



Chartered Insurance

Institute of Nigeria

Chief Examiners' Report

April 2026

Post AIIN

(Loss Adjusting Practice)

PI02

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
POST AIIN - INTERMEDIATE
APRIL 2026 DIET EXAMINATION PAPER

SUBJECT PI02
PI02 – LOSS ADJUSTING PRACTICE (INTERMEDIATE)

All answers are to be written on the answer booklet(s) supplied in accordance with the following instructions:

- Three hours are allowed for this paper.
- Fill in the information requested on the answer booklet and on form B.
- Handle the answer booklet with care.
- Do not write on the question paper.
- The answer booklet 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 cover and flap of the answer booklet.
- Ensure that you write the full and correct candidate's number.
- No name should be written on any leaf of the book, or on any supplementary leaves that may be issued to the candidates.
- The answer to each question must be commenced on a separate page. Where, however, a question consists of two or more parts, this instruction does not apply to the separate parts.
- Write in the ruled margin the number and question attempted.
- Leave no blank pages among your answers.
- Where supplementary leaves are used, the candidate's number should be written in the space provided on them and fastened at the end of the book inside the cover.

**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

PI02 – LOSS ADJUSTING PRACTICE (INTERMEDIATE)

INSTRUCTIONS TO CANDIDATES

Three hours are allowed for this paper.

You should answer all questions in Part I and two (2) out of the four (4) questions in Part II.

The paper carries a total of 200 marks distributed as follows:

Part I - 140 marks.
Part II - 60 marks.

You are advised to spend not more than two (2) hours on Part I. You are strongly advised to attempt ALL the required questions to score maximum possible marks.

Where a question is split into parts (a), (b), e.t.c., marks for each part are only shown if they are split unevenly between the parts and you should spend your time in accordance with the allocation.

In attempting the questions, you may find it helpful in some places to make rough notes in the answer booklet. If you do this, you must cross through these notes before you hand in the booklet.

It is important to show each step in any calculation, even if you have used a calculator.

Answer each question on a new page. If a question has more than one part leave several lines blank after each part.

Chief Examiner's Comments

Question 1

No candidate passed this question, indicating very poor performance. There was a clear lack of understanding of the concept of NIIRA, as the objectives were incorrectly stated.

Question 2

About 50% of candidates passed the question. While the dual role of Loss Adjusters was fairly explained in part (a), part (b) was not well handled, resulting in loss of marks.

Question 3

The question recorded a 90% pass rate. Candidates demonstrated a strong understanding of the letter of instruction.

Question 4

With only a 10% failure rate, this direct question was well answered. Candidates demonstrated good knowledge of supporting documents required for claims.

Question 5

This question had an 81% pass rate. Being straightforward, candidates were able to demonstrate sound knowledge of the "circumstances section" in marine cargo.

Question 6

The question recorded a 90% pass rate, with candidates clearly explaining the significance of policy considerations in hull marine insurance.

Question 7

This practical question was generally well answered, as candidates were familiar with the role of policy reports.

Question 8

The pass rate was 52%. Many candidates focused on qualifications of a report rather than the required content, leading to loss of marks.

Question 9

A pass rate of 66% was recorded. Candidates who understood and explained investigative interviews performed well, though some lost marks due to failure to identify key factors.

Question 10

The pass rate was 54%. Although a direct question, many candidates did not clearly understand the concept of milestones in claims such as fire, theft, and liability.

Question 11

This question recorded an 82% pass rate. It was well attempted, with candidates clearly distinguishing between interim and final reports.

Question 12

A 82% pass rate was recorded here, most candidates performed well and provided reasonable explanations for the importance of due diligence details.

Question 13

The pass rate was 53%. While both parts were reasonably attempted, part (a) was not well addressed.

Question 14

An 80% pass rate was recorded. Candidates clearly distinguished between moral hazard and property insurance claims.

Question 15

All candidates who attempted this question passed, demonstrating a strong understanding of the importance of information contained in a final report.

Question 16

A 66% pass rate was recorded. Those who failed did so by a wide margin, indicating inadequate preparation.

Question 17

About 83% of candidates passed. While most demonstrated good knowledge of GIT insurance claims, many failed to identify the importance of consequences in loss adjusting.

Question 18

The pass rate was 50%, with only a few candidates attempting the question. Many avoided the topic of business interruption, although those who attempted it performed fairly well.

Comments on Overall Performance:

Overall performance was good with 72.72%. However, it was observed that less familiar areas, such as business interruption, were avoided by many candidates.

Suggestions on Improvement(s) (if any):

Candidates are encouraged to broaden their knowledge base and not limit their preparation to commonly tested topics.

Part I

Answer ALL questions in Part I.

Each question carries 10 marks.

1. What are the two (2) main objectives of the Nigerian Insurance Industry Act (NIIRA) 2025 and in what three (3) ways does the Act set out to achieve these objectives, according to Section 1 of the Act?

Solution

According to Section 1 of the Act, the two main objectives of the Nigerian Insurance Industry Reform Act (NIIRA) 2025 are to:

- (i) regulate the insurance industry in order to develop the insurance sector of the national economy; (2 marks)
- (ii) to protect the interests of policyholders, prospective policyholders and other stakeholders under insurance Policies in ways that are consistent with the continued development of a viable, competitive and innovative Insurance Industry. (2 marks)

The three ways set to achieve these objectives are by:

- (i) determining who carries on insurance business in Nigeria and requiring insurance operators, the directors and management of insurance operators to meet certain suitability requirements; (2 marks)
- (ii) imposing on insurance operators, requirements to promote prudent management, good business practice and good corporate governance; (2 marks)
- (iii) providing for an effective mechanism for settlement of insurance disputes. (2 marks)

(Grand Total: 10 marks)

2. (a) Explain the dual role of the Loss Adjuster as the "eyes and ears" of the insurer, detailing what this entails.
- (b) State the two (2) reasons why the Adjuster's report is characterised as a financial report.

Solution

(a) The details of the dual role of the Loss Adjuster as the eyes and ears of the insurer are:

- (i) The Loss Adjuster acts as the "eyes and ears" by physically visiting the loss scene and undertaking necessary investigation, interviews, and market surveys to gather facts.
- (ii) This role requires presenting an unbiased and true representation of what transpired. (2½ marks each for each correctly stated role. Sub Total: 5 marks)

(b) The two (2) reasons why the Adjuster's report is characterised as a financial report are:

- (i) The report conveys a financial loss valuation (the Adjusted Amount).
- (ii) Insurers rely on this valuation to authorize the financial payment (indemnity) to the insured.

(2½ marks each for each correctly stated reason. Sub Total: 5 marks)

(Grand Total: 10 marks)

3. (a) Explain a "letter of instruction". (4 marks)
- (b) State any two (2) essential pieces of information typically contained within (a) above. (6 marks)

Solution

- (a) A letter of instruction is the instrument of authority issued by the insurer to a loss adjusting company to investigate and adjust a specific claim. (4 marks)

(b) The essential pieces of information typically contained within the letter of instruction are:

* policy number * claim number * name of insured. * nature of loss.
(3 marks each for each correctly stated piece of information. Sub Total: 6 marks)

(Grand Total: 10 marks)

4. In a Property Claim report, state any four (4) types of supporting documents an adjuster would typically request from the insured to assess the loss quantum.

Solution

The types of supporting documents an adjuster would typically request are:

- (i) Police Report (for fire/theft claims).
- (ii) Proof of Ownership/Vouchers (to confirm insurable interest).
- (iii) Original invoices/Purchase records (to establish valuation).
- (iv) Repair/Replacement Estimates (for damaged items/buildings).
- (v) Stock Records

(2½ marks each for each correctly stated type. Total: 10 marks)

5. (a) Explain the purpose of the circumstances section in a Marine Cargo Claims report. (4 marks)

(b) State the three (3) key information the circumstances section in (a) above seeks to Identify. (6 marks)

Solution

(a) The circumstances section in a Marine Cargo Claims report gives a narrative of the events leading up to the claim by examining the various stages the cargo passed through. (4 marks)

(b) The key information the circumstances section seeks to identify are:

- (i) What is damaged?
- (ii) When and where the damage occurred.
- (iii) Who was responsible (for the damage).

(2 marks each for each correctly stated piece of information. Maximum of 3 to be graded. Sub Total: 6 marks)

(Grand Total: 10 marks)

6. In Marine Hull claims, explain the two (2) significances of the Policy Consideration Section in the policy document. (10 marks)

Solution

The significances of the Policy Consideration Section in the policy document are:

- (i) The adjuster must compare the claim submitted by the insured with the policy condition (e.g., warranties and clauses).
- (ii) This is to ascertain if the claim is admissible and whether the claim event is **covered** by the contractual terms.

(5 marks each for each correctly stated significance. Total: 10 marks)

7. (a) Explain the role of the Police Report in a Theft Claim Report. (4 marks)

(b) What are the two (2) details that the report must confirm for the adjuster. (6 marks)

Solution

(a) The role of the police report is to confirm that the claim event occurred and that the loss was indeed reported to the appropriate authorities. (4 marks)

(b) The details that the report must confirm are:

- (i) The date of the loss/discovery.
- (ii) The details of the entry/exit points used by the thieves (where applicable)
(3 marks each for each correctly stated detail. Sub Total: 6 marks)
(Grand Total: 10 marks)

8. (a) State the two (2) conditions imposed by the Hired Vehicle Warranty in a Goods-In-Transit (GIT) policy. (5 marks)
- (b) Explain the two (2) Adjuster's duties regarding the Hired Vehicle Warranty. (5 marks)

Solution

- (a) Where the insured uses a hired vehicle, the insurer has specific conditions or requirements that must be met, which are to:
- (i) identify the Owner(s) and Driver(s) of the vehicles(s);
 - (ii) obtain and have a sight of relevant identification particulars of the vehicle(s) and the driver(s)
 - (iii) enter into a written agreement with the carrier(s) whereby the latter accepts liability for loss or damage to the goods whilst in his/their custody due to the negligence, willful acts, or default of the carrier, his agents or servants
- (2½ marks each for each correctly stated condition. Maximum of two (2) to be graded. Sub Total: 5 marks)

- (b) The adjuster's duties are:
- (i) The Adjuster's duty is to investigate and confirm compliance with this warranty.
 - (ii) Non-compliance may prejudice the claim.
- (2½ marks each for each correctly stated duty. Sub Total: 5 marks)
(Grand Total: 10 marks)

9. Investigative interviews include transcripts of discussions with the insured and witnesses. State the two (2) other parties whose transcripts of discussions may form part of the Investigative Interviews section of the report.

Solution

The two other parties are:

- (i) The Police Authority (e.g., in a fire, theft, or liability claim).
 - (ii) Other professionals (e.g., security manager, auditors, or experts consulted during the investigation)
- (5 marks each for each correctly stated party. Total: 10 marks)

10. State the first four (4) generally acceptable milestones for the loss adjusting process that culminate in report preparation.

Solution

The first four (4) milestones are:

- (i) Instruction/Acknowledgement.
 - (ii) Introduction of parties and policy details.
 - (iii) Investigation (gathering facts and evidence).
 - (iv) Market survey (verifying costs).
- (2½ marks each for each correctly stated milestone. Total: 10 marks)

11. (a) What are the two (2) purposes of an Interim Report? (6 marks)
- (b) Why is the Preliminary Report often designated as 'Interim Report No. 1'? (4 marks)

Solution

- (a) The two (2) purposes of an interim report are:
- (i) To update the insurer on the progress of the investigation for ongoing claims.
 - (ii) This allows the insurer to adjust its reserves if circumstances change
(3 marks each for each correctly stated purpose. Sub Total: 6 marks)
- (b) The Preliminary Report is designated as 'Interim Report No. 1' because it is essentially the first update/progress report issued on the claim. (4 marks)
(Grand Total: 10 marks)
12. (a) State any two (2) reasons why driver details are critically important in a Goods-In-Transit report, particularly regarding policy liability.

Solution

The reasons are:

- (i) Drivers provide the first-hand account of the transit loss.
- (ii) Driver details evidence of policy compliance regarding the conveyance.
- (iii) Specifically, the adjuster must confirm the driver has a valid driver's license of the appropriate class for the vehicle being driven, as required by policy warranty.
(5 marks each for each correctly stated reason. Maximum of two (2) to be graded. Total: 10 marks)

13. (a) Why is the recovery section vital in a Fidelity Guarantee claim? (4 marks)
(b) State the two (2) actions the insurer can take if recovery is possible. (6 marks)

Solution

- (a) The recovery section determines if the loss is caused by a known party (the employee), making subrogation and recovery action a high probability (4 marks)
- (b) The actions are:
- (i) Pursuing the fraudulent employee or their estate for restitution.
 - (ii) Utilising the Police/Legal system to aid in the recovery of stolen funds or assets.
(3 marks each for each correctly stated action. Sub Total: 6 marks)
(Grand Total: 10 marks)

14. State the two (2) focuses of the circumstances section in a Money Insurance Claims report, which distinguishes it from property claims.

Solution

- (i) The primary focus is on the Security arrangements of the Insured at the time of the loss (e.g., safe make, alarms).
- (ii) It details how the loss occurred in the context of these arrangements, distinguishing it from general damage assessment in property claims.
(5 marks each for each correctly stated focus. Total: 10 marks)

Part II

Answer TWO (2) out of the following FOUR (4) questions.

Each question carries thirty (30) marks

15. You have been engaged as a loss adjuster to prepare a Final Property Claim Report following the settlement review of a major insured loss. As part of the report, you are required to draft the "conclusions section".
- (a) Briefly explain the three (3) main objectives that the conclusions section of a Final Property Claim Report must achieve. (12 marks)

- (b) State the two (2) reasons the conclusions section is not an appropriate place to introduce new facts or evidence. **(6 marks)**
- (c) State any four (4) key information that must be included on the Facing Sheet of a Final Property Claim Report to comply with minimum professional reporting standards. **(12 marks)**

Solution

- (a) The main objectives are:
 - (i) Affirmation of Policy Liability: State the definitive position on whether the claim is admissible and covered by the policy.
 - (ii) Summary of Findings: Succinctly summarise the overall findings and the final adjusted loss quantum.
 - (iii) Recommendation for Settlement: Provide the final, unambiguous recommendation for the insurer, including the Adjusted Amount. **(4 marks each for each correctly explained objective. Sub Total: 12 marks)**

- (b) The reasons the conclusions section is not an appropriate place to introduce new facts or evidence are:
 - (i) The conclusion is a summary of the preceding arguments and analysis.
 - (ii) Introducing new facts here prevents the insurer from seeing the new evidence fully investigated, analysed, and considered in the appropriate preceding sections. **(3 marks each for each correctly stated reason. Sub Total: 6 marks)**

- (c) The key pieces of information are:
 - (i) Insured Name of Insured and
 - (ii) Insurer: Name of Insurer.
 - (iii) Policy Details: Policy Number and Type (and Period of Cover).
 - (iv) Claim Identification: Claim Number.
 - (v) Claim Dates: Date of Loss/Discovery and Date Claim Notified.
 - (vi) Claim Values: Claim Amount and Adjusted Amount.

(3 marks each for each correctly stated piece of information. Maximum of four (4) to be graded. Sub Total: 12 marks)

(Grand Total: 30 marks)

16. An insured has submitted a claim for damage to a specialised component of a printing press, for which the replacement cost must be established before settlement can be finalised. You have been appointed as a loss adjuster to assess the claim and advise on the appropriate replacement value.
- (a)
 - (i) State and explain the three (3) step-by-step procedures that should be adopted in conducting a comprehensive market survey to determine the correct replacement cost of the damaged part(s). **(12 marks)**
 - (ii) State and explain the two (2) key factors that must be taken into account during the market survey. **(8 marks)**
 - (iii) State the two (2) supporting documents and evidence that should be attached to the final report to justify your valuation. **(6 marks)**
 - (b) State one (1) measure of indemnity that the assured is entitled to claim on, if a ship sustains damage to its hull but is not totally lost. **(4 marks)**

Solution

- (a)
 - (i) The step-by-step procedures are:
 - (1) Obtain Specification: Obtain the precise technical specification and make/model of the damaged part.

- (2) Source Verification: Obtain multiple quotes from different reputable local or international suppliers for the identical part.
- (3) Comparison: Compare the obtained quotes with the insured's claimed cost and other market rates.

(4 marks each for each correctly stated and explained procedure. Sub Total: 12 marks)

(ii) The Key factors are:

- (1) Quality of Items: Ensure quotes are for a part of equal quality and specification to the damaged item.
- (2) Market Environment: Determine the price in the market environment at the time of the loss.

(4 marks each for each correctly stated and explained factor. Sub Total: 8 marks)

(iii) The supporting documents and evidence are:

- (1) The report must quote the sources of market prices.
- (2) Append copies of all supporting invoices and quotes obtained during the survey

(3 marks each for each correctly stated document. Sub Total: 6 marks)

(b) The measures of indemnity are:

- (i) The situation is classified as a partial loss where the ship has not been repaired.
- (ii) The assured is entitled to be indemnified for the reasonable depreciation arising from the unrepaired damage.

(4 marks each for each correctly stated measure. Sub Total: 4 marks)

(Grand Total: 30 marks)

17. (a) A Goods-in-Transit claim has been reported following a road accident involving a hired truck transporting dangerous goods. Before liability can be determined, it is necessary to confirm whether the conditions of the Hired Vehicle Warranty under the policy have been fully complied with. As the appointed claims officer/loss adjuster:

- (i) Explain the two (2) critical areas of information you would investigate in respect of the driver and the conveyance. **(10 marks)**
- (ii) Explain how your findings from these investigations would assist in assessing policy compliance and determining the insurer's liability under the policy. **(8 marks)**

- (b) (i) State three (3) key areas of non-insurance knowledge that a Loss Adjuster should possess. **(6 marks)**
- (ii) Explain how competence in each area enhances the effectiveness and accuracy of their professional duties. **(4 marks)**

Solution

(a) (i) The two critical areas are:

- **Crucial Area 1: Driver's Credentials**

1. Investigate and confirm the driver has a valid driver's license of the appropriate class for the vehicle type.
2. Vehicle papers are valid.
3. Written Agreement where the carrier takes liability for damage
4. Identify Owner of Vehicle

- **Crucial Area 2: Conveyance Suitability/Warranty**

Investigate and confirm the vehicle had valid road papers and was suitable for the type of goods being carried (e.g., proper signage and carriage for dangerous goods).

(2 marks each for each correctly stated piece of information. Sub Total: 10 marks)

- (ii) **Crucial Area 1: Liability Implication**
Non-compliance breaches the implied warranty regarding driver competency, potentially prejudicing policy liability.

Crucial Area 1: Liability Implication

Failure to meet roadworthiness or suitability requirements can be a breach of the Hired Vehicle Warranty, justifying a denial of the claim.

(4 marks each for each correctly stated implication. Sub Total: 8 marks)

- (b) (i) The areas of knowledge are:
- (1) English Language
 - (2) Economics
 - (3) Current Affairs
 - (4) Technological Development
 - (5) Law of Contract

(2 marks each for each correctly stated area of knowledge. Maximum of three (3) to be graded. Sub Total: 6 marks)

- (ii) This knowledge enables them to express themselves for others' understanding of their report (English language), to properly interpret policy terms, understand market environments (economics), and be abreast of emerging loss causes (current affairs).

(4 marks)

(Grand Total: 30 marks)

18. (a) A manufacturing company suffers a fire outbreak that results in significant disruption to its operations, leading to a Business Interruption (BI) claim under its insurance policy. As the Loss Adjuster assigned to the claim, you are required to assess the financial impact of the interruption.
- (i) Explain the two (2) fundamental financial natures of the information typically contained in a Business Interruption report. **(8 marks)**
- (ii) State any five (5) key financial documents that should be requested from the insured to enable the accurate calculation of the indemnity payable. **(15 marks)**
- (b) State, in one sentence, the primary purpose of a Loss Adjuster's report. **(3 marks)**
- (ii) State any two (2) characteristics that the information contained in a Loss Adjuster's report must possess to be of value. **(4 marks)**

Solution

- (a) (i) The fundamental financial natures are:
- (1) The information is essentially financial because the indemnity calculation is based on the insured's loss of Gross Profit/Turnover (revenue).
 - (2) This loss is determined by comparing the actual performance during the interruption against the expected performance (standard turnover).
- (4 marks each for each correctly stated explanation. Sub Total: 8 marks)**
- (ii) The key financial documents are:
- (1) Audited Accounts for the preceding year(s) to get the rate of gross profit.
 - (2) Turnover figures/occupancy levels for the 12-month period immediately preceding the loss.
 - (3) Information on Wages/Salaries for the period of interruption.

- (4) Turnover Information for the actual period of interruption (for comparison with the standard period).
- (5) Evidence of an Increase in the Cost of Working expenses, like invoices
- (6) Details of Savings made
- (7) Management accounts
- (8) Customer/Supplier information

(3 marks each for each correctly stated financial document. Maximum of five (5) to be graded. Sub Total: 15 marks)

(b) To convey to the insurer all relevant facts, figures, opinions and advices with regard to a claim. **(3 marks)**

(ii) The characteristics are:

- (1) Objectivity
- (2) Give value to the end user
- (3) Factual
- (4) Verifiable

(2 marks each for each correctly stated characteristic. Maximum of two (2) to be graded. Sub Total: 4 marks)

(Grand Total: 30 marks)