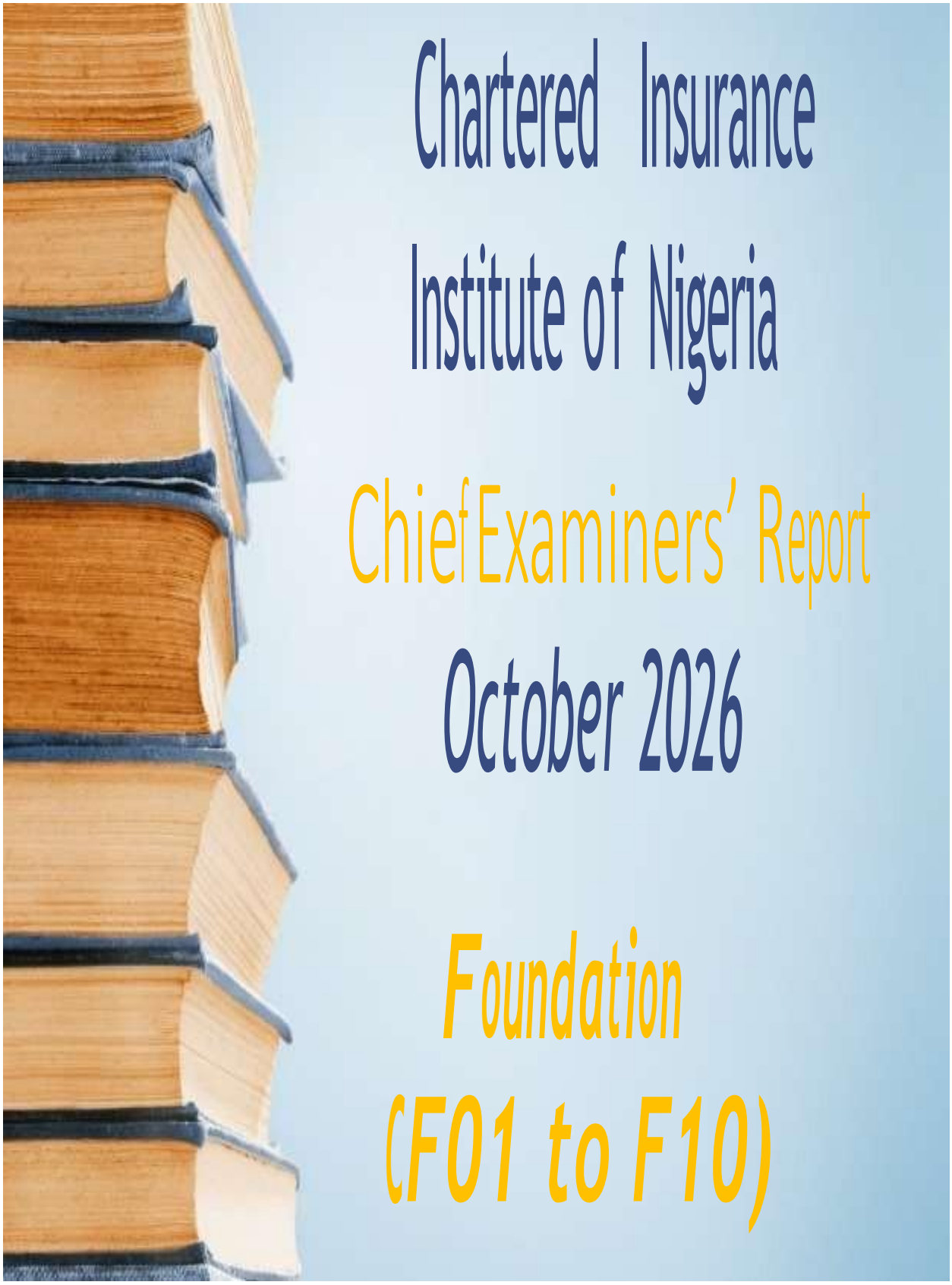

Chartered Insurance
Institute of Nigeria
Chief Examiners' Report
October 2026
Foundation
(F01 to F10)

# 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 instruction s 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. |
| 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) | |
| 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). | |
| STOP WORKING HARD TO FAIL!!! START WORKING EFFORTLESSLY TO PASS OUTSTANDINGLY!!! | |

CHARTERED INSURANCE INSTITUTE OF NIGERIA

**FOUNDATION**
F01 – INSURANCE, LEGAL AND REGULATORY
YEAR 2026 OCTOBER 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 OCTOBER 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.

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

1. Risk can be described in all the below except as …
   (a) a factor that influences the occurrence of a loss
   (b) the impossibility of a loss (c) a cause of loss
   (d) the thing that is insured and covered in an insurance contract

2. The insurance related market association in Nigeria, formed in 1971, is …
   (a) PRAN (b) NIA (c) NCRIB (d) ILAN

3. Moral hazard is the hazard relating to …
   (a) physical aspect of risk (b) human attitude
   (c) legal aspect (d) insurable risk

4. In insurance, … case has to do with the principle of "proximate cause".
   (a) Carter v. Boehm (1766) (b) Castellain v Preston (1883)
   (c) Pawsey v Scottish Union and National (1907) (d) Currie v Misa (1875)

5. Indemnity will not be provided to the insured through …
   (a) excess (b) cash payment (c) repair (d) reinstatement

6. Mr. Joseph bought two personal accident policies for himself. The first policy has a sum insured of ₦300,000.00, while the second policy has a sum insured of ₦450,000.00. … is the total benefit of the covers in the event of death as a result of an accident.
   (a) ₦150,000.00 (b) ₦300,000.00 (c) ₦450,000.00 (d) ₦750,000.00

7. Collin's cottage is valued at ₦100,000.00 and is covered by two Fire Insurance Policies with identical terms and conditions. The first policy has a sum insured of ₦50,000.00 and the second policy has a sum insured of ₦100,000.00. A fire caused a loss of ₦60,000.00. The amount that the first insurer will pay for the loss is …
   (a) ₦20,000.00 (b) ₦25,000.00 (c) ₦30,000.00 (d) ₦50,000.00

8. Subrogation rights may arise in all the following situations except …
   (a) tort (b) contract (c) common risk (d) statute

9. A businessman has ten (10) employees making apron in a factory. The businessman is required, by law, to have … insurance on the employees.
   (a) business interruption (b) employee compensation
   (c) product liability (d) public liability

10. An arrangement, enforceable at law, between two or more persons to do, or abstain from doing, some act or acts, their intention being to create legal relations is called …
    (a) promise (b) endorsement (c) contract (d) consideration

11. Those perils named in the policy as not covered are known as … perils.
    (a) insured (b) excepted (c) excluded (d) uninsured

12. A means of transferring risk by pooling fairly assessed contributions and paying for defined losses from the pool is called …
(a) reinsurance (b) risk (c) contribution (d) insurance

13. An agent that introduces business to an insurer on a continuing basis is the …
(a) insured (b) reinsured (c) reinsurer (d) intermediary

14. An expert that deals with insurance claims appointed by the insured is called a/an …
(a) intermediary (b) loss adjuster (c) loss assessor (d) reinsured

15. Failure by the insured or intermediary to disclose a material circumstance to the underwriter is called …
(a) immaterial fact (b) material fact
(c) disclosure (d) non-disclosure

16. … is a type of insurance claim where insurers usually opt to provide indemnity by repair.
(a) Death claim (b) Theft of gold
(c) Credit claim (d) Motor vehicle damage

17. The identification, analysis and economic control of risk is called …
(a) risk survey (b) risk management (c) insurance (d) reinsurance

18. The things or events insured by an insurance policy is called …
(a) indemnity (b) subject matter of contract
(c) subject matter of insurance (d) subrogation

19. There are different 'other terms' to the term risk which does not include …
(a) the certainty of loss
(b) the possibility of an unfortunate occurrence
(c) unpredictability of event (d) the possibility of loss

20. … risk category of risk has the tendency for profit.
(a) Pure (b) Speculative (c) Particular (d) Fundamental

21. An example of risk sharing with the insured by the insurer is …
(a) excess (b) reinsurance (c) loss assessing (d) underwriting

22. An underwriter is not …
(a) Lloyd's syndicate (b) an employee of an insurance company
(c) a loss adjuster (d) an insurance company

23. A professionally qualified person who applies probability and statistical theory to problems of insurance is a/an …
(a) surveyor (b) risk manager (c) loss assessor (d) actuary

24. A company owned by policyholders is called a …
(a) proprietary company (b) intermediary company
(c) mutual company (d) Lloyd's

25. A company that serves as a middle man between the insurer and the insured is a …
(a) proprietary company (b) intermediary company
(c) mutual company (d) Lloyd's

26. 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

27. … type of insurance company does not provide cover to members of the general public.
(a) Captive insurer (b) Composite insurer
(c) Specialist insurer (d) Mutual insurer

28. A company that sells two or more classes of insurance is called a … insurer.
(a) captive (b) composite (c) specialist (d) mutual

29. When a reinsurer transfers some of its risk to other reinsurers, this is called …
(a) cession (b) reinsurance (c) insurance (d) retrocession

30. … case is relevant to postal acceptance where the general rule is that the contract is made when the acceptance is received by the offeror.
(a) Household Fire Insurance Company v. Grant (1879)
(b) Carter v. Boehm (1766) (c) Currie v, Mis (1875)
(d) Gaskarth v. Law Union (1876)

31. 'What is it that is insured in a Fire policy? Not the bricks and material used in building the house, but the interest of the insured ….' This statement has to do with the concept of …
(a) subject matter of insurance (b) utmost good faith
(c) proximate cause (d) subject matter of the contract

32. The current law regulating insurance practice in Nigeria is the …
(a) Nigeria Insurers Industry Reform Act 2025
(b) Nigerian Insurers Industry Reform Act 2025
(c) Nigeria Insurance Industry Reform Act 2025
(d) Nigerian Insurance Industry Reform Act 2025

33. Insurable interest must first exist … in order for a private motor insurance policy to be enforceable at law.
(a) at the time of quotation (b) on completion of the proposal form
(c) when the policy is issued (d) at the time of a claim

34. The requirement to voluntarily disclose all material facts whether requested or not is based on the principle of …
(a) insurable interest (b) utmost good faith
(c) subrogation (d) contribution

35. A legally recognised financial interest in the subject matter of insurance is based on the principle of …
(a) insurable interest (b) utmost good faith (c) subrogation (d) contribution

36. In order to be insurable, the risk to be insured, as far as the insured is concerned, must be …
(a) avoidable (b) fortuitous (c) inevitable (d) unavoidable

37. The Great Fire of London occurred in Year …
(a) 1572 (b) 1666 (c) 1686 (d) 1714

38. A risk that only has the tendency of loss or no loss is called a … risk.
(a) pure (b) speculative (c) fundamental (d) dynamic

39. The term that is used for what gives rise to a loss is called …
(a) frequency (b) hazard (c) severity (d) peril

40. By operating a pooling risk system, the law of large numbers assists the insurer in making reliable …
(a) claim payment predictions (b) investment return predictions
(c) new business predictions (d) premium income prediction

41. Where an insurer requires an insured to complete a proposal form or any application form for insurance. This is a statement of fact and is also contained in Section … of NIIRA 2025.
(a) 64 (b) 65 (c) 67 (d) 69

42. Risk reduction or elimination falls within risk …
(a) prediction (b) identification (c) analysis (d) control

43. The amount of risk which the insured will personally bear on each and every loss is called a/an …
(a) average (b) slip (c) peril (d) excess

44. … insurance is not a form of pecuniary insurance.
(a) Money (b) Fidelity (c) Legal expenses (d) Credit

45. The main function of an underwriter does not include …
(a) assessing the risk that people bring to the pool
(b) deciding whether or not to accept a proposed risk
(c) searching for more businesses to introduce to the function
(d) calculating a suitable premium to cover expected claim

46. In the insurance market, those who provide a further means of spreading risks are called …
(a) buyers (b) intermediaries (c) insurers (d) reinsurers

47. An agreement that is enforceable in the law court is …
(a) franchise (b) policy (c) contract (d) memorandum

48. The document that is used to alter the document that serves as evidence of the contract of insurance is called the …
(a) proposal form (b) renewal notice
(c) policy document (d) endorsement

49. Consideration in insurance is defined in the case …
(a) Household Fire Insurance Co. v. Grant (1879)
(b) Currie v. Misa (1875) (c) Murfitt v. Royal Insurance (1922)
(d) Carter v. Boehm (1766)

50. … cannot be used to create a legally recognised agent/principal relationship.
(a) Consent (b) Association (c) Necessity (d) Ratification

51. … is the mandatory minimum Group Life cover required under the Pension Reform Act 2014 in Nigeria.
(a) 1 × annual emolument (b) 2 × annual emolument
(c) 3 × annual emolument (d) 4 × annual emolument

52. The best way to describe a house covered by insurance is …
(a) subject matter of insurance (b) subject matter of contract
(c) financial value (d) legal relationship

53. Insurable interest in the subject matter of insurance will not arise from …
(a) common law (b) expectation (c) contract (d) statute

54. … is not an example of physical hazard in Fire Insurance.
(a) Construction of the building (b) Previous accidents and convictions
(c) Nature of use (d) Heating and electrical system

55. … peril is not a classification of peril.
(a) Insured (b) Fundamental (c) Excepted (d) Uninsured

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

57. The issue of financial compensation is associated with the insurance principle of …
(a) average (b) contribution (c) subrogation (d) indemnity

58. The most important aspect of reinstatement memorandum is that the sum insured must represent the … value.
(a) smaller (b) average (c) full (d) over

59. Hugh Brown & Co had fire in its shop for a loss of ₦600.00. The value of the goods insured was ₦10,000.00 but was insured for ₦8,000.00. The amount that the insurer will pay for the loss is …
(a) ₦480.00 (b) ₦600.00 (c) ₦8,000.00 (d) ₦10,000.00

60. The term used to state the device for combating under-insurance is called a/an …
(a) excess (b) average (c) franchise (d) indemnity

## SECTION B - ATTEMPT ALL QUESTIONS (Questions 61 – 85)

**Answer True (T) or False (F).**

61. NIIRA 2025 was the law regulating the insurance practice in Nigeria as at March 2025.
62. Franchise is one of the generally globally acceptable principles of insurance.
63. Excess is used to make the insured to be a part insurer of the risk.
64. Contribution is the right of the insurer to take over the insured's right to recover payment from a third party that caused the loss.
65. Personal accident insurance is a benefit policy.
66. Money laundering is the process by which criminals convert money that has been obtained illegally into legitimate funds.
67. The amount by which assets must exceed liabilities is the solvency margin.
68. More specific insurance clauses are more appropriately used to insure house.
69. Average is a factor that could make the insured not to get indemnity.
70. For average to be applied in a reinstatement policy, the sum insured must be below 85% of the actual value.
71. The perils stated in the policy document as not covered is known as uninsured perils.
72. Every person's attitude to risk is similar.
73. Fortuitous means that the event do not occur accidentally.
74. Moral hazard arises from the attitude and conduct of people.
75. Once a person has purchased insurance, risk management is no longer important to him.
76. A small fixed sum retained by the insured, in the event of a loss, is called an excess.
77. Where two or more insurers cover the same risk, it is called reinsurance cover.
78. Legal Expense insurance is an example of liability insurance.
79. Personal accident insurance provides payment in the event of accidental death or bodily injury.
80. With high capital base, an insurer does not need to buy reinsurance.
81. Lloyd's is an insurance company that is owned by policyholders.
82. The policy document is the evidence of the contract between the insured and insurer.
83. Consideration is not necessary in an insurance contract.
84. Premium payment is not a valid feature of insurable interest.
85. Reinsurance companies are members of the Nigerian Insurers Association.

## SECTION C - ATTEMPT ALL QUESTIONS (Questions 86 - 100)

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

Biggy Construction Company limited was engaged to repair a road damaged by erosion. The company moved to site with their construction equipment. The company had in place a welfare package for its employees. The road was partially opened for the use of the public while construction was ongoing. One evening, before close of work, one of the construction company's vehicles off-loaded a heap of sand thereby narrowing the road-to-road users. This made a vehicle to be involved in an accident.

86. The insurance policy that would be good for the welfare package for employees is …
    (a) money insurance (b) fidelity guarantee insurance
    (c) personal accident insurance (d) business interruption

87. The policy that would protect Biggy Construction Company Limited against from the owner of the vehicle involved in accident is …
    (a) motor insurance (b) professional indemnity
    (c) public liability (d) business interruption

88. In case the insurers of the construction company decline the claim on the motor vehicle involved in the accident, … personal policy that is owned by the driver of the accident vehicle will bear the loss.
(a) money insurance (b) motor insurance
(c) personal accident (d) business interruption

89. … is not a welfare policy for employees of the company.
(a) Money insurance (b) Life assurance
(c) Personal accident insurance (d) Employers liability insurance

90. Equipment like caterpillars used at the site of construction will be insured for the liability to other road users under … insurance.
(a) motor (b) professional indemnity
(c) public liability (d) business interruption

Good Housing Limited, a firm of estate developers, has properties across the country. The organisation suffered a loss that caused total damage to one of its buildings, partial damage to a car and another building suffered glass damage. The organisation has made claim to you which has been ascertained to be genuine.

91. The method of providing indemnity to the building that was a total loss is …
(a) restoration (b) reinstatement (c) replacement (d) repair

92. The method of providing indemnity for the building which was partially damaged is …
(a) restoration (b) reinstatement (c) replacement (d) repair

93. The method of providing indemnity for the damaged glass is …
(a) restoration (b) reinstatement (c) replacement (d) repair

94. Supposing the jewellery of the administration manager was stolen, the most common method of providing indemnity is …
(a) restoration (b) reinstatement (c) replacement (d) repair

95. The most common way of providing indemnity for a loss is …
(a) cash payment (b) excess and deductible
(c) restoration (d) reinstatement

John Adamu insured his car with Phoenix Insurance Company in Lagos, Nigeria. Six months later the car was reported involved in an accident where the driver hit another car on the road. The damage to John's car was ₦40,000.00 while that for the other car was ₦20,000.00.

96. The expert that the insurer will use to estimate the loss is a …
(a) loss adjuster (b) loss assessor
(c) motor engineer (d) risk surveyor

97. … type of cover will pay for both losses.
(a) Act only Cover (b) Third Party Cover
(c) Third Party, Fire and Theft Cover (d) Comprehensive Cover

98. The document to use to report the losses to the insurer is called a …
(a) proposal form (b) policy form (c) claim form (d) renewal notice

99. The total liability for the insurer under third party liability cover on the claim is …
(a) ₦10,000.00 (b) ₦20,000.00 (c) ₦40,000.00 (d) ₦60,000.00

100. The total liability for the insurer under comprehensive policy liability on the claim is …
(a) ₦10,000.00 (b) ₦20,000.00 (c) ₦40,000.00 (d) ₦60,000.00

**Chief Examiner's Comment(s)**
The pass rate was just average at 53% with the highest score being 89%, while the lowest score was 34%.

**Comment(s) on Overall Performance**
From the average pass rate, it can be deduced that some of the candidates did not prepare adequately for the examination.

**Suggestion(s) on Improvement(s) (if any)**
Candidates are encouraged to study the coursebooks with understanding and also ensure that while studying, they translate in their minds, the principles being studied into scenario-based issues so that those principles can be applied on those scenarios and then, they can then be able to choose the correct options when required in the examination.

Candidates are also encouraged to understand what works best for them, considering their work schedules and personality, and be prepared to make adequate sacrifices required to be duly prepared for the examination. This could be in the form of attending extra tutorials, spending extra hours to study, e.t.c. which are highly encouraged.

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

**FOUNDATION**
F02 – GENERAL INSURANCE BUSINESS
YEAR 2026 OCTOBER DIET

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**CHARTERED INSURANCE INSTITUTE OF NIGERIA**

**FOUNDATION**

F02 – GENERAL INSURANCE BUSINESS

# INSTRUCTIONS TO CANDIDATES

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**Example:**
A comprehensive motor insurance policy would provide cover for:

(a) Accidental damage to the vehicle
(b) Wear and tear and depreciation
(c) Mechanical and electrical failure or breakdown
(d) Damage to tyres caused by road punctures or 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**
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## SECTION A - ATTEMPT ALL QUESTIONS (Questions 1 – 60)

1. … insurance policy, for small business, has fire, special perils, theft, business interruption, money other related type of cover as part of its main cover.
   (a) Trader's Combined Policy (b) All Risks Policy
   (c) Collection Policy (d) Small Business Policy

2. … option best describes the subject matter of insurance in a motor policy.
   (a) The use to which the vehicle is put
   (b) The vehicle and liability arising from its use
   (c) Liability arising from its use
   (d) The vehicle and compensation from loss of use

3. It is in … policy in general insurance practice that the age of the proposer relevant for underwriting purpose.
   (a) Motor (b) Fidelity (c) Fire (d) Commercial

4. … exclusion is specific under the third, fire and theft cover in motor insurance.
   (a) Loss of accessories (b) Loss of personal effect
   (c) Loss of use (d) Loss of glass due to breakage

5. … is an extension of cover to the standard money insurance.
   (a) Personal accident (b) Money in CEO's home
   (c) Money in safe (d) Credit card

6. … insurance is replacement often used in an insurance policy during claims.
   (a) Business interruption (b) Burglary and theft
   (c) Oil and gas (d) Glass

7. … insurance contract is described as covering all accidental loss or destruction or damage to property insured.
   (a) All Risks (b) Comprehensive (c) Liability (d) Special Peril

8. … compensation is the uninsured drivers' agreement intended for.
   (a) Death (b) Property damage
   (c) Unsatisfied court judgement (d) Making uninsured insured

9. … of these will conclusively indicate evidence of Motor Insurance contract.
   (a) Proposal form (b) Policy document
   (c) Placement slip (d) Endorsement

10. … cover is the Directors' and Officers' insurance policy intended to provide.
    (a) Breach of warranty (b) Legal defence cost
    (c) Legal financial loss (d) Personal effects

11. The reason insurance companies make adequate claims reserve is to …
    (a) deny renewal (b) increase premium rate
    (c) estimate their extent of liability (d) solve business relationship problem

12. … is the underwriting consideration that an insurer should give to risk confined to the insured's premises in an employer's liability insurance policy.
(a) Safety warning adequacy (b) Sum insured adequacy
(c) Premium adequacy (d) Adequacy of warranty

13. The purpose of recital clause is …
(a) introduction of the insured's name (b) describing the contractual terms
(c) the insurer's address (d) introducing the parties to the contract

14. An insured with a deductible of ₦751,750 on his policy suffered a loss of N930,000.00. How much will the insurer pay for the loss?
(a) Nil (b) ₦178,250.00 (c) ₦751,750.00 (d) ₦930,000.00

15. … is the part of the policy that shows the personal details of the insurance contract.
(a) Heading (b) Preamble (c) Specification (d) Schedule

16. The consideration for a valid insurance on the part of the insured is the …
(a) contract capacity (b) proposal form
(c) premium (d) endorsement

17. … is not covered by the standard fire policy.
(a) Water damaged by firemen (b) lightning
(c) Tempest (d) fire

18. … is considered in calculating hospital charges in medical insurance policy.
(a) Doctors' charges (b)Theatre, surgical and consultants' fees
(c) Disability benefit from the sickness (d) Drugs and bedspace charges

19. Chemical perils, social perils, natural perils, e.t.c. are examples of … perils.
(a) social (b) hazards (c) all risks (d) special

20. Inspection is used in … insurance.
(a) money (b) engineering (c) professional indemnity (d) product

21. Insurance will commence when the …
(a) proposal is submitted (b) is paid by the insured
(c) mode of premium payment is known (d) risk is assessed

22. … weeks is the weekly maximum benefit in the sickness section of a personal accident and sickness policy.
(a) 100 (b) 104 (c) 152 (d) 112

23. A professional indemnity policy covers …
(a) lawyers' fees (b) lawyers' advice
(c) negligent advice (d) property loss

24. The minimum cover for motor insurance in Nigeria is …
(a) RTA cover (b) Third Party only
(c) Third Party, Fire and Theft (d) Comprehensive

25. The term which describes the statement of fact made by a proposer made in the course of negotiating a contract is …
(a) utmost good faith (b) statement (c) representation (d) warranty

26. 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

27. A public liability policy contains a condition precedent to liability concerning precautions to be taken when using cutting torches. In the event of a claim for damage arising out of the use of cutting torches, if the insured has specifically failed to comply with this condition, then the insurer will normally …
(a) cancel the policy (b) offer part payment
(c) settle and sue the insured for recovery (d) decide not to settle the claim

28. … is not an example of a peril.
(a) Explosion (b) Thatched roof (c) Storm (d) Subsidence

29. … is not a main class of motor insurance.
(a) Private cars (b) Ambulances
(c) Motor cycles (d) Commercial vehicles

30. In Nigeria, the third party policy covers injury and death to the tune of …
(a) Unlimited Amount (b) ₦3million (c) ₦5million (d) ₦10 million

31. … is not a benefit under a personal accident and sickness insurance.
(a) Death (b) First 21 days cover
(c) Total loss of one or both eyes (d) Permanent disablement

32. The current law regulating insurance practice in Nigeria is the …
(a) Nigeria Insurers Industry Reform Act 2025
(b) Nigerian Insurers Industry Reform Act 2025
(c) Nigeria Insurance Industry Reform Act 2025
(d) Nigerian Insurance Industry Reform Act 2025

33. … is a definition of building in a typical household policy.
(a) "Buildings" are the main structure of the private dwelling and include garages, sheds, greenhouse and other outbuilding (b) The building only
(c) "Buildings" are the main structure of the private dwelling excluding garages, sheds, greenhouse and other outbuildings (d) None of the above

34. The right of an insurer to call upon other insurers that are similarly, but not necessarily equally, liable to the same insured, to share the cost of indemnity payment is called …
(a) indemnity (b) subrogation (c) contribution (d) proximate cause

35. The factor that influences the severity of risk is called …
(a) certainty (b) hazard (c) peril (d) loss

36. The legal principle that the insured should be restored to the same financial position (s)he was before a loss is called …
(a) indemnity (b) subrogation (c) contribution (d) utmost good faith

37. The expert that advises insurers on the quantum and liability of a loss is called a/an …
(a) risk surveyor (b) loss assessor (c) loss adjuster (d) actuary

38. An example of miscellaneous peril is …
(a) storm (b) impact (c) explosion (d) strikers

39. The temporary certificate used in motor insurance to show compliance with the law is called the …
(a) policy (b) cover note (c) proposal form (d) slip

40. Under a typical legal expenses policy, the cover is such that, …, if any, usually applies within the insured period.
(a) cover is unlimited
(b) overall cover is limited but there is no further limit per claim
(c) overall cover is usually unlimited but there is a limit per claim
(d) overall cover is usually limited and there is also a limit per claim

41. Where an insurer requires an insured to complete a proposal form or any application form for insurance. This is a statement of fact and is also contained in Section … of NIIRA 2025.
(a) 64 (b) 65 (c) 67 (d) 69

42. The most common business interruption insurance is not … insurance.
(a) fire and special perils (b) motor
(c) 'all risks' (d) engineering

43. A tractor valued at ₦400,000.00 was insured for ₦300,000.00. In the event of a loss of ₦100,000.00, the insurer will pay … for the loss.
(a) ₦75,000.00 (b) ₦100,000.00 (c) ₦300,000.00 (d) ₦400,000.00

44. A schedule of a policy will not include the …
(a) insured's name (b) insured's address
(c) period of cover (d) preamble

45. In personal accident and sickness insurance, death must occur within … months of the event giving rise to the claim.
(a) two (b) three (c) nine (d) twelve

46. In-patient's section of the medical expenses' insurance does not pay for …
(a) surgical dressing (b) cosmetic surgery
(c) anaesthetist's fees (d) nursing fees

47. The definition "household goods and personal effects or every description belonging to the insured or a family member living member in the premises" refers to …
(a) building insurance (b) personal effect insurance
(c) content insurance (d) family benefit insurance

48. … is not an aim of customer service policies introduced by insurers.
(a) To attract new customers (b) To promote customer loyalty
(c) To increase customer's satisfaction with the insure
(d) To reduce the number of claims from customers

49. One example of a general exclusion in a travel insurance policy is …
(a) loss of manuscripts (b) loss of eyes
(c) use of ambulances (d) emergency dental treatment

50. … insurance policy covers potential or actual loss of earnings as a result of a material damage loss.
(a) Material damage (b) Fire (c) Theft (d) Business interruption

51. … is the mandatory minimum Group Life cover required under the Pension Reform Act 2014 in Nigeria.
(a) 1 × annual emolument (b) 2 × annual emolument
(c) 3 × annual emolument (d) 4 × annual emolument

52. … policy will cover an organisation whose staff works in another organisation against injury to third parties.
(a) Away risk insurance (b) Public liability insurance
(c) Employers' liability insurance (d) Professional indemnity insurance

53. The formula for the calculation of average in property insurance is …
(a) $\frac{\text{Premium}}{\text{Value at Risk}} * \text{Loss}$ (b) $\frac{\text{Value at Risk}}{\text{Sum Insured}} * \text{Loss}$
(c) $\frac{\text{Loss}}{\text{Sum Insured}} * \text{Value at Risk}$ (d) $\frac{\text{Sum Insured}}{\text{Value at Risk}} \times \text{Loss}$

54. The right of an insurer to recover from any third party who contributed to a loss or damage is referred to as …
(a) subrogation (b) recovery right (c) contribution (d) salvage

55. Under a/an … loss, the insurer retains the salvage following a loss.
(a) average (b) first (c) total (d) partial

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

57. At the time of loss, the insured must not …
(a) immediately remove all damage property
(b) prompt notification of the insurer
(c) take immediate and reasonable steps to reduce loss
(d) provide necessary information to insurer

58. The section of the policy that set out what is covered is the …
(a) exclusion (b) operative clause
(c) recital clause (d) express condition

59. The section of the policy that set out what is not covered is the …
    (a) exclusion (b) operative clause
    (c) recital clause (d) condition

60. A policy schedule does not contain the …
    (a) policy number (b) insured's name
    (c) period of cover (d) headings

## SECTION B - ATTEMPT ALL QUESTIONS (Questions 61 – 85)

**Answer True (T) or False (F).**

61. Third Party, Fire and Theft type of motor insurance is compulsory in Nigeria.
62. NIIRA 2025 is the law regulating the Nigerian insurance industry as at date.
63. Personal accident benefits is a standard cover in motor insurance.
64. There is a difference between third party, fire and theft insurance and comprehensive insurance.
65. Sickness cover pays the medical bills of a sick insured.
66. Theatre fees are covered by the medical expenses' insurance.
67. The personal accident insurance does not pay for loss of limbs.
68. Household insurance does not pay for contents in a building.
69. Building insurance is found in all-risks policy.
70. Activities like winter sports, water-skiing, e.t.c. are covered by travel insurance.
71. Packaged or combined insurances are introduced to cater for small business such as traders and shopkeepers.
72. Buildings are not defined in a typical household policy.
73. Freezer content is cover under all-risk policy.
74. Standard fire policy covers only three items.
75. Collusion is bought by in theft insurance.
76. Money is not a form of property insurance but pecuniary insurance.
77. The definition of money includes lottery ticket.
78. Helpline is an example of non-insurance services.
79. Authorised suppliers are used in motor insurance.
80. Material facts are not essential in insurance proposal.
81. Proposal form is not used in all risk insurance.
82. Rate is used in getting the premium to be paid by the insured.
83. Per mille is a rating factor in motor insurance.
84. Renewal notice is compulsory in motor insurance.
85. A customer who purchases and consumes food manufactured by an organisation and consequently suffered a stomach ache as a result of eating the food will be compensated by the public liability insurance policy.

## SECTION C - ATTEMPT ALL QUESTIONS (Questions 86 - 100)

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

Mr. John Olushegun, a Beninois, wanted to visit Accra with his vehicle from Cotonou. He had purchased the equivalent of the minimum insurance protect in his country and was also required to buy another form of cover that would allow him to enter Ghana. While in Lagos, his vehicle was involved in an accident which led to two people and himself being injured.

86. The insurance that allowed him to enter Ghana is … card.
(a) Pink (b) Yellow (c) Brown (d) Green

87. The two injured are referred to as … parties.
(a) first (b) second (c) third (d) fourth

88. The people injured in Accra would first be compensated by …
(a) any insurance in Ghana (b) an insurance company in Benin
(c) the government (d) the National Bureau

89. The level of cover that would compensate Mr. John Olushegun for his injury as a result of the mishap is …
(a) Act only (b) Third Party only
(c) Third Party, Fire and Theft (d) Comprehensive

90. The part of the level of cover that would pay for injury following a mishap is …
(a) personal effect section (b) personal accident section
(c) own damage section (d) injury or death to third party section

General Hospital, Kano in Kano State has approached an insurance broker to assist with the insurance coverage on all the risks that the hospital faces. They have requested the broker to advise them on the type of covers that they could buy from a general insurance company only. The hospital has different classes of vehicles such as staff buses, ambulances and cars for the doctors.

91. The … class of insurance will not be purchased by the hospital from a general insurance company.
(a) Motor insurance (b) Personal accident
(c) Medical expenses (d) Term assurance

92. The ambulance in the group is classified as …
(a) special type (b) commercial vehicle
(c) private vehicle (d) motor trade

93. The staff bus is an example of …
(a) special type (b) commercial vehicle
(c) private vehicle (d) motor trade

94. The vehicles that the doctors personally owned are classified as …
(a) special type (b) commercial vehicle
(c) private vehicle (d) motor trade

95. The vehicles purchased and owned by the hospital for the use of the doctors and other staff could be classified as …

(a) special type (b) commercial vehicle
(c) private vehicle (d) motor trade

Mr. Polycarp Adams went to buy insurance from a reputable insurance company against losses to his car. He was requested to complete a proposal form after which a document was given to him evidencing the contract between him and the insurer. He was advised by the marketer to read that document very well.

96. The … will be regarded as the basis of the contract between Mr. Polycarp Adams and his insurer.

(a) proposal form (b) policy document
(c) renewal document (d) endorsement

97. The document evidencing the contract between Mr. Polycarp Adams and his insurer is the …

(a) proposal form (b) policy document
(c) renewal document (d) endorsement

98. The purpose of the document in (97) above is to …

(a) collect information about the risk (b) call for renewal of the expired risk
(c) show that there is a contract between the parties
(d) amend the content of a permanent document

99. … is the document required by law to show that Mr. Polycarp Adam's car is insured.

(a) Proposal form (b) Policy document
(c) Certificate (d) Cover note

100. The part of the document identified in (97) above that refers to the parties to the contract is the …

(a) heading (b) preamble
(c) operative clause (d) condition

**Chief Examiner's Comment(s)**
The pass rate was just average at 55% with the highest score being 87%, while the lowest score was 34%.

**Comment(s) on Overall Performance**
From the pass rate, it can be deduced that the generality of the candidates did not prepare adequately for the examination.

**Suggestion(s) on Improvement(s) (if any)**
Candidates are encouraged to study the coursebooks with understanding and also ensure that while studying, they translate in their minds, the principles being studied into scenario-based issues so that those principles can be applied on those scenarios and then, they can then be able to choose the correct options when required in the examination.

Candidates are also encouraged to understand what works best for them, considering their work schedules and personality, and be prepared to make adequate sacrifices required to be duly prepared for the examination. This could be in the form of attending extra tutorials, spending extra hours to study, e.t.c. which are highly encouraged.

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

**FOUNDATION**
F03 – LIFE ASSURANCE, ANNUITY
AND PENSIONS ADMINISTRATION
YEAR 2026 OCTOBER 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 OCTOBER 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. Life assurance business is classified under …
   (a) non-life long-term business (b) general business
   (c) long-term business (d) indemnity business

2. The fundamental characteristic distinguishing life assurance from general insurance is that life assurance is …
   (a) unregulated (b) a contract of indemnity
   (c) a contract of certainty (d) always with-profit

3. The earliest form of collective insurance arrangements in Africa evolved from …
   (a) industrial assurance (b) guild-based indemnity
   (c) traditional rotating savings clubs (d) colonial welfare boards

4. The primary purpose of constructing mortality tables is to estimate …
   (a) policy lapses (b) investment returns
   (c) future mortality rates (d) inflation expectations

5. A mortality table that record the probability of dying within one year is called …
   (a) an aggregate table (b) a select table
   (c) an ultimate table (d) a life expectancy table

6. A select mortality table applies to lives …
   (a) recently examined (b) above age 70
   (c) without insurable interest (d) with unit-linked contracts

7. The term "life office" refers to …
   (a) a regulatory body (b) The insurer licensed to transact life business
   (c) a pension fund administrator (d) an actuarial consultancy

8. Whole life assurance differs from term assurance in that whole life …
   (a) has an expiry date (b) is only issued to groups
   (c) provides cover for the entire lifetime (d) cannot accumulate bonuses

9. A term assurance with annually increasing sum assured is known as … term.
   (a) decreasing (b) convertible (c) renewable (d) increasing

10. A with-profits whole life policy usually includes …
    (a) guaranteed annual increases (b) participation in office surplus
    (c) minimum surrender values (d) a savings account component

11. The "sum assured" in a life policy refers to …
    (a) premium payable at start (b) maximum claim payable
    (c) total bonus accrued (d) cash value at surrender

12. A policy that pays on death or after a fixed term is classified as …
    (a) a pure endowment (b) a pension endowment
    (c) an endowment assurance (d) a variable assurance

13. A low-cost endowment is designed to …
    (a) provide guaranteed maturity payout (b) cover mortgage liabilities
    (c) pay only on survival (d) avoid underwriting

14. The cash value derived from voluntary discontinuance of a life policy is known as …
(a) premium reserve (b) paid-up value
(c) surrender value (d) termination bonus

15. A unit-linked policy differs from traditional with-profits because …
(a) returns are market-determined (b) bonuses are guaranteed
(c) maturity values cannot fall (d) units carry no risk

16. The bid-offer spread represents …
(a) mortality charge (b) profit on unit sale
(c) initial allocation charge (d) surrender penalty

17. A bonus declared retrospectively based on realised surplus is called … bonus.
(a) reversionary (b) interim (c) terminal (d) loyalty

18. A with-profits policy that guarantees addition of a stated bonus rate every year is known as:
(a) guaranteed bonus policy (b) unitised with-profit
(c) traditional endowment (d) equity-linked assurance

19. Universal life assurance is distinguished by …
(a) fixed premiums (b) unbundled charges
(c) no mortality deductions (d) mandatory guaranteed returns

20. A joint-life policy that pays upon the second death is called …
(a) first-death policy (b) last-survivor policy
(c) contingent assurance (d) deferred policy

21. Group life assurance is primarily designed to …
(a) provide individual underwriting flexibility
(b) cover large groups on uniform terms
(c) grant investment-linked benefits only
(d) avoid the need for premiums

22. The legal document that sets out the terms of a life insurance contract is the …
(a) proposal form (b) policy document
(c) schedule of rates (d) endorsement sheet

23. The principle requiring disclosure of all material facts is known as …
(a) contribution (b) utmost good faith
(c) subrogation (d) proximate cause

24. A material fact is one that …
(a) is already known to the insurer (b) influences underwriting judgment
(c) does not affect the risk (d) has no legal relevance

25. The primary objective of underwriting is to …
(a) reduce agency commission (b) assess risk acceptability
(c) increase policy lapses (d) reduce sales volume

26. 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

27. Occupation influences underwriting because of …
(a) social habits (b) employment income
(c) work-related risks (d) employer contribution

28. A medical examination is typically required when …
(a) proposer refuses to sign proposal
(b) sum assured exceeds non-medical limit
(c) policy is issued to minors (d) policy is unit-linked

29. An underwriter may obtain additional medical evidence from …
(a) ceding office (b) employer (c) personal doctor (d) broker

30. A life accepted at ordinary rates is considered a … life.
(a) sub-standard (b) declined (c) standard (d) reinsured

31. Extra premium may be charged for …
(a) clarified health status (b) high occupational risk
(c) fully funded pension (d) automatic acceptance

32. The current law regulating insurance practice in Nigeria is the …
(a) Nigeria Insurers Industry Reform Act 2025
(b) Nigerian Insurers Industry Reform Act 2025
(c) Nigeria Insurance Industry Reform Act 2025
(d) Nigerian Insurance Industry Reform Act 2025

33. A life rated +50% is charged … of the standard rate.
(a) half (b) 100% (c) 150% (d) 200%

34. A policy becomes paid-up when …
(a) premiums are fully paid (b) policy is surrendered
(c) premiums cease and reduced benefits retained (d) it matures

35. A reinstatement of lapsed policy usually requires …
(a) fresh medical evidence (b) lower premiums
(c) reduced sum assured (d) automatic approval

36. A life policy is considered incontestable after …
(a) first premium is paid (b) two years in force
(c) five years in force (d) after maturity

37. Suicide exclusion applies typically within … months.
(a) 3 (b) 12 (c) 24 (d) 36

38. The principle of insurable interest must exist in life assurance …
(a) at proposal (b) at claim only
(c) throughout duration (d) at maturity only

39. Assignment of a life policy transfers …
(a) beneficiary rights (b) legal ownership
(c) premium obligations only (d) no legal rights

40. A collateral assignment is commonly used for …
(a) mortgage protection (b) annuities
(c) pension withdrawals (d) surrender values

41. Where an insurer requires an insured to complete a proposal form or any application form for insurance. This is a statement of fact and is also contained in Section … of NIIRA 2025.
(a) 64 (b) 65 (c) 67 (d) 69

42. Non-participating policies provide …
(a) terminal bonuses (b) guaranteed benefits only
(c) reversionary bonuses (d) dividend rights

43. The actuarial reserve represents the …
(a) commission payable (b) amount invested by the insurer
(c) present value of future liabilities (d) surplus of expenses

44. Annuities are primarily designed to …
(a) provide capital accumulation (b) provide income for life
(c) protect mortgage loans (d) grant education funds

45. The main determinant of annuity price is …
(a) age of annuitant (b) number of dependants
(c) employer's contribution (d) policy type

46. A life annuity certain stops payments …
(a) at end of guaranteed period (b) only at death
(c) at age 70 (d) when surrendered

47. A deferred annuity begins payments …
(a) immediately (b) within 6 months
(c) after a waiting period (d) when surrendered

48. Programmed withdrawal is administered by …
(a) insurers (b) PFAs (c) brokers (d) custodians

49. Pension assets under the contributory scheme are held by …
(a) the employer (b) the PFA (c) the PFC (d) PENCOM

50. The minimum total contribution under the CPS (employee + employer) is …
(a) 10% (b) 15% (c) 18% (d) 22%

51. … is the mandatory minimum Group Life cover required under the Pension Reform Act 2014 in Nigeria.
(a) 1 × annual emolument (b) 2 × annual emolument
(c) 3 × annual emolument (d) 4 × annual emolument

52. The objective of pension regulation is to ensure …
(a) higher agency commission (b) security of retirement funds
(c) lower premium rates (d) elimination of annuities

53. A defined benefit scheme guarantees …
(a) benefit based on contributions (b) benefit based on salary and service
(c) market-based returns (d) no employer liability

54. A defined contribution scheme places investment risk on the …
(a) employer (b) employee (c) union (d) government

55. Pension portability is achieved through …
(a) transfer of RSA (b) fresh registration
(c) new pension number (d) employer sign-off

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

57. PFAs are prohibited from investing in …
(a) government securities (b) real estate development
(c) money markets (d) corporate bonds

58. The minimum number of trustees in a private pension scheme is …
(a) 2 (b) 3 (c) 5 (d) 7

59. A policy loan is secured against …
(a) policyholder's salary (b) surrender value
(c) commission (d) statistical reserves

60. Interest on policy loans is usually …
(a) below market rate (b) fixed by CBN
(c) linked to insurer policy (d) paid by beneficiaries

## SECTION B - ATTEMPT ALL QUESTIONS (Questions 61 – 85)

**Answer True (T) or False (F).**

61. Life assurance is a contract of utmost good faith.
62. Endowment assurance pays only on survival to term.
63. A pure endowment has no death benefit.
64. Group life assurance requires individual underwriting.
65. Convertible term policies allow switching without new evidence of health.
66. Reversionary bonuses cannot be withdrawn once declared.
67. Terminal bonus is guaranteed in all circumstances.
68. Unit-linked policies expose policyholders to market risk.
69. Universal life policies always guarantee a minimum cash value.
70. A joint-life last-survivor policy pays on the first death.
71. Paid-up policies retain reduced benefits.
72. Surrender value is always equal to premiums paid.
73. Pension assets are held by PFAs.
74. Defined contribution schemes guarantee a fixed pension.
75. Micro-pension is for informal-sector workers.
76. Programmed withdrawal is provided by PFAs.
77. Life insurers administer annuities under the CPS.
78. Investment risk in annuities is borne by the insurer.
79. Reinsurance helps spread mortality risk.
80. Surplus reinsurance requires all risks to be ceded automatically.
81. Facultative reinsurance gives the reinsurer discretion to decline risks.
82. Contribution principle does not generally apply to life assurance.
83. Insurable interest must exist at the inception of a life policy.
84. Policy loans reduce the surrender value.
85. A policy becomes incontestable after two years except in cases of fraud.

## SECTION C - ATTEMPT ALL QUESTIONS (Questions 86 - 100)

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

Johnson Product Limited employed 165 workers at its different branches in Nigeria. Although, the company has maintained good risk management procedures in these branches, there had been cases of industrial accidents leading to losses of lives and injuries. The Board has directed Management to put in place an insurance that will cover such risks in their various offices.

86. What type of cover will the company buy against losses following accidental injuries to staff?
(a) Group Life Assurance (b) Group Personal Accident Insurance
(c) Group Medical Insurance (d) Group Injuries Insurance

87. Which of these policies will they buy to meet the requirement of Pension Reform Act 2014 against the risk of death in service?
(a) Whole Life Assurance (b) Group Life Assurance
(c) Group Personal Accident Insurance (d) Employee Compensation Insurance

88. As required by law in Nigeria, the minimum number of staff that the company should have to compulsorily buy life assurance for the benefits of its employees are?
(a) 3 (b) 10 (c) 14 (d) 15

89. The policy that the company should buy to protect its directors is a …
(a) Group Life Assurance (b) Directors-Share Protection
(c) Group Income Protection Insurance (d) Group Credit Insurance

90. The company could buy the law-required-insurance-policy on the lives of its employees because of the principle of …
(a) utmost good faith (b) insurable interest
(c) indemnity (d) proximate cause

Mr. Ogugua who lives in Zamfara, Northern Nigeria, lent the sum of ₦60,000.00 to Mr. Mike his cousin to assist him pay his house rent with the hope that the loan will be repaid in two years' time on equal instalments. In order to protect himself against the loss of the amount, Mr. Ogugua had approached Temple Insurance Company for a life cover on the life of his debtor.

91. The principle that allows Mr. Ogugua to buy a life cover on the life of Mr. Mike is …
(a) utmost good faith (b) proximate cause
(c) subrogation (d) insurable interest

92. Which of these is true?
(a) Mr. Mike has insurable interest in the life of Mr. Ogugua
(b) Mr. Ogugua has insurable interest in the life of Mr. Mike
(c) Both have insurable interest in each other's life
(d) None of them have insurable interest in each other's life

93. The insurable amount in the above is …
(a) ₦60,000,00 (b) ₦100,000.00 (c) ₦160,000.00 (d) Unlimited

94. The best form of cover for the debt is …
(a) increasing term assurance (b) family income protection
(c) decreasing term assurance (d) endowment

95. On repayment of the debt, Mr. Ogugua can still insure the life of Mr. Mike for the sum of …
(a) ₦0.00 (b) ₦60,000.00 (c) ₦160,000.00 (d) Unlimited

Dr. J. Smith, a civil servant in Sierra Leone, purchased a yearly payment term life policy from Green Life Insurance Limited for a period of thirty years. He paid the premium for a period of twenty years and stopped as he was unable to continue with premium payments. Two years to the time of maturity of the policy, he died and his son subsequently made a claim to the insurer who declined the claim.

96. Life insurance policy is in force when the …
    (a) premium has been paid for sometimes and stop
    (b) premiums are paid as at the time of claim
    (c) policyholder is alive
    (d) insurance company is in operation

97. A policy that will pay the sum assured at death or maturity is a/an … assurance.
    (a) term (b) annuity (c) whole life (d) endowment

98. The insurer declined the claim because the …
    (a) policyholder was dead
    (b) policy was surrendered
    (c) policy has lapsed
    (d) claimant was not the policyholder

99. Green Life Insurance Limited is the …
    (a) intermediary (b) assured (c) agent (d) assurer

100. In this contract, the son/claimant is assumed to be the …
    (a) intermediary (b) beneficiary (c) assured (d) assurer

**Chief Examiner's Comment(s)**
The pass rate was impressive at 71% with the highest score being 92%, while the lowest score was 34%.

**Comment(s) on Overall Performance**
From the pass rate, it can be deduced that the generality of the candidates prepared adequately for the examination.

**Suggestion(s) on Improvement(s) (if any)**
Candidates appeared to have prepared adequately for the examination.

Future candidates are also encouraged to study the coursebooks with understanding and also ensure that while studying, they translate in their minds the principles being studied into scenario-based issues so that those principles can be applied on those scenarios and then, they can then be able to choose the correct options when required in the examination.

In addition, future candidates are further encouraged to understand what works best for them, considering their work schedules and personality, and be prepared to make adequate sacrifices required to be duly prepared for the examination. This could be in the form of attending extra tutorials, spending extra hours to study, e.t.c. which are highly encouraged.

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

**FOUNDATION**
F04 – BUSINESS COMMUNICATION AND INFORMATION TECHNOLOGY
YEAR 2026 OCTOBER 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 OCTOBER 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 … decides the channel of communication through which a message is sent.
   (a) sender (b) receiver (c) operator (d) decoder

2. Noise in communication can be best described as …
   (a) any form of obstacle to effective communication
   (b) any sound during communication
   (c) any break in the communication process
   (d) any outside talk during communication

3. Information recording is essential in business communication because it …
   (a) prevents disputes (b) records verbal information
   (c) provides answers to questions which are raised by the sender
   (d) None of the above

4. … does not constitute a barrier to effective communication.
   (a) Fear of criticism (b) Cultural differences
   (c) Personality conflict (d) None of the above

5. Feedback in communication serves the chief purpose of …
   (a) feeding the sender with a message
   (b) determining the success of communication
   (c) sending a message back to a superior officer
   (d) determining a staff's communicative ability

6. … is not a tool for internal business communication.
   (a) presentations (b) newspaper reports (c) workshops (d) memorandum

7. One of the merits of oral communication is that …
   (a) its feedback is spontaneous (b) its feedback is delayed
   (c) its feedback is usually long (d) it is suitable for a large audience

8. Internal business communication is best described as …
   (a) the transmission of information from a manager to another manager in an organisation
   (b) the transmission of information from a subordinate to a superior in an organisation
   (c) the transmission of official information between or among staff of the same organisation
   (d) the transmission of information from a superior to a subordinate in an organisation

9. … is not a form of oral communication.
   (a) Face-to-face conversation (b) Telephone conversation
   (c) Discussions at meetings (d) e-mails

10. Formal communication includes all the following except …
    (a) interviews (b) rumours
    (c) training sessions (d) presentations at business meetings

11. The … is/are essential in a memo.
    (a) addresser's and addressee's name and designation
    (b) addresser's and addressee's phone numbers
    (c) addresser's and addressee's address (d) addresser's and addressee's intercom code

12. In a business letter, the writer's signature is …
(a) optional (b) not necessary
(c) comes after the writer's name (d) comes before the writer's name

13. … reports type is not a type of business report.
(a) Progress (b) Expense (c) Retail (d) None of the above

14. A business report differs from a business letter in one of the following ways. A report …
(a) is not dated (b) does not contain the writer's name
(c) is void of courtesies (d) does not contain detailed information

15. … is optional in a report.
(a) Title (b) Terms of Reference (c) Additional material (d) Findings

16. In a report, Terms of Reference is used to …
(a) show the names of the writer(s)
(b) record the nature and scope of the investigation reported
(c) draw attention to the purpose of the report (d) show the title of the report

17. In business communication, intra mail is the same as …
(a) internal mail (b) internet mail
(c) inter business mail (d) intended mail

18. … is compulsory in a report.
(a) Complimentary close (b) Address of the writer
(c) Opening salutation (d) Finding(s) and recommendation(s)

19. A motion in a meeting is …
(a) a proposal by a member seconded by another
(b) the act of rescheduling a meeting
(c) the act of approving an item discussed in a meeting
(d) the re-arrangement of seats during a meeting

20. A resolution refers to a proposal which has been …
(a) documented (b) debated on
(c) voted on and passed (d) presented to the house

21. … applies to consecutive yearly numbering of minutes.
(a) Only the minutes of the first meeting in a year counts
(b) Only the minutes of the first and last meetings in a year count
(c) Only the minutes of meetings of principal officers' count
(d) Each year's minutes are regarded as a single unit

22. Meetings held by a group of people appointed to carry out a clearly laid down set of responsibilities are referred to as … meetings.
(a) membership (b) committee (c) adhoc (d) governing council

23. Between the … is not among the three relationships that operate during a presentation.
(a) presenter and the audience (b) presenter and the content
(c) audience and the content (d) content and the interpreter

24. Extraordinary General Meetings (EGM) are called when ----- percent of the voting shareholders demand it.
(a) five (b) ten (c) twenty (d) fifty

25. It is not true that circulars …
(a) are usually circulated to a group of people (b) must be concise and complete
(c) may be for a closed group or for general circulation
(d) must be circulated periodically

26. One of the following does not apply to billboards. Billboards …
(a) are immobile (b) are cheap
(c) are placed at strategic places (d) contain the owner's contact

27. One of the advantages of direct mailing as a form of advertisement is that …
(a) the sender can determine the time and frequency of sending
(b) the number of people reached is usually large
(c) it is impersonal
(d) it gets to the target audience as soon as it is sent

28. Transit advertisement is not found in …
(a) walls (b) motor bikes (c) buses (d) bicycles

29. A major advantage of online directories is that they …
(a) allow the user the opportunity of updating information as desired
(b) are not accessible to non-customers
(c) are not easily erased (d) require a password

30. In a persuasive presentation, a presenter tries to …
(a) argue a point (b) educate people on an issue
(c) refute an idea (d) convince an audience to support certain views

31. An advantage of employing body language during speech presentations is that it …
(a) makes all the participants to understand what is said
(b) helps the presenter to be awake (c) gives physical expression to a message
(d) helps to clear ambiguities about a message

32. … is odd in the list below.
(a) Sales letter (b) Telephone conversation
(c) A letter of complaint (d) Enquiry letter

33. … is not used for business presentations.
(a) Flip charts (b) Siren (c) White boards (d) Projectors

34. … is no longer in common use in business communication.
(a) Fax machines (b) E-mails (c) Skype (d) WhatsApp

35. One of the challenges of electronic communication in business is that of …
(a) coverage (b) accessibility (c) confidentiality (d) speed

36. Accessing information stored in the cloud entails being connected to …
(a) a radio (b) the internet (c) a television (d) All of the above

37. A major advantage of storing information in the cloud is that information stored is …
(a) easily accessible to unauthorised persons
(b) accessible without a password (c) error free
(d) easily accessible from any location

38. The application of technology in business affects its …
(a) culture (b) efficiency (c) relationships (d) All of the above

39. … is suitable for business presentations.
(a) PowerPoint (b) Microsoft word (c) Excel (d) None of the above

40. Robots have the capacity to carry out …
(a) human operations only (b) non-human operations only
(c) both human functions and other operations (d) None of the above

41. The acronym "IoT" stands for …
(a) Internet of Things (b) Internet on Things
(c) Intense office Training (d) None of the above

42. … is/are not among the technologies used in business communication.
(a) Radio, telephone and television (b) emails, faxes and blogs
(c) Skype, WhatsApp and Face Time (d) None of the above

43. Artificial Intelligence (AI) can be best described as the ability of a computer or machine to …
(a) act with speed and accuracy (b) think and act like a human being
(c) preform beyond normal speed (d) perform beyond human capacity

44. … are special equipment/devices which are used to detect and respond to electrical and optical signals.
(a) Robots (b) Sensors (c) Sensures (d) Alexa

45. Internet of Things includes all but …
(a) alarm clocks (b) cars (c) thermometer (d) speaker systems

46. … is a benefit of "Technology" in business.
(a) Increased staff productivity (b) Improved communication among staff
(c) Decreased staff efficiency and effectiveness (d) Reduced production cost

47. Computer networking can be done through a …
(a) wired or wireless network system (b) drone
(c) wired network system only (d) wireless network system only

48. … is the odd one out.
(a) Cell phones (b) Radio (c) Wireless networks (d) The internet

49. I.T. Networks allow employees of an organisation to be connected from …
(a) a close range only (b) a distance only
(c) the office only (d) any location

50. Which of the following is true about computers in connection? They …
(a) must be of the same brand (b) are connected to the same plug
(c) are switched on at the same time (d) can exchange data with one another

**SECTION B: ATTEMPT ALL QUESTIONS (Questions 51 – 60) Choose the word that is correctly spelt and that will at the same time correctly fill the gap in each of the sentences.**

51. Lions are … animals.
(a) canivorous (b) caniros (c) carnivorous (d) carnivouros

52. The pastor advised the young converts to be steadfast in their new faith in spite of the inconsistencies and … of life.
(a) vicissitudes (b) visissitudes (c) viscissitudes (d) vissicitudes

53. Information … is a major responsibility of the registry department of the institution.
(a) dissemination (b) disemination (c) diciemination (d) discemination

54. Law making naturally falls within the … of the legislative arm of government.
(a) orspiscis (b) arspiscis (c) horspicis (d) auspices

55. Her … reply moved the audience to tears.
(a) pognant (b) portgnant (c) purgmant (d) poignant

56. You can buy a copy of Professor Okorie's … at the university's bookshop.
(a) firstscript (b) festschrift (c) feschrift (d) firshrift

57. … puts pressure on the kidneys.
(a) Drehydration (b) Dehydration (c) Dihydration (d) Dyhidration

58. The chief medical officer confirmed my suspicion that the patient's death was due to wrong …
(a) daiagnosis (b) dignosis (c) diagnosis (d) dianogsis

59. The school counsellor said that indecent dressing makes one … to abuse.
(a) vulnurable (b) volnurable (c) venorable (d) vulnerable

60. Alcohol only gives a … pleasure.
(a) transcent (b) trancient (c) transient (d) transcient

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

61. (a) How many alphabets does the word 'lieutenant' contain?
(b) How many letters does the word 'lieutenant' contain?
(c) How many alphabet does the word 'lieutenant' contain?
(d) How many letter does the word 'lieutenant' contain?

62. (a) The man chases women a lot. (b) The man toasts women a lot.
(c) The man is a womanizer. (d) The man is a philaderor.

63. (a) Her father died in the course of the war. (b) Her father died in the cause of the war.
(c) Her father dies in the cross of the war. (d) Her father died in the curse of the war.

64. (a) I cracked my brain to get the answer. (b) I cracked my brains to get the answer.
(c) I racked my brain to get the answer. (d) I racked my brains to get the answer.

65. (a) Jumoke is tall remarkably. (b) Jumoke is remarkable tall.
(c) Jumoke is tall remarkable. (d) Jumoke is remarkably tall.

66. (a) The answers to these questions are not far fetched.
(b) The answers to these questions are not far to get.
(c) The answers to these questions are not hard to find.
(d) The answers to these questions are not far away.

67. (a) Congratulations Madam, more grease to your elbow.
(b) Congratulations Madam, more elbow to your grease.
(c) Congratulations Madam, more powers to your elbow.
(d) Congratulations Madam, more power to your elbow.

68. (a) Who knows what destiny has in store for him?
(b) Who knows what destiny has in stock for him?
(c) Who knows what destiny has in the store for him?
(d) Who knows what destiny has in the stock for him?

69. (a) The manager asked Ade to put his complaint in writing.
(b) The manager asked Ade to put his complaint into writing.
(c) The manager asked Ade to put his complain into writing.
(d) The manager asked Ade to put his complain to writing.

70. (a) JOJ stepped down for his son in the election.
(b) JOJ stooped down for son in the election.
(c) JOJ stoop down for his son in the election.
(d) JOJ stood down for his son in the election.

**SECTION D: ATTEMPT ALL QUESTIONS (Questions 71 – 80) Choose the Sentence Which is Correctly Punctuated.**

71. (a) The guy, who fainted is Paschal. (b) The guy who fainted, is Paschal.
(c) The guy who fainted is paschal. (d) The guy who fainted is Paschal.

72. (a) He's very old. (b) Hes' very old. (c) he's very old. (d) Hes very old.

73. (a) dallas/berlin route is flown by only two airlines.
(b) Dallas:Berlin route is flown by only two airlines.
(c) Dallas—Berlin route is flown by only two airlines.
(d) Dallas—berlin route is flown by only two airlines.

74. (a) You go home. (b) You, go home! (c) You go home! (d) You, Go home.

75. (a) Dont tell anyone, will you? (b) Don't tell anyone. will you?
(c) Don't tell anyone, will you! (d) Don't tell anyone, will you?

76. (a) As hed' expected, he was employed as a director.
(b) As he'd expected. He was employed as a director.
(c) As he'd expected, He was employed as a director!
(d) As he'd expected, he was employed as a director.

77. (a) The essential issue is this: did she or did she not seduce her boss?
(b) The essential issue is this, did she or did she not seduce her boss?
(c) The essential issue is this; 'did she or did she not seduce her boss?'
(d) The essential issue is this: Did she or did she not seduce her boss?

78. (a) I gave my mom fifty thousand Pounds and my dad thirty.
(b) I gave my mom, fifty thousand Pounds and my dad thirty.
(c) I gave my mom fifty thousand Pounds, and my dad thirty.
(d) I gave my mom fifty thousand Pounds and my dad, thirty.

79. (a) I have never seen such a cruel person, Ben said.
(b) "I have never seen such a cruel person Ben said".
(c) "I have never seen such a cruel person", Ben said.
(d) I have never seen such a cruel person, "Ben said".

80. (a) Alas! she has failed again! (b) Alas! she has failed again.
(c) alas! She has failed again! (d) Alas! She has failed again.

**SECTION E: ATTEMPT ALL QUESTIONS (Questions 81 – 90) From the questions below, carefully choose the option that correctly fills the gap in each of the sentences below.**

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) off (b) up (c) out (d) in

84. Theresa is fond of cutting … when people are talking.
(a) off (b) through (c) out (d) in

85. The … of the various dailies will be attending the conference organised by the Ministry of Information next week.
(a) editors-in-chiefs (b) editors'-in-chief (c) editors-in-chief (d) editor-in-chiefs

86. Ada broke … a song when she got her university admission letter yesterday.
(a) into (b) in (c) out (d) through

87. Nobody could make … what she was saying.
(a) on (b) out (c) off (d) in

88. The strike is not likely to be called … soon.
(a) off (b) of (c) out (d) back

89. Joe has promised to pay the debt … later.
(a) some time (b) sometimes (c) sometime (d) any times

90. The reverend father is really a kind person … heart.
(a) in (b) for (c) by (d) at

**SECTION F: ATTEMPT ALL QUESTIONS (Questions 91 – 100)**

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

Thus, we come to the fundamental question. Is the plunge into nuclear energy worth the danger? That citizens do regard death as a reasonable risk in return for some supposed good is quite clear. Otherwise, the 50,000 deaths a year caused by the automobile in America would have long since lessened its attraction. On the contrary, the number of cars goes on increasing. The relative steadiness in cigarette smoking in spite of its direct links with lung cancer, emphysema and heart trouble is another instance of risks being taken for the sake of desired ends. Citizens would obviously prefer their energy to come unburdened with any risk. But if the choice is, as it may be by the beginning of the next century, between insufficient energy and a relatively small increase in cancer and genetic hazard, then, on the present evidence, the citizen will prefer the energy. He may do so with all the more readiness if he consoles himself with the fact that, in the main, cancer estimates are based on extrapolations to man as the results of experiments on mice. Such extrapolations give at best uncertain evidence upon which to base a rational choice.

Yet the citizen must be concerned with more than the insidious seepages of radioactivity which occur even in medical uses. How about the more sensational risks? No large nuclear reactor has yet produced an uncontrollable chain reaction, but, as the number increases, the chances of one doing so inevitably arise. The layman may believe and hope that all possible precaution and warning devices have been

incorporated in the reactor's design. But he is not reassured when responsible scientists tell him – as has recently occurred in United States – that there is no 'fall-back' position, if, for some reason, the emergency water-cooling apparatus upon which safety in present water-cooled reactors is based, should fail to operate. The nuclear core might melt and produce a massive release of radio activity into the earth equal to that from an atomic explosion. The criticism is based upon an alleged lack of testing and experiment in this vital area of safety and a demand has been made that no more licenses should be issued for the construction of further nuclear reactors until the whole system of safeguards has been thoroughly overhauled.

***(Adopted From: B. Ward and R. Rubos "Only One Earth" In Communication Skills for Science. Source Book: University of Dar e Salaam, 1972, p. 17.)***

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

92. The paradox expressed in the passage is that …
    (a) the demand for automobiles is on the increase despite the reasonable number of deaths associated with its use
    (b) citizens prefer their energy to come without any risk
    (c) citizens prefer energy to healthy living
    (d) there is no risk factor in energy production

93. Which of the following is not true according to the passage?
    (a) All possible precaution and warning devices have been incorporated in the reactor's design. (b) There is the possibility of a nuclear core melting and producing a massive release of radio activity into the earth if the water-cooling apparatus fails to operate.
    (c) No large nuclear reactor has produced an uncontrollable chain reaction yet.
    (d) The use of automobiles contributes to deaths in America.

94. "Is the plunge into nuclear energy worth the danger"? is an example of …
    (a) rhetorical question (b) hyperbole
    (c) metonymy (d) polar question

95. The claim that cancer estimates are based on extrapolations to man as the results of experiments on mice means that cancer estimates on man are based on …
    (a) researches and experiments using both man and mice
    (b) researches not supported by evidence
    (c) inferences drawn from researches and experiments using mice
    (d) None of the above

Linguists hold several views about the human language, one of which is that it is central to human communication. Although humans possess other means of communication, language is the most frequently used and the most highly developed form of human communication. Language is integral to man's social life and relationship as people can only conceive ideas and communicate same to others due to their disposition to use language. They also express their intentions, daily needs, experiences, desires and feelings through the medium of language (spoken or written). Again, language serves as a culture-transmitting mechanism. It is the commonest and most dynamic form in which human societies sustain and transmit their cultural heritage to their future generations.

Another view about language which is strongly held by linguists is that it is essentially a human phenomenon. Language is restricted and limited to human beings irrespective of the fact that other creatures such as animals, birds and fishes are capable of communicating with other members of their species. The different forms of communication such as sounds and signals employed by these creatures do not in a strict sense qualify as language since they lack the essential attribute of displacement which enables language users to communicate abstract concepts and meanings to other users and, to communicate immediate, past and future experiences.

96. Which of the following is not true about the passage? It states that …
    (a) humans only communicate through language
    (b) humans are not the only species endowed with communication skills
    (c) language is the most developed form of human communication
    (d) language is at the heart of man's social life

97. It is implied in the passage that …
    (a) animals, birds and fishes can communicate through language
    (b) animals, birds and fishes communicate but not through language
    (c) animals, birds and fishes lack the ability to communicate
    (d) all human languages are developed

98. The quality of displacement possessed by the human language guarantees that human experience can be related …
    (a) to even to animals (b) in the past, present and future
    (c) only humans (d) members of the same language group

99. The word 'phenomenon' as used in the passage means …
    (a) action (b) enterprise (c) activity (d) occurrence

100. An important function of language stated in the passage is that of …
    (a) character modification (b) peace keeping
    (c) culture transmission (d) economic development

**Chief Examiner's Comment(s)**
The pass rate was good at 71% with the highest score being 88%, while the lowest score was 39%.

**Comment(s) on Overall Performance**
From the pass rate, it can be deduced that the candidates prepared adequately for the examination.

**Suggestion(s) on Improvement(s) (if any)**
Candidates appeared to have prepared adequately for the examination.

Future candidates are also encouraged to study the coursebooks with understanding and also ensure that while studying, they translate in their minds, the principles being studied into scenario-based issues so that those principles can be applied on those scenarios and then, they can then be able to choose the correct options when required in the examination.

In addition, future candidates are further encouraged to understand what works best for them, considering their work schedules and personality, and be prepared to make adequate sacrifices required to be duly prepared for the examination. This could be in the form of attending extra tutorials, spending extra hours to study, e.t.c. which are highly encouraged.

| **F04 – Business Communication and Information Technology** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 1 | A | 21 | D | 41 | A | 61 | B | 81 | B |
| 2 | A | 22 | B | 42 | D | 62 | C | 82 | C |
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| 10 | B | 30 | D | 50 | D | 70 | D | 90 | D |
| 11 | A | 31 | C | 51 | C | 71 | D | 91 | C |
| 12 | D | 32 | B | 52 | A | 72 | A | 92 | A |
| 13 | D | 33 | B | 53 | A | 73 | C | 93 | B |
| 14 | C | 34 | A | 54 | D | 74 | B | 94 | A |
| 15 | C | 35 | C | 55 | D | 75 | D | 95 | C |
| 16 | B | 36 | B | 56 | B | 76 | D | 96 | A |
| 17 | A | 37 | D | 57 | B | 77 | A | 97 | B |
| 18 | D | 38 | D | 58 | C | 78 | D | 98 | B |
| 19 | A | 39 | A | 59 | D | 79 | C | 99 | D |
| 20 | C | 40 | C | 60 | C | 80 | D | 100 | C |

CHARTERED INSURANCE INSTITUTE OF NIGERIA

**FOUNDATION**
F05 – INSURANCE UNDERWRITING PROCESS
YEAR 2026 OCTOBER DIET

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

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- 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 OCTOBER 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 from by filling in the appropriate box.

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

1. The principle that requires full disclosure of all material facts in insurance contracts is known as the principle of …
   (a) subrogation (b) proximate cause
   (c) utmost good faith (d) indemnity

2. A circumstance is considered material if it would influence the judgment of … in fixing the premium or determining whether to take the risk.
   (a) the insured (b) a prudent insurer
   (c) a loss adjuster (d) the reinsurer

3. In life assurance, failure to disclose a chronic illness during proposal may lead to …
   (a) policy endorsement (b) premium reduction
   (c) claim repudiation (d) automatic renewal

4. An insurer issuing marine cargo policies in Lagos State, Nigeria relies on the shipowner's statement about vessel condition. If the vessel is later found to be unseaworthy, this affects the contract because …
   (a) the risk was void due to non-disclosure
   (b) NAICOM must reissue a new license
   (c) the insured can still claim under utmost good faith
   (d) reinsurance will cover the loss automatically

5. In the case of Pan Atlantic Insurance Co. Ltd v. Pine Top Insurance Co. Ltd (1994), the court held that materiality depends on …
   (a) the actual loss suffered
   (b) whether the non-disclosed fact induced the insurer's decision
   (c) the insured's financial interest (d) the regulatory position of NAICOM

6. The document issued by the insurer as evidence that an insurance policy exists is called the policy …
   (a) document (b) cover note (c) endorsement (d) proposal form

7. The proposal form serves as the … between the proposer and the insurer.
   (a) basis of the contract (b) final underwriting decision
   (c) tax invoice (d) premium refund document

8. When a client seeks coverage for the first time with an insurer, the business is classified as …
   (a) renewal business (b) transferred business
   (c) new business (d) endorsed business

9. In motor insurance, vehicle inspection before underwriting helps determine …
   (a) policy renewal terms
   (b) the true condition and value of the vehicle
   (c) the driver's age (d) premium refund eligibility

10. When an insurer decides to reinsure part of a large risk, this activity is called risk …
    (a) retention (b) sharing
    (c) risk transfer through reinsurance (d) risk elimination

11. … is a statement made by the insured during proposal that influences the insurer's decision to accept the risk.
    (a) Warranty (b) Representation (c) Condition (d) Clause

12. A policy that lists each item insured along with its value is referred to as a/an ....
(a) blanket form (b) scheduled form
(c) open cover (d) floating policy

13. The contribution principle ensures that … in multiple insurance policies.
(a) only one insurer pays the full claim (b) the insured pays more premium
(c) all insurers share the claim proportionately (d) the claim is denied

14. … is the role of the arbitration clause in insurance contracts.
(a) To increase the coverage (b) To settle disputes out of court
(c) To determine premium rates (d) To cancel the policy

15. An insurer uses an excess of loss treaty with a retention of ₦10million. If a valid claim of ₦25million occurs, the amount the reinsurer will pay is …
(a) ₦10million (b) ₦15million (c) ₦25million (d) ₦35 million

16. A policy can be cancelled mid-term when the insured fails to …
(a) provide correct address (b) pay premium as agreed
(c) renew the certificate (d) acknowledge the proposal form

17. A renewal premium is calculated based on the insured's previous ...
(a) risk profile and claims experience (b) underwriting expenses
(c) cancellation record (d) marketing cost

18. A short-period scale determines the … in mid-term cancellations.
(a) sum insured (b) refund amount
(c) renewal premium (d) claims ratio

19. Extended warranties in personal insurance usually apply to …
(a) electronics and home appliances (b) life assurance products
(c) travel insurance policies (d) vehicle third-party cover

20. In motor underwriting, the determination of premium for a commercial vehicle depends largely on the …
(a) use of the vehicle (b) owner's age
(c) colour of the vehicle (d) insurer's brand value

21. A motor policy that provides protection against damage caused by theft or fire but excludes accidental damage to the vehicle is known as ... cover.
(a) third-party, fire and theft (b) comprehensive
(c) sickness (d) all-risk

22. A policy that reimburses the insured for repair costs after a manufacturer's warranty expires is known as an … policy.
(a) extended warranty (b) all-risk (c) third-party (d) medical

23. … cover type under motor insurance covers liability to third parties, fire damage and theft from an insured vehicle.
(a) Comprehensive (b) Third Party Only
(c) Third Party, Fire and Theft Cover (d) All Risk Cover

24. The clause/proviso that requires physical damage to occur before a business interruption claim is valid is the …
(a) Material Damage Proviso (b) Special Perils Clause
(c) Deductible Clause (d) Arbitration Clause

25. A construction firm whose activities cause injury to passersby would need … insurance.
(a) public liability (b) theft
(c) legal expenses (d) professional indemnity

26. 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

27. A standard exclusion under commercial fire insurance is usually …
(a) lightning (b) explosion caused by domestic gas
(c) loss from war, nuclear risks, or terrorism (d) fire resulting from electrical faults

28. … insurance protects a business from financial loss due to theft of goods or cash.
(a) Pecuniary (b) Property (c) All Risks (d) Theft

29. … type of insurance protects a business against claims for injury or damage caused to third parties on its premises.
(a) Products Liability Insurance (b) Legal Expenses Insurance
(c) Professional Indemnity Insurance (d) Public Liability Insurance

30. In Nigerian insurance practice, risk surveyors primarily perform … before a policy is underwritten.
(a) claims handling (b) market research
(c) site inspection (d) legal drafting

31. Services provided by insurers to help recover policyholders' expenses not covered by insurance are called …
(a) uninsured loss recovery services (b) legal representation services
(c) post-claim negotiation (d) excess refund services

32. The current law regulating insurance practice in Nigeria is the …
(a) Nigeria Insurers Industry Reform Act 2025
(b) Nigerian Insurers Industry Reform Act 2025
(c) Nigeria Insurance Industry Reform Act 2025
(d) Nigerian Insurance Industry Reform Act 2025

33. … is the key difference between risk identification and risk analysis.
(a) Risk identification is reactive; while risk analysis is proactive
(b) Risk identification detects risks; while risk analysis evaluates them
(c) Risk identification is financial; while risk analysis is legal
(d) Risk identification is optional; while risk analysis is mandatory

34. Risk survey reports are most useful to underwriters because they …
(a) serve as marketing materials for new policies
(b) contain data for premium calculation and policy conditions
(c) replace the proposal form entirely
(d) guarantee profit for the insurer

35. The reinsurer's participation above the ceding insurer's retained line in a Surplus Treaty is called the …
(a) cession (b) retention (c) liability limit (d) aggregation

36. When underwriting motor insurance, the insurer must consider the vehicle's age, usage and …
(a) colour (b) brand popularity
(c) engine capacity (d) advertising reach

37. Fraud prevention in underwriting aims to reduce … claims.
(a) delayed (b) exaggerated (c) genuine (d) accidental

38. … principle requires applicants to disclose all material facts during underwriting.
(a) Indemnity (b) Subrogation
(c) Utmost good faith (d) Contribution

39. … is the main objective of fraud prevention in underwriting.
(a) To increase sales (b) To reduce false or exaggerated claims
(c) To delay settlements (d) To lower premiums

40. The year in which a policy becomes effective is called the … year.
(a) policy (b) calendar (c) accounting (d) reporting

41. Where an insurer requires an insured to complete a proposal form or any application form for insurance. This is a statement of fact and is also contained in Section … of NIIRA 2025.
(a) 64 (b) 65 (c) 67 (d) 69

42. The data required for accurate rating includes exposure details, premium income and …
(a) staff salaries (b) claims information
(c) marketing budget (d) policyholder feedback

43. Severity of claims measures … in insurance pricing.
(a) number of claims filed (b) average cost per claim
(c) total premium collected (d) policyholder satisfaction

44. A ratio that combines both loss and expense ratios to determine underwriting performance is known as the … ratio.
(a) loss reserve (b) combined operating
(c) expense (d) retention

45. The data most useful in calculating rating factors includes …
(a) claims experience, exposure units, and sum insured
(b) staff record and office expenses (c) motor vehicle depreciation schedules
(d) competitor premium lists

46. A Nigerian insurer covering multiple fuel depots within Lagos State is mainly exposed to …
(a) market risk (b) liquidity risk
(c) risk accumulation (d) moral hazard

47. Exposure in pricing refers to the measure of the …
(a) insurer's advertising reach (b) potential loss insured under a policy
(c) number of brokers involved (d) policyholder's income

48. … pricing factor is used to measure how often claims occur.
(a) Severity (b) Frequency (c) Latent claims (d) Reinsurance costs

49. In the context of premium calculation, the pure cost of covering the risk, before the inclusion of loadings for expenses and profit, is known as the … premium.
(a) gross (b) office (c) risk (d) net

50. If an insurer in Nigeria uses a risk premium of ₦50,000.00, expects expenses of 30% and aims for a profit margin of 10%, the final office premium will be calculated as …
    (a) ₦50,000 / (1 - 0.30 - 0.10) = ₦83,333.00
    (b) ₦50,000 * (1 + 0.30 + 0.10) = ₦70,000.00
    (c) ₦50,000 / (0.30 + 0.10) = ₦125,000.00
    (d) ₦50,000 + (₦50,000 * 0.40) = ₦70,000.00

## SECTION B - ATTEMPT ALL QUESTIONS (Questions 51 – 60)
**Answer True (T) or False (F).**

51. Material information refers to any fact that would influence a prudent insurer's decision to accept or decline a risk.
52. A proposer's failure to disclose past claims is considered a misrepresentation rather than non-disclosure.
53. A proposer who provides incorrect answers on a proposal form, even unintentionally, may still breach the principle of utmost good faith.
54. A proposal form is only required after a policy has been issued.
55. Declaration policies are suitable for businesses whose stock values fluctuate during the policy period.
56. Contribution allows multiple insurers covering the same risk to share the claim payment proportionately.
57. Exceptions in a policy refer to risks that are specifically excluded from coverage.
58. A franchise clause means that if the loss is below a certain amount, the insurer pays the full claim.
59. A policy cannot be reinstated once it has been cancelled due to non-payment of premium.
60. Statistical data from renewals help insurers develop effective pricing and retention strategies.

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

T and K Logistics Limited applied for a combined fire and burglary policy from Secure Life Assurance Plc. The insurer requested full risk details to compute the premium, considering the size of the premises and its security systems. The company also made payment after receiving the invoice.

61. The process of determining the appropriate amount payable for coverage is known as …
    (a) risk selection (b) premium calculation
    (c) claims estimation (d) policy assessment

62. Factors considered in calculating premiums include …
    (a) sum insured, risk exposure and claims history (b) agent's preference
    (c) tax rate changes (d) the insured's occupation alone

63. NIIRA 2025 stipulates that a policy cannot take effect until …
    (a) a cover note is issued (b) the insured signs a declaration
    (c) premium has been paid (d) the broker approves the risk

64. The rule that prevents an insurer from granting cover before receiving premium payment is known as …
    (a) pay-and-recover clause (b) deferred payment rule
    (c) policy waiver condition (d) no premium, no cover principle

65. If an insured fails to pay premium on time, the insurer's liability is …
    (a) automatically cancelled until payment is made
    (b) reduced by 50% (c) unaffected (d) transferred to NAICOM

Chinedu imports electronics from China to Lagos. His marine cargo policy includes a deductible of ₦200,000.00 and excludes war risks. During transit, pirates attack the vessel, causing ₦180,000.00 damage.

66. What does the ₦200,000.00 deductible mean? It means that …
    (a) Chinedu pays ₦200,000.00 premium
    (b) the claim is reduced by ₦200,000.00
    (c) the insurer pays ₦200,000.00 extra
    (d) Chinedu bears the first ₦200,000.00 of any claim

67. Why is the ₦180,000.00 claim not payable? It is not payable because it is …
    (a) a fraudulent claim (b) a war-related loss
    (c) below the deductible (d) covered by another insurer

68. What clause excludes war risks? It is the …
    (a) warranty clause (b) exception clause
    (c) arbitration clause (d) contribution clause

69. What principle allows the insurer to recover from the shipping company if they were negligent? It is the principle of …
    (a) contribution (b) subrogation (c) arbitration (d) deductible

70. What document lists the insured items and their values? It is the …
    (a) policy schedule (b) proposal form
    (c) endorsement (d) certificate of insurance

Ngozi insures her home in Enugu with Tin City Insurance. Her policy includes building and contents cover. After a burglary, she files a claim for stolen electronics. The insurer pays the claim but excludes jewelry not listed in the scheduled form.

71. What type of insurance did Ngozi purchase? Ngozi purchased … insurance.
    (a) travel (b) household (c) personal accident (d) health

72. What section of the policy covered her electronics? It is the …
    (a) building cover (b) personal liability
    (c) warranty clause (d) contents insurance

73. Why was Ngozi's jewelry not covered? It was not covered because it was …
    (a) not listed in the scheduled form (b) below the deductible
    (c) covered by another insurer (d) part of an exception clause

74. What principle allows the insurer to pay only for listed items? It is the principle of …
    (a) subrogation (b) contribution
    (c) contractual specificity (d) arbitration

75. What document would have listed the jewelry for coverage? It is the …
    (a) proposal form (b) scheduled form
    (c) endorsement sheet (d) exception clause

**Chief Examiner's Comment(s)**
The pass rate was impressive at 84% with the highest score being 99%, while the lowest score was 44%.

**Comment(s) on Overall Performance**
From the pass rate, it can be deduced that the candidates prepared adequately for the examination.

**Suggestion(s) on Improvement(s) (if any)**
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| **F05 – INSURANCE UNDERWRITING PROCESS** | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1 | C | 21 | A | 41 | A | 61 | B |
| 2 | B | 22 | A | 42 | B | 62 | A |
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| 17 | A | 37 | B | 57 | T | | |
| 18 | B | 38 | C | 58 | F | | |
| 19 | A | 39 | B | 59 | F | | |
| 20 | A | 40 | A | 60 | T | | |

CHARTERED INSURANCE INSTITUTE OF NIGERIA

**FOUNDATION**
F06 – MOTOR INSURANCE PRODUCTS
YEAR 2026 OCTOBER DIET

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**CHARTERED INSURANCE INSTITUTE OF NIGERIA**

**FOUNDATION**

F06 – MOTOR INSURANCE PRODUCTS

# INSTRUCTIONS TO CANDIDATES

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**Section A**
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**Example:**
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The answer is option (c).

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

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

1. Regulations attaching to specific legislation …
   (a) sets date for a review of the law
   (b) is an enabling Act that allows the officers of government issue guidelines
   (c) lists the industries that it applies to
   (d) allows states and local governments to decide if to implement

2. The Third Parties (Rights Against Insurers) Act operates in all these circumstances except
   (a) where the policyholder loses the certificate of insurance
   (b) where the policyholder dies (c) where the policyholder becomes bankrupt
   (d) where the policyholder becomes insolvent

3. When convictions exceed … years, it cannot be claimed to be spent.
   (a) 2 (b) 3 (c) 4 (d) 6

4. Mr. Williski was injured in an accident when Mr. Deduski hit him at the bus shelter when his car failed brake. Mr. Williski got relevant details of the car owner and insurance but decided that he had to treat his injury first before taking legal action. This legal action must for bodily injury must be filed within … years.
   (a) 2 (b) 3 (c) 4 (d) 5

5. In the absence of enquiry, the insured is not required to disclose any of these circumstances except information …
   (a) relating to physical properties (b) waived by the insurer
   (c) the insurer is presumed to know (d) the insurer knows

6. The intention of the two parties to an insurance contract, terms, conditions and details of the subject matter can be found in the … document.
   (a) policy (b) proposal form (c) prospectus (d) payment receipt

7. There are broadly two type of certificates and the Form A is also referred to as …
   (a) blank certificates (b) specified certificates
   (c) omnibus certificates (d) opaque certificates

8. Both certificates and cover notes are important legal documents and as such they are required to be retained for … months.
   (a) 12 (b) 9 (c) 6 (d) 3

9. The document by which the policyholder conveys material information about himself and the subject matter proposed for insurance is the …
   (a) contract form (b) invitation card
   (c) endorsement card (d) proposal form

10. The condition that requires that the policyholder should inform the insurer of any accident which could lead to a claim is known as a/an … condition.
    (a) express (b) operative (c) generative (d) notification

11. Where two policies cover the same subject matter and same perils, and a peril common to the two policies bring about a loss; both policies will be activated to share the loss payment. This is the operation of the … principle.
    (a) duality concept (b) contribution (c) pooling (d) subrogation

12. Mr. Yusuf was going through the policy document just delivered to him by his insurance broker. He wishes to know of added values in terms of 'assistance services' provided by the insurer. This can be seen in the … section of the policy document.
(a) heading (b) service information
(c) operative clause (d) exceptions

13. A fleet in which the number of vehicles to be insured exceeds the number of drivers is known as … fleet.
(a) plural (b) home (c) primary (d) simple

14. Any person who reasonably wish to confirm the existence and or genuineness of motor insurance cover or motor certificate can do so on the … platform.
(a) Corporation of Insurance Brokers (b) Nigeria Insurance Industry Database
(c) Nigeria Financial Intelligence Unit (d) Security and Exchange Commission

15. The combined operating ratio is an important measure in measuring the technical viability of an insurance company and would consist of all the following except …
(a) investment income (b) total expenses
(c) commission (d) claims

16. … is not true in relation to the modification of vehicles.
(a) It is easier to sell for the owner (b) It usually leads to improve performance
(c) It makes repairs to be more expensive (d) It makes it more attractive to theft

17. In private vehicle use, a certificate issued for social, domestic and pleasure will exclude …
(a) commercial travelling (b) motor trade garage use
(c) commuting to the office or place of work (d) carrying of passengers for reward

18. The policy put in place by a company for third party liabilities for employees who use their vehicles for employer's business is known as a …
(a) professional indemnity (b) product liability
(c) consequential loss (d) contingent liability

19. An NCD Scheme where a policyholder can qualify for a full year's NCD after six months is referred to as … NCD.
(a) starter (b) normal (c) accelerated (d) promotional

20. It says, subject to policy limits and exclusions, the policyholder should be placed in the same position after a loss as they enjoyed immediately prior to it. This relates to … principle.
(a) insurable interest (b) indemnity (c) contribution (d) notification

21. In repairing a vehicle whose door was damaged and repaired, the insurers agreed to repaint the whole vehicle so that the painting will not be different. This is known as …
(a) betterment (b) additional (c) top up (d) enhancement

22. … is the reason why non-proprietary parts are used in the course of vehicle repairs.
(a) Branding loyalty (b) Competitive pricing
(c) Unique features (d) Financial outlook

23. The professional that agrees the method and cost of repairs with a garage on behalf of the insurer is called a/an …
(a) superintendent (b) estimator (c) engineer (d) arbitrator

24. A car was reported as stolen. After a period of waiting, the insurer paid a claim on the basis of total loss. Two months after the payment, the car was recovered. At this instance, the car has become a … to the insurer.
(a) replacement (b) duplicate (c) salvage (d) physical profit

25. When the identity of broken or crushed vehicle is used on stolen vehicle and reintroduced into the market, it is known as …
(a) ringing (b) duplicating (c) melting (d recycling

26. 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

27. In a personal injury claim, the injured party is expected to file a claim within … years from the date of the accident causing the injury.
(a) 10 (b) 7 (c) 5 (d) 3

28. … is a similar platform in Nigeria that has database of vehicles insured like the MID in the UK.
(a) FRSC (b) NCRIB (c) NIID (d) ILAN

29. A legislation which allows the appropriate officer of government to issue regulations without going through full parliamentary procedure is called a/an … Act.
(a) Central (b) Enabling (c) Principal (d) Projecting

30. The "register of approved instructors" under the RTA is in respect of …
(a) those who conduct driving tuition (b) association of road traffic controllers
(c) those who inspect accident vehicles on behalf of insurers
(d) group of persons who certify that vehicles are roadworthy

31. A letter of consent and indemnity is issued in respect of a … claim.
(a) theft (b) subrogated (c) own damage (d) property

32. The current law regulating insurance practice in Nigeria is the …
(a) Nigeria Insurers Industry Reform Act 2025
(b) Nigerian Insurers Industry Reform Act 2025
(c) Nigeria Insurance Industry Reform Act 2025
(d) Nigerian Insurance Industry Reform Act 2025

33. The Third Parties (Rights Against Insurers) Act do not deal with the situation where …
(a) an insured company that changes its corporate name
(b) a policyholder has died (c) a corporate insured is wound up
(d) a company becomes bankrupt

34. Under the Nigerian Motor Insurance law, a certificate must be delivered by the insurer to the insured. However, where the policy is cancelled by mutual consent, the certificate must be surrendered to the insurer within … days.
(a) 30 (b) 21 (c) 14 (d) 7

35. The principle of insurance that requires that the insured must be able to show that the subject matter exists and that they will benefit from its continued existence and will suffer financially from its loss is …
(a) indemnity (b) subrogation
(c) insurable interest (d) utmost good faith

36. A situation in which there are two insurance policies which cover a loss is referred to as ..
(a) overlap (b) contribution (c) franchise (d) exclusion

37. An insured phones the insurance company to inform them of the details of an accident to his car. The information so provided is captured by the insurer and sent to the insured for verification. The document sent for verification by the insured is called a …
(a) proposal form (b) endorsement
(c) prospectus (d) statement of Insurance

38. A youngster who is actually the main user and owner of a car used the mother to obtain insurance rate. This is called …
(a) delegating (b) duplicating (c) dispatching (d) fronting

39. Motor … cover will cover Mr. Demilade's car insured under comprehensive when he hit his car against the concrete beam of his gate.
(a) comprehensive (b) third party, fire and theft
(c) third party only (d) Road Traffic Act

40. The note to obtain the policyholder's acceptance that the vehicle has been returned in a satisfactory state and that they fund repairs in order is called a …
(a) release note (b) invoice
(c) proforma invoice (d) collection note

41. Where an insurer requires an insured to complete a proposal form or any application form for insurance. This is a statement of fact and is also contained in Section … of NIIRA 2025.
(a) 64 (b) 65 (c) 67 (d) 69

42. The professional who agrees the method and cost of repairs with garage estimators and who provide repair authority on behalf of the insurer is a/an …
(a) agent (b) engineer (c) surveyor (d) superintendent

43. The time during which the insurer observes to see whether a stolen vehicle will be recovered before treating the vehicle as permanently stolen is called the …
(a) semester (b) interlude (c) waiting period (d) interregnum

44. In the motor policies issued in Nigeria, the current monetary limit for death or bodily injury is …
(a) ₦1million (b) ₦2million (c) ₦3million (d) Unlimited

45. When a person is driving a vehicle under the driving other vehicles extension of a vehicle not belonging to them. The cover on the car is …
(a) Road Traffic Act (b) Third Party Only
(c) Third Party, Fire and Theft (d) Comprehensive

46. … will not qualify to be part of accessories in a private motor car?
(a) Steering (b) Spare Wheel (c) Jack (d) Radio

47. Regulations under motor insurance requires that the insurer keeps and retain certificates and cover notes for a specified period of … months.
(a) 36 (b) 24 (c) 18 (d) 12

48. The provision of the policy which states that if the insurer so wishes, the insurer may take over and deal with the defense or settlement of any claim, and it may also pursue recovery, refers to …
(a) contribution (b) cooperation (c) subrogation (d) transformation

49. A policyholder in Nigeria who wishes to travel with their own car to countries in the West Africa region must provide for third liability in these countries by means of …
    (a) international passport (b) international driving license
    (c) brown card (d) forex wallet

50. Uninsured losses are provided for through … policy.
    (a) consequential loss (b) legal expenses
    (c) all risk (d) personal liability

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

51. A consolidating statute is a law that differs from related legislation before it.
52. If the holder of a driving license becomes aware of a relevant disability, the government regulatory body to notify is the police.
53. The requirement for third party protection liabilities does not end with "road" but extends to 'other public places'
54. Courtesy car is a common feature of commercial motor insurance policies.
55. In a car sharing agreement, the vehicle owner can accept contribution towards the running of the vehicle only and not beyond.
56. The Third Parties' (Rights Against Insurers) Act transfers the right to enforce the benefits of the third-party liability cover to the third party in the event of the death of the policyholder.
57. NCD is very important as it is granted as the insurer is saved from the cost of claims and expenses, as such every claim including those of emergency treatment, reduces the NCD or cancels it totally.
58. When there is no identifiable negligent party to take to court in respect of the victim of a third-party motor insured, the compensation comes straight from the purse of the Accountant General of the Federation.
59. The ECOWAS Brown Card Scheme as an international motor insurance third liability scheme covers the whole of all countries in Africa.
60. The rehabilitation period commences from the date the offence is committed.

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

The policy document is said to be an important document in the insurance relationship between an insured and the insurer. An insured then approaches you to explain the different parts of the policy to him to put his anxiety to rest.

61. The purpose of the policy document is …
    (a) for acknowledgment (b) an evidence of the contract
    (c) to be a sales document (d) for information purposes

62. The section of the policy which lists all covers and section and shows particular details of the insured is the …
    (a) opening (b) operative clause (c) schedule (d) service information

63. The section of the policy that reminds the policyholder that the proposal, certificate and schedule all form part of the contract is the …
    (a) heading (b) general exceptions (c) definitions (d) preamble

64. The operative clause indicates …
    (a) perils that are covered (b) period of insurance
    (c) operation mechanism of car (d) indication of claims procedure

65. The … document is sometimes used to replace the proposal form.
(a) prospectus (b) statement of facts
(c) proforma invoice (d) demand note

You were confronted with the issue of insurance and the fact that they equally apply to motor insurance contract. Clarify using examples/scenarios

66. The contract of insurance requires that each party must disclose to the other party all information/fact relating to the subject matter of the contract, whether asked or not. This duty has to do with …
(a) caveat emptor (b) utmost good faith (c) disclosure (d) details

67. Mr. Lawrence bought a car for use by himself to commute to work daily and to take his family on outings over the weekends. If the car is damaged and cannot be used, he suffers inconveniences and will have to seek another means of going to work. If it becomes a total loss, he will have to look for money to replace by looking for money to do so. This scenario is indicative of …
(a) proximate cause (b) insurable interest
(c) utmost good faith (d) contribution

68. Insurance is not to make profit but to put the insured in the financial position he was in relation to the subject matter prior to the loss. This principle is …
(a) subrogation (b) proximate cause (c) Indemnity (d) insurable interest

69. A policyholder's car was damaged by a third-party motorist who accepted liability and pledged to repair the policyholder's car. His car was also comprehensively insured and it was repaired by the insurance company who now proceeded against the third party for reimbursement of their outlay. The principle at work here is …
(a) subrogation (b) proximate cause (c) indemnity (d) insurable interest

70. In the accident report form, the insured was requested to give in detail the events of the accident. The insurers are trying to establish …
(a) subrogation (b) proximate cause (c) indemnity (d) insurable interest

TGA is a big manufacturing company involved in the transportation of raw materials from the ports and warehouse/distribution of finished products across the country using its own transport division which operates more than 100 vehicles. The company now wishes to have the benefit of fleet rating on its large size of vehicles

71. Under fleet rating, how many categories are there?
(a) 2 (b) 3 (c) 4 (d) 5

72. A new insurance company wishes to take over the motor fleet account of the company, how many years portfolio experience are they entitled to, from the existing insurer?
(a) 6 (b) 5 (c) 4 (d) 3

73. A situation in which employees are authorised to use their vehicles for their employer's business could lead to vicarious liability on the part of the employer. … liability policy is recommended for this situation
(a) public (b) personal (c) contingent (d) professional Indemnity

74. A median rate/premium is established in a fleet risk and adjustments made round it to reflect the real claim experience. This rate is referred to as … premium.
(a) book (b) aggregate (c) excess (d) target premium

75. In evaluating the claim history of a fleet, … will not be relevant in assessing paid claims and reserves.
(a) third party property damage (b) third party personal injury
(c) new vehicles added to the scheme in these years (d) own damage

**Chief Examiner's Comment(s)**
The pass rate was good at 69% with the highest score being 89%, while the lowest score was 44%.

**Comment(s) on Overall Performance**
From the pass rate, it can be deduced that the candidates prepared adequately for the examination.

**Suggestion(s) on Improvement(s) (if any)**
Candidates appeared to have prepared adequately for the examination.

Future candidates are also encouraged to study the coursebooks with understanding and also ensure that while studying, they translate in their minds the principles being studied into scenario-based issues so that those principles can be applied on those scenarios and then they can then be able to choose the correct options when required in the examination.

In addition, future candidates are further encouraged to understand what works best for them, considering their work schedules and personality, and be prepared to make adequate sacrifices required to be duly prepared for the examination. This could be in the form of attending extra tutorials, spending extra hours to study, e.t.c. which are highly encouraged.

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

**FOUNDATION**
F07 – HOUSEHOLD INSURANCE PRODUCTS
YEAR 2026 OCTOBER 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 OCTOBER 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 – 60)

1. In the Nigerian insurance market, banks that distribute insurance products either as tied or multi-tied agents are operating under the model called …
   (a) direct insurance (b) electronic data interchange
   (c) bancassurance (d) peer-to-peer insurance

2. The introduction of call centres for household insurance sales is most closely associated with the development of ...
   (a) peer-to-peer insurance (b) direct insurance
   (c) affinity group schemes (d) takaful insurance

3. In the Nigerian context, an intermediary who uses Electronic Data Interchange (EDI) can issue policy documents directly from their office because …
   (a) they have been granted underwriting authority by NAICOM
   (b) EDI allows electronic transmission of data to and from insurers
   (c) they operate as a direct writing subsidiary of an insurer
   (d) they function as an aggregator platform

4. One major advantage of using aggregators for household insurance is …
   (a) guaranteed claim payment (b) easy comparison of premiums and benefits
   (c) automatic tax exemption (d) elimination of intermediaries

5. A key challenge of direct insurance in Nigeria is …
   (a) low digital literacy among customers (b) excessive reliance on brokers
   (c) lack of insurance companies (d) over-regulation by NSE

6. … type of intermediary offers products from several insurers for the same class of business.
   (a) Single-tied agent (b) Brand partner
   (c) Independent broker (d) Direct insurer

7. … development best reflects the application of technology to household insurance distribution in Nigeria.
   (a) Introduction of compulsory occupiers' liability
   (b) Growth of electronic data interchange and online sales
   (c) Expansion of takaful operators (d) Increase in physical branch offices

8. The maximum amount payable for any one item under contents insurance is known as the …
   (a) valuables limit (b) sum insured
   (c) single article limit (d) policy excess

9. Damage to underground pipes, drains, and cables serving a dwelling is normally covered Under … insurance.
   (a) contents (b) buildings (c) liability (d) valuables

10. A key difference between buildings insurance and contents insurance is that contents insurance covers …
    (a) furniture and electronics (b) roof and walls
    (c) foundations and soil (d) driveways and fences

11. A household insurance claim for a stolen laptop worth ₦500,000.00 may be restricted by ...
(a) single article limit clause (b) legal liability clause
(c) buildings insurance clause (d) landslip clause

12. Under Nigerian household insurance, the contents section typically covers legal liability arising from: …
(a) ownership of the building (b) employment of domestic staff
(c) defective Premises Act 1972 (d) professional negligence

13. … liability insurance covers injury to domestic employees in a private household.
(a) Public (b) Occupiers' (c) Employers' (d) Professional

14. High-value items individually listed on a household policy are referred to as … items.
(a) unspecified (b) declared (c) specified (d) excluded

15. An extension that covers accidental damage to household contents is classified as a/an … extension.
(a) mandatory (b) standard (c) optional (d) statutory

16. An extension that increases protection without altering the basic nature of the household policy is known as a/an …
(a) endorsement (b) exclusion (c) warranty (d) condition precedent

17. For the 'Legal Expenses' extension in Nigeria, cover is typically provided for legal costs incurred in disputes relating to …
(a) matrimonial or divorce matters (b) employment contracts
(c) planning and construction of a building (d) libel or slander

18. The 'Legal Expenses' extension in a Nigerian household policy will typically not cover costs arising from a dispute that began within the first … of the policy inception.
(a) 30 days (b) 90 days (c) 180 days (d) 1 year

19. … extension commonly provides cover for temporary removal of contents from the insured premises.
(a) Personal possessions (b) Alternative accommodation
(c) Removal (d) Legal liability

20. A standard caravan insurance policy in Nigeria typically provides geographical cover for the caravan while it is temporarily on the same continent for a period not exceeding … days.
(a) 30 (b) 60 (c) 90 (d) 240

21. The 'Veterinary Fees' section of a comprehensive pet insurance policy in Nigeria for cats and dogs is most commonly provided on a basis known as …
(a) lifetime policy (renewing benefit) (b) accident-only policy
(c) per-ailment maximum policy (d) indemnity-only policy

22. … is a typical exclusion under a standard Mobile Phone Insurance (MPI) policy in Nigeria.
(a) Accidental damage to the screen
(b) Theft reported to the police within 24 hours
(c) Claims made within the first 14 or 21 days of cover
(d) Loss of the phone from a locked home

23. Excess in insurance policies refers to the …
(a) portion of loss borne by the insured before the insurer pays
(b) total claim payable for all items
(c) insured's pension contributions (d) insured's mortgage balance

24. A Nigerian traveller should ideally purchase a single-trip travel insurance policy to ensure cover for the loss of a holiday deposit …
(a) on the day of departure (b) at the time of booking the holiday
(c) after arriving at the destination (d) when checking in at the airport

25. A key reason why the standard sums insured for baggage in a travel policy may be inadequate for a Nigerian policyholder is if they are embarking on a …
(a) seven-day beach holiday within West Africa
(b) round-the-world cruise lasting several months
(c) short business trip to a neighbouring country (d) weekend city break

26. 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

27. Stand-alone business policies are important because they …
(a) protect enterprises from financial losses due to insured risks
(b) waive tax obligations of business owners
(c) provide pension contributions (d) cover soil erosion

28. Insurance for holiday homes places special emphasis on risks arising from …
(a) daily occupation (b) long-term tenancy
(c) periodic unoccupancy (d) commercial use

29. Holiday home insurance policies often require specific terms relating to … conditions.
(a) premium payment (b) unoccupied property
(c) contribution (d) subrogation

30. A tenant's policy in Nigeria often includes cover for …, which is not usually needed by a standard household policyholder.
(a) damage to landlord's fixtures and fittings (b) subsidence of the building
(c) thatched roof fire damage (d) overseas holiday homes

31. Under a standard household insurance policy in Nigeria, a person who works from home must inform their insurer, particularly if their business involves …
(a) having clients visit the home premises (b) using a personal computer for emails
(c) storing stationery worth less than ₦50,000.00
(d) working less than 20 hours per week

32. The current law regulating insurance practice in Nigeria is the …
(a) Nigeria Insurers Industry Reform Act 2025
(b) Nigerian Insurers Industry Reform Act 2025
(c) Nigeria Insurance Industry Reform Act 2025
(d) Nigerian Insurance Industry Reform Act 2025

33. The principle that an employer can be held legally responsible for the wrongful acts of an employee committed in the course of employment is called … liability.
(a) strict (b) occupiers' (c) vicarious (d) product

34. The primary statute in Nigeria that outlines the duties of an occupier to ensure lawful visitors are reasonably safe on their premises is based on the principles of the UK's …
(a) Defective Premises Act 1972 (b) Occupiers' Liability Act 1957
(c) Consumer Rights Act 2015 (d) Animals Act 1971

35. The tort of … involves interference with a person's right to enjoy their property, such as through persistent noise or encroaching tree roots.
(a) negligence (b) nuisance (c) trespass (d) defamation

36. A landlord's responsibility for injuries caused by unsafe common areas is primarily assessed under … law.
(a) criminal (b) contract (c) occupiers' liability (d) commercial

37. Failure to exercise reasonable care that results in loss or injury constitutes …
(a) nuisance (b) negligence (c) defamation (d) misrepresentation

38. … legal framework sets the maximum time within which civil claims must be initiated.
(a) Law of Tort (b) Insurance Act
(c) Limitation of Actions (d) Conduct of Business Rules

39. For a standard household policy in Nigeria, the basis of cover where the insured receives the cost of a brand-new replacement for a lost or destroyed item is known as …
(a) indemnity (b) market value (c) new for old (d) agreed value

40. NAICOM requires insurers to include eligibility statements to …
(a) prevent misrepresentation at policy inception (b) guarantee tax exemptions
(c) waive premium payments (d) provide pension contributions

41. Where an insurer requires an insured to complete a proposal form or any application form for insurance. This is a statement of fact and is also contained in Section … of NIIRA 2025.
(a) 64 (b) 65 (c) 67 (d) 69

42. In Nigeria, … is a key difference in the renewal process for household insurance compared to some other countries.
(a) a 30-day grace period is automatically applied after the expiry date
(b) the premium is always reduced at renewal
(c) cover lapsing immediately on the expiry date and only reinstated upon receipt of premium by the insurer
(d) renewal not permitted but rather purchase of a new policy

43. A factor such as prior claims history is primarily used for … assessment.
(a) marketing (b) claims handling (c) rating (d) accounting

44. A shared industry database used to record previous insurance claims is referred to as the …
(a) Art Loss Register (b) Insurance Fraud Register
(c) Claims and Underwriting Exchange (d) Data Matching Software

45. The principle that allows an insurer, after settling a claim, to take legal action in the insured's name against a third party responsible for the loss is called …
(a) contribution (b) salvage (c) subrogation (d) arbitration

46. A holiday home in Calabar damaged by fire while unoccupied would be covered under …
(a) holiday home insurance policy (b) tenants' insurance policy
(c) landlords' insurance policy (d) mobile phone insurance policy

47. Civil Procedures Rules in Nigeria guide …
(a) the legal process for resolving insurance disputes in court
(b) waiver of tax obligations
(c) provision of pension contributions (d) cancellation of mortgage loans

48. … professional is appointed by insurers to investigate, assess and negotiate settlement of claims.
(a) Loss assessor (b) Claims inspector
(c) Loss adjuster (d) Arbitrator

49. An insurer's employee who visits a loss site to verify facts and report findings is known as a ..
(a) loss assessor (b) claims inspector (c) arbitrator (d) mediator

50. The legal principle that an occupier of land is strictly liable if a dangerous thing they accumulate escapes and causes damage was established in the case of …
(a) Donoghue v. Stevenson (b) Rylands v. Fletcher
(c) Newton v. Edgerley (d) Blyth v. Birmingham Waterworks

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

51. In Nigeria, a tenant who rents a fully furnished flat from a real estate company is always responsible for insuring the building's structure under a houseowner policy.
52. The principle of "Indemnity" in household insurance is designed to allow the policyholder to make a financial profit from an insurance claim.
53. Brandassurance allows insurers to access new customer segments through trusted non-insurance brands.
54. Buildings insurance in Nigeria typically covers the main structure of a residential building against insured perils such as fire and flood.
55. Contents insurance provides cover for household items such as furniture, clothing and appliances owned by the policyholder.
56. The single article limit clause restricts the maximum claim payable for one item, such as jewelry or electronics.
57. Specified items under a household policy are high-value items that are individually listed and described in the policy schedule.
58. Caravan insurance provides cover for caravans used for leisure against risks such as theft or accidental damage.
59. The "Cancellation or Curtailment" section of a travel policy would cover a holiday deposit if the insured decides not to travel due to a lack of funds.
60. Extensions to the basic cover allow policyholders to increase the scope of protection under personal insurance policies.

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

Mrs. Bello's home in Ibadan, Nigeria suffers fire damage. Her insurer pays for alternative accommodation but denies her claim for wear and tear.

61. Exclusions in household insurance policies refer to …
(a) risks not covered by the policy (b) items declared in the schedule
(c) general personal belongings (d) legal liability cover

62. A common exclusion in Nigerian household insurance policies is …
(a) fire damage to buildings (b) theft of jewelry
(c) wear and tear of property (d) subsidence of soil

63. NAICOM regulations require insurers to …
(a) ignore exclusions in claims (b) hide exclusions from customers
(c) transfer exclusions to brokers (d) clearly disclose exclusions in contracts

64. A common extension in Nigerian household insurance is cover for …
(a) tax obligations of the insured
(b) alternative accommodation expenses after fire damage
(c) pension contributions (d) mortgage balances

65. Extensions contribute to household insurance development by …
(a) providing additional protection beyond basic cover (b) waiving tax obligations
(c) providing pension contributions (d) cancelling mortgage loans

A policyholder in Lagos travels to Liberia with personal possessions. He wants to know if his household insurance covers items outside Nigeria.

66. Geographical limits in household insurance define the …
(a) insured's mortgage balance (b) insured's tax obligations
(c) insured's pension contributions (d) territorial scope of cover

67. In Nigeria, geographical limits for personal possessions often extend to …
(a) ECOWAS countries (b) European Union only
(c) North America only (d) Asia only

68. A household insurance policy covering personal possessions while travelling within ECOWAS demonstrates …
(a) specified item clause (b) exclusion clause
(c) geographical limit extension (d) subsidence clause

69. Insurers in Nigeria may restrict geographical limits to …
(a) Entire Africa without restriction
(b) Nigeria and immediate neighbouring countries
(c) Global coverage without limits (d) Only Europe and Asia

70. Understanding geographical limits is important because …
(a) claims outside the defined territory may not be payable
(b) premiums are automatically refunded
(c) taxes are waived internationally (d) mortgages are cancelled abroad

Mrs. Ahmed travelled from Lagos, Nigeria to Sierra Leone. Her luggage was lost at Murtala Muhammed International Airport, Lagos, Nigeria

71. Travel insurance policies in Nigeria often cover …
(a) soil subsidence at home (b) medical emergencies abroad
(c) theft of household furniture (d) collapse of buildings

72. Lost luggage at the airport is covered under … insurance policy.
(a) travel (b) caravan (c) livestock (d) household

73. Cancellation or curtailment is usually included as an extension under … insurance policies.
(a) mobile phone (b) livestock (c) caravan (d) travel

74. NAICOM requires insurers to … travel insurance policies.
(a) cancel mortgage loans (b) waive premium payments
(c) provide pension contributions
(d) clearly disclose exclusions and geographical limits

75. Travel insurance contributes to household insurance development by …
(a) protecting travelers against risks abroad and during transit
(b) waiving tax obligations
(c) providing pension contributions (d) cancelling mortgage loans

**Chief Examiner's Comment(s)**
The pass rate was impressive at 83% with the highest score being 90%, while the lowest score was 55%.

**Comment(s) on Overall Performance**
From the pass rate, it can be deduced that the generality of the candidates prepared adequately for the examination.

**Suggestion(s) on Improvement(s) (if any)**
Candidates appeared to have prepared adequately for the examination.

Future candidates are also encouraged to study the coursebooks with understanding and also ensure that while studying, they translate in their minds the principles being studied into scenario-based issues so that those principles can be applied on those scenarios and then they can then be able to choose the correct options when required in the examination.

In addition, future candidates are further encouraged to understand what works best for them, considering their work schedules and personality, and be prepared to make adequate sacrifices required to be duly prepared for the examination. This could be in the form of attending extra tutorials, spending extra hours to study, e.t.c. which are highly encouraged.

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

CHARTERED INSURANCE INSTITUTE OF NIGERIA

**FOUNDATION**
F08 – HEALTHCARE INSURANCE PRODUCTS
YEAR 2026 OCTOBER 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 OCTOBER 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. … trace their ancestry as a movement back to Late Victoria Times.
   (a) Health Trust (b) Health cash plans
   (c) Third Party Administrator (d) Commercial Insurers

2. … is not part of the medical insurance market.
   (a) Company paid (b) Individual paid
   (c) Brokers paid (d) Voluntary employee-paid groups

3. … is not common among the types of outpatient treatment.
   (a) Radiology (b) Pathology (c) Physiotherapy (d) Radiotherapy

4. Group PMI for employer scheme does not fall into …
   (a) large group scheme (b) Small group scheme paid by the employer
   (c) voluntary scheme; set up by the employer but paid by the employee
   (d) individually purchased personal scheme

5. The strengths of TPAs and consultancies do not include …
   (a) motivation (b) information (c) flexibility (d) independence

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

7. In the classification of hospitals in Nigeria, … are referred to as tertiary.
   (a) general hospitals (b) health centres
   (c) federal medical centres (d) teaching hospitals

8. … policy is also referred to as mortgage payment protection insurance.
   (a) Payment protection insurance (b) Pre-funded policy
   (c) Long term care (d) Accident Sickness and Unemployment insurance

9. … is referred to as an alternative to traditional PMI.
   (a) Travel insurance (b) Cancer only insurance
   (b) Health care plan (d) Major Medical Expenses

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

11. … are in effect a way of spreading the cost of future treatment.
    (a) Capitation plans (b) Third party Administration
    (c) Health Cash Plans (d) Private Medical Insurance

12. A member of a sports club or an employee of a particular organisation will receive a 10% … discount for being a member in most health plans.
    (a) payment (b) affinity (c) voluntary (d) earned

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

14. The Four-or-Six-Week Policies are forms of … policies.
    (a) budget (b) international (c) mid-range (d) comprehensive

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

16. … schemes run along similar lines to cost plus schemes.
(a) Self-insured (b) Risk share (c) Fully insured (d) Cost plan

17. … is not a form of Group PMI.
(a) Large group schemes (b) Middle group schemes
(c) Affinity schemes (d) Small group schemes

18. The assessment of risk for an individual is based on all these except …
(a) age (b) existing medical condition (c) income (d) marital status

19. … is a disadvantage of direct marketing of health insurance.
(a) Insurers (b) Brokers
(c) IFAs (d) Employee benefits consultants

20. … is not a reinsurance benefit to health insurer.
(a) Capital (b) Medical treatment (c) Product design (d) Stop loss

21. … is not a healthcare-acquired infection.
(a) MPIS (b) DPIS (c) MRSA (d) MSSA

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

23. One way in which insurers can help people lower the cost of PMI is to split benefits along ...
(a) cost of treatment (b) nursing fees
(c) accommodation cost (d) menu lines

24. … is referred to as a surgical implanted device intended to remain permanently in a part of the body.
(a) Physiotherapy (b) Theatre treatment
(c) Surgical dressing (d) Prosthesis

25. Before the NHS was established in Year 1948, the rich tended to …
(a) borrow to fund their health care (b) contribute to fund their health
(b) have the State fund it for them (d) fund it by themselves

26. 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

27. … evolved from a Provident Fund Scheme.
(a) ECA (b) NP (c) NSITF (d) NHS

28. … is not an objective of the Employee Compensation Act 2010.
(a) To provide for an open and fair System of guaranteed and adequate compensation for all employees
(b) To pay the retirement benefits to all staff whose company did not put in place such
(c) To provide rehabilitation to employees with work disability
(d) To provide for fair and adequate assessments for employers.

29. The principal differences between National Health Service and the Private Healthcare System will include all the statements below except …
(a) the time spent waiting to be treated and choice regarding when to be treated
(b) the choice of facilities
(c) the private sector allows a complete choice of specialist
(d) the private sector is not allowed to use technologies not available at the NHS

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

31. … is not an advantage from getting treatment from the private medical sector.
(a) Less time waiting for operations (b) Choice of consultant
(c) Free medical treatment (d) Choice of hospital

32. The current law regulating insurance practice in Nigeria is the …
(a) Nigeria Insurers Industry Reform Act 2025
(b) Nigerian Insurers Industry Reform Act 2025
(c) Nigeria Insurance Industry Reform Act 2025
(d) Nigerian Insurance Industry Reform Act 2025

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

34. The law regulating health insurance in Nigeria is …
(a) National Health Insurance Act 1999
(b) National Insurance Commission Act 1997
(c) Nigerian Insurance Industry Reform Act 2025
(d) Employee Compensation Act 2010

35. … is not a reinsurance benefit to health insurer.
(a) Capital (b) Stop loss
(c) Product design (d) Medical treatment

36. A growing proportion of private medical schemes are now run on behalf of employers for their employees, by …
(a) Third-Party Administrator (b) Health and Dental Cash Plans
(c) National Health Service (d) Private Medical Insurance

37. According to Agusto & Co, … of Nigerians have health insurance.
(a) 1% (b) 3% (c) 5% (d) 7.5%

38. In their annual survey of the health insurance market, Laing Buisson estimated that at the start of Year 2017, … million subscribers had health insurance cover.
(a) 1 (b) 2 (c) 4 (d) 6

39. The medical insurance market is divided into these three categories except …
(a) individual paid (b) indemnity paid groups
(c) company paid (d) affinity or voluntary employee-paid groups

40. … is the scheme name when employers decide to pay for healthcare treatment for their employees as these costs arises, rather than use insurance.
(a) Self-funded schemes (b) Health Trusts
(c) Health and Dental Cash Plans (d) National Health Service

41. Where an insurer requires an insured to complete a proposal form or any application form for insurance. This is a statement of fact and is also contained in Section … of NIIRA 2025.
(a) 64 (b) 65 (c) 67 (d) 69

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

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

44. The name for choosing to have treatment abroad in the lowest cost country offering a similar quality is health …
(a) tourism (b) financing (c) cover (d) arbitrage

45. An amount which the insured will bear for each and every loss is called …
(a) limit (b) franchise (c) excess (d) claim

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

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

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

49. Insurers commonly band the hospital accommodation to which their customers may have access according to …
(a) the cost of services and the treatment provided
(b) number of doctors and nursing working for them
(c) government regulation (d) None of the above

50. … is not a rough category of Personal PMI.
(a) Standard (b) Mid-range (c) Basic (d) International

51. … is the mandatory minimum Group Life cover required under the Pension Reform Act 2014 in Nigeria.
(a) 1 × annual emolument (b) 2 × annual emolument
(c) 3 × annual emolument (d) 4 × annual emolument

52. Hospital charges will apply to all these except …
(a) operating theatre facilities (b) prosthesis
(c) recuperation (d) day case treatment

53. Treatment that does not require patient to stay in hospital overnight is called …
(a) in-patient treatment (b) complementary therapies
(c) prosthesis (d) day case treatment

54. … is not a classification of surgical procedure.
(a) Major plus (b) Intermediate (c) Minor (d) Standard

55. … is the term used for x-rays/body scans.
(a) Prosthesis (b) Pathology (c) Radiology (d) Physiotherapy

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

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

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

59. … Schemes will cover employees who are less than 50 years of age.
(a) Small Group (b) Middle Group (c) Large Group (d) Affinity

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

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

61. Medical history disregarded usually applies to large group schemes where pre-existing medical conditions are covered.
62. Individual policies are usually not subjected to the strictest levels of underwriting.
63. Most traditional schemes simply exclude all pre-existing conditions.
64. Critical Illness Insurance is usually underwritten in the same way as life insurance policy.
65. PMI insurers use the direct settlement of bills for those who provide medical treatment and services.
66. Medical inflation has not risen more rapidly than the Retail Price Index measure of inflation.
67. Networks are where an insurer selects specific facilities, consultants and/or medical protocols to form a network to carry out particular forms of treatment or diagnostics.
68. NAICOM is the regulator of health insurance in Nigeria.
69. There is no difference between public and private sector healthcare system.
70. Provident associations were introduced during the 1920s and 1930s.
71. PMI pays for the treatment of only in-patients.
72. Few PMI policies cover private consultations with a GP or the costs of medical services that are used in the treatment of pre-existing conditions.
73. Radiology is same as blood and urine test.
74. One of the disadvantages of flexible benefits scheme is that employees have control over the benefits they choose reflecting their lifestyle.
75. Travel insurance covers all pre-existing conditions.
76. There is no difference between public and private sector healthcare system.
77. The main advantage to be gained by people buying private medical treatment is that they will have more waiting time for surgeries.
78. Provident associations were introduced during the 1920s and 1930s.
79. Medical insurance is designed to pay for the treatment of acute medical conditions.
80. Nigeria is practising Universal Health Coverage.
81. The international health insurance also pays for hospital bills incurred locally.

82. Healthcare insurance for UK expatriates often offers additional benefits compared to the standard UK health insurance policy.
83. PMI does not pay the cost of secondary acute care received outside the National Health Service.
84. In Limited Benefit Policies, out-patient benefit is either totally excluded or very limited.
85. Most PMI policies are supported by a table of benefits.

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

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

Dolade Nigeria Limited, a registered company in Nigeria, wants to insure the injuries to its employees in line with the provisions of the law and also those that have to do with their health. The company has 40 staff and wants the insurance to be same for all staff irrespective of their salary.

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

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

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

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

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

Mr. Temitope Adetunji was employed as a manager in an establishment in Nigeria. He was sent out his station to manage another branch of the organisation. Mr. Adetunji had an accident in course of doing this assignment and he was required to undergo surgery due to this accident but his office arrangement for healthcare cover with Lagos HMO does not cover such surgery, although the office has Workmen Compensation with NISTF.

91. From the above narration, what do you think Mr. Adetunji should do?
(a) Mr. Adetunji's Human Resource Manager should inform the NISTF to make a claim from the workmen compensation policy.
(b) Mr. Adetunji should file a legal suit against his employer
(c) Mr. Adetunji's Human Resource Manager should force the Lagos HMO to pay for the surgery
(d) Mr. Adetunji to forget about making a claim

92. How will you term the liability of the employer to Mr. Adetunji?
(a) Vicarious Liability (b) Strict Liability
(c) Absolute Liability (d) All of the above

93. From the above case study, if the Workmen Compensation scheme is invoked, who will it make payment to?
(a) The Lagos HMO
(b) The hospital that provided Mr. Adetunji with the treatment
(c) Both Employee and Employer (d) The Employer only

94. Supposing Mr. Adetunji had lost his leg, how ill the Workmen Compensation Scheme, if invoked, compensate?
(a) Compensation will be to Mr. Adetunji's estate
(b) Compensation will be paid to employer
(c) Compensation will be paid to Mr. Adetunji (d) All of the above

95. If Mr. Adetunji had died while in the course of his employment, to whom will the death benefit be paid to?
(a) His Employer (b) His Estate
(c) His Chosen Charitable Organisation when he was alive (d) All of the above

Mr. Jerome Akpan enrolled himself, his wife and four children with Champion HMO. His youngest son named Johnson had already entered University of Jos to study medicine and he is currently in 200Level. Johnson fell ill and was rushed to the school hospital by his room-mates for treatment and after his full recovery, the hospital bill was given to Johnson for settlement before he could be allowed to leave. He informed the hospital's accountant that his family have a cover purchased from Champion HMO.

96. To initiate a claim from the Champion HMO, what must be done for the HMO to settle the bill?
(a) Completion of claim form (b) Payment for determination claim
(c) Eligibility checks (d) Use of code

97. How would the Champion HMO assess the claim against the insured previous claims history?
(a) Location of the hospital (b) Date of the treatment
(c) Annual maximum benefits (d) All of the above

98. After the validity of the claim has been accepted by the HMO, what else is necessary to determine?
(a) The amount of the payment to be made, and to whom it should be made
(b) Was the treatment received in a recognised establishment and from a recognised specialist
(c) Is the patient covered by the policy (d) All of the above

99. How many sufficient information must the claim form contain?
(a) 4 (b) 6 (c) 8 (d) 10

100. Assuming Johnson spent three nights at the hospital while receiving treatment, the access of accommodation is called hospital …
(a) rating (b) category (c) band (d) None of the above

**Chief Examiner's Comment(s)**
The pass rate was good at 65% with the highest score being 92%, while the lowest score was 46%.

**Comment(s) on Overall Performance**
From the pass rate, it can be deduced that the candidates prepared adequately for the examination.

**Suggestion(s) on Improvement(s) (if any)**
Candidates appeared to have prepared adequately for the examination.

Future candidates are also encouraged to study the coursebooks with understanding and also ensure that while studying, they translate in their minds, the principles being studied into scenario-based issues so that those principles can be applied on those scenarios and then, they can then be able to choose the correct options when required in the examination.

In addition, future candidates are further encouraged to understand what works best for them, considering their work schedules and personality, and be prepared to make adequate sacrifices required to be duly prepared for the examination. This could be in the form of attending extra tutorials, spending extra hours to study, e.t.c. which are highly encouraged.

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

*** = Multiple Correct Answers, hence a Bonus Mark

CHARTERED INSURANCE INSTITUTE OF NIGERIA

**FOUNDATION**
F10 – INSURANCE BROKING PRACTICE - I
YEAR 2026 OCTOBER 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 OCTOBER 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 from by filling in the appropriate box.

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

1. Insurance brokers primarily act on behalf of the… …
   (a) insurer (b) government (c) insured (d) reinsurer

2. The relationship between an insurance broker and a client is primarily established based on…
   (a) contract of sale (b) agency
   (c) bailment (d) trust deed

3. … best describes the category of clients on whose behalf reinsurance brokers arrange and place reinsurance risks in the insurance market.
   (a) Individuals (b) Insurers (c) Government (d) Agents

4. Broker networks are primarily established to achieve … objectives within the insurance market.
   (a) reduced clients (b) increased bargaining power
   (c) reduced staff (d) avoid claims

5. Brokers, by virtue of their role in the insurance market, act as … between the insurer and the insured, facilitating discussions and negotiations that help both parties reach an agreement and conclude a binding insurance contract.
   (a) arbitrator (b) mediator (c) conciliator (d) adjudicator

6. ... does ***not*** constitute a constraint or consideration that may limit a broker's selection of an insurer or underwriter to transact business with
   (a) Regulation (b) Class of business
   (c) Branch network (d) Financial security

7. All except … is the benefit for an Insured engaging the service of an insurance broker.
   (a) peace of mind (b) cash benefits
   (c) compliance (d) convenience

8. An insurance broking firm may achieve business growth by offering additional insurance products or services to an existing client. This business development strategy is commonly referred to as …
   (a) opportunity selling (b) cross selling
   (c) additional sales (d) multiplier effect

9. … best describes the collective values, beliefs, attitudes, behaviours, standards, and shared practices that influence how members of an organisation interact and operate, and which ultimately shape and define the organisation's identity and way of doing business.
   (a) Organisational integrity (b) Administrative system
   (c) Corporate culture (d) Corporate governance

10. An insurance broking firm is required to designate a Compliance Officer responsible for ensuring adherence to all Anti-Money Laundering (AML) laws, regulations, and regulatory guidelines. … is the senior officer typically assigned with compliance responsibility.
(a) Chief Financial Officer (CFO) (b) Chief Technology Officer (CTO)
(c) Chief Operating Officer (COO) (d) Chief Executive Officer (CEO)

11. The strength of an organisation's culture is determined by how widely it is understood, embraced, and shared across the organisation. This level of shared understanding and commitment is primarily among …
(a) management (b) board of directors
(c) employees (d) regulators

12. … is ***not*** recognised as a method through which insurance business is conducted at Lloyd's of London.
(a) Face-to-face transactions
(b) Through the use of delegated authority
(c) Through BIBA
(d) Through business arrangements set up outside Lloyd's syndicates

13. A broker who arranges insurance contracts directly on behalf of an insured or policyholder is generally referred to as a …
(a) stock broker (b) wholesale broker
(c) retail brokers (d) reinsurance broker

14. When risk control involves the use of physical or practical measures aimed at reducing the severity or extent of loss or damage when a risk event occurs, this process is referred to as …
(a) risk avoidance (b) risk survey
(c) risk management (d) risk minimisation

15. A broker plays an important role in a client's risk management process by helping to identify potential risks that may affect the client's business or assets. One of the key ways this is achieved is through …
(a) collating premium payment history (b) conducting survey
(c) premium financing (d) claims settlement history

16. Specialist risk management services, when provided as an additional value-added offering by a large insurance broking firm, can generate extra income for the firm in the form of …
(a) commission (b) brokerage (c) fees (d) profit commission

17. An entity that is granted delegated underwriting authority by an insurer to accept risks, bind cover, and issue policies on its behalf is known as …
(a) managing business agent (b) alternative risk holder
(c) coverholder (d) wholesale broker

18. According to the Insurance Act 2003, any insurance levy that is not paid within the stipulated time frame will attract interest calculated at a rate of … above the Central Bank of Nigeria's Minimum Rediscount Rate (MRR).
(a) 1% (b) 2% (c) 2.5% (d) 5%

19. TOBA in broking means …
(a) Terms of Brokers Agreement (b) Terms of Business Agreement
(c) Terms of Business Activities (d) Terms of Business Alliances

20. Risk management service involves …
(a) premium collection (b) risk identification
(c) claims payment (d) regulation

21. Delegating duties or responsibilities without obtaining the necessary consent from the relevant party is considered a breach of …
(a) good faith (b) personal performance (c) trust (d) care

22. Where an insurer requires an insured to complete a proposal form or any application form for insurance. This is a statement of fact and is also contained in Section … of N.I.I.R.A. 2025.
(a) 64 (b) 65 (c) 67 (d) 69

23. Contingent commission is a form of additional remuneration paid based on … performance factors.
(a) claims experience (b) profitability
(c) taxation (d) legal requirements

24. When a policyholder makes an alteration to their insurance policy during the policy period that results in a reduced level of risk, leading to a refund of part of the premium already paid, this refund is referred to as …
(a) unearned premium (b) mid-term adjustment
(c) short term adjustment (d) short term review

25. Under N.I.I.R.A. 2025 reforms, insurers and intermediaries are expected to improve …
(a) informal transactions (b) regulatory compliance and transparency
(c) smuggling operations (d) political campaigns

26. The three classes of business handled by insurance brokers are …, …. and …
(a) personal lines, commercial and specialties
(b) risks, commercial and short-term
(c) indemnity, compensation and brokerage
(d) planning, investment and trust

27. A broker assists a transport company in reviewing driver behavior and accident record to reduce motor fleet losses. This service is …
(a) fleet risk management (b) marine surveying
(c) tax auditing (d) claims repudiation

28. A partnership broker applies for registration but fails to provide evidence of professional indemnity insurance. … is the likely outcome.
(a) automatic approval (b) rejection or delay of registration
(c) award of subsidy (d) court judgment

29. … is one of the documents that must accompany a broker registration application.
(a) Driver's license only (b) Birth certificate only
(c) Completed application form (d) Marriage certificate

30. Compliance staff in a broking organisation ensures that the organisation meets … regulatory requirements.
(a) NAICOM (b) NIA (c) CIIN (d) Climate

31. Back-office functions in a broking firm include finance, IT, HR and …
(a) marketing (b) customs (c) information (d) communication

32. The movement of business by the insured between brokers in order to get a better deal each year is known as ...
(a) churn (b) client retention (c) sales culture (d) competence

33. Class of insurance, trade, client size and ... are typical methods of segmentation.
(a) premium size (b) negotiation size
(c) sales size (d) trust

34. … is an example of personal line insurance.
(a) Directors and Officers cover. (b) Private motor insurance
(c) Cargo insurance (d) Marine hull

35. New business teams in a broking firm are mainly responsible for …
(a) client acquisition (b) court proceedings
(c) reinsurance valuation only (d) stamp duties

36. Consolidators are broking firms whose principal method of growth is through ...
(a) mergers and acquisitions (b) avoiding clients
(c) banning competition (d) stopping premium collection

37. Niche sector businesses are firms who are key players in specialist areas in …
(a) a single narrow market area (b) all insurance everywhere
(c) tax law only (d) banking only

38. A broker helping a client compare cover, price and insurer strength is performing …
(a) market selection (b) tax assessment
(c) stockbroking (d) premium assessment

39. The role of a broker at the time of claim may include …
(a) assisting in the negotiation of claims (b) issuing proposal form
(c) setting court dates (d) reducing all premiums to zero

40 All of the following are statutory insurance policies *except* …
(a) Group Life Insurance (b) Builders' Liability Insurance
(c) Motor Third Party Insurance (d) Motor Comprehensive Insurance

41. … best reflects independent advice rendered by an insurance broker.
(a) Recommending only one insurer without comparison
(b) Comparing suitable options from different insurers
(c) Refusing to explain policy terms
(d) Ignoring the client's needs

42. … will be more suitable for direct sale placement than broking.
(a) Simple personal motor cover
(b) Large multi-country industrial programme
(c) Reinsurance placement (d) Construction risk

43. The current law regulating insurance practice in Nigeria is the …
(a) Nigeria Insurers Industry Reform Act 2025
(b) Nigerian Insurers Industry Reform Act 2025
(c) Nigeria Insurance Industry Reform Act 2025
(d) Nigerian Insurance Industry Reform Act 2025

44. 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

45. NAICOM is set to adopt a risk-based approach to supervision. The primary objective of this is ... through the ...
(a) consumer protection … fair treatment of customers
(b) consumer negotiation … trust
(c) risk avoidance … innovation
(d) cessation … accountability of the insurer

46. An approved person in an insurance broking firm is an individual who has been approved by NAICOM to perform one or more ... functions on behalf of an authorised firm.
(a) negotiated (b) controlled (c) recommended (d) accessible

47. … is the mandatory minimum Group Life cover required under the Pension Reform Act 2014 in Nigeria.
(a) 1 × annual emolument (b) 2 × annual emolument
(c) 3 × annual emolument (d) 4 × annual emolument

48. … is *not* one of the key reasons for using a broker in insurance practice.
(a) Convenience (b) Expert knowledge
(c) Independent quotation (d) Guaranteed profit for the client

49. … is the UK trade body that represents insurance brokers in London and international markets.
(a) BIBA (b) LIIBA (c) NAICOM (d) LMA47

50. A post-loss control survey is mainly linked to …
(a) claims support (b) bond issuance
(c) dividend declaration (d) risk transfer

51. The two main categories of insurance business under N.I.I.R.A. 2025 are …
(a) fire and motor (b) life and non-life
(c) retail and wholesale (d) local and international

52 Under N.I.I.R.A. 2025, miscellaneous insurance business includes …
(a) financial inclusion insurance business (b) ticket sales
(c) broking deposits (d) foreign exchange trading

53. A license issued to an insurance broker under N.I.I.R.A. 2025 is renewed every …
(a) one year (b) three years
(c) five years (d) ten years

54. Under N.I.I.R.A. 2025, a broker's professional indemnity cover must be not less than …
(a) ₦10,000,000.00 (b) ₦50,000,000.00
(c) ₦100,000,000.00 (d) ₦1,000,000.00

55. An insurance premium collected by a broker is deemed to be a premium paid to the …
(a) broker personally (b) insurer involved in the transaction
(c) commission (d) reinsurer

56. All are key principles for reducing the likelihood of an E&O claim and their impact when they do occur *except* ...
(a) right first time (b) always ask
(c) put it in writing (d) loss experience

57. … is the deliberate, reckless or negligent sale of products or services in the circumstances where the contract is either misrepresented, or the product or service is unsuitable for the customer's needs.
(a) Mis-selling (b) Cross Selling
(c) Sales culture (d) Marketing

58. A retail broker deals …
(a) directly with the client (b) only with other brokers
(c) only with reinsurers (d) only with courts

59. The role of an insurance broker is considered complex partly because the broker stands between the … and the insurer.
(a) assessor (b) adjuster (c) insured (d) advocate

60. Many brokers enter into a business relationship with a third party to provide these types of secondary services, which allows the broker to concentrate on its core functions. This arrangement is known as ...
(a) collaboration (b) outsourcing (c) partnership (d) commission

**SECTION B – ATTEMPT ALL QUESTIONS**
**Answer True (T) or False (F)**

61. An insurance broker is an independent intermediary.
62. N.I.I.R.A. 2025 allows insurance business to be conducted without regulation if the insurer is foreign.
63. The broker's primary responsibility is to the insurer, as the insurer is responsible for paying the commission.
64. A person can operate as an insurance broker without obtaining the appropriate licence if they have the required level of experience.
65. Acting promptly on instructions from a cedant and issuing written acknowledgements as well as progress reports is a function of the reinsurer.
66. Insurance brokers are increasingly offering additional services to their clients, including helping them manage risk and providing non-traditional risk management solutions.

67. The purpose of a suitability statement is to ensure that customers are provided with sufficient information to make an informed decision on whether to purchase a particular insurance product or not.
68. Opportunistic fraud occurs when a criminal group deliberately takes out insurance policies with the specific intent of committing fraud.
69. Delegated authority agreements are arrangements in which an insurer assigns underwriting authority to a third party, known as a Managing General Agent, who is permitted to conduct business on the insurer's behalf in line with the terms of the agreement.
70. Brokers serve as a conciliator between the insurer and the insured, and this unique role may place them in situations where they are required to manage conflicting interests.
71. Dependence on a single market can be a challenge faced by a coverholder under a delegated authority agreement.
72. Evidence of current membership of NCRIB is a record that a broker must keep.
73. The minimum penalty for breaching the clients' account rule is ₦10,000.00.
74. N.I.I.R.A. 2025 states that an insurance broker may undertake reinsurance broking without a license.
75. A broker application may be made verbally to the Commission.
76. Under common law, brokers and agents are both regarded as agents.
77. In the UK, the Consumer Insurance (Disclosure and Representations) Act modifies the customer's duty of utmost good faith by eliminating the requirement to disclose all material facts.
78. Healthcare professional indemnity is not classified as one of the statutory insurance policies in Nigeria.
79. A firm or an approved person may be subject to financial penalties if it breaches any provision of the Insurance Act.
80. All suspicious transactions, regardless of the amount involved, shall be filed with the NFIU within 30 days of such transaction.
81. Selling extra insurance to an existing client is known as lead selling.
82. Under N.I.I.R.A. 2025, a false declaration of remittance of premiums can ground cancellation of the license.
83. A niche sector business is usually a broad generalist firm.
84. Audited financial statements and revenue accounts are due not later than 30 June.
85. A broker may hold more than 10% financial interest in a loss adjusting company.

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

Mr. Nwobi was formerly an authorised insurance agent employed by XYZ Insurance Company Limited. He has now retired and intends to establish himself as an insurance broker after acquiring Apple Insurance Brokers, whose operating license has already expired. In order to successfully re-enter the insurance broking profession in Nigeria, Mr. Nwobi seeks guidance on the regulatory requirements and processes involved in re-registration and licensing.

86. … is not a valid requirement for the re-registration of an insurance broker with a lapsed license.
    (a) A letter of appeal stating reasons for the lapse and payment of a non-refundable processing fee
    (b) Letter of clearance of the company from NIA
    (c) Successful attendance at the re-registration interview
    (d) NAICOM's approval of the members of the Board

87. … is not among NAICOM's statutory powers under the relevant laws.
(a) Withdrawal of the company's authorisation
(b) Imposition of penalties
(c) Referral of matters to NCRIB for appropriate action
(d) Protective function

88. … is the non-refundable fee required for processing an appeal for re-registration.
(a) ₦200,000.00 (b) ₦250,000.00
(c) ₦500,000.00 (d) ₦1,000,000.00

89. … is payable if the application for re-registration appeal is successful.
(a) ₦200,000.00 (b) ₦250,000.00
(c) ₦800,000.00 (d) ₦1,500,000.00

90. … is the prescribed insurance broking license fee.
(a) ₦500,000.00 (b) ₦1,000,000.00.
(c) ₦2,250,000.00 (d) ₦2,500,000.00

Prime Edge Insurance Brokers Limited, a Lagos-based broking firm, provides insurance solutions to corporate clients, including Prime Bak Foods Limited. After a major fire incident that caused operational disruption and partial insurance recovery, the client requested stronger risk advisory support. Prime Edge Brokers engaged a risk management consultant to conduct an Enterprise Risk Management (ERM) review. The assessment showed that many losses could have been reduced through better maintenance practices, fire prevention systems and improved supplier risk controls.

In response, the broker enhanced its service by combining insurance placement with risk management consultancy, helping the client adopt risk reduction, risk control and selective risk transfer strategies, resulting in improved risk outcomes and lower claims exposure.

91. … additional services are what Prime Edge Insurance Brokers Limited begin to offer its clients.
(a) Claims arbitration services (b) Risk management consultancy
(c) Loss adjusting services (d) Reinsurance underwriting

92. … prompted the need for enhanced risk advisory services.
(a) Regulatory sanctions on the broker
(b) A fire incident affecting a major client
(c) Increase in commission rates (d) Entry into new insurance lines

93. The ERM review revealed that losses could have been reduced through …
(a) higher insurance premiums (b) better underwriting guidelines
(c) improved maintenance and fire prevention systems
(d) increased policy limits

94. The combined approach adopted by the broker is best described as ...
(a) risk avoidance only (b) risk transfer only
(c) insurance placement without advisory support
(d) insurance placement combined with risk management consultancy

95. … best describes the benefit to clients from the broker's new approach.
    (a) Higher insurance claims
    (b) Reduced exposure and improved risk control
    (c) Elimination of insurance needs (d) Increased underwriting restrictions

Harbour Stone Logistics Limited, a licensed corporate insurance client in Nigeria, purchased a brand-new Range Rover valued at ₦100 million for official operations. To ensure proper risk protection, the company approached Swiftline Insurance Brokers Limited to arrange comprehensive motor insurance cover. Swiftline Insurance Brokers Limited placed the risk with three insurers. Guardian Insurance Plc acted as the lead insurer with a 50% share, while Frontline Assurance Limited and Oceanic Shield Insurance Limited accepted 20% and 30% respectively. The arrangement was structured under the broker's coordination.

The broker calculated the premium at 10% of the insured value, while earning a commission of 12.5% on the premium.

96. … is the agent in the insurance transaction under common law.
    (a) Harbour Stone Logistics Limited
    (b) Swiftline Insurance Brokers Limited
    (c) Guardian Insurance Plc
    (d) Frontline Assurance Limited

97. … is the intermediary in the insurance placement.
    (a) Harbour Stone Logistics Limited
    (b) Swiftline Insurance Brokers Limited
    (c) Oceanic Shield Insurance Limited
    (d) Guardian Insurance Plc

98. … is the principal in the insurance placement.
    (a) Guardian Insurance Plc
    (b) Swiftline Insurance Brokers Limited
    (c) Harbour Stone Logistics Limited
    (d) Frontline Assurance Limited

99. … is the relationship between the three insurance companies.
    (a) Reinsurance (b) Facultative arrangement
    (c) Co-insurance (d) Treaty arrangement

100. If the premium is 10% of ₦100,000,000 and Oceanic Shield Insurance Limited takes a 30% share, … is the amount of premium to be received.
    (a) ₦8,750,000.00 (b) ₦3,000,000.00
    (c) ₦2,625,000.00 (d) ₦1,250,000.00

**Chief Examiner's Comment(s)**
The pass rate was impressive at 93% with the highest score being 92%, while the lowest score was 46%.

**Comment(s) on Overall Performance**
From the pass rate, it can be deduced that the generality of the candidates prepared adequately for the examination.

**Suggestion(s) on Improvement(s) (if any)**
Candidates appeared to have prepared adequately for the examination.

Future candidates are also encouraged to study the coursebooks with understanding and also ensure that while studying, they translate in their minds, the principles being studied into scenario-based issues so that those principles can be applied on those scenarios and then, they can then be able to choose the correct options when required in the examination.

In addition, future candidates are further encouraged to understand what works best for them, considering their work schedules and personality, and be prepared to make adequate sacrifices required to be duly prepared for the examination. This could be in the form of attending extra tutorials, spending extra hours to study, e.t.c which are highly encouraged.

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