------------------------------|
| (a) pay the claim | (b) interpret the policy |
| (c) advice on the admissible claims and quantum | (d) collate claims estimate. |

The correct option is (c).

Section B

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

Example:

The Insurance market consists of different categories of intermediaries.

The correct option is True (T).

Section C

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

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

SECTION A – ATTEMPT ALL QUESTIONS

1. ... is not a NAICOM authorised insurance practitioner in Nigeria.
(a) Loss Adjusters (b) Brokers
(c) Insurance Agents (d) None of the Above
2. The fees of a loss adjuster are paid by the ...
(a) policyholder (b) Nigerian Insurers Association
(c) insurer (d) Professional Reinsurers Association
3. The loss assessor, as an agent, owes a legal duty of care to the ...
(a) policyholder (b) insurer
(c) public (d) none of the above.
4. Loss adjusters are specially trained in claim ... and ...
(a) investigation, adjustment (b) sociable, outgoing
(c) notification and underwriting (d) proposal, investment
5. Loss adjusters, though appointed by insurers, must remain impartial by law and professional ethics; they consider the following in claim assessment except ...
(a) policy conditions (b) public opinion
(c) precedents (d) memoranda
6. The mission statement of the Institute of Loss Adjusters of Nigeria is to provide ..., ... and ...
(a) transparent, fair, professional claims adjusting services
(b) average, excess, sum insured (c) conflict, resolution, commotion
(d) none of the above
7. ... is not a requirement for registering a loss adjusting firm with the National Insurance Commission (NAICOM).
(a) Copy of CAC form (b) Article of Association
(c) Completed personal data form (d) Proof of payment of Renewal fee
8. All of the following are key items included in a loss adjuster's preliminary report to the insurer except ...
(a) background information about the insured
(b) circumstances of the loss
(c) recommendation for interim payment (d) amount of premium paid
9. A final assessment report includes all of the following claim details except ...
(a) statement of claim (b) findings on liability
(c) adjustment/summary of findings (d) recommendation for reserve
10. After reviewing and accepting the loss adjuster's report, insurers will direct the loss adjuster to issue a/an ... to the insured.
(a) addendum report (b) query on documentation
(c) notice of arbitration (d) proposal form

11. Insurable interest is the financial interest of the insured in the subject matter and the ... is not required to have it.
 - (a) policyholder
 - (b) named insured
 - (c) additional insured
 - (d) insurer
12. Insurers waive the strict application of the principle of indemnity in ...
 - (a) contractor all risk
 - (b) benefits contracts
 - (c) erection all risk
 - (d) comprehensive motor insurance
13. The basic test of reasonableness allows an insurer to deny liability only where investigation confirms that the insured acted willfully and in blatant disregard of warnings. Insurance is not intended to indemnify against ...
 - (a) bad management
 - (b) accidental damage
 - (c) cautiously damage
 - (d) natural damage
14. An insurer is legally permitted to recover from a liable party through the use of ...
 - (a) indemnity
 - (b) coinsurance
 - (c) proximate cause
 - (d) subrogation
15. As part of its disciplinary and enforcement powers, NAICOM may issue a public statement of misconduct against a defaulting loss adjusting firm under ...
 - (a) market agreement
 - (b) financial penalties
 - (c) prosecution for criminal offences
 - (d) public censure
16. Loss adjusting firms are required to comply with the General Data Protection Regulation (GDPR) and all applicable data privacy laws, including the Nigeria Data Protection Act ...
 - (a) 2025
 - (b) 2024
 - (c) 2023
 - (d) 2022
17. ... is not responsible for regulating loss adjusting firms and/or practitioners in Nigeria.
 - (a) Institute of Loss Adjusters of Nigeria
 - (b) National Insurance Commission
 - (c) Chartered Insurance Institute of Nigeria
 - (d) Nigerian Council of Registered Insurance Brokers
18. Subrogation is the process by which an insurer acquires the legal rights of the insured after indemnifying them for a loss, provided that ...
 - (a) the other party is liable for damage
 - (b) there is no waiver of subrogation of the policy
 - (c) the liable party was negligent
 - (d) all of the above
19. The following are recognised classes of policy exceptions except ...
 - (a) general
 - (b) specific
 - (c) implied
 - (d) none of the above
20. Negotiation skills, which are all the below except ..., are attributes that enable two or more parties to reach a mutually acceptable agreement.
 - (a) cooperation
 - (b) commission
 - (c) persuasion
 - (d) strategising
21. In accordance with Section 21 of the NIIRA 2025, an insurer is required to establish and maintain the following except ..., as applicable to each class of insurance business.
 - (a) provision for facultative treaty
 - (b) provision for unexpired risks
 - (c) provision for outstanding claims
 - (d) provision of capital requirements.

22. The proposal form is completed before the commencement of insurance cover. Designing the proposal form is the responsibility of the ...
 (a) policyholder (b) reinsurer (c) insurer (d) broker
23. The clause that authorises a loss adjuster to forward an assessment report directly to the reinsurer is known as the ...
 (a) co-insurers clause (b) foreign loss adjuster clause
 (c) claims control treaty (d) claims control clause
24. ... should be considered when inserting a “nominated loss adjuster clause” in a policy in order to avoid unconscious bias.
 (a) Insurers nominate preferred adjusters
 (b) Both Insured and Insurer nominate preferred adjusters
 (c) Insured nominates preferred adjusters (d) Insured
25. ... designates specific loss adjusters as the exclusive handlers for all claims arising under a Fire & Special Perils policy and reported by the policyholder within a defined period.
 (a) Loss Adjusters’ Clause (b) Adjusters’ Clause
 (c) Nominated Loss Adjusters Clause (d) Insurers Clause
26. An Alternative Dispute Resolution (ADR) process in which a neutral and independent party hears arguments from both the insurer and the insured, reviews the evidence and delivers a binding decision similar to a court judgment is known as ...
 (a) arbitration (b) out-of-court settlement
 (c) mediation (d) reconciliation
27. The operative clause of an insurance policy is regarded as the most important clause because it defines ...
 (a) what is covered by the policy (b) the exclusions of the policy
 (c) the exceptions of the policy (d) the deductible
28. Based on Section 48 of NIIRA, an insurance company that knowingly or recklessly appoints a loss adjusting firm not licensed by NAICOM to assess a claim shall be liable to a penalty equivalent to ...
 (a) 10 times the fees charged (b) 5 times the fees charged
 (c) 50 times the fees charged (d) 100 times the fees charged
29. Proximate cause may be described as any of the following except ... cause.
 (a) remote (b) active (c) dominant (d) efficient
30. In policy documents, exceptions relating to war or nuclear risks are usually listed under...
 (a) specific exceptions (b) public exceptions
 (c) general exceptions (d) immediate exceptions
31. Any fact that will influence the judgment of a prudent insurer in fixing the premium or deciding whether to accept a risk is regarded as material. The policyholder is not required to disclose all of the following except ...
 (a) information known to the insurer (b) prior information held by the insurer
 (c) public information (d) credit rating of the country

32. A loss may arise from two or more immediate causes, with one being covered by the policy and the other either not included or specifically excluded. If the losses cannot be distinguished, the loss adjusters will recommend to the insurer that the insurer should ...
- (a) repudiate in total (b) avoid the claim
(c) partially settle the claim (d) fully settle the claim
33. Contribution applies under all of the following conditions, except under ...
- (a) common interest (b) common subject matter of insurance
(c) common peril (d) common sum insured
34. The name of the current President of Institute of Loss Adjusters of Nigeria is ...
- (a) Mr. Ralph Okpara (b) Mr. Oladiipo Olanrewaju
(c) Mr. Ike Udobi (d) Mr. Reginald Egbuniwe
35. ..., and ... are qualities required to be possessed by any loss adjuster.
- (a) Patience, integrity, transparency (b) Balance, narration, contribution
(c) Compromise, skilled, attention (d) Disclosure, condition, warranty.
36. The full meaning of IFAA is ...
- (a) International Federation of Adjusting Authorities
(b) International Federation of Adjusting Associations
(c) Internal Federation of Adjusting Associations
(d) International Federation of Advisory Associations
37. The duties of a loss assessor include all of the following except ...
- (a) claim preparation (b) meeting with insurers and their adjusters
(c) negotiating the claims vis-a-vis policy liability (d) accounting
38. The statements of claims adjusted required by the loss adjusting firm include the following except...
- (a) name of insured (b) total adjuster's fee
(c) sum insured (d) none of the above
39. Many companies see trust as a commodity which must be earned and refer to it as ...
- (a) trust capital (b) trust commodity
(c) trust authorities (d) trust notification
40. ... is a way for two or more parties to find a peaceful solution to a disagreement among them.
- (a) Peace making (b) Conflict management
(c) Negotiation (d) Appreciation
41. Conflict could arise as a result of the following except ...
- (a) technical error/omission (b) collusion
(c) bias (d) none of the above
42. ... referred to as CCCs are often found in facultative reinsurances where the insured, that is, the direct insurer, has a small or nil retention.
- (a) Claims Censused Clauses (b) Claims Control Clauses
(c) Claims Contribution Clauses (d) All of the above
43. ... case states that for the insured to be entitled to an indemnity, he must prove that he had an insurable interest in the subject of insurance at the time of loss.
- (a) Sadler's Co. vs. Badcock (b) Sofi vs. Prudential
(c) Fraser vs. B.N. Furman (Productions) Limited
(d) Orokpa v. Barclays Insurance

44. Customer identification shall follow the provisions of the ... issued by the National Insurance Commission and other guidelines/regulations which may be issued by the Economic and Financial Crimes Commission (EFCC) from time to time.
- (a) Know Your Customers Guidelines (b) Know Your Condition Guidelines
(c) Cash Transaction Reports (d) Suspicious Transaction Reports
45. As at December 2025, the scale of fees was agreed with the ... in Year ...
- (a) Nigerian Insurers Association, 1992
(b) Nigerian Insurers Association, 1997
(c) National Insurance Commission, 1992
(d) National Insurance Commission, 1997

Use the Loss Adjusters' scale of fees to answer questions 46 – 59 below:

Loss Adjusters Scale of Fees

As agreed, to by Representatives of the Nigerian Insurers Association.

Minimum fee ₦1,500.00

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

46. With a gross settlement of ₦80,000.00 and reimbursement expenses of ₦50,000.00, ... is the total fee payable to the Loss Adjusters by the Insurer using the Loss Adjusters' scale of fees.
- (a) ₦59,250.00 (b) ₦68,750.00 (c) ₦69,750.00 (d) ₦78,750.00
47. With a gross settlement of ₦350,000.00 and reimbursement expenses of ₦100,000.00, ... is the total fee payable to the Loss Adjusters by the Insurer using the Loss Adjusters' scale of fees.
- (a) ₦48,750.00 (b) ₦68,750.00 (c) ₦129,250.00 (d) ₦115,250.00
48. With a gross settlement of ₦550,000.00 and reimbursement expenses of ₦110,000.00, ... is the total fee payable to the Loss Adjusters by the Insurer using the Loss Adjusters' scale of fees.
- (a) ₦148,750.00 (b) ₦145,750.00 (c) ₦178,750.00 (d) ₦185,750.00
49. With a gross settlement of ₦950,000.00 and reimbursement expenses of ₦250,000.00, ... is the total fee payable to the Loss Adjusters by the Insurer using the Loss Adjusters' scale of fees.
- (a) ₦305,750.00 (b) ₦268,750.00 (c) ₦279,250.00 (d) ₦550,750.00

50. With a gross settlement of ₦1,750,000.00 and reimbursement expenses of ₦50,000.00, ... is the total fee payable to the Loss Adjusters by the Insurer using the Loss Adjusters' scale of fees.
 (a) ₦148,750.00 (b) ₦168,750.00 (c) ₦140,750.00 (d) ₦131,250.00
51. With a gross settlement of ₦3,000,000.00 and reimbursement expenses of ₦350,000.00, ... is the total fee payable to the Loss Adjusters by the Insurer using the Loss Adjusters' scale of fees.
 (a) ₦468,250.00 (b) ₦478,750.00 (c) ₦485,750.00 (d) ₦488,250.00
52. With a gross settlement of ₦1,995,000.00 and reimbursement expenses of ₦150,000.00, ... is the total fee payable to the Loss Adjusters by the Insurer using the Loss Adjusters' scale of fees.
 (a) ₦590,750.00 (b) ₦568,750.00 (c) ₦548,750.00 (d) ₦248,100.00
53. With a gross settlement of ₦3,500,000.00 and reimbursement expenses of ₦350,000.00, ... is the total fee payable to the Loss Adjusters by the Insurer using the Loss Adjusters' scale of fees.
 (a) ₦478,250.00 (b) ₦748,750.00 (c) ₦768,750.00 (d) ₦778,750.00
54. With a gross settlement of ₦9,500,000.00 and reimbursement expenses of ₦650,000.00, ... is the total fee payable to the Loss Adjusters by the Insurer using the Loss Adjusters' scale of fees.
 (a) ₦858,250.00 (b) ₦865,750.00 (c) ₦878,750.00 (d) ₦888,750.00
55. With a gross settlement of ₦9,000,000.00 and reimbursement expenses of ₦850,000.00, ... is the total fee payable to the Loss Adjusters by the Insurer using the Loss Adjusters' scale of fees.
 (a) ₦988,250.00 (b) ₦998,750.00 (c) ₦1,040,750.00 (d) ₦1,050,750.00
56. With a gross settlement of ₦6,000,000.00 and reimbursement expenses of ₦200,000.00, ... is the total fee payable to the Loss Adjusters by the Insurer using the Loss Adjusters' scale of fees.
 (a) ₦273,750.00 (b) ₦373,750.00 (c) ₦668,750.00 (d) ₦678,750.00
57. With a gross settlement of ₦15,500,000.00 and reimbursement expenses of ₦200,000.00, ... is the total fee payable to the Loss Adjusters by the Insurer using the Loss Adjusters' scale of fees?
 (a) ₦278,750.00 (b) ₦285,750.00 (c) ₦460,750.00 (d) ₦470,750.00
58. With a gross settlement of ₦19,000,000.00 and reimbursement expenses of ₦1,000,000.00, ... is the total fee payable to the Loss Adjusters by the Insurer using the Loss Adjusters' scale of fees.
 (a) ₦648,750.00 (b) ₦1,278,250.00 (c) ₦1,778,250.00 (d) ₦1,778,750.00
59. With a gross settlement of ₦13,000,000.00 and reimbursement expenses of ₦200,000.00, what is the total fee payable to the Loss Adjusters by the Insurer using the Loss Adjusters' scale of fees?
 (a) ₦428,250.00 (b) ₦443,250.00 (c) ₦448,750.00 (d) ₦778,250.00
60. Documentation issued by the loss adjuster indicates the quality of the loss adjuster's ...
 (a) service (b) time (c) finance (d) superiority

SECTION B – ATTEMPT ALL QUESTIONS

Answer True (T) or False (F)

61. Under the law of agency, a loss adjuster owes a primary legal duty of care to the insured rather than the insurer.
62. The principle of Utmost Good Faith (*uberrimae fidei*) applies solely to the insured's duty of disclosure and does not extend to the conduct of the insurer.
63. A loss adjuster's report is technically classified as a "financial report" because its primary output is a valuation of financial loss for the purpose of indemnity.
64. The "Average Clause" is a policy provision used to penalise insureds for administrative errors rather than to address under-insurance.
65. Membership in ILAN is restricted only to corporate loss adjusting firms and does not include individual student or associate categories.
66. The International Federation of Adjusting Associations (IFAA) focuses on global standards, and Nigeria has previously held its presidency.
67. A "Claims Control Clause" in re-insurance gives the reinsurer the right to assume control over the handling and settlement of a claim from the primary insurer.
68. Subrogation refers to the right that arises after an insurer has settled a claim, allowing the insurer to step into the shoes of the insured and pursue recovery from the party responsible for the loss.
69. Proximate cause is defined in insurance law as the last cause in a chain of events that directly leads to the loss.
70. Some ILAN members are of the view that including a Nominated Loss Adjuster Clause in certain policies may hinder healthy competition among members.
71. In accordance with the provisions of NIIRA 2025, any individual who conducts business as a loss adjuster without proper registration commits an offence and, upon conviction, is liable to a fine of ₦1,000,000.00.
72. The application of agency law to the functions of insurance loss adjusters further sets them apart from other categories of technical partners.
73. The complexity of claims can create a potential conflict of interest between insurers and the loss adjuster.
74. A loss adjuster is presumed at law to have the necessary knowledge and ability of a legal practitioner.
75. Insurance fraud is a major concern in Nigeria, necessitating cooperation between the loss adjuster and the claimant.

76. The NIIRA Act of 2025 has a relatively limited impact on the development of insurance loss adjusting in Nigeria.
77. The loss adjuster report is described as a brief, focused and concise document.
78. The loss adjuster is not required to have knowledge of contract law, as their work is confined to handling policy documents.
79. Foreign loss adjusters are strictly prohibited from handling claims in Nigeria under any circumstances.
80. The letter of instruction is significant as it starts the loss adjusting process.
81. Failing to disclose salient facts in a report that are important to a claim constitutes a breach of professional conduct.
82. Staff motivation in a loss adjusting firm is limited to monetary compensation and does not include non-financial incentives such as training or access to specialised IT tools.
83. The use of Information Technology (IT) in loss adjusting is primarily for clerical tasks and does not enhance client retention or improve technical efficiency.
84. The “Right First Time” principle is an important strategy for minimizing both the occurrence and impact of Errors and Omissions (E&O) claims.
85. A loss adjuster’s report can be set aside if the insurer chooses to conduct a new investigation using a different adjusting firm.

SECTION C – ATTEMPT ALL QUESTIONS

A fire occurred at Ade’s premises, which were insured under a Fire and Special Perils policy issued by ABC Insurance Company for the period 1 July, 2024 to 1 July, 2025. The policy carried a total sum insured of ₦100,000,000.00, comprising ₦60,000,000.00 for the building and ₦40,000,000 for the contents.

The fire incident took place on 2 July, 2024 and was traced to unattended cooking, specifically rice left on a kerosene stove, which led to overheating and the ignition of flammable plastic materials in the kitchen. The fire spread to other parts of the building before it was eventually brought under control by Ade’s neighbours and other individuals using available water, prior to the arrival of the Fire Service.

The fire caused damage to the building, furniture, and two vehicles parked within the compound. A post-loss physical inspection confirmed extensive damage to the building, furniture, and the two vehicles. The cost of repairing the building, excluding furniture, was

assessed at ₦80,000,000.00, while the value of the damaged furniture and other contents (excluding the vehicles) was estimated at ₦60,000,000.00.

At the time of the loss, Ade did not have comprehensive motor insurance on the two vehicles damaged in the fire. Their replacement values were ₦10,000,000.00 and ₦5,000,000.00, respectively. Only the Fire and Special Perils insurance policy was in force, and standard fire policy terms and conditions apply.

86. How much is the Insurer's liability with respect to fire damage to the building, assuming a total value at risk relating to the building of ₦120,000,000.00?
- (a) ₦40,000,000.00 (b) ₦60,000,000.00
(c) ₦80,000,000.00 (d) None of the above
87. How much is the insurer's liability in respect of the furniture, assuming the total value at risk for the furniture is ₦80,000,000.00?
- (a) ₦80,000,000.00 (b) ₦60,000,000.00
(c) ₦40,000,000.00 (d) ₦30,000,000.00
88. How much is the Insurer's maximum liability?
- (a) ₦120,000,000.00 (b) ₦100,000,000.00
(c) ₦60,000,000.00 (d) ₦40,000,000.00
89. How much is the insurer's total liability for the claim, based on the conditions stated in Questions 86 and 87 above?
- (a) ₦70,000,000.00 (b) ₦100,000,000.00
(c) ₦120,000,000.00 (d) ₦140,000,000.00
90. How much is the insurer's total liability for the claim, assuming that every claim is subject to an excess of ₦5,000,000.00 or 10%, whichever is higher?
- (a) ₦65,000,000.00 (b) ₦63,000,000.00
(c) ₦36,000,000.00 (d) ₦27,000,000.00

ABC Bank maintained a Fidelity Guarantee Insurance policy with XYZ Insurance Company Limited for the period 1 April, 2024 to 31 March, 2025, with the premium duly paid on 31 March, 2024. The policy provided coverage limits of ₦20,000,000.00 per occurrence and ₦40,000,000.00 for any one insurance period. The policy incorporated standard memoranda applicable to Fidelity Guarantee Insurance, including clauses on character reference, internal and external audit, remuneration, employment warranty, annual leave, and other related provisions.

A routine monthly internal audit conducted on 30 April, 2024 revealed the misappropriation of finished goods by a storekeeper and a company driver, which had occurred on 15 April, 2024. Finished goods valued at ₦30,000,000.00 were fraudulently removed from the store through the use of forged authorisation documents generated by the storekeeper and a fake gate pass prepared by the driver, enabling the goods to be transported out of the premises by truck.

The incident was immediately reported to the Police on 30 April, 2024 for investigation and possible prosecution. Police investigations confirmed that no other employees were involved beyond the storekeeper and the driver, in line with the findings of the insured's internal audit. Further investigation traced the proceeds of the fraud to four deposits made into the

storekeeper's bank account between 20 April and 27 April, 2024, with a credit balance of ₦20,000,000.00 as at 27 April, 2024.

Pursuant to an order of a court of competent jurisdiction, the Police recovered the ₦20,000,000 proceeds of the fraud from the storekeeper's bank account and remitted the amount to the insured. At the time the fraud was discovered, management withheld the April 2024 salaries of the employees involved, amounting to ₦500,000.00 for the storekeeper and ₦150,000.00 for the driver. No significant recovery was made from the driver's bank account.

91. Assuming you are the loss adjuster appointed to investigate the claim, and it is confirmed that finished goods valued at ₦30,000,000.00 were stolen from the warehouse on April 15, 2024, what would be the insurer's liability?
- | | |
|--------------------|--------------------|
| (a) ₦5,000,000.00 | (b) ₦10,000,000.00 |
| (c) ₦20,000,000.00 | (d) ₦30,000,000.00 |
92. As the appointed loss adjuster, if it is established that the premium due was paid by the insured on April 20, 2024, what would be the insurer's liability, given that finished goods valued at ₦30,000,000.00 were stolen from the warehouse on April 15, 2024?
- | | |
|--------------------|--------------------|
| (a) ₦45,000,000.00 | (b) ₦30,000,000.00 |
| (c) ₦20,000,000.00 | (d) ₦0.00 |
93. Assuming you are the loss adjuster appointed to investigate the claim, and it is established that finished goods valued at ₦30,000,000.00 were stolen from the warehouse, what would be the insurer's liability after taking into account a total recovery of ₦10,000,000.00 from the defaulters?
- | | |
|--------------------|--------------------|
| (a) ₦10,000,000.00 | (b) ₦20,000,000.00 |
| (c) ₦30,000,000.00 | (d) ₦40,000,000.00 |
94. Assuming you are the loss adjuster appointed to investigate the claim, and it is confirmed that finished goods valued at ₦50,000,000.00 were stolen from the warehouse, what would be the insurer's liability where there is no recovery from the defaulters and a policy excess of ₦15,000,000.00 or 10% of the claim amount, whichever is higher, applies?
- | | |
|--------------------|--------------------|
| (a) ₦5,000,000.00 | (b) ₦20,000,000.00 |
| (c) ₦35,000,000.00 | (d) ₦45,000,000.00 |
95. If it is confirmed that finished goods valued at ₦35,000,000.00 were stolen from the warehouse on April 15, 2024, while the premium due under the policy was paid by the insured on May 5, 2024, and a policy excess of ₦5,000,000 or 10% of the claim amount (whichever is higher) applies, what would be the insurer's liability?
- | | |
|--------------------|-----------------------|
| (a) ₦35,000,000.00 | (b) ₦20,000,000.00 |
| (c) ₦15,000,000.00 | (d) None of the above |

Emeka holds comprehensive motor insurance for his Year 2019 Toyota Highlander with TKY Insurance Company Limited, covering the period from January 1, 2024 to December 31, 2024, with a sum insured of ₦20,000,000.00.

On April 20, 2024, while traveling from Ibadan to Lagos, a third-party truck lost control due to brake failure, crossed the median, and collided with Emeka's vehicle. According to the police report, the truck driver was deemed liable for the damage to Emeka's car. The truck was insured with a valid third-party motor policy that had a property damage limit of ₦5,000,000.00 at the

time of the accident.

The repair cost for Emeka's Toyota Highlander was negotiated with the garage at ₦10,000,000.00. Emeka's policy includes excess buyback and the Average clause, while the liable truck's third-party insurance carries a 5% excess.

96. How much can Emeka recover from TKY Insurance Company Limited under his comprehensive motor insurance policy, considering that the current market value of a 2019 Toyota Highlander is ₦40,000,000.00?
- (a) ₦30,000,000.00 (b) ₦20,000,000.00
(c) ₦10,000,000.00 (d) ₦5,000,000.00
97. How much can TKY Insurance Company Limited recover from the liable third party (the truck owner) by exercising its subrogation rights on behalf of Emeka?
- (a) ₦5,000,000.00 (b) ₦10,000,000.00
(c) ₦20,000,000.00 (d) ₦30,000,000.00
98. How much can TKY Insurance Company Limited recover from the liable truck's insurer, in accordance with the policy terms and conditions, by exercising its subrogation rights on behalf of Emeka?
- (a) ₦4,500,000.00 (b) ₦9,500,000.00
(c) ₦20,000,000.00 (d) ₦30,000,000.00
99. Assuming TKY Insurance Company Limited recovered a total of ₦10,000,000.00 from the liable third party (the truck owner) through subrogation on behalf of Emeka, and considering that Emeka has already been fully compensated under the terms of his comprehensive insurance policy, how much will the insurer retain from the ₦10,000,000.00 recovery after accounting for total recovery expenses of ₦500,000.00?
- (a) ₦4,500,000.00 (b) ₦9,500,000.00
(c) ₦15,500,000.00 (d) ₦50,000,000.00
100. Assuming the damage to Ade's Toyota Highlander is classified as a constructive total loss, what would be the total liability of TKY Insurance Company Limited, assuming no recovery is possible from the liable third party?
- (a) ₦20,000,000.00 (b) ₦40,000,000.00
(c) ₦55,000,000.00 (d) None of the above

Chief Examiner's Comment

The candidates were well prepared for the examination with 100% pass rate. Candidates are encouraged to keep the pace.

Comments on Overall Performance:

Overall performance was excellent.

Suggestions on Improvements (if any)

Candidates are advised to continue to prepare adequately for the examinations.

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