



*Chartered Insurance  
Institute of Nigeria*

*Chief Examiners' Report*

*October 2018 Examination*

*Certificate in Insurance (CFI - CFI)*

## 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)	<b>Concentrate all your time and effort on Part 1 @ the detriments of Parts B &amp; C (Diploma &amp; Advanced)</b>
Start each question on a fresh page	<b>Write after invigilators have declared "time-up"</b>
Read and follow instructions clearly (ensure you download and read the "students' instructions" from the website)	<b>Write your name on any part of the answer scripts</b>
Master the tricks of answering questions intelligently by concentrating more on the Parts B & C (Diploma & Advanced)	<b>Nurture fear on any subject. There is no subject that distinction cannot be obtained.</b>

**INFRACTIONS ON ANY OF THE INSTRUCTIONS COULD LEAD TO STIFF SANCTIONS. DO NOT BE A CULPIT.**

**STOP WORKING HARD TO FAIL!!! START WORKING EFFORTLESSLY TO PASS OUTSTANDINGLY!!!**

CF1

CHARTERED INSURANCE INSTITUTE OF NIGERIA

**CERTIFICATE IN INSURANCE**  
CF1 - INSURANCE, LEGAL AND REGULATORY  
OCTOBER 2018

LOGO

**INSTRUCTIONS**

- Two hours are allowed for this paper which consists of 100 questions.
- **READ THE INSTRUCTIONS ON PAGE 2 CAREFULLY BEFORE ANSWERING ANY QUESTIONS.**
- Provide the information requested on the answer form and on form B.
- Handle the answer form with care do not write notes on it.
- Do not write on the question paper.
- No marks are deducted for incorrect answers, so do not leave any questions unanswered.
- If you bring a calculator into the examination room, it must be a silent battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements.
- The answer form **MUST BE HANDED OVER PERSONALLY BY YOU** to the invigilator before you leave the examination Hall, after completing the details requested below. **FAILURE TO COMPLY WITH THIS REGULATION MAY RESULT IN YOUR PAPER NOT BEING ASSESSED AND GRADED.**

**CHARTERED INSURANCE INSTITUTE OF NIGERIA**  
**CERTIFICATE IN INSURANCE**  
**CF1 - INSURANCE, LEGAL AND REGULATORY**

**INSTRUCTIONS TO CANDIDATES**

**READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS**

The questions 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 with a horizontal pencil mark.

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).

### ATTEMPT ALL QUESTIONS

1. Which of these is not a description of risk?
  - (a) The possibility of an unfortunate occurrence
  - (b) Doubt concerning the outcome of a situation
  - (c) Predictability
  - (d) The possibility of loss
2. The categories of risk does not include
  - (a) Financial and non-financial
  - (b) Dynamic and motional
  - (c) Pure and speculative
  - (d) Particular and fundamental
3. The category of risk with the characteristics of loss or no loss is
  - (a) Dynamic
  - (b) Financial
  - (c) Pure
  - (d) Particular
4. The risk category that is localized or even personal in their cause and effect is
  - (a) Non-financial
  - (b) Particular
  - (c) Speculative
  - (d) Static
5. The risk category that has tendency for loss, no loss or profit is
  - (a) Non-financial
  - (b) Particular
  - (c) Speculative
  - (d) Static
6. The risk that occurs on such a vast scale that are uninsurable is
  - (a) Non-financial
  - (b) Particular
  - (c) Speculative
  - (d) Fundamental
7. Which of these is not a characteristic of insurable risk?
  - (a) Fortuitous event
  - (b) Insurable interest
  - (c) Not against public polity
  - (d) Heterogeneous Exposures
8. Fortuitous event means the event is
  - (a) Certain to occur
  - (b) Uncertain to occur
  - (c) Against public interest
  - (d) Not against public interest
9. The cause of loss is known as
  - (a) Perils
  - (b) Hazard

- (c) Chance  
(d) Uncertainty
10. That which influences the operation of a peril is
- (a) Perils  
(b) Hazard  
(c) Chance  
(d) Uncertainty
11. .... is a risk transfer mechanism
- (a) Risk management  
(b) Loss control  
(c) Insurance  
(d) Retention
12. The number of times that a risk could occur is known as
- (a) Frequency  
(b) Hazard  
(c) Severity  
(d) Fortuitous
13. The amount of loss each time a risk occurs is known as
- (a) Frequency  
(b) Hazard  
(c) Severity  
(d) Fortuitous
14. Which of these is not an example of physical hazard?
- (a) Security protection at a shop  
(b) Construction of the property
- (c) The age of a proposer in motor insurance  
(d) A driver's lack of care
15. Which of these is a reason why risk management is important?
- (a) It releases capital within companies that can be used in the business  
(b) It provides a disciplined approach to quantifying risks  
(c) Enterprises are encouraged to start  
(d) The nation benefits from so-called invisible exports
16. By operating a pooling of risk system, the law of large numbers assists insurers in making:
- (a) Reliable claim payment predictions  
(b) Reliable investment return predictions  
(c) Reliable new business predictions  
(d) Reliable premium income predictions
17. .... is the first named insurer in the policy and invariably carries the largest share of the risk.
- (a) Reinsurer  
(b) Co-insurer  
(c) Leading office

- (d) Risk surveyor
18. Who issues a closing instruction to each of the co-insurers advising them of the proposed change and requesting their agreement?
- (a) Reinsurer  
(b) Co-insurer  
(c) Leading office  
(d) Risk Surveyor
19. Who prepares a signing slip in a co-insurance arrangement?
- (a) Reinsurer  
(b) Co-insurer  
(c) Leading office  
(d) Risk surveyor
20. The amount which must be retained by the insured for each and every loss is .....
- (a) Excess  
(b) Loss  
(c) Franchise  
(d) Slip
21. Which of these is not a class under general accident insurance?
- (a) Liability insurance  
(b) Fidelity insurance  
(c) Fire insurance  
(d) Theft insurance
22. The most significantly compulsory insurance in Nigeria is
- (a) fidelity guarantee  
(b) marine insurance  
(c) professional indemnity  
(d) motor insurance
23. Which aspect of marine insurance is compulsory in Nigeria?
- (a) Marine imports  
(b) Marine exports  
(c) Marine hull  
(d) Marine freight
24. Which of these policies will pay the cost of medical treatment for an insured that seeks treatment outside the National Health Service when they are ill?
- (a) Personal Accident  
(b) Sickness Insurance  
(c) Medical Expenses  
(d) Accident, Sickness and Unemployment Insurance
25. Insurance cover can usually be purchased in Nigeria to protect against:
- (a) An investment loss on the stock market  
(b) Dishonesty of an employee  
(c) Failure of a business venture  
(d) War damage to a

domestic property

26. The main function of an underwriter does not include:

- (a) Assess the risks that people bring to the pool
- (b) Decide whether or not to accept to the pool
- (c) Determine the terms, conditions and scope of cover to be offered
- (d) Negotiate a claim and pay it on behalf of insurer

27. An agent is authorized by .....

- (a) Third party
- (b) Principal
- (c) Principle
- (d) Fourth party

28. ....is an expert in processing claims from start to finish

- (a) Risk surveyor
- (b) Underwriter
- (c) Agent
- (d) Loss adjuster

29. The expert appointed by an insured to prepare and negotiate a claim on their behalf is .....

- (a) Claims personnel
- (b) Broker
- (c) Loss assessor
- (d) Actuary

30. .... may be defined as a professionally qualified person who applies probability and statistical theory to problem of insurance

- (a) Claim personnel
- (b) Broker
- (c) Loss assessor
- (d) Actuary

31. Which of these groups does not fall into the insurance market?

- (a) Buyers
- (b) Intermediaries
- (c) Insurers
- (d) None of the above

32. A company that is owned by shareholder is a .....

- (a) Mutual company
- (b) Proprietary company
- (c) Captive company
- (d) Lloyd's

33. An insurance company that is owned by policyholder is a .....

- (a) Mutual company
- (b) Proprietary company
- (c) Captive company
- (d) Lloyd's

34. Which of these is regarded as an insurance market?

- (a) Mutual company



- (b) Proprietary company  
(c) Captive company  
(d) Lloyd's
35. .... is a properly authorized insurance company that is owned by a non-insurance parent company
- (a) Mutual company  
(b) Proprietary company  
(c) Captive company  
(d) Lloyd's
36. Which individuals provide financial backing for Lloyd's syndicates?
- (a) Underwriters  
(b) Names  
(c) Managing agents  
(d) Member agents
37. Which of these is not a term used in reinsurance?
- (a) Reinsured  
(b) Cedant  
(c) Ceding company  
(d) None of the above
38. The process through which a reinsurer transfer some of its risks to another reinsurer is called
- (a) Insurance  
(b) Reinsurance  
(c) Retrocession  
(d) Risk sharing
39. The relationship between two parties with one agreeing to perform a certain act if and when the other party performs a certain act is called
- (a) Offer  
(b) Contract  
(c) Acceptance  
(d) Consideration
40. The subject matter of the case *Hyde v. Wrench (1840)* is ....
- (a) Offer  
(b) Consideration  
(c) Conditional acceptance  
(d) Postal acceptance
41. The case *Currie v. Misa (1875)* defines .....
- (a) Offer  
(b) Consideration  
(c) Conditional acceptance  
(e) Postal acceptance
42. *Household Fire Insurance Co. v. Grant (1879)* deals with issues bordering on .....
- (a) Offer  
(b) Consideration  
(c) Conditional acceptance  
(d) Postal acceptance
43. The period of cancellation of a general insurance policy is
- (a) 10 days  
(b) 14 days  
(c) 30 days  
(d) Not standard

44. .... arises where a person is entrusted with someone else's goods and it becomes necessary to act in a certain way in order to preserve the property in an emergency.

- (a) Agency by consent
- (b) Agency by apparent authority
- (c) Agency by necessity
- (d) Agency by ratification

45. Which of these refers to a situation where an agent acts outside the terms of the agency agreement, but the principal accepts the act as having been done by the agent on their behalf?

- (a) Agency by consent
- (b) Agency by apparent authority
- (c) Agency by necessity
- (d) Agency by ratification

46. An Insurance Broker recommends and arranges an insurance policy for the client and collects the premium for the insurer. The Broker subsequently advises the client on how to make a claim. At what point in this scenario is the Insurer the Broker's principal?

- (a) Recommendation of the policy
- (b) Arrangement of the policy

- (c) Collection of the premium
- (d) Advising of the claim

47. The legal right to insure arising out of a financial relationship recognized at law, between the insured and the subject-matter of insurance is

- (a) Utmost good faith
- (b) Consideration
- (c) Insurable interest
- (d) Indemnity

48. That "item" that is covered with insurance protection is called .....

- (a) Subject matter of insurance
- (b) Subject matter of contract
- (c) Financial value
- (d) Legal

49. Insurable interest in motor insurance will arise

- (a) At inception
- (b) At time of loss
- (c) Both at inception and time of loss
- (d) Does not arise

50. Insurable interest in marine insurance will arise.

- (a) At inception
- (b) At time of loss
- (c) Both at inception and time of loss

- (d) Does not arise
51. Insurable interest in life assurance will arise
- (a) At inception  
(b) At time of loss  
(c) Both at inception and time of loss  
(d) Does not arise
52. Insurable interest will not arise
- (a) At arbitration  
(b) At common law  
(c) Under contract  
(d) Under statute
53. A positive duty to voluntarily disclose, accurately and fully, all facts material to the risk being proposed, whether requested for or not is called .....
- (a) Insurable interest  
(b) Consideration  
(c) Utmost good faith  
(d) Subrogation
54. Helen works for an insurer providing financial and statistical theories to management, including suggested premium rating. Helen is most likely to be a member of the:
- (a) Institute of Loss Adjusters of Nigeria  
(b) Faculty and Institute of Actuaries
- (c) Nigerian Council of Registered Insurance Brokers  
(d) Professional Reinsurers Association of Nigeria
55. Financial compensation sufficient to place the insured in the same financial position after a loss as they enjoyed immediately before the loss occurred is called
- (a) Contribution  
(b) Proximate cause  
(c) Indemnity  
(d) Subrogation
56. The principle that applies where the insured insures the subject matter of insurance with two or more insurers is called?
- (a) Contribution  
(b) Proximate Cause  
(c) Indemnity  
(d) Subrogation
57. The right of an insurer, following payment of a claim, to take over the insured's rights to recover payment from a third party responsible for the loss is called
- (a) Contribution  
(b) Proximate cause  
(c) Indemnity  
(d) Subrogation

58. To whom does the principle of utmost good faith apply in contracts of insurance?
- (a) The proposer only
  - (b) The insurer only
  - (c) Both the insurer and proposer
  - (d) An interested party
59. When considering a proposal for a fire insurance policy on a property, what fact is NOT normally considered to be material?
- (a) Details of any mortgage secured on the property
  - (b) The materials used to construct the building
  - (c) The purpose for which the building will be used
  - (d) Whether or not the risk premises are under the sole occupation of the proposer
60. Which of these is a compulsory insurance in Nigeria?
- (a) Fire insurance
  - (b) Theft insurance
  - (c) Goods-in-transit Insurance
  - (d) Professional indemnity for insurance brokers
61. Which of these is not a classification of peril in insurance policy?
- (a) Anticipated peril
  - (b) Exempted peril
  - (c) Insured peril
  - (d) Uninsured peril
62. Which of these does represent the proper definition of proximate cause?
- (a) The active cause that sets in motion a train of events which brings about a result, without the intervention of any independent cause
  - (b) The active efficient cause that sets in motion a train of events which brings about a result, without the intervention of any force started and working actively from a new and independent source
  - (c) The last and dominant cause that sets in motion a chain of events which brings about a result without the intervention of an independent cause
  - (d) The efficient cause that sets in motion a chain of events which brings about a result without the intervention of an independent cause
63. Indemnity in Property Insurance is measured by its value at the date and place of

- loss. Specifically, indemnity is measured in buildings for loss or damage by.....less agreed deductions:
- (a) The cost of construction  
 (b) The cost of painting  
 (c) The cost of repair or construction at the time of the loss  
 (d) Betterment
64. Which of the following will not justify an insurer in providing less than a full indemnity?
- (a) Sum Insured  
 (b) "New for old" cover  
 (c) Average  
 (d) Inner limits or item limits
65. Which of these is not an option for providing indemnity?
- (a) Cash payment  
 (b) Repair  
 (c) Reinstatement  
 (d) Reserving
66. A contract of benefit is ....
- (a) Personal accident insurance  
 (b) Fidelity guarantee insurance  
 (c) Theft insurance  
 (d) Glass insurance
67. The most common option of providing indemnity in Motor Insurance is .....
- (a) Cash payment  
 (b) Repair  
 (c) Reinstatement  
 (d) Reserving
68. Replacement is the best option in .....
- (a) Money insurance  
 (b) Fidelity guarantee  
 (c) Glass insurance  
 (d) Marine insurance
69. .... is a method of providing indemnity involving an insurer undertaking to restore or rebuild a building or piece of machinery that has been damaged by an insured peril
- (a) Cash payment  
 (b) Repair  
 (c) Reinstatement  
 (d) Reserving
70. Jumoke effects two life assurance policies with the sums assured of ₦25,000.00 and ₦30,000.00 respectively. What is the total amount to be paid if she died during the period of cover?
- (a) ₦25,000.00  
 (b) ₦27,000.00  
 (c) ₦30,000.00  
 (d) ₦55,000.00

71. In a valued policy, the insurable value is agreed between the insurer and .....
- (a) The agent
  - (b) The insured
  - (c) The bank
  - (d) Shareholder
72. The 85% condition of average is a clause in .....
- (a) Property memorandum
  - (b) Replacement memorandum
  - (c) Reinstatement memorandum
  - (d) Marine memorandum
73. Declaration insurance is better for ...
- (a) Fire insurance
  - (b) Professional indemnity insurance
  - (c) Motor insurance
  - (d) Employers' liability insurance
74. The penalty for under insurance is
- (a) Average
  - (b) Excess
  - (c) Franchise
  - (d) Limit
75. The term pure risk means that
- (a) The loss must arise from a natural cause
- and be widespread in its effect
- (b) There is the possibility of a loss, but not of a gain
  - (c) The loss must have an identifiable cause
  - (d) The loss is not capable of being expressed in financial term
76. Which of this is not a variation in conditions of average?
- (a) Reinstatement memorandum
  - (b) Special condition of average
  - (c) Two conditions of average
  - (d) Three conditions of average
77. A large part of a loss voluntarily assumed by the insured for a premium discount is .....
- (a) Excess
  - (b) Deductible
  - (c) Franchise
  - (d) Limit
78. Which of these are corollaries of indemnity?
- (a) Proximate cause and subrogation
  - (b) Utmost good faith and contribution
  - (c) Subrogation and contribution

- (d) Insurable interest and utmost good faith
79. Which of these is not an example of double insurance?
- (a) Theft insurance and standard fire policy  
 (b) "All Risks" policy and travel insurance policy  
 (c) A specific warehouse stock policy and "floating" policy covering stock over several warehouses: both covering the same stock  
 (d) A household contents policy and the personal effects section of a motor policy
80. Which of these is not a requirement for contribution?
- (a) Common Interest  
 (b) Common Peril  
 (c) Common Subject Matter  
 (d) None of the Above
81. The case of *North British and Mercantile V. Liverpool and London and Globe (1877)* has to do with .....
- (a) Common interest  
 (b) Common peril  
 (c) Common subject matter  
 (d) None of the above
82. In the context of insurance, risk is
- (a) Unpredictable  
 (b) Uncontrollable  
 (c) Unidentifiable  
 (d) Immeasurable
83. Which of these is not a modification to the principle of contribution?
- (a) Non-contribution Clause  
 (b) Independent liability clause  
 (c) More Specific insurance Clause  
 (d) Market agreement
84. The wording "this policy shall not apply in respect of any claim where the insured is entitled to indemnity under any other insurance" refers to .....
- (a) Non-contribution clause  
 (b) Independent liability clause  
 (c) More specific insurance clause  
 (e) Market agreement
85. The leading case concerning indemnity and subrogation is?
- (a) *Carter v. Boehm (1766)*  
 (b) *Currie v. Misa (1875)*  
 (c) *Castellan v. Preston (1883)*  
 (d) *Hyde v. Wrench (1840)*

86. At common law, everyone has a duty to act in a reasonable way towards others. A breach of this duty is called .....

- (a) Tort
- (b) Contract
- (c) Statute
- (d) Subject-matter of insurance

87. An agreement between two parties which is legally enforceable is .....

- (a) Tort
- (b) Contract
- (c) Statute
- (d) Subject-matter of insurance

88. An insurer pays ₦10,000.00 and allows the insured to retain the salvage, valued at ₦1,000.00 in settlement of a claim for damage caused by a negligent third party. How much can the insurer claim from that third party when exercising its subrogation rights?

- (a) ₦1,000.00
- (b) ₦9,000.00
- (c) ₦10,000.00
- (d) ₦11,000.00

89. .... is compulsory for NHIS hospitals in Nigeria.

- (a) Public liability insurance

- (b) Fire insurance
- (c) Professional indemnity insurance
- (d) Money insurance

90. A UK businessman has 50 employees making overalls in a factory. What insurance must he have by law?

- (a) Business interruption
- (b) Employers' liability
- (c) Product liability
- (d) Public liability

91. ....is the amount by which assets must exceed liabilities.

- (a) Excess
- (b) Franchise
- (c) Threshold conditions
- (d) Solvency margin

92. Each financial year, every authorized insurance company must prepare and submit all, except which of this to NAICOM?

- (a) Revenue account
- (b) Client account
- (c) Profit and loss account
- (d) Balance sheet

93. The regulator of Employee Compensation Insurance in Nigeria is .....

- (a) National insurance commission
- (b) National pension commission



- (c) Nigeria social insurance trust fund  
(d) National health insurance scheme
94. The regulator of Pension business in Nigeria is .....
- (a) National insurance commission  
(b) National pension commission  
(c) Nigeria social Insurance trust fund  
(d) National health Insurance scheme contribution
95. .... is the process by which criminals and terrorists convert money that has been obtained illegally into legitimate funds.
- (a) Corruption  
(b) Fraud  
(c) Money laundering  
(d) Theft
96. .... is at the forefront of insurance education and professionalism in Nigeria
- (a) CIIN  
(b) NCRIB  
(c) ILAN  
(d) NIA
97. .... are impartial claims specialists.
- (a) Actuaries  
(b) Loss assessors  
(c) Loss adjusters  
(d) Risk surveyors
98. .... provide commercial, financial and prudential advice on the management of assets and liabilities - especially where long-term management and planning are critical factors.
- (a) Actuaries  
(b) Loss assessors  
(c) Loss adjusters  
(d) Risk surveyors
99. The ..... in a standard general insurance policy provides for disputes in respect of quantum of the amount to be paid in respect of a claim
- (a) arbitration clause  
(b) contribution clause  
(c) subrogation clause  
(d) average condition
100. The case of *Pawsey v. Scottish Union and Nation (1907)* applies to .....
- (a) Utmost good faith  
(b) Proximate clause  
(c) Indemnity  
(d) Contribution.

CF1 - INSURANCE, LEGAL & REGULATORY									
1	C	21	C	41	B	61	A	81	A
2	B	22	D	42	D	62	B	82	A
3	C	23	A	43	D	63	C	83	B
4	B	24	C	44	C	64	B	84	A
5	C	25	B	45	D	65	D	85	C
6	D	26	D	46	C	66	A	86	A
7	D	27	B	47	C	67	B	87	B
8	B	28	D	48	A	68	C	88	C
9	A	29	C	49	C	69	C	89	C
10	B	30	D	50	B	70	D	90	B
11	C	31	D	51	A	71	B	91	D
12	A	32	B	52	A	72	C	92	B
13	C	33	A	53	C	73	D	93	C
14	D	34	D	54	B	74	A	94	B
15	B	35	C	55	C	75	B	95	C
16	A	36	B	56	A	76	D	96	A
17	C	37	D	57	D	77	B	97	C
18	C	38	C	58	C	78	C	98	A
19	C	39	B	59	A	79	A	99	A
20	A	40	C	60	D	80	D	100	B

### **SUMMARY**

Pass Rate: 80%

Highest Score: 97%

Lowest Score: 36%

Average Score: 69%

### **Breakdown Updates**

The performance of the candidates in the examination was good with 80% of them scoring above the pass mark which is 70%. A total of 296 candidates entered for the examination and 39 candidates (i.e. 13.18%) were absent from the examination.

The reason for the good performance could be the fact that this is still an introductory stage of the examination.

**Chief Examiner's Comments on Overall Performance:**

A good performance.

**Chief Examiner's Suggestions on Improvement:**

None.

CF2

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE  
CF2 - GENERAL INSURANCE BUSINESS  
OCTOBER 2018

LOGO

**INSTRUCTIONS**

- Two hours are allowed for this paper which consists of 100 questions.
- READ THE INSTRUCTIONS ON PAGE 2 CAREFULLY BEFORE ANSWERING ANY QUESTIONS.
- Provide the information requested on the answer form and on form B.
- Handle the answer form with care do not write notes on it.
- Do not write on the question paper.
- No marks are deducted for incorrect answers, so do not leave any questions unanswered.
- If you bring a calculator into the examination room, it must be a silent battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements.
- The answer form **MUST BE HANDED OVER PERSONALLY BY YOU** to the invigilator before you leave the examination Hall, after completing the details requested below. **FAILURE TO COMPLY WITH THIS REGULATION MAY RESULT IN YOUR PAPER NOT BEING ASSESSED AND GRADED.**

**CHARTERED INSURANCE INSTITUTE OF NIGERIA**  
**CERTIFICATE IN INSURANCE**  
**CF2 - GENERAL INSURANCE BUSINESS**

**INSTRUCTIONS TO CANDIDATES**

**READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS**

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 with a horizontal pencil mark.

Questions 61 - 100 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 with a horizontal pencil mark.

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).

OR

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).

### ATTEMPT ALL QUESTIONS

1. The least cover in motor insurance is .....
  - (a) comprehensive
  - (b) third party only
  - (c) third party, fire and theft
  - (d) road traffic act only
2. The third party insurance for motor vehicles provides a third party property damage limit of not less than ..... in Nigeria
  - (a) ₦250,000.00
  - (b) ₦1,000,000.00
  - (c) ₦2,000,000.00
  - (d) ₦2,500,000.00
3. Which of the Motor Insurance policies will cover "own damage" of the vehicle following an accident?
  - (a) comprehensive
  - (b) third party only
  - (c) third party, fire and theft
  - (d) road traffic act only
4. Which of the following do not form part of the standard cover that is provided under a comprehensive private motor insurance policy?
  - (a) driver's personal accident benefit
  - (b) recovery of a vehicle after breakdown
  - (c) recovery of a vehicle to a repair after an accident
  - (d) third party liability cover in the event of an accident
5. Which of these is not an optional extension in motorcycle insurance?
  - (a) Trailers
  - (b) Driving other cycle
  - (c) Specified Rider
  - (d) Invalid Carriages
6. Personal Accident and Sickness Policy is a contract of .....
  - (a) indemnity
  - (b) subrogation
  - (c) benefits
  - (d) contribution
7. The sickness policy will usually exclude sickness

- contracted within the first .....
- (a) 7 days  
(b) 14 days  
(c) 21 days  
(d) 40 days
8. Which of these policies will pay disability benefit in the event of sickness?
- (a) Medical Expenses Insurance  
(b) Motor insurance  
(c) Personal Accident and Sickness insurance  
(d) Fidelity Guarantee insurance
9. The medical expenses insurance will not pay for.....
- (a) ambulance fees  
(b) hospital charges  
(c) disability benefit  
(d) specialist fees
10. Which of these is not a specific exclusion in a household insurance policy?
- (a) Wear and Tear  
(b) Insects and Vermin  
(c) Deeds, Bonds, Documents  
(d) Own Damage Loss
11. An insurance document which brings together fire, special perils, theft, business interruption, money and other types of insurance for a small business in a single contract is known as .....
- (a) an all-risks' policy  
(b) an open cover  
(c) a trader's combined policy  
(d) a collective policy
12. The agency that regulates insurance in Nigeria is
- (a) NICON  
(b) NAICOM  
(c) ILAN  
(d) NAIC
13. Which if these is not covered by the Standard Fire Policy?
- (a) Storm  
(b) Lightening  
(c) Fire  
(d) Explosion
14. An example of a special peril is .....
- (a) storm  
(b) lightening  
(c) fire  
(d) explosion
15. Which of these is an example of a peril of a chemical type
- (a) Strikers  
(b) Storm  
(c) Explosion  
(d) Subsidence

16. Which of these policies will cover "explosion as a result of fire on the premises insured"
- Standard Fire Policy
  - Special Perils Insurance
  - Lloyd's Standard Fire Policy
  - Household Insurance
17. An example of miscellaneous peril is .....
- earthquake
  - ground heave
  - heating
  - aircraft
18. An example of perils of nature is .....
- civil commotion
  - subterranean fire
  - spontaneous fermentation
  - escape of water
19. A policy with an excess of ₦250.00 had a claim of ₦235.00. How much will the insurer pay to the insured bearing in mind that depreciation was not applied?
- ₦0.00
  - ₦15.00
  - ₦235.00
  - ₦250.00
20. Impact cover is restricted to losses resulting from .....
- man
  - nature
  - animals
  - storm
21. A rapid downward movement under the influence of gravity of a mass of rock or earth on a slope is called .....
- subsidence
  - ground heave
  - landslide
  - storm
22. The employment cover under the group legal benefit policy does not cover .....
- defence of any claim brought against the insured
  - defence and compensation awards
  - conveyancing cover
  - costs of claiming for compensation
23. The maximum indemnity period for which compensation is payable is often ..... months.
- 2
  - 6
  - 10
  - 12
24. .... is the total income arising from the business.
- Net Profit
  - Turnover

- (c) Gross Profit  
(d) Surplus
25. Wage is an example of .....
- (a) net profit  
(b) gross profit  
(c) variable charges  
(d) fixed charges
26. Most common business interruption policies are not
- (a) fire and special perils  
(b) all-risks  
(c) money  
(d) engineering
27. The employers' liability insurance is a policy arranged for the benefit of .....
- (a) the insured  
(b) employees  
(c) employers  
(d) third parties
28. The public liability insurance is arranged for the benefit of .....
- (a) the insured  
(b) employees  
(c) employers  
(d) third parties
29. Which of these is not arranged on a "claims occurring" basis?
- (a) Employers' Liability  
(b) Public Liability  
(c) Professional Indemnity  
(d) Products' Liability
30. Which of these is not a common non-insurance services?
- (a) Helpline and advice  
(b) Cover for risk  
(c) Risk control/advice  
(d) Uninsured loss recovery services
31. Which of the following facts must be disclosed in a risk proposal?
- (a) Facts of law  
(b) Facts that increase the risk  
(c) Facts of public knowledge  
(d) Facts that a survey should have revealed
32. Which of these is a hazard?
- (a) High value sports car  
(b) Storm  
(c) Explosion  
(d) Subsidence
33. A physical hazard in theft insurance is:
- (a) provision of fire fighting equipment  
(b) trade processes  
(c) nature of contents  
(d) guarding of machinery
34. The basis of an insurance contract is .....



- (a) policy document  
(b) proposal form  
(c) discharge voucher  
(d) renewal notice
35. The offer for a claim settlement is made using a .....
- (a) policy document  
(b) proposal form  
(c) discharge voucher  
(d) renewal notice
36. The “ages of drivers” in motor insurance is an example of .....
- (a) declaration  
(b) specific questions  
(c) general questions  
(d) moral hazard
37. Slip is more used for collection of data in .....
- (a) fire insurance  
(b) theft insurance  
(c) personal accident insurance  
(d) marine insurance
38. A payment made by an insurer for a loss where it is not legally liable for such is...
- (a) average  
(b) excess  
(c) franchise  
(d) ex-gratia
39. The device used by insurers to combat under-insurance is called ...
- (a) excess  
(b) franchise  
(c) ex-gratia  
(d) average
40. The amount which the insured bears for each and every loss is called ....
- (a) excess  
(b) franchise  
(c) ex-gratia  
(d) average
41. Which of these involves the settlement of dispute in an insurance contract?
- (a) Subrogation  
(b) Arbitration  
(c) Fraud  
(d) Contribution
42. The insurance principle that will apply when two or more insurance cover the same risk is .....
- (a) proximate cause  
(b) material facts  
(c) contribution  
(d) arbitration
43. A franchise is a policy term that is applicable where
- (a) the insured pays an agreed amount following a loss

- (b) the insured contributes to the payment for a loss
- (c) the insurer pays the full value of any claim under an agreed amount
- (d) the insurer pays the full value of any claim which exceed an agreed amount
44. A large amount of a loss voluntarily assumed by the insured for a premium discount is called
- (a) franchise
- (b) warranty
- (c) deductible
- (d) condition
45. A promise made by the insured relating to facts or performance concerning the risk is called
- (a) franchise
- (b) warranty
- (c) deductible
- (d) condition
46. The A-Z manufacturing company is a company that produces spare car parts. Its turnover is ₦28m per year. Beewise Insurance Company offers products liability insurance for a rate of 0.5 per mille on turnover. How much will the insured pay as premium?
- (a) ₦1,000.00
- (b) ₦1,400.00
- (c) ₦14,000.00
- (d) ₦19,600.00
47. Which of these is not found in a policy schedule?
- (a) Preamble
- (b) Policy period
- (c) Exclusions
- (d) Policy number
48. Which of this is not the responsibility of the insurer to prove?
- (a) that cover was in force at the time of the loss
- (b) the insured is that named in the policy
- (c) the amount of loss
- (d) no exceptions are appropriate
49. Which of these is not a legal principle of insurance?
- (a) Contribution
- (b) Average
- (c) Utmost Good Faith
- (d) Proximate Cause
50. To correct errors in an electronic program is to
- (a) boot
- (b) crash
- (c) debug
- (d) address
51. What is the main difference between a WAN and a LAN?

- (a) WANS operate faster speed than LAN
- (b) WANS operate across greater distances than LANS
- (c) WANS operate through the internet and LANS are stand alone
- (d) WANS operate through a server and LANS through a mainframe

52. Which of these is not part of the classification of information?

- (a) Public data
- (b) Corporate data
- (c) Personal data
- (d) None of the above

53. The basic principles of storage and disposal of documents will not include

- (a) file saving and back-up
- (b) copyright
- (c) unrestricted access
- (d) use of passwords

54. An internal customer is the ...

- (a) government
- (b) buyer of product
- (c) employees
- (d) regulator

55. Customer Service standards must not necessarily have to be ....

- (a) written

- (b) realistic
- (c) understandable
- (d) measurable

56. The aim of customer service policies introduced by an insurer does not include:

- (a) to attract new customers
- (b) to reduce the number of claims from customers
- (c) to promote customer loyalty
- (d) to make the insurer more competitive

57. Which of these is not a main class of Motor Insurance?

- (a) Private cars
- (b) Third party only
- (c) Motorcycles
- (d) Commercial Vehicles

58. "New for Old" is applicable to....

- (a) cash payment
- (b) repair
- (c) replacement
- (d) reinstatement

59. Any person under a contract of service or apprentice is regarded as ...

- (a) insured
- (b) assessor
- (c) employee
- (d) employer

60. .... is the amount paid to an insurer in consideration of the insurer agreeing to cover a risk.
- (a) Insurance claim
  - (b) Insurance premium
  - (c) Insurance reserve
  - (d) Insurance rate

**Answer True or False to the following questions from 61 to 100**

61. The main classes of motor insurance are
- (a) Private cars
  - (b) Comprehensive
  - (c) Commercial vehicles
  - (d) Motor cycles.
62. No claim discount can still be granted to the insured if he suffers a partial loss earlier paid by the insurer in the underwriting year.
63. A third party, fire and theft may be extended to cover the death of the insured as a result of an accident.
64. A personal accident and sickness policy covers the following:
- (a) death
  - (b) permanent total disablement
  - (c) temporary total disablement

- (d) total loss of one or both limbs.
65. A personal accident and sickness policy is usually a contract of indemnity.
66. The standard in-patients' cover provides the following:
- (a) hospital charges
  - (b) specialist fees
  - (c) additional costs.
67. Subrogation and contribution are not corollaries of indemnity.
68. All-risks policy has no exclusion.
69. Special perils may be grouped under the following heading:
- (a) miscellaneous perils
  - (b) social perils
  - (c) perils of a chemical type
  - (d) perils of nature.
70. Consequential loss insurance is said to be different from business interruption insurance.
71. Business interruption policy may be extended to include the following six special perils:
- (a) explosion and collapse of steam pipes
  - (b) collapse of boilers
  - (c) overheating of tubes

- (d) overheating of boilers and economies
  - (e) death and bodily injuries of employees
72. A public liability policy provides an indemnity to the insured for legal liability to third parties for damages in respect of bodily injury, death, disease or illness, and for any loss of or damage to property which happens in connection with the business insured under the policy and occurring during the period of insurance.
73. A professional indemnity insurance protects a professional person against claims from their actions or advice.
74. The following facts need not be disclosed.
- (a) facts of law
  - (b) facts which lessen the risk
  - (c) facts which ought to have been revealed by a survey
  - (d) facts that the insured does not know
75. Moral hazard has to do with the physical features of the risk
76. A peril is the factor that might alter both the frequency and severity of the risk occurring.
77. Generally in insurance contracts, the proposal forms serve as the evidence of the contract.
78. The three remedies available to the aggrieved party under breach of utmost good faith are:
- (a) to repudiate the contract abinitio
  - (b) to sue for damages in addition to (a) above
  - (c) to allow the contract to continue unhindered.
79. The recital clause includes the name of the insurer and the address as well as the logo of the company.
80. Operative clause shows only the details of the benefits under the policy.
81. An excess may either be expressed as a flat amount or in percentages.
82. An average as a device may equally be used for over insurance.
83. The following are the four methods of claims settlement in property insurance
- (a) repairs
  - (b) cash/cheque
  - (c) replacement
  - (d) salvage.

84. Benchmark means a sub-standard test for measuring performance.
85. Bug is an error in the program or machine that stops it working altogether or produces in-correct results.
86. A bit is a set of 8bytes.
87. Deductible is a larger franchise.
88. The six legal principles of insurance are:
- (a) utmost good faith
  - (b) insurable interest
  - (c) ex gratia payment
  - (d) indemnity
  - (e) subrogation
  - (f) contribution.
89. The fire policy covers damage to property caused by fire, including the following:
- (a) explosion resulting from fire
  - (b) earthquake
  - (c) spontaneous fermentation .
90. The formula for calculating average is:  $\frac{\text{sum insured}}{\text{Value at loss}} * 100$ .
91. An average is the actual ignition of something which ought not to be on explosion, but which is on explosion.
92. Money insurance covers all risks of loss destruction of or damage to money in different situations.
93. For a theft claim to be valid, the entry to or exit from the premises must be by forcible and violent means.
94. The main purpose of legal expenses insurance is to provide indemnity for costs arising out of the need to seek legal advice or pursue or defend a civil action.
95. Product liability insurance covers legal and moral risks for bodily injury or property damage, occurring during the period of insurance arising out of goods or products manufactured.
96. The legislation by which employers' liability insurance is made compulsory is - The Employers' Liability (Compulsory Insurance) Act 1974.
97. The following are the other ways of obtaining material facts
- (a) Surveys
  - (b) Supplementary questionnaires
  - (c) Slip presentation
  - (d) Writing to the proposer

98. The premium rate for motor insurance is usually quoted in per mille.

- b) Flat premium
- c) Round premium

99. The following are the types of premium usually used in property insurance:

100. Cover notes are generally regarded as temporary certificates of insurance.

- a) Adjustable premium

CF2 - GENERAL INSURANCE BUSINESS									
1	D	21	C	41	B	61	F	81	T
2	B	22	C	42	C	62	F	82	F
3	A	23	D	43	D	63	F	83	F
4	B	24	B	44	C	64	T	84	F
5	C	25	D	45	B	65	F	85	T
6	C	26	C	46	C	66	T	86	F
7	C	27	B	47	A	67	F	87	F
8	C	28	D	48	C	68	F	88	F
9	C	29	C	49	B	69	T	89	F
10	D	30	B	50	C	70	F	90	T
11	C	31	B	51	B	71	F	91	F
12	B	32	A	52	D	72	T	92	T
13	A	33	C	53	C	73	T	93	T
14	A	34	B	54	C	74	T	94	T
15	C	35	C	55	A	75	F	95	F
16	C	36	B	56	B	76	F	96	F
17	D	37	D	57	B	77	F	97	T
18	B	38	D	58	D	78	T	98	F
19	A	39	D	59	C	79	F	99	F
20	C	40	A	60	B	80	F	100	T

**SUMMARY**

Pass Rate: 65%

Highest Score: 96%

Lowest Score: 35%

Average Score: 69%

**Breakdown Updates**

The performance of the candidates were slightly above average as such practical aspects of the profession were examined. A total of 278 candidates sat for the examination with 181 candidates (65.11%) passing at a pass rate of 70%.

The common errors committed by the candidates were mostly in the area of the "true or false" where they could not identify the right answers to the concepts been tested.

**Chief Examiner's Comments on Overall Performance:**

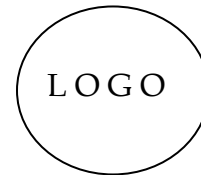
The performance is above average.

**Chief Examiner's Suggestions on Improvement:**

Students should be encouraged to undertake tutorials on the subject and the tutorial centres should be encouraged to include the practical aspects of the profession in their lectures. Also the Institute should develop materials on local content for the students.

CF3

CHARTERED INSURANCE INSTITUTE OF NIGERIA



**INSTRUCTIONS**

- Two hours are allowed for this paper which consists of 75 questions.
- READ THE INSTRUCTIONS ON PAGE 2 CAREFULLY BEFORE ANSWERING ANY QUESTIONS.
- Provide the information requested on the answer form and on form B.
- Do not write on the question paper.
- No marks are deducted for incorrect answers, so do not leave any questions unanswered.
- If you bring a calculator into the examination room, it must be a silent battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements.
- The answer form and this question book MUST BOTH BE HANDED OVER PERSONALLY BY YOU to the invigilator



before you leave the examination Hall, after completing the details requested below. FAILURE TO COMPLY WITH THIS REGULATION MAY RESULT IN YOUR PAPER NOT BEING ASSESSED AND GRADED.

<p style="text-align: center;"><b>CHARTERED INSURANCE INSTITUTE OF NIGERIA</b> <b>CERTIFICATE IN INSURANCE</b> <b>CF3 - INSURANCE UNDERWRITING PROCESS</b></p>
--

**INSTRUCTIONS TO CANDIDATES**

**READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS**

The questions in this section are numbered and **four** options follow each question. The options are labeled 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 with a horizontal pencil mark. You will find that there is space for 100 responses on the front of the answer form. You will only need to use numbers **1** to **75** inclusively.

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).

### ATTEMPT ALL QUESTIONS

1. Which of these items is not a feature of the risk premium?
  - (a) Large claims
  - (b) Reinsurance losses
  - (c) Reopened claims
  - (d) Marketing costs
2. Which class of insurance business is Latent Claims identified with?
  - (a) Fire
  - (b) Liability
  - (c) Engineering
  - (d) Marine
3. Vertical Insurance Company has a financial account which ends on 31<sup>st</sup> December of each year. For logistics and other reasons, some claims would have occurred in the last few days of the month which estimate may not be known as the claims are yet to be reported to the company as at this date. What are the claims called?
  - (a) Catastrophic claims
  - (b) Large claims
  - (c) Incurred but not reported claims
  - (d) Accommodation claims
4. A facilitator speaking to a group of students on a study tour of an insurance company states that there were forty motor claims reported everyday, three fire claims in a week and only one professional indemnity in a month. What was he putting across to the students?
  - (a) Frequency
  - (b) Severity
  - (c) Loss Ratio
  - (d) Risk Control
5. An analysis of the financials of an insurance company gave a figure as the proportion of the total amount of premiums to be kept as the reserves to meet all its claims obligations. What is this reserve called?
  - (a) Risk capital requirement
  - (b) Variable expenses
  - (c) Fixed charges

- (d) Investment income
6. The body charged with the responsibility of compensating victims of uninsured or untraced drivers is?
- (a) Motor Accident Offices  
 (b) Financial Services Compensation Scheme  
 (c) Motor Insurance Bureau  
 (d) Ambulance Emergency Board
7. Which of these is not a variable cost to insurance companies in their operations?
- (a) Underwriting costs  
 (b) Premises rent  
 (c) Commission outward  
 (d) Claims handling costs
8. The "return on capital employed" is an indication of?
- (a) paid up capital  
 (b) shareholders' fund  
 (c) underlining assets of the company  
 (d) profit level of the business
9. In the event of a dispute, who decides whether a fact is material or not?
- (a) The NIA  
 (b) The Courts
- (c) The Ombudsman  
 (d) The Proposer
10. Which of these ratios will you not find in the "underwriting result" of an insurance company?
- (a) Loss Ratio  
 (b) Commission Ratio  
 (c) Investment Ratio  
 (d) Expense Ratio
11. Which of these policies will an insurer not issue a renewal notice to the insured?
- (a) Money Business  
 (b) Contractors All Risks  
 (c) Fidelity Guarantee  
 (d) All Risks
12. Where will details of the risk address be found on a standard household policy?
- (a) The conditions  
 (b) The operative clause  
 (c) The recital clause  
 (d) The schedule
13. Which of these classes of insurance does not benefit from the courtesy of "days of grace"?
- (a) Fire Material Damage  
 (b) Marine Cargo Insurance  
 (c) Household Insurance  
 (d) Burglary Insurance

14. Mrs. Egbin needed to change her car. She wrote the insurance company on 1<sup>st</sup> February but because she was very busy she could not transmit the letter requesting for cancellation of cover until 8<sup>th</sup> February. She forgot to attach the certificate of motor insurance. She wrote a follow up letter on 9<sup>th</sup> February attaching the Motor Insurance Certificate which was safely delivered to the Insurer with acknowledgment on 11<sup>th</sup> February. What would the effective date of cancellation be?
- (a) 11<sup>th</sup> February  
 (b) 9<sup>th</sup> February  
 (c) 8<sup>th</sup> February  
 (d) 1<sup>st</sup> February
15. Which of these classes of insurance is a renewal notice not issued to the insured?
- (a) Performance Bond  
 (b) Business Interruption  
 (c) Public liability  
 (d) Fidelity Guarantee
16. The Renewal Notice on a UK motor Insurance will normally incorporate a certificate of insurance for a specified number of days in case premium is cover be effective?
- (a) 5 days  
 (b) 10 days  
 (c) 15 days  
 (d) 30 days
17. Monsieur Chirac is on a visit to Nigeria for a period of two weeks. He prefers to have local insurance on his electronic working gadgets. As the underwriter, what would you charge in terms of premiums?
- (a) Annual Premium  
 (b) Unexpired Premium  
 (c) Long Period Premium  
 (d) Short Period Premium
18. In the United Kingdom, the "Insurance Premium Tax" is applied to the
- (a) Commission  
 (b) Premium  
 (c) Sum Insured  
 (d) Turnover
19. Which of these statements is not true in relation to Insurance Quotation?
- (a) The Quotation refers to the rates and terms conveyed by the insurer to the prospective insured based on facts submitted  
 (b) The insured who is displeased and who convey's acceptable rate and term is making a quotation  
 (c) Cover is not effective until the quotation is expressly accepted

- (d) The quotation cannot be open ended. It must have a validity date.
20. Ms. Goldie bought a new Sedancar and approached Excellent Heights Insurance Company for rate indication. The insurer gave a quotation with a validity of 14days. She had to travel for three (3) weeks for an official job in one of her company's offices in another region. Immediately, she came back she contracted the company confirming acceptances. Which of these will be correct?
- (a) The validity date on the quotation is of no effect since she was out of town.
- (b) The company was bound to accept since Ms. Goldie elected to do the insurance with them.
- (c) The company has the right to refuse acceptance since it fell outside the validity period.
- (d) Cover will be effective from the initial period before she travelled since her acceptance can be assumed.
21. When insurers talk of the law of large numbers, they would be talking in relation to all except one of these:
- (a) National population of the insuring public
- (b) Homogeneous exposure risk
- (c) Determining the cost of risk
- (d) The larger the number of exposure units, the lower the premium for the pool.
22. A Broker was conversing with an underwriter that the limit of liability for anyone period of insurance was a specified amount. What type of insurance is this likely to be out of the following?
- (a) Theft insurance
- (b) All-Risks
- (c) Fire and special perils
- (d) Public liability
23. In which class of insurance will fees earned by the firm be of importance for premium rating?
- (a) Product liability
- (b) Professional Indemnity
- (c) Public liability
- (d) Employers' liability
24. In which of these policies will the limit of the cover be charged based on an estimated amount pending when the actual amount is arrived at the expiry of the policy.

- (a) Motor Private Car Insurance  
 (b) Household Insurance  
 (c) Employers' liability  
 (d) All Risks
25. Mr. Bobola approached Bright Star Insurance Company for cover for his new car. Rates and terms were agreed by both parties but one or two documents were not readily available, such that the insurance company could not issue a motor insurance certificate but never-the-less issued a temporary document to allow him put the car on the road. This document issued is called?
- (a) Cover note  
 (b) Promissory note  
 (c) Guarantee policy  
 (d) Bordereaux
26. Which class of insurance is the insured obliged to retain the insurance certificate for a period of 40 years?
- (a) Motor Commercial Insurance  
 (b) Product Liability  
 (c) Professionals Indemnity  
 (d) Employers' Liability Insurance
27. When an ambiguous term in a contract document is interpreted against the party that drafted it. This is known as
- (a) Ratio dicendi  
 (b) Contra Proferentem  
 (c) Caveat Emptor  
 (d) Res IpsaLoquitor
28. The section of the policy that lists or mentions the risks that are covered by the policy is
- (a) effective clause  
 (b) heading  
 (c) operative clause  
 (d) signature
29. Where in the policy would you expect to find personal details relating to a particular insured?
- (a) The preamble  
 (b) Signature  
 (c) Conditions  
 (d) The schedule
30. The part of the policy document that contain the name of the insurer and its address is the
- (a) Heading  
 (b) Lower part  
 (c) Operative clause  
 (d) Signature
31. Which of the undernoted will not qualify as implied condition in an insurance contract?

- (a) The insured acts with utmost good faith in the course of insurance transaction.
- (b) That notice must be given within specified number of days of the occurrence of the loss.
- (c) The insured must act as if uninsured
- (d) That in the event of a loss, insured must take action to minimize the loss.
32. Which of these is not a fundamental risk?
- (a) War and related perils
- (b) Radioactive continuation
- (c) Collapse of a storey building
- (d) Nuclear leakage.
33. A Director in a company sent his assistant to purchase a laptop for him. The electronic company has an agreement with an insurer which gives cover to every item purchased as a markup for premium is already included in the sales price. Unknowingly to the wife who handle the insurances of the family, she also instructed her insurer to include same in the all-risks section of their householders insurance. A loss occurred resulting in extensive damage to the item. Which principle of insurance will come to play?
- (a) Contribution
- (b) Subrogation
- (c) Average
- (d) Reinstatement
34. A man bought a mini flat three (3) years ago for a sum of ~~N~~5million and insured it for the same amount. A heavy storm damaged the roof of the flat with the sum of ~~N~~3million to repair it. The current value of the mini flat is said to be ~~N~~10million. Which condition will be applied to the claim by the insurer?
- (a) Contribution
- (b) Average
- (c) Repudiation
- (d) First loss
35. In (34) above, how much will be the settlement liability of the insurance company.
- (a) ~~N~~3 million
- (b) ~~N~~3.75 million
- (c) ~~N~~2.0 million
- (d) ~~N~~1.5million
36. A large manufacturing company in its fire material damage policy decided to bear~~N~~5million of each and every claim that may occur. What is the name given to this amount it has agreed to carry for its own account on every claim?

- (a) Excess  
 (b) Franchise  
 (c) Deductible  
 (d) Surplus
37. In the course of the survey for Theft Insurance, it was recommended that for the risk to be accepted the proposer must instal security lights all around the premises and ensure that they are always on between the hours of 7.00pm and 7.00am everyday. This could amount to
- (a) Condition  
 (b) Specification  
 (c) Representation  
 (d) Warranty
38. Policy conditions can be classified into how many groups?
- (a) 3  
 (b) 4  
 (c) 5  
 (d) 6
39. A sickness insurance specified that if an illness last for 7days or less, no payment will be made but that if a sickness exceeds 7days all of the claim will be settled in full for the entire duration/number of days. This will be an example of
- (a) Franchise  
 (b) Deductible  
 (c) Excess  
 (d) Depreciation
40. In a typical market cycle with emphasis on insurance, how many different phases can be observed?
- (a) 4  
 (b) 5  
 (c) 6  
 (d) 7
41. When considering weather-related cycles, it was observed that normal perils now have a shorter or reduced "return period". What does the phrase return period refer to?
- (a) The frequency with which such perils occur  
 (b) The severity of such occurrences  
 (c) The land mass covered by the peril each time it occurs  
 (d) The prediction as when such can occur.
42. The EML is an important factor in deciding gross capacity acceptance and reinsurance. Which professional assists the underwriter in its determination?
- (a) Solicitor  
 (b) Investment Analysis  
 (c) Loss Adjuster  
 (d) Risk Surveyor



43. One single event usually of natural source that results in widespread damage across many insurance classes is a
- (a) Combination
  - (b) Catastrophe
  - (c) Aggregation
  - (d) Target Risk
44. Which type of reinsurance is written in LINES?
- (a) Excess of Layer
  - (b) Quota Share
  - (c) Surplus
  - (d) Facultative
45. In the course of a technical meeting, the reinsurance officer reported that a new claim was passed to the Reinsurance Unit. He confirmed that the risk was reinsured; that in line with the treaty - 50% of the risk was ceded and that the same proportion was expected in term of recovery. Which type of reinsurance would this be?
- (a) Excess of loss
  - (b) Quota Share
  - (c) Surplus
  - (d) Facultative
46. When requesting a quotation for standard motor insurance, an individual will usually be asked for:
- (a) copy of driving licence
  - (b) copy of log book
  - (c) previous claims history
  - (d) proof of value
47. The standard fire policy does not cover
- (a) Fire
  - (b) Lightning
  - (c) Explosion for domestic usage purposes only
  - (d) Riot and civil commotion
48. Which of these is not classified as a "Special Peril" in insurance?
- (a) Storm
  - (b) Theft
  - (c) Flood
  - (d) Impact
49. Which of these special perils does not emanate from nature?
- (a) Subsidence
  - (b) Earthquake
  - (c) Explosion
  - (d) Subterranean fire
50. The "All-Risk" Insurance policy does not cover every conceivable risk. The exceptions under the policy can be grouped into how many?
- (a) 4
  - (b) 3
  - (c) 5
  - (d) 2

51. In which of these circumstances will the Theft Policy be operative?
- (a) Entry into the premises through open doors
  - (b) Entry into the premises through a key
  - (c) Entry into the premises in which the key was obtained by threat
  - (d) Entry into the premises through concealment
52. In terms of money insurance, which of the following will not be covered?
- (a) Dishonesty of employees
  - (b) Cash on premises
  - (c) Cash in safe
  - (d) Money in transit
53. What question is risk specific on a household proposal form?
- (a) The period of insurance
  - (b) The proposer's name
  - (c) The proposer's occupations
  - (d) The sum insured
54. There must be "material damage warranty" as a pre-condition for a Business Interruption to stand. Under which policy is this pre-condition not required?
- (a) Fire and Special perils
  - (b) All Risks/combined material damage
  - (c) Engineering
  - (d) Motor Commercial
55. A standard legal expenses insurance is very useful in covering the companies cost of defending or taking out a legal action. It has five main sections. One of these is not one of the sections.
- (a) Fire cover
  - (b) Motor cover
  - (c) Employment cover
  - (d) Patents, registered design, copyright cover
56. In which of the liability policies will the courts give an award based on pure financial loss?
- (a) Product Liability
  - (b) Professional Indemnity
  - (c) Public Liability
  - (d) Employers' Liability
57. Which liability policy covers a bonafide visitor to the premises of a company in the event of injury/death to their person or damage to their property?
- (a) Product Liability
  - (b) Professional Indemnity
  - (c) Public Liability
  - (d) Employers' Liability

58. Which document forms the legal basis of a motor insurance contract?
- (a) Certificate
  - (b) Policy
  - (c) Proposal Form
  - (d) Quotation
59. Which policies are sold at the point of sale and are not "underwritten" in the normal course of the insurance process flow".
- (a) Motor
  - (b) All Risks
  - (c) Travel Insurance
  - (d) Extended Warranty
60. Which principle of insurance does the case of *London General Omnibus Co. Ltd v Holloway (1912)* applies to?
- (a) Utmost Good Faith
  - (b) Insurable Interest
  - (c) Proximate Cause
  - (d) Subrogation
61. An underwriting officer looking at a proposal says that age, occupation, family circumstances, medical history and life style are important underwriting consideration. What type of policy would be working on?
- (a) Theft
  - (b) Motor
  - (c) Health
  - (d) Legal Expenses
62. What is stated in the declaration on a proposal form?
- (a) All disputes in respect of cover will be referred to mediation
  - (b) The contents are correct to the best of the proposer's knowledge and belief
  - (c) The proposer and the insurer are forming a contract for cover in return for a premium
  - (d) The proposer warrants that all information in the proposal form is contract.
63. The Heinrick Triangle was used to illustrate accidents in the work place. Which one is not a deduction from its results?
- (a) Accidents with high severity have low frequency
  - (b) Accidents with low severity are many but have high frequency
  - (c) The accidents at the base of the triangle have high frequency
  - (d) The accidents at the base of the triangle have low frequency
64. Figures from an Insurance company indicates that in a financial year under review, it made a premium income of

- ~~₦5,000,000,000.00~~ and paid ~~₦1,000,000,000.00~~ for reinsurance, ~~₦1,200,000,.00~~ as claims paid and ~~₦480,000,000.00~~ as outstanding claims. What is the company's loss ratio?
- (a) 53.6%  
 (b) 33.6%  
 (c) 24.0%  
 (d) 44.0%
65. Which of the monitoring periods is most suitable for addressing the performance of individual policies?
- (a) Accounting year  
 (b) Calendar year  
 (c) Underwriting year  
 (d) Policy year
66. Why are material facts important to insurers?
- (a) They influence the insurer's judgement  
 (b) They are the sole basis of premium calculation  
 (c) Declaration of these facts makes the contract binding  
 (d) They solely determine that perils are covered
67. The duty of disclosure of material facts is an onerous one, yet there are exceptions to the rule. If asked by your prospects for them, which of these will not be among the exceptions?
- (a) Facts that increases the risk  
 (b) Facts relating to law  
 (c) Facts relating to public knowledge  
 (d) Facts that the insured did not know
68. Which of these is not an example of moral hazard?
- (a) Careless and impatience by motorists  
 (b) Dishonesty on the part of employees  
 (c) Construction standard and quality of materials used  
 (d) Social attitude that see insurance money as free money and sees nothing wrong on fraudulently accessing it.
69. Although the proposal form is the widely known means of obtaining material information. All these other document could be used to convey material facts to an insurer except
- (a) Broking slips  
 (b) Risk surveys  
 (c) Claim form  
 (d) Supplementary questionnaire

70. Which of these is covered in a standard comprehensive motor insurance?
- (a) Loss of accessories
  - (b) Loss of use
  - (c) Wear and tear
  - (d) Depreciation
71. Mr. Wiseman has a building which he occupies with his family. He also has an outbuilding within the compound which he gave out for rent to tenants. In the course of your discussion with him, he mentions anxiety about loss of rent or cost of alternative accommodation in the event of a loss that makes the premises uninhabitable. Which policy will you recommend to him?
- (a) Burglary
  - (b) Household Insurance
  - (c) Personal Accident
  - (d) Money Insurance
72. Which of these policies is not a policy of Indemnity?
- (a) Legal Expenses
  - (b) Motorcycle
  - (c) Product Liability
  - (d) Personal Accident
73. Helplines are very useful in offering prompt services to the insured and promoting the concept of customer delight. In which of these classes is it not usually used?
- (a) Motor Insurance
  - (b) Household Insurance
  - (c) Business Interruption
  - (d) Travel Insurance
74. Which of these is an "uninsured" risk in a standard comprehensive motor insurance cover?
- (a) Policy excess
  - (b) Cost of damaged item on the vehicle
  - (c) Consequential loss from liability to use vehicle
  - (d) Cost of towing
75. At what stage in the risk management process will an insured take an informed decision as to whether he should retain his risk or transfer same?
- (a) Identification stage
  - (b) Analysis stage
  - (c) Control stage
  - (d) Claim stage



**CF3 - INSURANCE UNDERWRITING PROCESS**

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

**SUMMARY**

Pass Rate: 70%  
Highest Score: 96%  
Lowest Score: 36%  
Average Score: 68%

**Breakdown Updates**

The subject is examined as multiple choice and covered every aspect of the course to encourage students to study extensively and understand the various topics.

Performance is well above average – 70.6% pass rate.

**Chief Examiner's Comments on Overall Performance:**

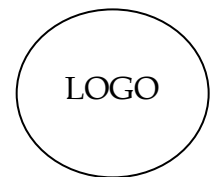
Good Overall Performance.

**Chief Examiner's Suggestions on Improvement:**

Students are to be made aware of the need to read instructions on the Examination Scripts to ensure that keep within limit of examination rules.

CF4

CHARTERED INSURANCE INSTITUTE OF NIGERIA



**INSTRUCTIONS**

- Two hours are allowed for this paper which consists of 75 questions.
- READ THE INSTRUCTIONS ON PAGE 2 CAREFULLY BEFORE ANSWERING ANY QUESTIONS.
- Provide the information requested on the answer form and on form B.
- Do not write on the question paper.
- No marks are deducted for incorrect answers, so do not leave any questions unanswered.
- If you bring a calculator into the examination room, it must be a silent battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements.
- The answer form and this question book MUST BOTH BE HANDED OVER PERSONALLY BY YOU to the invigilator

before you leave the examination Hall, after completing the details requested below. FAILURE TO COMPLY WITH THIS REGULATION MAY RESULT IN YOUR PAPER NOT BEING ASSESSED AND GRADED.

**CHARTERED INSURANCE INSTITUTE OF NIGERIA**

**CERTIFICATE IN INSURANCE**

**CF4 - INSURANCE CLAIMS HANDLING PROCESS**

**INSTRUCTIONS TO CANDIDATES**

**READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS**

The questions in this question paper are numbered and four options follow each question. The options are labeled 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 with a horizontal pencil mark. You will find that there is space for 100 responses on the front of the answer form. You will only need to use numbers 1 to 75 inclusively.

Example:

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

The answer is option (b)



### ATTEMPT ALL QUESTIONS

1. Claims settlement can be effected in all but one of the following ways
  - (a) Payment
  - (b) Barter
  - (c) Reinstatement
  - (d) Replacement
2. Which method of indemnity is used when fraud is suspected on the part of the claimant?
  - (a) Cash payment
  - (b) Reinstatement
  - (c) Repairs
  - (d) Replacement
3. In a situation where arson is suspected in a fire damage to a building, which method of settlement will be most suitable?
  - (a) Cash payment
  - (b) Reinstatement
  - (c) Repairs
  - (d) Replacement
4. In which of these situations will claim payments not be made to parties other than the insured.
  - (a) Payment for wedding and engagement rings already replaced and paid for by the insured.
  - (b) Payment of outstanding in respect of hire purchase
  - (c) Payment to an authorized garage
  - (d) Payment to a medical doctor for treatment in connection with injury that forms the subject matter of a claim.
5. The practice of setting out data of claims, premiums, incurred claims and the analysis thereof by class and/or underwriting year is called
  - (a) Comparative analysis
  - (b) Time Series
  - (c) Triangulation

- (d) Technical operations valuation
6. It is the expectation of every insured to obtain a settlement in the event of a claim. In which of these circumstances will the policy not support settlement?
- (a) An own damage case under a comprehensive policy
- (b) Damage to the fence of another person building when the insured holds a third party policy
- (c) A theft case reported under a comprehensive policy
- (d) Insured requesting for repairs to his vehicle when he took out a third party policy.
7. In which of these situations will the insured not receive 'partial indemnity' in the event of a loss?
- (a) Reinstatement memorandum
- (b) Average application
- (c) Limit of liability
- (d) Application of excess
8. Mr. Kenny holds a comprehensive motor policy with ABC Insurance Company Ltd. His vehicle was smashed by another vehicle driven by Miss

Taelolu who has a comprehensive motor policy with DEF Insurance Company Ltd. Mr. Kenny decided to claim on his own Insurance after the two (2) individuals have exchanged their Certificates of cover. ABC Insurance Company Ltd proceeded to repair their insured's car but wrote to DEF Insurance Company for their outlay. Which principle of Insurance were they enforcing?

- (a) Indemnity
- (b) Subrogation
- (c) Contribution
- (d) Average
9. An Insurance Company settled a motor claim on constructive total loss basis and has the vehicle towed to its premises as ownership now reverts to it. What is the specific name for such an item retrieved by an insurer having paid a claim on it?
- (a) Stock
- (b) Salvage
- (c) Asset
- (d) Sample
10. Which of these is not true of average in Insurance?
- (a) Average applies in property insurance
- (b) Average is invoked when the sum insured

- is less than the value at risk
- (c) Average applies in a liability policy where the limit of liability is exceeded
- (d) Average is a penalty for under insurance
11. A motor vehicle was parked on a valid parking lot at a site. In the course of the workmen throwing tools amongst themselves, it fell and damaged the roof and windscreen of the vehicle on the ground. Which market agreement will deal with the resolution of this?
- (a) Knock-for-knock  
 (b) Third party claims  
 (c) Arbitration panel  
 (d) Motor/Public Liability Agreement
12. Franchise rather than excess will operate in relation to which of these policies?
- (a) Sickness Insurance  
 (b) All Risks Insurance  
 (c) Fire Materials Damage  
 (d) Burglary
13. In a situation where the driver of a vehicle could not be traced, which body offers compensation to the victim?
- (a) British Insurers Association  
 (b) Motor Offices Committee  
 (c) Motor Insurers' Bureau  
 (d) Accident Offices Committee
14. Which of these is not part of the claims reserving process?
- (a) Checking data integrity  
 (b) Data deflation  
 (c) Collating historical data  
 (d) Projection of Claims
15. Mr. Jack Jill had a fire claim which his insurers accepted to settle. He was however not agreeable with the sum offered in settlement. Where can he go for redress in line with policy conditions?
- (a) The Court  
 (b) Industry Trade Association  
 (c) Loss Adjuster  
 (d) Arbitration
16. Which of the departments in an insurance company is referred to as the 'shop window' of the company in view at the vital function it performs.
- (a) Marketing Department  
 (b) Claims Department  
 (c) Finance Department  
 (d) Public Relations Department
17. Mr. Emeka was driving to work when he mistakenly ran

- into the back of the car in his front damaging the rear. Mr. Ifeanyi the owner of the damaged vehicle made a claim on Emeka who in turn reported the matter to his insurers. In this tripartite scenario who can be said to be the 'first party'?
- (a) Mr. Ifeanyi  
 (b) The Insurance Company  
 (c) Mr. Emeka  
 (d) The Repairing Garage
18. The claims personnel play important functions for the company. Which of this is not part of their functions ?
- (a) Investing the premium fund  
 (b) Settle claims speedily but also follow procedures  
 (c) Distinguish between real and fraudulent claims  
 (d) Estimate accurately the cost of a claim
19. Finesse Insurance Company sees claims service delivery as its selling point and therefore decided to issue a 'claim service statements' to its insured. What could create a problem to the company by this action?
- (a) The Staff are focused  
 (b) It serves as an attraction to prospective customers  
 (c) It helps the company to align its process to meet the set objectives  
 (d) It could increase complaints when there is disruption
20. Which of these is not true of the third party in relation to the insurance contract?
- (a) The third party is a party to the contract between the insured and the insurer  
 (b) The insurer is not primarily liable to the third party  
 (c) The third party will not be liable for any excess on the policy  
 (d) The third party should direct their claim at the insured
21. Claim reserving is an important function for any Insurance Company for all but one of these reasons?
- (a) Claims reserves affect the profit level of the company  
 (b) It helps to assess the adequacy of premium rates  
 (c) It is an indication of the shareholders' fund

- (d) Its' analysis shows the profitability of each line of business
22. The 'global' claims reserve refer to
- (a) The aggregate reserve for the insurance market
  - (b) The whole reserve for all lines of business of an insurance company
  - (c) The addition of reserves for a given class of business
  - (d) The part of the company's reserve realizable from its reinsurers
23. Which one of these would not amount to a fraud?
- (a) Inventing a loss that never happened
  - (b) Unconscious under-insurance leading to average
  - (c) Exaggerating the number of items stolen in a theft incident
  - (d) Deliberately bringing about an insured event.
24. Which body in the UK coordinates fraud prevention activities at the industry level?
- (a) The Metropolitan Police
  - (b) The Accident Offices Committee
- (c) The Lloyds Syndicate
- (d) The Association of British Insurers
25. The Nigerian Insurance Industry came up with a platform through which the insuring public could confirm the genuineness of their motor insurance certificate. What is the platform called?
- (a) Auto Reg
  - (b) NIID
  - (c) Data Bureau
  - (d) Check It
26. Which of these is the depository of data for personal line claims on motor, household and travel insurances?
- (a) Claims and Underwriting Exchange
  - (b) Motor Insurance Anti-Fraud and Theft Register
  - (c) Motor Insurance Database
  - (d) Insurance Ombudsman
27. The Alternative Dispute Resolution process taken to resolve the dispute between an insured and his insurer involving a professional is
- (a) Conciliation
  - (b) Coinsurance
  - (c) Medication
  - (d) Arbitration

28. In the event of a claim, on whom does the onus of proof rest to prove that an insured peril has arisen?

- (a) Insured
- (b) Insurer
- (c) Loss Adjuster
- (d) Loss Assessor

29. Which document shows the financial position of a company at the end of a financial year?

- (a) Bordereaux
- (b) Asset Registers
- (c) Balance Sheet
- (d) Reinsurance Treaties

30. The Financial Services Authority performs very important functions for the wellbeing of the industry in the UK. Which of these is not one of its functions?

- (a) It authorizes new insurance companies entering the market
- (b) It ensures continuous monitoring of solvency
- (c) It monitors compliance with its rules, guidelines and regulations
- (d) It invests premium income for each company

31. The standard household policy condition requires a

policyholder to notify insurer of a claim or a potential claim

- (a) As soon as reasonably practical
- (b) Immediately a loss occurs
- (c) Within 10 days
- (d) Within 28 days

32. In an insurance context, 'leakage' will relate to all except

- (a) Payment of claims in excess of indemnity.
- (b) Removal of smaller excess from the claim
- (c) Relatively high discount on premium
- (d) Omission to deduct for wear and tear.

33. What level is the strategy for claims operations structures system worked out?

- (a) Senior Staff level
- (b) Middle Management level
- (c) Departmental Management level
- (d) Senior Management level.

34. Bodily injury claims become statute barred after how many years?

- (a) 3 years
- (b) 5 years
- (c) 7 years
- (d) 9 years

35. Which of there is not true of ex-gratia payments?

- (a) It can be made in a borderline situation
- (b) It is used to preserve good business patronage.
- (c) It is payment based on established liability.
- (d) It is used to avoid contesting liability in the court.

36. Mrs. Bintu insured her car for ₦500,000 subject to an excess of 5% of claim or ₦20,000 whichever is higher. The vehicle was involved in an accident the estimate of which was adjusted to ₦125,000 gross. It was observed that the tyres were bald and the cost of tyres of ₦30,000 should be discounted by 25% for wear and tear. What leakage is in this example if the claims administrator erroneously paid out a cheque for the gross adjustment?

- (a) ₦25,000.00
- (b) ₦27,500.00
- (c) ₦7,500.00
- (d) ₦30,000.00

37. IBNR is important when making overall estimation of reserves because

- (a) It is not that material in terms of value

(b) They are deliberately withheld by the insured

(c) The claims have already occurred and are real, although not known

(d) They should be discountenanced since they are not known

38. Outstanding claims reserves refer to

(a) Reserves covering claims that have been incurred and reported

(b) Reserves covering claims incurred and not yet reported

(c) Reserves for claims that are disputed in terms of quantum

(d) Reserves for claim for liability not accepted

39. Which part of the annual accounts and reports show the transactions carried out by the company in the course of the financial year?

(a) Balance Sheet

(b) Risk Register

(c) Claims Register

(d) Profit and Loss Account.

40. Solvency margin is an important measure for an insurance company. What does this relate to?

- (a) The proportion of claims to be recovered from reinsurers
- (b) Proportion of funds set aside to pay reported and outstanding claims
- (c) The proportion of the share capital used to purchase assets
- (d) The proportion of claims to be recovered from co-insurers
41. What is meant by unearned premium reserve?
- (a) Premium returned on cancellation of cover.
- (b) Premium for short period cover.
- (c) Premium for which insurance period has not yet been utilized
- (d) premium set aside for commission.
42. When does the average clause operate under a policy?
- (a) When the insured has failed to pay the premium before the occurrence date
- (b) When the insured failed to insure their property for its full value
- (c) Where there is more than one policy which provides coverage for the same loss
- (d) Where there is more than one insurer underwriting the same policy.
43. Which of these factors may not be taken into consideration by Management in the choice of claims management system?
- (a) Year of establishment
- (b) Structure of the Company
- (c) Mix of business written
- (d) Extent of what management want the computer system to do
44. A robust and versatile claims system should be able to perform these functions except
- (a) Predict the identity of the insured who should claim in a given period
- (b) Store a large volume of data
- (c) Process information accurately
- (d) Deliver reports in a manner useful to end users
45. What should a policyholder do in the first instance in the event of a large claim?
- (a) Notify insurers who will appoint a loss adjuster.



- (b) Appoint a loss adjuster to handle the claim on behalf of insurers.
- (c) Ask their accountant to carry out a review of their sums insured.
- (d) Appoint a solicitor to determine policy coverage
46. For a claim to arise under an employers' liability policy, at what time must the cover be in 'force'?
- (a) When the event giving rise to the claim happen
- (b) When the policyholder becomes aware of the event
- (c) When the policyholder claim against their insurer(s)
- (d) When the settlement is agreed
47. The structure in an insurance set-up that brings about specialization but makes it inflexible for one person to fit well into the operations of another unit or department is?
- (a) Divisional Structure
- (b) Horizontal Structure
- (c) Vertical Structure
- (d) Functional Structure
48. Which supporting service provider is referred to as acting as the eyes and ears of the insurer?
- (a) The solicitor
- (b) The risk surveyor
- (c) The loss adjuster
- (d) Brokers
49. Large and complex claims are normally outsourced to .....?
- (a) detectives
- (b) surveyors
- (c) loss adjusters
- (d) lawyers
50. Mr. Chiwendu was driving in a neighborhood when the brake of his car failed. In the process, he ran into and damaged a mini-mart by the road and his own car bonnet. Which of these statements is not true in relation to the various scope of motor insurance cover?
- (a) The insurer is liable for the total losses if he holds a comprehensive cover
- (b) The insurer is liable for the losses to the minimart under the third party cover
- (c) The insurer is liable for the losses to the minimart if he holds a third party, fire and theft cover
- (d) The insurer is liable for all losses irrespective of the type of cover in force

51. Which document must be produced to the insurer before a total loss claim can be settled under a private motor policy?

- (a) Certificate of Insurance
- (b) Original policy document
- (c) Valid MOT certificate
- (d) Vehicle registration document

52. Which of these policies is a benefit policy?

- (a) All Risks
- (b) Personal Accident
- (c) Money Insurance
- (d) Public Liability

53. Mrs. Ituma had a fire incident in her bedroom. She lodged a claim under her household policy. Which of these items would her insurance company settle on "new for old" basis?

- (a) Furniture items
- (b) Clothes
- (c) Curtains
- (d) Shoes

54. Mr. Oreofe suffered a storm damage in which the roof of his house was blown off and landed far away becoming unusable. The Insurance Company agreed to replace the roof with new sheets of superior quality than the one that was destroyed. The

company gave an offer but requested that the Insured should contribute since he has a new roof of higher quality. This can be described as the application of

- (a) Average
- (b) Subrogation
- (c) Betterment
- (d) Liability limit

55. In a particular policy, the claim settlement is effected by ensuring that appliance covered is sent for repairs or replaced. Which policy would this be?

- (a) Legal Expenses
- (b) Travel Insurance
- (c) Extended Warranties
- (d) Professional Indemnity

56. In which class of insurance is the indemnity period use?

- (a) Burglary
- (b) Business Interruption
- (c) Product Liability
- (d) Public Liability

57. Mr. Babu came into the premises of DKD Limited to transact some business. Incidentally, as he was parking at the space provided by the company, a small window fell off the third floor of the building damaging the windscreen and bonnet of his car. He also suffered an injury from the glass of the

- windscreen. Which policy will take care of such losses?
- (a) Professional Indemnity
  - (b) Product Liability
  - (c) Public Liability
  - (d) Fire Material Damage Policy
58. From whom must the insured obtain a report to support a holiday travel claim when valuables are taken from their hired car whilst on a package holiday abroad?
- (a) Care hire company
  - (b) Local police
  - (c) Tour operator
  - (d) Travel agent
59. LMN Investment Limited offer professional advisory services to individual and corporate bodies on investment opportunities. They advised an institutional investor to put funds in a private placement, without background checks on the company. The investment went bad as the investor lost more than 50% of their investment within six (6) months. Which policy will you advise LMN investment Limited to claim from following a suit by the investor who claimed they relied on their advice?
- (a) Professional Indemnity
  - (b) Product Liability
  - (c) Consequential Loss
  - (d) Fidelity Guarantee
60. Which of these policies is written on 'claims-made basis'?
- (a) Professional Indemnity
  - (b) Public Liability
  - (c) Money Insurance
  - (d) Fidelity Guarantee
61. Which policy is usually purchased in conjunction with a motor policy to provide cover for taking action at recouping uninsured losses?
- (a) Consequential Loss
  - (b) Extended Warranties
  - (c) Legal Expenses
  - (d) All Risks
62. Which of these losses cannot be classified as uninsured under a private motor insurance?
- (a) Cost of a hired vehicle because the vehicle insured is being serviced
  - (b) Cost of tyres in an accident admitted as claim
  - (c) Loss of earnings consequent upon an accident
  - (d) Loss of use
63. Which of these is not part of the three (3) main elements

- involved in the risk management process?
- (a) Identification
  - (b) Measurement
  - (c) Labeling
  - (d) Control
64. The dominant event that directly brings about a loss without the intervention of another independent event is called the.....?
- (a) Fundamental risk
  - (b) Insured event
  - (c) Named Peril
  - (d) Proximate Cause
65. The installation of a sprinkler system in a manufacturing company amounts to a
- (a) Risk reduction measure
  - (b) Risks avoidance measure
  - (c) Risk transfer measure
  - (d) Risk acceptance measure
66. What is the minimum amount required by law to be covered in respect of third party property damage for any insurance policy issued in Nigeria?
- (a) ₦250,000
  - (b) ₦500,000
  - (c) ₦1,000,000
  - (d) ₦2,000,000
67. A franchise for a specified number of days will apply in
- (a) Travel Insurance
  - (b) Sickness Insurance
  - (c) Extended Warranties
  - (d) Theft Insurance
68. Contingent third party Insurance relates to which of these situations?
- (a) Where two (2) vehicles owned by the same insured hit each other
  - (b) Where a commercial vehicle owned by a business damages a private car
  - (c) Where an employee is injured in the employer's vehicle in an accident
  - (d) Where an employee whose insurance is not operative is using their vehicle for their employer's business
69. What is the main role of an underwriter?
- (a) To advise on risk control
  - (b) To assess insurance proposals and decide terms
  - (c) To prepare and issue policy documents
  - (d) To settle valid claims
70. Which type of insurance will "First Loss Cover" be issued?

- (a) All Risks Insurance
  - (b) Theft Insurance
  - (c) Travel Insurance
  - (d) Household Insurance
71. Which of these is not covered by the Business Interruption policy?
- (a) Gross Profit
  - (b) Wages
  - (c) Auditors fees
  - (d) Indemnity Period
72. Which of these is not an expressed duty in an insurance contract?
- (a) Insured must give prompt notice of a loss
  - (b) Insured must be involved in emergency services as appropriate
  - (c) Insured must take steps to prevent a loss from spreading
  - (d) Insured must give proof and details of the loss as required by the policy document
73. Mr. Konkobilo who took out insurance on his first car had an accident and lodged a claim. He was given an offer by his insurer and was told that the cheque for the claim will be in the name of the repairing garage. He was

advised to pay a balance amount to the garage for the release of his car after repairs since he did not buy back the excess on his policy. He protested that he paid his premium in full. What does the money he was asked to pay to the garage represent?

- (a) Betterment
  - (b) Contribution
  - (c) Excess
  - (d) Indemnity
74. The claim form is a very vital document in claims processing for all but one of the following reasons:
- (a) To establish that the insured has a valid policy
  - (b) To provide information about the loss incident
  - (c) To advertise the company's product
  - (d) To enable the insurer establish if a third party was involved.
75. The principle of proximate cause relates to
- (a) Quantum
  - (b) Contractual Parties
  - (c) Notification
  - (d) Perils

**CF4 - INSURANCE CLAIMS HANDLING**

<b>1</b>	B	<b>21</b>	C	<b>41</b>	C	<b>61</b>	C
<b>2</b>	D	<b>22</b>	B	<b>42</b>	B	<b>62</b>	B
<b>3</b>	B	<b>23</b>	B	<b>43</b>	A	<b>63</b>	C
<b>4</b>	A	<b>24</b>	D	<b>44</b>	A	<b>64</b>	D
<b>5</b>	C	<b>25</b>	B	<b>45</b>	A	<b>65</b>	A
<b>6</b>	D	<b>26</b>	A	<b>46</b>	A	<b>66</b>	C
<b>7</b>	A	<b>27</b>	A	<b>47</b>	D	<b>67</b>	B
<b>8</b>	B	<b>28</b>	A	<b>48</b>	B	<b>68</b>	D
<b>9</b>	B	<b>29</b>	C	<b>49</b>	C	<b>69</b>	B
<b>10</b>	C	<b>30</b>	D	<b>50</b>	D	<b>70</b>	B
<b>11</b>	D	<b>31</b>	A	<b>51</b>	D	<b>71</b>	D
<b>12</b>	A	<b>32</b>	C	<b>52</b>	B	<b>72</b>	C
<b>13</b>	C	<b>33</b>	D	<b>53</b>	A	<b>73</b>	C
<b>14</b>	B	<b>34</b>	A	<b>54</b>	C	<b>74</b>	C
<b>15</b>	D	<b>35</b>	C	<b>55</b>	C	<b>75</b>	D
<b>16</b>	B	<b>36</b>	B	<b>56</b>	B	<b>76</b>	
<b>17</b>	C	<b>37</b>	C	<b>57</b>	C	<b>77</b>	
<b>18</b>	A	<b>38</b>	A	<b>58</b>	B	<b>78</b>	
<b>19</b>	D	<b>39</b>	D	<b>59</b>	A	<b>79</b>	
<b>20</b>	A	<b>40</b>	B	<b>60</b>	A	<b>80</b>	

**SUMMARY**

Pass Rate: 67%

Highest Score: 81%

Lowest Score: 57%

Average Score: 70%

**Breakdown Updates**

The entry is low for an important subject like this. The few candidates who sat did relatively well.

**Chief Examiner's Comments on Overall Performance:**

Good overall performance.

**Chief Examiner's Suggestions on Improvement:**

Claims handling competence is very important to ensure that practitioners have a good background. More candidates should be encouraged to enter for this subject.

CF5

CHARTERED INSURANCE INSTITUTE OF NIGERIA



**INSTRUCTIONS**

- Two hours are allowed for this paper which consists of 75 questions.
- READ THE INSTRUCTIONS ON PAGE 2 CAREFULLY BEFORE ANSWERING ANY QUESTIONS.
- Provide the information requested on the answer form and on form B.
- Do not write on the question paper.
- No marks are deducted for incorrect answers, so do not leave any questions unanswered.
- If you bring a calculator into the examination room, it must be a silent battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements.
- The answer form and this question book MUST BOTH BE HANDED OVER PERSONALLY BY YOU to the invigilator

before you leave the examination Hall, after completing the details requested below. FAILURE TO COMPLY WITH THIS REGULATION MAY RESULT IN YOUR PAPER NOT BEING ASSESSED AND GRADED.

**CHARTERED INSURANCE INSTITUTE OF NIGERIA**  
**CERTIFICATE IN INSURANCE**  
**CF5 - MOTOR INSURANCE PRODUCTS**

**INSTRUCTIONS TO CANDIDATES**

**READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTION**

This question paper is in two sections: Section A and Section B.

**SECTION A**

The questions in Section A are numbered and four options follow each question. The options are labeled 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 with a horizontal pencil mark. You will find that there is space for 100 responses on the front of the answer form. You will only need to use numbers 1 to 50 inclusive.

Example:

Which insurance principle does new for old overrule?

- (a) - Average
- (b) - Contribution
- (c) - Indemnity
- (d) - Subrogation

The answer is option (c).



## SECTION B

This section contains five (5) 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, d, 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 with a horizontal pencil mark. For Section B you will need to use numbers 51 to 75 inclusive.

### ATTEMPT ALL QUESTIONS

#### SECTION A

*The questions in Section A are numbered and four options follow each question. The options are labeled 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 with a horizontal pencil mark. You will find that there is space for 100 responses on the front of the answer form. You will only need to use numbers 1 to 50 inclusive.*

1. Which of these is not a class of motor insurance?
  - (a) Private motor policies
  - (b) Third party only Policies
  - (c) Motorcycle policies
  - (d) Commercial motor policies
2. Which of these is not an insurance company that sells motor insurance to the public?
  - (a) Traditional insurance companies

- (b) Internet companies
  - (c) Lloyd's motor syndicates
  - (d) Direct sell intermediaries
3. Compensation to victims of uninsured drivers will be paid by
  - (a) Motor Insurers' Bureau
  - (b) Internet companies
  - (c) Direct sell intermediaries
  - (d) Direct sell companies
4. Which of these is not an agreement with the Secretary of State under the Motor Insurers' Bureau?
  - (a) The Uninsured Drivers Agreement
  - (b) The Insured Drivers Agreement
  - (c) The Traced Drivers Agreement
  - (d) The Excepted Drivers Agreement

5. A motorist moving from Nigeria to Ghana will require?
- Comprehensive insurance
  - Third party only policy
  - Green card section
  - ECOWAS Brown Card
6. Under the Uninsured Drivers Agreement, claims for property damage are subject to an excess of:
- GBP100
  - GBP250
  - GBP300
  - GBP500
7. What type of motor cycle policy are you most likely to be offered in UK these days?
- Unspecified motor cycle
  - Specified motor cycle
  - ECOWAS motor cycle
  - Specified rider
8. The purpose of the two codes provided by GISC?
- not to buy insurance directly
  - caveat emptor regime
  - provide specific benefits
  - to provide protection to customers
9. Which of the following is not a function of the DVLA?
- To regulate the issuing of licences to drivers.
  - To maintain the motor insurers' database.
  - To regulate the registration of vehicles and the issuing of road fund licences.
  - None of the above
10. From whom must the insured obtain a report to support a holiday travel claim when valuables are taken from their hired car whilst on a package holiday abroad?
- Car hire company
  - Local police
  - Tour operator
  - Travel agent
11. Which document must be produced to the insurer before a total loss claim can be settled under a private motor policy?
- Certificate of Insurance
  - Original policy document
  - Valid MOT Certificate
  - Vehicle registration documents
12. An insurer provides a motor insurance quotation to Mr. Adams, which states that it is valid for 14 days. When can Mr. Adams accept the quotation?

- (a) During the 14-days period only
- (b) During the 14-days period, plus any days of grace period
- (c) After the 14-day period, unless withdrawn by the insurer
- (d) After the 14-day period, unless to materials facts have changed
13. What document forms the legal basis of a motor insurance contract?
- (a) Certificate
- (b) Policy
- (c) Proposal form
- (d) Quotation
14. Which of these was set up to reduce the number of uninsured vehicles on UK roads?
- (a) ABI
- (b) MID
- (c) MIB
- (d) CII
15. The law regulating motor insurance in Nigeria is primarily the
- (a) Road Traffic Act 1988
- (b) Insurance Act 2003
- (c) Motor Vehicle (Third party) Insurance Act 1950
- (d) National Insurance Act 1997
16. .... is any other party involved in an accident
- (a) Third party
- (b) Insurer
- (c) Insured
- (d) None of the above
17. Which of these provide the least cover in motor insurance?
- (a) Comprehensive
- (b) Third Party, Fire and Theft
- (c) Third Party only
- (d) Road Traffic Act
18. Which of these provides the widest cover in motor insurance?
- (a) Comprehensive
- (b) Third Party, Fire and Theft
- (c) Third Party only
- (d) Road Traffic Act
19. In order to keep the costs down and to minimize small and unnecessary claims, the insurer will incorporate what into the policy?
- (a) Accessories
- (b) Excess
- (c) Scope of cover
- (d) EDI system

20. .... are those items which are necessary to the functioning of the vehicle and/or would be sold with the vehicle itself.
- (a) Accessories
  - (b) Excess
  - (c) Franchise
  - (d) Glass
21. Which of the following would you not expect to find available under a policy benefit but rather as an exclusion?
- (a) Damage to tyres from braking
  - (b) Loss/damage as a result of a deliberate act by the insured person
  - (c) Loss/damage to the unoccupied car if the keys are left in or on the car
  - (d) Breakage of glass
22. In which motor cycle policy will only the policyholder be allowed to ride the motorcycle?
- (a) Specified motor cycle policy
  - (b) Unspecified motor cycle policy
  - (c) Specified rider policy
  - (d) Unspecified rider policy
23. The third party property damage limit for a third party insurance in Nigeria is
- (a) ₦500,000
  - (b) ₦1,000,000
  - (c) ₦3,000,000
  - (d) ₦5,000,000
24. Which of these is not an exclusion in a motorpolicy?
- (a) Loss of use
  - (b) Depreciation
  - (c) Mechanical or electrical breakdown
  - (d) None of the above
25. The primary function of insurance is as a means of risk
- (a) Assessment
  - (b) Elimination
  - (c) Identification
  - (d) Transfer
26. Which of these is not a way to handle loss, theft or damage to car accessories and spare parts by an insurer?
- (a) Reinstatement
  - (b) Repair the damage
  - (c) Replace what is lost beyond economic repair
  - (d) Pay cash for the amount of loss or damage
27. Part I of Road Traffic Act 1988 is headed as

- (a) Construction and use of vehicles and equipment
- (b) Principal Road Safety Provisions
- (c) Licensing of Drivers of Heavy Goods vehicles
- (d) Miscellaneous and General
28. The minimum age for licensing a driver for medium sized goods vehicle is
- (a) 16
- (b) 17
- (c) 18
- (d) 21
29. What is the minimum age to obtain a licence to drive an agricultural tractor?
- (a) 16
- (b) 17
- (c) 18
- (d) 21
30. Which of these cases ruled that vehicle, left on the road outside a house and jacked up so that its wheels are left off the ground, is still being used.
- (a) Cobb v. Williams (1973)
- (b) Froom v. Butcher (1975)
- (c) Hayward v. Norwich Union
- (d) Eliot v. Grey (1960)
31. What does Part VI of the Road Traffic Act 1988 deal with?
- (a) Third party liabilities
- (b) Principal road safety provisions
- (c) Licensing of drivers of vehicles
- (d) Driving instruction
32. Which of the EC motor Directives has the basic intention of simplifying the process of claiming against a foreign insurer when an EU citizen is involved in a motor accident outside their normal country of residence?
- (a) First
- (b) Second
- (c) Third
- (d) Fourth
33. The rehabilitation period for an offence where the penalty was a fine is
- (a) 30 months
- (b) Seven years
- (c) Five years
- (d) Ten years
34. Which of these is not contained in a motor insurance certificate?
- (a) Details of the vehicle covered
- (b) Name of the policyholder
- (c) Date of expiry
- (d) Address of the policyholder

35. Which of these is a temporary document issued in motor insurance?
- (a) Cover note
  - (b) Certificate of insurance
  - (c) Policy
  - (d) Renewal notice
36. The policy schedule will not contain
- (a) Policy number
  - (b) Period of insurance
  - (c) Recital clause
  - (d) Cover provided
37. The part of the policy which will normally set out the basis of the contract is?
- (a) The preamble
  - (b) Definitions
  - (c) Loss or damage
  - (d) Foreign use
38. Which of these is not part of a policy?
- (a) Liability to others
  - (b) General condition
  - (c) Service information
  - (d) Endorsement
39. The amount that is required to pay claims – expressed in percentage terms is
- (a) Claims ratio
  - (b) Premium ratio
  - (c) Variable costs
  - (d) Fixed cost
40. Which of these facts must be disclosed in proposing motor insurance policy?
- (a) Certain statutory measures e.g rehabilitation of offenders Act 1974
  - (b) Facts about which an insurer waives information
  - (c) Facts that increases the risk
  - (d) Facts that the insured does not know
41. Which of these is not a main rating factor for private car insurance?
- (a) Vehicle
  - (b) Proposer and other drivers
  - (c) Rating guide
  - (d) Cover required
42. Which of these is not usual main rating factors for goods-carrying vehicles?
- (a) Use
  - (b) District
  - (c) Type of construction
  - (d) Policy cover
43. A motor insurance policy will always include cover for
- (a) Accidental damage to the insured vehicle

- (b) Fire and theft damage to the insured to the vehicle
- (c) Liability to third parties and emergency treatment fees
- (d) I don't know
44. Personal accident benefits are provided under a comprehensive motor insurance policy for which type of vehicles?
- (a) Haulage vehicles
- (b) Motorcycles
- (c) Private motor cars
- (d) Public transport vehicles
45. In which part of a motor insurance policy document is the conduct of claims mentioned?
- (a) The certificate
- (b) The conditions
- (c) The schedule
- (d) The warranties
46. What information must be shown on a certificate of insurance for a private motor car policy to identify the vehicle?
- (a) The chassis number
- (b) The date of registration
- (c) The full make and model details
- (d) The registration number
47. Which part of a motor insurance policy document shows details specific to the particular policyholder?
- (a) The conditions
- (b) The exception
- (c) The schedule
- (d) The warranties
48. Following an accident, who would normally authorize repairs to a motor vehicle?
- (a) The broker
- (b) The insured
- (c) The insurer
- (d) The loss assessor
49. The main reason for large transport firm using an insurance broker to obtain its motor insurance instead of a direct insurer is that a broker will
- (a) Always provide a cheaper quota
- (b) Always provide a quicker quote
- (c) Be able to tailor the cover to meet the client is need
- (d) Offer more ways to pay the premium
50. Tunde's comprehensive motor insurance policy is due for renewal and although he intends to renew, he forgets to pay the premium. If he has an accident three days after the

renewal date, what is Tunde's position in respect of cover?

- (a) He has no cover
- (b) He has Road Traffic Act only cover

- (c) He has third party only cover
- (d) He has comprehensive cover

## ATTEMPT ALL QUESTIONS

### SECTION B

*This section contains five (5) 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 with a horizontal pencil mark. For Section B you will need to use numbers 51 to 75 inclusive.*

Peter owns a small UK haulage company which has seven commercial vehicles and an annual turnover of £450,000. The vehicles are over 3,500kg in weight and have trailers weighing over 750kg. His company's main business is transporting goods for local suppliers to shops throughout UK.

David and Rick are two of Peter's drivers. David aged 45, obtained his commercial vehicle driving licence five years ago and Rick, aged 50, obtained his nine months ago.

Over the last year, Peter has submitted two claims under his policy. David had £200.00 in cash and football tickets worth £100 stolen from the cab by forcible entry whilst he was delivering to a shop. Rick had an accident when a hitchhiker he has picked up fell asleep in the cab and accidentally fell on to him, causing Rick to swerve and hit another vehicle. Damage was done to both vehicles and the hitchhiker suffered whiplash injuries.



Rick regularly parks overnight in a trailer park and always detaches the trailer, but ensures that it is within sight.

In the last month, there have been several changes at the company. Sue, aged 35, who obtained her commercial vehicle licence 10 years ago, has joined the company as a driver.

In addition, Georgina has joined as a secretary and the company has moved to larger premises on the other side of town.

51. Which organization would be responsible for issuing heavy goods vehicle driving licenses to Peter's drivers?
- (a) The Department for Business, Innovation and Skills
  - (b) The Driver and Vehicle Licensing Agency (DVLA)
  - (c) The Motor Insurer's Bureau
  - (d) The Motor Insurers Information Centre
52. Following Rick's accident, within what period of time under the Limitation Act must the third party claim for damages to his vehicle?
- (a) Three years
  - (b) Four years
  - (c) Five years
  - (d) Six years
53. What, if anything, is the maximum amount that Peter would have received under the insurance policy in respect of the claim for David's loss?
- (a) Nil
  - (b) £100.00
  - (c) £200.00
  - (d) £300.00
54. What is the maximum level of cover, if any, that Peter's insurance policy will typically provide for injuries caused to the hitchhiker?
- (a) £1,000,000.00
  - (b) £2,000,000.00
  - (c) £5,000,000.00
  - (d) An unlimited amount

55. Under Peter's insurance policy, which of his drivers, if any, is most likely to have the highest standard excess for accidental damage claims?
- (a) David
  - (b) Rick
  - (c) Sue
  - (d) The excess will be the same for all drivers

Kayo insured his car comprehensively but gave it out to Overland Tourism and Logistics operating at the Lagos Airport for Car Hire services on a daily return of ₦10,000.00 without informing his insurers. The car while on a journey to Benin to drop a passenger skidded off the road and got badly damaged.

Kayo made a claim of ₦3,500,000.00 from the Insurance Company for loss of goods belonging to the passenger that was worth above ₦5,000,000.00 on third party liability claim. The vehicle was just about 60days old as at the date of the accident.

56. As a Motor insurance claim personnel, is liability engaged on the loss?
- (a) No
  - (b) Yes
  - (c) Neither
  - (d) Somehow
57. The loss of textile materials worth ₦5,000,000.00 should have been arranged to be covered by what policy?
- (a) Fire Policy
  - (b) All Risk Insurance
  - (c) Goods-in-transit Insurance
  - (d) Commercial Vehicle Insurance
58. Being a Car Hire Service, what insurance cover would be most suitable for the risk exposure?
- (a) Commercial Vehicle Insurance
  - (b) Fleet Commercial
  - (c) Private Car Insurance
  - (d) None of the above

59. Had Kayo informed insurer of his decision to make his car to be used for Airport Shuttle, what advice will you give the insurer?
- (a) Load the private car premium and accept the risk
  - (b) Decline to cover risk on private car but recommend appropriate cover
  - (c) Convert vehicle to a taxi
  - (d) To advise insured to dispense with insurance
60. What is the reason why the insurer did not accept liability on the loss?
- (a) Use of car violated the scope of cover on private use
  - (b) The owner concealed purpose of use
  - (c) Insured did not pay equitable premium
  - (d) Car not licensed for use as at time of accident

Bob Green insured his Lexus car with Moove-on Assurance Plc on some special terms, one of which is to limit the driving of the car to himself and his wife thereby attracting a discount of 20% of the basic premium. The new car cost ₦15,000,000.00, the premium rate is 5% of the value and a discount of 10% from the basic premium for insuring more than one vehicle with the Company. By special arrangement, the certificate on the Lexus car is to be issued in the couple's name having taken a joint loan from a finance company with a request to note their interest in the event of any claim as loss payee,.

61. How much is the annual premium payable on the Lexus vehicle?
- (a) ₦75,000.00
  - (b) ₦150,000.00
  - (c) ₦540,000.00
  - (d) ₦600,000.00
62. By noting the interest of a finance company, the policy will be endorsed to show what?
- (a) Lien Clause
  - (b) Finance Company Interest
  - (c) Mortgage Interest
  - (d) None of the Above
63. What is the gross premium payable on the policy without any discount applied on it?

- (a) ~~₦~~700,000.00
  - (b) ~~₦~~800,000.00
  - (c) ~~₦~~900,000.00
  - (d) ~~₦~~750,000.00
64. What is the underwriting technical name for the discount granted as a result of having more than one vehicle insured with the same insurer?
- (a) Fleet discount
  - (b) Multi-choice discount
  - (c) Plurality discount
  - (d) Numerous vehicle discount
65. Will Bob be correct to pursue a valid claim if the car should have an accident when being driven by his biological brother who had been driving for over 15 years.
- (a) Yes
  - (b) No
  - (c) I am not sure
  - (d) I think so

Jennifer Smith bought a car which cost ~~₦~~6,000,000.00 and proposed to insure it against legal liabilities, fire and theft only. She has an existing policy that insures her existing two cars against road accident thirdparty, fire and theft. The premium rate on her existing car is 10% of the value of the car while it was 6% on the new car.

She also enjoyed a 10% discount for having multiple vehicles insured with the Company and a 40% NCD has accrued to her over the years.

66. How much would have been paid as annual premium on the new car without considering the NCD?
- (a) ~~₦~~600,000.00
  - (b) ~~₦~~540,000.00
  - (c) ~~₦~~320,000.00
  - (d) N324,000.00
67. What is NCD as referred to in the case above?
- (a) National Car Drive
  - (b) No Claim Discount

- (c) No Claim Debt  
(d) None of the above.
68. If the 40% discount is transferred to the new car, what would be the premium if cover is on comprehensive?
- (a) Nil  
(b) ₦129,600.00  
(c) ₦194,400.00  
(d) ₦540,000.00
69. If the 40% discount is transferred to the new car, what would be the premium if cover is on third party?
- (a) Nil  
(b) ₦129,600.00  
(c) ₦194,400.00  
(d) ₦540,000.00
70. Which cover will the insured buy to give her the maximum protection in motor insurance?
- (a) Act only  
(b) Third Party only  
(c) Third Party, Fire and Theft  
(d) Comprehensive

Mr. Akinwale bought a third party, fire and theft policy with a policy period of 1<sup>st</sup> January 2018 to 31<sup>st</sup> December 2018. When going home from work on 18<sup>th</sup> June 2018, he was involved in a fatal motor accident to which he was the person responsible for the accident. Mr. Akinwale did not extend his limit of liability on third party property damage from ₦1,000,000.00 when he purchased the insurance cover.

He consequently filed a claim which was “adjusted” as follows:

Repair of his own vehicle:	₦ 200,000.00
Repair of the third party vehicle:	₦1,250,000.00
Medical Expenses incurred by:	
His Driver:	₦ 3,500.00
A Third Party:	₦ 250,000.00.

71. How much will the insurance company pay on the own damage repairs?
- (a) Nil
  - (b) ₦200,000.00
  - (c) ₦1,000,000.00
  - (d) ₦1,250,000.00
72. How much will the insurance company pay on the third party damage repairs?
- (a) Nil
  - (b) ₦200,000.00
  - (c) ₦1,000,000.00
  - (d) ₦1,250,000.00
73. If death had occurred to a passerby in the accident, would Mr. Akinwale have been responsible?
- (a) Yes
  - (b) No
  - (c) It depends
  - (d) I don't know
74. How much will the insurance company pay on his driver's medical expense?
- (a) ₦250,000.00
  - (b) ₦3,500.00
  - (c) Nil
  - (d) ₦1,000,000.00
75. What is total liability on this claim that is expected to be paid by the insurance company?
- (a) ₦1,703,500.00
  - (b) ₦1,250,000.00
  - (c) ₦1,503,500.00
  - (d) ₦1,253,500.00

**CF5 - MOTOR INSURANCE PRODUCTS**

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

**SUMMARY**

Pass Rate: 21%

Highest Score: 81%

Lowest Score: 48%

Average Score: 62%

**Chief Examiner's Comments on Overall Performance:**

This is a non-impressive performance although three candidates passed the subject.

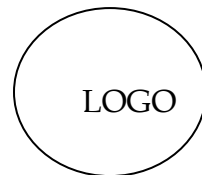
**Chief Examiner's Suggestions on Improvement:**

I will like to suggest that the Institute should come up with intensive tutorial revision classes for the candidates prior to the commencement of the examination at every diet.

CF6

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE  
CF6 - HOUSEHOLD INSURANCE PRODUCTS  
OCTOBER 2018



**INSTRUCTIONS**

- Two hours are allowed for this paper which consists of 75 questions.
- READ THE INSTRUCTIONS ON PAGE 2 CAREFULLY BEFORE ANSWERING ANY QUESTIONS.
- Provide the information requested on the answer form and on form B.
- Do not write on the question paper.
- No marks are deducted for incorrect answers, so do not leave any questions unanswered.
- If you bring a calculator into the examination room, it must be a silent battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is



- prohibited. You may use a financial or scientific calculator, provided it meets these requirements.
- The answer form and this question book **MUST BOTH BE HANDED OVER PERSONALLY BY YOU** to the invigilator before you leave the examination Hall, after completing the details requested below. **FAILURE TO COMPLY WITH THIS REGULATION MAY RESULT IN YOUR PAPER NOT BEING ASSESSED AND GRADED.**

<p style="text-align: center;"><b>CHARTERED INSURANCE INSTITUTE OF NIGERIA</b></p> <p style="text-align: center;"><b>CERTIFICATE IN INSURANCE</b></p> <p style="text-align: center;">CF6 - HOUSEHOLD INSURANCE PRODUCTS</p>
---

**INSTRUCTIONS TO CANDIDATES**

**READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTION**

This question paper is in two sections: Section A and Section B.

**SECTION A**

The questions in Section A are numbered and four options follow each question. The options are labeled 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 with a horizontal pencil mark. You will find that there is space for 100 responses on the front of the answer form. You will only need to use numbers 1 to 50 inclusive.

Example:

Which insurance principle does new for old overrule?

(a) - Average

- (b) - Contribution
- (c) - Indemnity
- (d) - Subrogation

The answer is option (c).

## SECTION B

This section contains five (5) 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, d, 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 with a horizontal pencil mark. For Section B you will need to use numbers 51 to 75 inclusive.

### ATTEMPT ALL QUESTIONS

#### SECTION A

*The questions in Section A are numbered and four options follow each question. The options are labeled 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 with a horizontal pencil mark. You will find that there is space for 100 responses on the front of the answer form. You will only need to use numbers 1 to 50 inclusive.*

1. A recently installed external television aerial is damaged during a storm. Under which insurance policy should the homeowner submit a claim?
  - (a) His all risks insurance policy
  - (b) His building insurance policy
  - (c) His contents insurance policy

- (d) The installer's public liability insurance policy
2. What is normally the maximum period under a single trip travel insurance policy?
    - (a) 17 days
    - (b) 1 month
    - (c) 3 months
    - (d) 6 months
  3. What is the maximum amount that an insurer will normally agree to pay out if an insured horse die in an accident?
    - (a) An amount not exceeding three times the current premium
    - (b) An amount specified by the owner's veterinary surgeon
    - (c) The current market value
    - (d) The purchase price

4. What basis of cover is usually provided in respect of musical instruments?
  - (a) First loss
  - (b) Market value
  - (c) New for Old
  - (d) Reinstatement
  
5. Intermediaries can now submit proposals directly onto insurers' computer system via a phone line. What is the process called?
  - (a) Digital Interactive Transmission
  - (b) Electronic Data Interchange
  - (c) Hypertext Transfer Protocol
  - (d) Uniform Resource Location
  
6. An amateur golfer regularly leaves his golfing equipment at the golf club in a locked cabinet. During the weekend competition, some of his golf clubs went missing. Under which insurance cover would he receive the settlement for his claim?
  - (a) His own all risk insurance cover
  - (b) His own standard household insurance cover
  - (c) The golf club's theft insurance cover
  - (d) The golf club's public liability insurance cover
  
7. The geographical limit for personal possessions covered under a high net worth insurance policy is normally
  - (a) within the home only
  - (b) within the insured's country
  - (c) within Africa
  - (d) worldwide
  
8. Which insurance principle does new for old overrule?
  - (a) Average
  - (b) Contribution
  - (c) Indemnity
  - (d) Subrogation
  
9. What is the main reason why an underwriter would ask if a proposer owned more than one property when arranging contents insurance on their main residence?
  - (a) As a marketing ploy to get more business
  - (b) To be able to spread the risk
  - (c) To determine the level of occupancy
  - (d) To try to cover two risks on one policy
  
10. A household policy has a pedal cycle extension. A ~~N~~1,000.00 bicycle is stolen while left unattended and chained to a lamppost. There is a ~~N~~50.00 excess. How much would be paid?

- (a) Nil  
 (b) ₦950.00  
 (c) ₦1,000.00  
 (d) ₦1,050.00
11. What does strict liability mean?
- (a) A duty of care is owed  
 (b) Liability is automatic  
 (c) Negligence must be proven  
 (d) Nuisance must be proven
12. You are asked to provide contents cover for one occupant in shared accommodation. What restriction would you normally impose?
- (a) Alarm warranty  
 (b) Forcible violent entry or exit clause  
 (c) Indemnity condition  
 (d) Unoccupancy warranty
13. A contents insurance policy that indemnifies a policyholder for loss of money will exclude claims arising from the theft of:
- (a) An employer's credit card  
 (b) Current postage stamps  
 (c) Luncheon vouchers  
 (d) Travelers cheques
14. Which principle, that has an impact on the liability cover provided under a household insurance policy, emerged from the case of *Donoghue v. Stevenson (1932)*?
- (a) The factual causation principle  
 (b) The means of enforcement principle  
 (c) The neighbour principle  
 (d) The reasonable man principle
15. Tunde is walking his dog when the lead snaps and the dog ran into a farmer's field causing panic amongst sheep. Several sheep drowned and the farmer is claiming compensation. Under the Animals Act 1971, what is the position with regard to Tunde's liability?
- (a) He will be liable because the lead was very worn and a continuing to use it was a negligent act  
 (b) He will be liable, whether he was negligent or not, because strict liability applies  
 (c) He will not be liable as the dog never showed any inclination to act in this way before  
 (d) He will not be liable as the incident happened as a result of an accident.
16. A homeowner removes a supporting wall in his house, which he subsequently sells. Two years later, the house sustains structural damage caused by the removal of the

- wall. Who is liable for the damage?
- a. The mortgagee
  - b. The purchaser
  - c. The valuer
  - d. The vendor
17. When a customer effects building insurance during a face-to-face meeting with an insurance intermediary, what is the latest stage that the intermediary must outline the terms of business to satisfy the Insurance Conduct of Business Sourcebook (ICOBS)?
- (a) Before inception of the policy
  - (b) Within 30 days of inception of the policy
  - (c) When sending the policy document
  - (d) At the end of the cooling-off period
18. What is the main reason for which specified items insured on all risks/personal possessions basis are revalued regularly?
- (a) Failure to do so will result in rejection of any claim
  - (b) It may be necessary to arrange a separate policy for specified items
  - (c) The value of specified items can rise or fall independently of inflation
  - (d) To establish whether an item can be removed from the schedule of specified items and added to that of unspecified items
19. A householder submits a claim under the frozen food extension. The insurer will decline the claim if the loss is caused by:
- (a) An electricity power cut to the property during a windstorm .
  - (b) A previously notified electricity power cut to the property by the supplier
  - (c) A rat chewing through the freezer's electricity cable and disrupting the electricity supply
  - (d) The householder accidentally switching off the power supply to the freezer
20. Among the general exclusion on a household policy, damage is excluded when caused by:
- (a) A lightning strike
  - (b) A terrorist explosion
  - (c) Oil leakage from an oil-fired central heating system.
  - (d) Water from an overflowing cold water tank

21. The sum insured for building insurance is normally calculated on:
- (a) current market value of the building
  - (b) purchase price of the house
  - (c) rebuilding cost of the building
  - (d) rentable value of the house
22. What published annual statistics will an insurer use to index-link the building sum insured at renewal?
- (a) Government inflation rate
  - (b) House price increase
  - (c) House rebuilding cost index
  - (d) Retail price index
23. Household policies are?
- (a) single policies
  - (b) combined policies
  - (c) package policies
  - (d) multi-tied policies
24. The body responsible for coordinating the broking firm that markets the household insurance products in Nigeria. is .....
- (a) NCRIB
  - (b) NIA
  - (c) NAICOM
  - (d) CIIN
25. The variety of household policy that covers only the structure of the building
- together with the fixtures and fitting is
- (a) Contents only policy
  - (b) Building only policy
  - (c) Building and contents
  - (d) A combined policy
26. The Regulator of the Nigerian Insurance Industry is
- (a) NCRIB
  - (b) NAICOM
  - (c) NIA
  - (d) ILAN
27. The umbrella body of insurance companies in Nigeria is
- (a) NCRIB
  - (b) NAICOM
  - (c) NIA
  - (d) ILAN
28. An agent offering products from different insurers is
- (a) single-tied agent
  - (b) combined-tied agent
  - (c) Separate-tied agent
  - (d) Multi-tied agent
29. .... is the downward movement of the land on which the buildings stand
- (a) Subsidence
  - (b) Heave
  - (c) Landslip
  - (d) Earthquake

- 30 . . . . . is the falling away of land, for example by heavy rain on a sloping site
- (a) Subsidence  
(b) Heave  
(c) Landslip  
(d) Earthquake
31. The camera will be insured under what section
- (a) Building Section  
(b) Contents Section  
(c) All-Risks Section  
(d) Comprehensive Section
32. Which of these is not a common extensions to a household policy?
- (a) Fittings and fixtures  
(b) Money and credit cards  
(c) Legal expenses  
(d) Frozen foods
33. What is the name of the index used by insurers to index-link personal possessions cover?
- (a) House rebuilding cost index  
(b) Government inflation index  
(c) The consumer undurable section of the Retail Price Index  
(d) The consumer durable section of the Retail Price Index
34. Which of these is not the main reasons for exclusions to an all-risks' / personal possession section of a policy.
- (a) exclusion of property where separate insurance is available  
(b) exclusion of property where insurers need to apply individual terms  
(c) exclusion of losses that insurers are not prepared to cover  
(d) none of the above
35. A 24-hour help will provide assistance such as
- (a) legal advice  
(b) emergency repairs  
(c) glazing service  
(d) all of the above
36. A household insurance policyholder advises her insurer that she employs a cleaner. How does the underwriter calculate the premium for the employers' liability risk?
- (a) An additional premium will be charged based on the number of hours that the cleaner is employed  
(b) An additional premium will be charged based on the total annual wages paid to the cleaner  
(c) No additional premium will be charged as liability insurance is included in the building premium  
(d) No additional premium will be charged as

- employers' liability insurance is included in the content premium
37. Apart from physical attributes such as breed, age and sex, what other information is fundamental when underwriting pet insurance for a dog?
- (a) Medical history
  - (b) Microchip registration
  - (c) Pedigree details and registration
  - (d) Whether the dog is kept indoors overnight
38. For what main reason might an underwriter sometimes insist on a survey of a property?
- (a) It is a legal requirement
  - (b) To ensure the proposer is not being overcharged
  - (c) To prevent the need for the proposer to fill out a proposal form
  - (d) To supplement the information
39. Under the personal liability section of a household insurance policy, the occurrence giving rise to indemnity is usually termed as
- (a) an insured event
  - (b) an insured peril
  - (c) insurable interest
  - (d) the proximate cause
40. What evidence would an insurer normally request from the insured when a video camera is lost?
- (a) The camera's purchase receipt
  - (b) The camera's serial number
  - (c) The insurance policy
  - (d) The insurance premium receipt
41. The Claims and Underwriting Exchange is an important asset to insurer because it
- (a) enables the electronic interchange of information between brokers and insurers
  - (b) gives insurers an opportunity to discuss general exclusions
  - (c) gives insurers an opportunity to obtain a true claims history
  - (d) provides a forum for discussing legal department
42. Who will usually be appointed by an insurer to investigate a large liability claim under a household insurance policy?
- (a) A Loss Adjuster
  - (b) A Loss Assessor
  - (c) A Solicitor
  - (d) A Surveyor



43. What kind of external professional is an insurer most likely to involve in a personal injury claim?
- (a) An accountant
  - (b) An actuary
  - (c) A doctor
  - (d) A Loss Assessor
44. An insured has certain duties under the terms of an insurance policy, including the requirement to notify the insurer of loss as soon as reasonably possibly. These duties are known as.
- (a) Expressed duties
  - (b) Implied duties
  - (c) Legal duties
  - (d) Specific duties
45. Tina's roof is damaged during a storm. To reinstate the roof, her insurer will?
- (a) arrange for it to be rebuilt and pay the builders
  - (b) pay for the materials used in rebuilding, but not for the labour
  - (c) pay builders hired by Tina
  - (d) send a cheque for the cost of rebuilding to Tina
46. In order to make a successful claim, an insured must prove that he has suffered a loss and?
- (a) that cover is in force
  - (b) that premiums are paid to date
  - (c) that he did not cause the loss
  - (d) the amount of the loss
47. A broker requiring an insurance quotation sends a proposer form directly to an insurer via a computer link. This is known as:
- (a) direct insurance
  - (b) electronic data interchange (EDI)
  - (c) email
  - (d) the Claims and Underwriting Exchange
48. What is a call centre?
- (a) A business centre is Nigeria
  - (b) A system whereby information is exchange between a broker and an insurer
  - (c) A distribution channel that maximizes the use of information technology and deals with customers by telephone
  - (d) A centre that handles claims administration
49. Bancassurance is a channel for the selling of insurance products through the use of:
- (a) brokers
  - (b) loss assessors
  - (c) loss adjusters
  - (d) banks

50. The peril that is specifically stated as covered by the policy is:
- (a) excluded perils
  - (b) exempted perils
  - (c) uninsured perils
  - (d) insured perils

**ATTEMPT ALL QUESTIONS**

**SECTION B**

**This section contains five (5) 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, d, 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 with a horizontal pencil mark. For Section B you will need to use numbers 51 to 75 inclusive.**

Bruce is married to Jane and they live in a small semi-detached house with their daughter Emma, aged 12 and their six-year-old son Jake. Their contents and building insurance are both arranged with their local bank. The contents policy has an optional legal/emergency helpline extension, which Bruce added to the policy in 2004. They have just rented their spare room to a student, Jeremy and Bruce has asked his insurer to make any necessary amendments to ensure that his policies include cover for Jeremy.

Emma has a horse called Dancer, which is insured under a separate policy. Last year, whilst riding Dancer, Emma was involved in an accident with a car in which Dancer got injured. The accident was Emma's fault and a veterinary doctor had to be called to attend to Dancer. The family was supposed to be going on holiday the following week, but they decided to cancel it. Following the accident, Bruce phoned his insurer's legal helpline to get some advice on his daughter's liability and a claims inspector, Adam, was involved in resolving the claim.

Emma has now decided to start entering Dancer into local show jumping competitions and Bruce has contacted his insurer to ensure they are both fully covered.

Recently, whilst Jane and Jake were out walking, Jane was distracted and Jake ran across the road, causing a car to severe and hit a bus.

Bruce has recently changed jobs and is now working from home in an office upstairs. He has started a home-business policy with his bank but has decided NOT to include any optional policy extras.

51. What fees, if any, would Bruce typically incur in respect of his phone call following the accident involving Emma?
  - (a) He would not incur any fees
  - (b) The fees of the claims inspector
  - (c) The cost of the advice less any policy excess
  - (d) The full cost of the advice
  
52. Who is legally responsible for the damage caused by the accident involving Jake?
  - (a) Jake
  - (b) Jane
  - (c) Bruce
  - (d) The Car Driver
  
53. What typical effect will there be on the policy covering Dancer as a result of Emma's new riding activities?
  - (a) A condition requiring animal health checks will apply
  - (b) A premium increase will apply
  - (c) An additional excess will apply
  - (d) A special policy will be required with a different level of cover
  
54. What must Bruce and Jane do at the renewal of their buildings policy to ensure that the cover remains valid?
  - a. Complete a declaration confirming no claims have arisen
  - b. Inform insurers of any change in their circumstances
  - c. Provide an up-to-date building valuation

d. Send their insurers details of the outstanding mortgage values

55. Whom does Adam work on behalf of?

- (a) Bruce and Jane
- (b) Emma
- (c) The Insurer
- (d) The third party

John Best is a successful businessman that lives in Lagos. He is the owner of a two storey building which he uses the downstairs for his business and use the remaining floors for residence.

He has a package policy that covers his building and his personal belongings used in the building. He also has some staff that work with him and for his car, he has a third party insurance cover.

One faithful Tuesday morning, a fire broke out from the residential section of the building, which spreads and damaged the building and the contents as well as John Best's car, packed in the garage.

56. The package policy that covers the building and personal belongings is

- (a) Fire and special perils policy
- (b) Theft and burglary policy
- (c) All-risks insurance
- (d) Household insurance

57. Items like Television, furniture and beddings will be covered by what section of the policy?

- (a) Building section
- (b) Contents section
- (c) All-Risks section
- (d) General section

58. Items like jewelry and furs will be covered by what section of the policy?

- (a) Building section
- (b) Contents section
- (c) All-Risks section
- (d) General section

59. The damaged car by fire will be paid for by
- (a) fire insurance
  - (b) household insurance
  - (c) motor insurance
  - (d) none of the policies
60. The dishonesty of the staff of John Best is a risk covered by
- (a) money insurance
  - (b) trust insurance
  - (c) fidelity guarantee insurance
  - (d) performance bond insurance

Ayo and Chioma live in London and have been married for 10 years. To mark the occasion, Ayo buys Chioma a ring worth GBP2,500.00. They also decided to take a holiday and buy a five-year old caravan on hire purchase to go touring in France.

They arranged a travel insurance policy for themselves and their one-year-old daughter, which has an excess of GBP50.00 and a premium of GBP100.00 plus insurance premium tax of 15% of the premium. They took out a separate policy on the caravan with a sum of GBP2,000.00 and added GBP500.00 for contents.

Ayo and Chioma have been in France for seven days when Chioma's brother residing with them is taken seriously ill and they needed to return home earlier than they had originally anticipated. The cost of the ferry home is GBP130.00 and they needed to stay in a hotel overnight in order to catch the earliest crossing. The hotel costs them a further GBP80.00 for the night.

Ayo and Chioma buys a second house in the street and employs a local builder to refurbish it. He then rents the house to Kevin, who arranges his content insurance with a direct insurer over the internet. Kevin slips on a worn carpet within the house and breaks his ankle.

61. Which section of Ayo and Chioma's travel insurance policy will cover the cost of returning home?
- (a) Cancellation
  - (b) Curtailment
  - (c) Medical expenses
  - (d) Personal liability

62. Which type of policy will Ayo and Chioma need to arrange for the new purchase?

- (a) Holiday home
- (b) Household
- (c) Let property
- (d) Working from home

63. If Kevin decided to take legal action against Ayo and Chioma in respect of his broken ankle, within how many years must his case be actioned?

- (a) One year
- (b) Three years
- (c) Five years
- (d) Six years

64. Including Insurance Premium Tax, how much will Ayo and Chioma be charged for their travel insurance premium?

- (a) GBP100.00
- (b) GBP85.00
- (c) GBP115.00
- (d) GBP200.00

65. The method used by Kevin to arrange his contents insurance means the transaction did not involve:

- (a) a broker
- (b) an insurer
- (c) a proposer
- (d) an underwriter

Musa and Mariam own a six-bedroom house and Musa's mother Aishat, who is a keen gardener, lives with them. Their buildings insurance which was arranged with their bank, has an excess of ₦50.00. Their contents insurance was arranged with a national supermarket and has a sum insured of ₦30,000.00 and an excess of ₦80.00. Cover is provided on a new for old basis and automatically includes cover for legal expenses.

Last year, Musa and Mariam inherited a large sum of money and purchased new carpets and a fitted kitchen, as well as having an outdoor swimming pool built. Their policies were amended to include cover for these purchases. Due to subsidence, their house recently incurred damage costing ₦20,000.00 and

₦3,000.00 of damage to the swimming pool. The damage to the pool was not due to faulty work by either the original contractor or the architect. The area they live is prone to subsidence due to the ground predominantly consisting of clay.

Whilst out shopping, Mariam had her handbag snatched. The handbag contained an engagement ring valued at ₦2,250.00 and a digital camera worth ₦200.00. Whilst on holiday in Obudu Cattle Ranch, they were involved in a car accident with an uninsured driver which resulted in Musa breaking his arm.

At the end of the year, a spare set of keys for Musa and Mariam's house and keys for the window locks were stolen from the locked garage and their mountain bikes, currently valued at ₦300.00 in total, were taken from the driveway. They also lost the contents of their freezer, valued at ₦500.00, due to a storm which caused their electricity supply to be cut. Whilst gardening, Aishat, lit a bonfire in the garden and left it unattended. The fire spread to a neighbour's garden shed.

Musa and Mariam have recently decided to arrange their building insurance with the same national supermarket that provided the contents insurance when their current policy is due for renewal.

66. Musa and Mariam submit a claim under their contents insurance policy for the stolen mountain bikes. Allowing for any excess, what is the maximum amount, if anything, the insurer will pay?

- a. Nothing
- b. ₦140.00
- c. ₦220.00
- d. ₦300.00

67. Which of the items purchased from Musa and Mariam's inheritance would be covered under the insurance policy with the bank?

- (a) The fitted kitchen only
- (b) The fitted kitchen and the swimming pool only
- (c) The new carpet and the swimming pool only
- (d) The swimming pool only

68. Under which tort will Aishat be liable for the damage to their neighbour's garden shed?

- (a) Breach of statutory duty
- (b) Nuisance
- (c) Strict liability

(d) Trespass

69. Due to the location of Musa and Mariam's property, what typical additional requirement is the buildings insurer likely to require?
- (a) A building survey
  - (b) An updated local search
  - (c) Completion of a subsidence questionnaire
  - (d) Confirmation of Land Registry details
70. Musa and Mariam submit a claim for the recent damage to their house and swimming pool. What is the maximum amount they would typically receive from the insurer after the deduction of any excess?
- (a) ₦19,000.00
  - (b) ₦19,500.00
  - (c) ₦22,000.00
  - (d) ₦22,950.00

XL Insurance Brokers specialize in the placing of personal insurance with insurance companies in Nigeria. The company has a staff strength of 15 employees and operates in a high brow area of Lagos State.

Lucy is a qualified accountant and runs her business from home with one employee. Her office is in a converted garage and there is a large outbuilding in the garden which is let as a workshop to a cabinet maker.

Her buildings and contents insurance are arranged under one policy with XL Insurance Brokers. At renewal, the broker recommends that separate buildings and contents insurance policies are arranged to effect a substantial saving in premium, Lucy completes the proposal forms and her broker tells her that the details will be passed to the Claims and Underwriting Exchange electronically. Before accepting the buildings cover, the insurer requests to survey the property and cover is substantially agreed.

The contents insurance policy is on a home working basis with accidental damage cover and it includes extensions for personal possessions as well as money and credit cards.

Some weeks after setting up the new insurance policies, a storm causes damage to the roof of the house and Lucy submits a claim.

71. XL Insurance as a broker in Nigeria should belong to



- (a) NIA
  - (b) PRAN
  - (c) NCRIB
  - (d) ILAN
72. On which principal factor is the premium for the money and credit cards cover based?
- (a) The geographical limit
  - (b) The number of credit cards owned
  - (c) The number of inhabitants
  - (d) The sum insured
73. In a situation whereby Lucy borrowed money from a mortgage institution to purchase the house, whose interest must be noted when Lucy transfers the building insurance to another insurer?
- (a) The contents insurer's
  - (b) The local authority's
  - (c) Lucy's previous insurer's
  - (d) The mortgage providers
74. As a result of the storm claim, what will the insurer normally wish to see before agreeing that the repairs may be carried out?
- (a) A copy of the original survey report
  - (b) An estimate for the cost of the repairs
  - (c) Evidence of ownership of the house
  - (d) An acknowledgement from the Claims and Underwriting Exchange.
75. The principal reason that Lucy's details are passed to the Claims and Underwriting Exchange is to:
- (a) discourage fraud
  - (b) ensure the policy is correctly underwritten
  - (c) provide statistics for future rating
  - (d) register the policy on the database

**CF6 - HOUSEHOLD INSURANCE PRODUCTS**

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

**SUMMARY**

Pass Rate: 0%

Highest Score: 61%

Lowest Score: 61%

Average Score: 61%

**Chief Examiner's Comments on Overall Performance:**

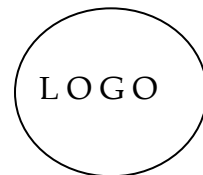
The only candidate for the paper scored 61% but the pass mark is 70%.

**Chief Examiner's Suggestions on Improvement:**

The candidate should study more for the paper.

CF7

CHARTERED INSURANCE INSTITUTE OF NIGERIA



**INSTRUCTIONS**

- Two hours are allowed for this paper which consists of 100 questions.
- READ THE INSTRUCTIONS ON PAGE 2 CAREFULLY BEFORE ANSWERING ANY QUESTIONS.
- Provide the information requested on the answer form and on form B.
- Handle the answer form with care do not write notes on it.
- Do not write on the question paper.
- No marks are deducted for incorrect answers, so do not leave any questions unanswered.
- If you bring a calculator into the examination room, it must be a silent battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements.

- The answer form **MUST BE HANDED OVER PERSONALLY BY YOU** to the invigilator before you leave the examination Hall, after completing the details requested below. **FAILURE TO COMPLY WITH THIS REGULATION MAY RESULT IN YOUR PAPER NOT BEING ASSESSED AND GRADED.**

**CHARTERED INSURANCE INSTITUTE OF NIGERIA**  
**CERTIFICATE IN INSURANCE**  
**CF7 - HEALTHCARE INSURANCE PRODUCTS**

**INSTRUCTIONS TO CANDIDATES**

**READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS**

The questions 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 or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

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)

### ATTEMPT ALL QUESTIONS

1. Majority of citizens in the UK rely on
  - (a) private medical insurance
  - (b) national health service
  - (c) major medex
  - (d) critical illness insurance
2. The privacy law regulating health insurance in Nigeria is
  - (a) Insurance Act 2003
  - (b) Employee Compensation Insurance 2010
  - (c) Pension Reform Act 2014
  - (d) National Health Insurance Act 1999
3. The NHS was established by Beran with the
  - (a) National Health Service Act 1946
  - (b) National Health Insurance Scheme Act 1967
  - (c) National Insurance Act 1911
  - (d) Employer's Liability Insurance Act 1967
4. At inception, the NHS adopted the then fashionable view that large industries should be nationalized and subject to central control, which does not mean
  - (a) almost all hospitals were compulsorily purchased by the state
  - (b) hospital doctors were not employed by NHS
  - (c) all health treatment would be provided free at point of use
  - (d) the service would be funded from general taxation
5. The original concept of healthcare that being free at

- point of use has not been modified.
- (a) True  
(b) False  
(c) Neither  
(d) Either
6. The “insurers” under the Nigerian NHIS is
- (a) the healthcare provider  
(b) HMOs  
(c) Insurance Companies  
(d) Hospitals
7. Which insurance policy is compulsory under the NHS in Nigeria?
- (a) Public Liability  
(b) Product Liability  
(c) Professional Indemnity  
(d) Employee Compensation
8. Which if this is a difference between the private healthcare and the NHIS?
- (a) the time spent waiting to be treated  
(b) the private sector does not allow complete choice of specialist  
(c) the private sector may offer treatment using technology that may not be available through the NHS  
(d) Certain private hospitals may not have intensive care back-up technology available
9. Tolu’s private medical insurance policy is subject to pre-authorization. To whom must she refer before undergoing treatment?
- (a) A General Practitioner (GP)  
(b) The Insurer  
(c) A Specialist Consultant  
(d) A Primary Care Trust
10. .... will be sudden or unexpected illness or injuries that need immediate attention.
- (a) emergencies  
(b) complementary medicine  
(c) cosmetic surgery  
(d) none of the above
11. .... is non-essential surgery that changes a person’s appearance.
- (a) emergencies  
(b) complementary medicine  
(c) cosmetic surgery  
(d) none of the above
12. Who recommends which treatments the NHS should and should not provide?
- (a) The Executive Secretary  
(b) The Director General

- (c) National Institute for Clinical Excellence  
(d) National Health Services
13. The private healthcare sector provides surgery and medical treatment for patients who are willing and able to pay.
- (a) True  
(b) False  
(c) Either  
(d) Neither
14. The advantages of using a private medical treatment does not include
- (a) less time waiting for operations on non-urgent condition  
(b) choice of consultant  
(c) choice of hospitals  
(d) subsidy by the government
15. Private medical insurance policies will routinely cover
- (a) normal pregnancy and childbirth  
(b) chronic illness such as asthma  
(c) long-term disability  
(d) out-patient treatment
16. Provident insurers first came into being during
- (a) the Elizabethan era  
(b) the 1920s and 1930s  
(c) the 1960s and 1970s
- (d) the Margaret Thatcher's era
17. The provident associations ....
- (a) are profit making organisations for the provision of medical insurance  
(b) are not shareholding organization and so pay no dividends  
(c) have all their operating surpluses counted as part of their reserves and are not subject to corporation tax  
(d) do not have any losses from their activities
18. Bolaji has a mortgage payment protection insurance policy providing cover for unemployment. She repaid her mortgage two years ago and has recently been made redundant. The insurer is likely to refuse the claim because:
- (a) the policy must be linked to a loan  
(b) the policy does not cover redundancy  
(c) the redundancy payment exceed the policy benefit  
(d) she is receiving jobseeker's allowance
19. The greatest inroads into the provident association's domination of the market for

- private healthcare insurance is made by
- (a) Guardian Royal Exchange Healthcare
  - (b) Norwich Union Healthcare
  - (c) Sun Alliance Healthcare
  - (d) Law Union Healthcare
20. .... trace their ancestry as a movement back to the late Victorian times.
- (a) Health Trusts
  - (b) Provident Insurers
  - (c) Commercial Insurers
  - (d) Health Cash Plans
21. The small but significant portion of private schemes that are run on behalf of employers for their employees is by
- (a) health trust
  - (b) health plan
  - (c) third party administration
  - (d) dental cash plan
22. Which of these is not a feature of Health Trusts?
- (a) It is an insurance policy and so payments into the fund attract insurance premium tax
  - (b) The employer pays money into a health trust which is administered by trustees or by a trust company
  - (c) The trustees determine what benefits what benefits employees are entitled to, arrange any stop-loss insurance and payout benefits
  - (d) stop loss insurance may be arranged to limit the employer's liability
23. The strengths of third party administrators are deemed to be
- (a) independent
  - (b) motivating
  - (c) flexible
  - (d) all of the above
24. Which of these is not part of the medical insurance market?
- (a) individual-paid
  - (b) company-paid
  - (c) voluntary employee-paid groups
  - (d) involuntary employee-paid groups
25. The highest level of healthcare insurance cover is held by households headed by middle-aged professionally employed people.
- (a) True
  - (b) False
  - (c) Neither
  - (d) Either



26. Healthcare insurers can distribute their products directly in all except through
- (a) having mobile sales consultants
  - (b) using the mail to send information on products to potential customers
  - (c) using call-centres to contact potential customers
  - (d) none of the above
27. Which of these is not an advantage for a healthcare insurer using direct sales?
- (a) Taxation
  - (b) Control
  - (c) Differentiation
  - (d) Feedback
28. All healthcare insurers seek competitive advantages through business activities that offer their customers
- (a) cheap products
  - (b) inexpensive products
  - (c) superior products
  - (d) foreign products
29. A healthcare insurer wishing to increase its capacity to write new business is most likely to seek assistance from
- (a) a general insurance company
  - (b) a life assurance company
  - (c) a composite company
  - (d) a reinsurance company
30. Under a healthcare insurance policy in-patient treatment leading to a claim usually require
- (a) pre-authorization from the insurer
  - (b) pre-authorization from the hospital
  - (c) authorization from a specialist
  - (d) pre-payment
31. The main advantage to a customer of intermediated sales is
- (a) lower premiums
  - (b) independent advice
  - (c) lower excesses
  - (d) wider cover
32. Which of these is not a category of expatriate international medical insurance policy?
- (a) Europe only
  - (b) Rest of the world (excluding North America)
  - (c) Rest of the world (all countries)
  - (d) None of the above
33. The rating for travel insurance will not be based on
- (a) income

- (b) age  
(c) length of cover required  
(d) pre-existing condition
34. Which of these is not a core medical expenses insurance product?
- (a) Private Medical Insurance  
(b) Sickness Insurance  
(c) Health Cash Plans  
(d) Dental Insurance
35. Medical insurance cannot enable people to
- (a) avoid having to wait for treatment  
(b) get sick again  
(c) have a private room than an NHS hospital ward  
(d) have the choice of a specialist consultant
36. Medical insurance cover enables customers to receive treatment without any form of delay.
- (a) True  
(b) False  
(c) Neither  
(d) Either
37. The private medical insurance will not be cancelled if the policyholder
- (a) have received treatment
- (b) dies  
(c) pays the premium  
(d) moves abroad
38. Which of these is not a personal PMI product?
- (a) Comprehensive  
(b) Discounted  
(c) Standard  
(d) Budget
39. Usual hospital charges will not include
- (a) accommodation and nursing  
(b) out-patient feeding  
(c) day-care treatment  
(d) operating theatre facilities
40. Which of these is not a surgical procedure?
- (a) Major Plus  
(b) Standard  
(c) Intermediate  
(d) Minor
41. The most common type of out-patient treatment will not include
- (a) Pathology  
(b) Physiotherapy  
(c) Radiology  
(c) Surgery
42. Blood and urine tests are referred to as
- (a) pathology

- (b) radiology  
(c) physiotherapy  
(d) consultations
43. Which of these PMI is sometimes referred to as "full cost" or "full refund" policies?
- (a) Comprehensive  
(b) Standard  
(c) Discounted  
(d) International
44. The group PMI will not include
- (a) small group scheme  
(b) involuntary group scheme  
(c) large group scheme  
(d) voluntary group scheme
45. A schedule of the type of medical services that are covered under most PMI policies are called:
- (a) continental scale benefit  
(b) satisfactory note  
(c) table of benefits  
(d) scope of benefits
46. Sanjay takes out a PMI policy with an excess of N100.00. In the event of a medical claim of N90.00, how much will the insurer pay?
- (a) ~~N~~0  
(b) ~~N~~90
- (c) ~~N~~100  
(d) ~~N~~190
47. Other benefits in health cash plans will not include
- (a) consultations with a specialist  
(b) a cash payment for each night spent in hospital  
(c) a funeral grant  
(d) cost of cosmetic surgery
48. Which of these is an alternative to PMI?
- (a) sickness and accident insurance  
(b) capitation plans  
(c) major medex  
(d) dental insurance
49. The personal accident insurance will not pay for
- (a) accidental death  
(b) cost of treating malaria  
(c) permanent and total disability  
(d) a specified bone fracture
50. The sickness and accident insurance will pay a weekly benefit for a maximum period of
- (a) 50 weeks  
(b) 90 weeks  
(c) 104 weeks  
(d) 124 weeks

51. Another name for payment protection insurance is:

- (a) mortgage payment protection insurance
- (b) sickness and accident insurance
- (c) major medical expenses insurance
- (d) none of the above

52. The benefits under a long term care insurance are paid when the insured is

- (a) down with cold
- (b) travelling
- (c) dead
- (d) unable to perform a set of activities of daily living

53. The activities of daily living does not include

- (a) dressing
- (b) dancing
- (c) toileting
- (d) mobility

54. Which of these is odd as a name to one type of policy?

- (a) long-term care insurance
- (b) income protection insurance
- (c) long-term disability insurance
- (d) permanent health insurance

55. The policy that will pay the insured a lump sum on the occurrence of the diagnosis of cancer is

- (a) income protection
- (b) critical illness insurance
- (c) private medical insurance
- (d) capitation plan

56. The policy that will pay out a pre-determined lump sum on the occurrence of the diagnosis of a specified range of illness is

- (a) permanent health insurance
- (b) critical illness insurance
- (c) long-term care insurance
- (d) long-term disability insurance

57. .... gives access to a person who can give information, help or advice.

- (a) a specific helpline
- (b) a passive helpline
- (c) an active helpline
- (d) a comprehensive helpline

58. Private medical insurance does not cover the cost of preventive medicine or health check-ups, which is usually known as

- (a) health treatment  
 (b) health screening  
 (c) health monitoring  
 (d) health counselling
59. In what circumstances is a claim resulting from an HIV-related condition normally excluded under a private medical insurance policy?
- (a) in all circumstances  
 (b) only if it is a budget policy  
 (c) only if the condition was contracted abroad  
 (d) only if the condition was prior to application
60. The risk of dying at a particular age is
- (a) morbidity risk  
 (b) mortality risk  
 (c) pre-existing risk  
 (d) fundamental risk
61. The risk that the insured will need medical treatment involving unspecified cost is
- (a) morbidity risk  
 (b) mortality risk  
 (c) pre-existing risk  
 (d) fundamental risk
62. .... is the term for the statistics that are used to estimate the probable life expectancy of a member
- (a) morbidity
- (b) mortality  
 (c) pre-existing  
 (d) fundamental
63. Which of these is not an exclusion in a health care insurance policy?
- (a) Pre-existing condition  
 (b) Chronic condition  
 (c) Self-inflicted injuries  
 (d) Outpatient treatment
64. .... is where any medical condition that occurred prior to the policy start date are at least initially excluded from benefiting from the policy.
- (a) full medical underwriting  
 (b) continued personal medical examination  
 (c) moratorium underwriting  
 (d) medical history underwriting
65. In which of these underwriting method will pre-existing medical conditions be covered?
- (a) medical history underwriting  
 (b) continued personal medical examination  
 (c) moratorium underwriting  
 (d) none of the above
66. Under which arrangement will the insured simply carry

- over any existing exclusion to a new policy and does not have any new one imposed by the new insurer?
- (a) full medical underwriting
  - (b) continued personal medical examination
  - (c) moratorium underwriting
  - (d) medical history underwriting
67. Which of these is not a general factor when accessing a customer's medical history?
- (a) the start date of any illness
  - (b) gender
  - (c) income
  - (d) the parent state of health
68. The excess is borne by
- (a) NHIS
  - (b) PMI
  - (c) The insured
  - (d) The hospital
69. Which of these policies will require a full dental checkup at commencement, undertaken by the dentist?
- (a) Health Cash Plans
  - (b) Capitation Plans
  - (c) Major Index
  - (d) Sickness and Accident Insurance
70. Which of these policies is usually underwritten in the same way as a life insurance policy?
- (a) Health Cash Plans
  - (b) Capitation Plans
  - (c) Income Protection Assurance
  - (d) Major Medical Expenses Insurance
71. The Insurance Act 2003 classified health insurance under
- (a) life insurance business
  - (b) general insurance business
  - (c) medical expenses insurance business
  - (d) none of the above
72. The claim form in healthcare insurance will contain sufficient information to
- (a) identify the customer and the claimant
  - (b) indicate the customer and the claimant
  - (c) identify the dates of the treatment
  - (d) all of the above
73. .... is the increase year-on-year in the cost of delivering medical services
- (a) medical cost inflation
  - (b) underwriting cost inflation

- (c) retail price index  
(d) primary care cost
74. PMI insurers have employed medical professionals to develop clinical guidelines sometimes known as
- (a) session  
(b) protocols  
(c) moratorium  
(d) codex
75. By analyzing a completed proposal form, the insurer is
- (a) assessing the risk  
(b) providing a quotation  
(c) placing a risk  
(d) treating customers fairly
76. Health cash plan claims generally take four forms which does not include
- (a) small value high frequency claims  
(b) claims where frequency is carried out by a known provider  
(c) third party claims  
(d) voluntary claims
77. Having assessed the risk and completed the quotation, an insurer may
- (a) register the risk with NAICOM  
(b) modify the risk  
(c) accept the risk
- (d) register the risk with NIA
78. When the employer decides to pay for healthcare treatment for their employees as it occurs, this is known as
- (a) health cash plan  
(b) health trust  
(c) self insurance  
(d) commercial insurance
79. Companies can offset the cost of providing medical insurance to their employees as an expense corporation tax.
- (a) True  
(b) False  
(c) Neither  
(d) Either
80. .... created the first of the "budget" healthcare insurance products in 1979.
- (a) BUPA  
(b) PPP  
(c) Prime Health  
(d) Norwich Union Healthcare
81. .... entered the market with product designs that included no claims discounts (NCDs)
- (a) (a) BUPA  
(b) PPP  
(c) Prime Health  
(d) Norwich Union Healthcare

82. In Germany, what percentage of the population belongs to state health insurance scheme?
- (a) Below 20%
  - (b) 30%
  - (c) 60%
  - (d) Above 70%
83. The health system in Germany is funded by .....
- (a) corporations
  - (b) the State
  - (c) individuals
  - (d) corporations and individuals
84. The country that spends more on healthcare than any other country in the world is
- (a) Australia
  - (b) Germany
  - (c) UK
  - (d) USA
85. Which of these policies will also cover the delays and cancellation of flights?
- (a) International Healthcare Insurance
  - (b) International Medical Expenses
  - (c) Travel Insurance
  - (d) None of the above
86. The hospital bonds is based mainly on
- (a) type of treatment
  - (b) accommodation
  - (c) feeding
  - (d) nursing facilities
87. The most expensive personal PMI product is
- (a) comprehensive
  - (b) standard
  - (c) budget
  - (d) international
88. The most expensive surgery is
- (a) major plus
  - (b) complex major operations
  - (c) major operation
  - (d) intermediate operation
89. The use of x-ray or body scan is
- (a) pathology
  - (b) radiology
  - (c) physiotherapy
  - (d) consultations
90. Benefits available under the majority of healthcare insurance policies are for specialist treatment, with primary care from a GP usually excluded.
- (a) True
  - (b) False
  - (c) Neither
  - (d) Either
91. Typical benefits under dental insurance will not include



- (a) near patient examinations  
 (b) preventative care  
 (c) cash grant  
 (d) helplines
92. A capitation plan is a form of true insurance rather than budgeting
- (a) True  
 (b) False  
 (c) Neither  
 (d) Either
93. Which of these is not included in a budget policy?
- (a) six or twelve week benefit limit  
 (b) restricted hospital list  
 (c) out-patient treatment  
 (d) a low arrival maximum benefit
94. A health cash plan will not include
- (a) recuperation grant  
 (b) maternity/paternity grant  
 (c) chiropody  
 (d) none of the above
95. Which of these policies will provide the insured income up to his retirement age?
- (a) comprehensive private medical insurance  
 (b) health cash plan  
 (c) income protection insurance  
 (d) pre-funded long-term care insurance
96. Which of these policies are usually long-term rather than general insurance policies?
- (a) Critical Illness Insurance and Income Protection  
 (b) Sickness and Accident Insurance  
 (c) Health Cash and Capitation Plans  
 (d) None of the above
97. .... is the system by which insurers exchange data with treatment providers to save time and costs and improve reliability.
- (a) Electronic data exchange  
 (b) Moratorium Underwriting  
 (c) Networking Service  
 (d) Website Exchange
98. The four key objectives of FSA does not include
- (a) maintain market confidence  
 (b) development of insurance products  
 (c) promote public awareness  
 (d) secure an appropriate degree of protection for consumers

99. The regulator of health insurance in Nigeria is

- (a) NCRIB
- (b) NHIS
- (c) NAICOM
- (d) NIA

(d) Either

100. The access to Health Records Act 1999 does not give patients the right to see their health record.

- (a) True
- (b) False
- (c) Neither

**CF7 - HEALTHCARE INSURANCE PRODUCTS**

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

**SUMMARY**

Pass Rate: 100%

Highest Score: 80%

Lowest Score: 78%

Average Score: 79%

**Chief Examiner's Comments on Overall Performance:**

Excellent Performance.

**Chief Examiner's Suggestions on Improvement:**

None.