



*Chartered Insurance  
Institute of Nigeria*

*Chief Examiners' Report*

*April 2019 Examination*

*Certificate in Insurance (CI-CII)*

## GENERAL RELATED ISSUES TO WATCH OUT FOR IN FUTURE SITTINGS

DO'S	DON'TS
Start studying for the next diet early (from November/December for April diets and May for October diets)	Concentrate all your time and effort on Part 1 @ the detriments of Parts B & C (Diploma & Advanced)
Start each question on a fresh page	Write after invigilators have declared "time-up"
Read and follow instructions clearly (ensure you download and read the "students' instructions" from the website)	Write your name on any part of the answer scripts
Master the tricks of answering questions intelligently by following tips learnt before the exams and concentrating on questions that would fetch you more marks.	Nurture fear on any subject. There is no subject that distinction cannot be obtained.
Attend the Annual Students' Forum	Avoid the Annual Students' Forum
<p>CANDIDATES SHOULD VISIT &amp; UNDERSTAND THE CONTENTS, REGULATIONS AND GUIDELINES/MARKET AGREEMENTS ETC ON THE FOLLOWING SITES <a href="http://naicom.com">naicom.com</a> (NAICOM), <a href="http://nigeriainsurers.org">nigeriainsurers.org</a> (NIA); <a href="http://ncrib.net">ncrib.net</a> (NCRIB); <a href="http://nigeriailan.com">nigeriailan.com</a> (ILAN); <a href="http://ciinigeria.com">ciinigeria.com</a> (CIIN)</p>	
<p><b>INFRACTIONS ON ANY OF THE INSTRUCTIONS COULD LEAD TO STIFF SANCTIONS. DO NOT BE A CULPIT.</b></p>	
<p><b>STOP WORKING HARD TO FAIL!!! START WORKING EFFORTLESSLY TO PASS OUTSTANDINGLY!!!</b></p>	

CF1

CHARTERED INSURANCE INSTITUTE OF NIGERIA

**CERTIFICATE IN INSURANCE**  
CF1 - INSURANCE, LEGAL AND REGULATORY  
APRIL 2019

LOGO

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

- ✚ Two hours are allowed for this paper.
- ✚ Fill in the information requested on the answer booklet and on form B.
- ✚ Handle the answer form with care do not write notes on it.
- ✚ Do not write on the question paper.
- ✚ The answer booklet should be handed over personally by you to the invigilator before you leave the Examination Hall. Failure to do this may result in your paper not being assessed and marked.
- ✚ Insert your candidates number as given on your admission permit and any other particulars required on the cover and flap of the answer booklet.
- ✚ Ensure that you write the full and correct candidate's number.
- ✚ No name should be written on any leaf of the book, or on any supplementary leaves that may be issued to the candidates.
- ✚ The answer to each question must be commenced on a separate page. Where, however, a question consists of two or more parts, this instruction does not apply to the separate parts.
- ✚ Write in the ruled margin the number and question attempted.
- ✚ Leave no blank pages among your answers.
- ✚ Where supplementary leaves are used, the candidate's number should be written in the space provided on them and fastened at the end of the book inside the cover.

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL) WILL ATTRACT STATED SANCTIONS.**

**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).

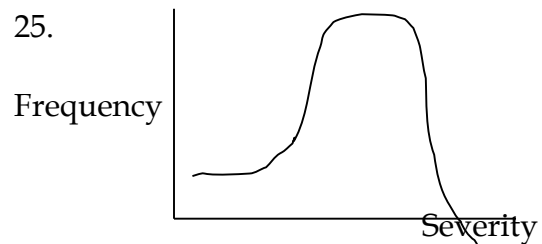
## ATTEMPT ALL QUESTIONS

1. Which of the following risks is covered by insurance policy?
  - (a) An investment loss on the stock market
  - (b) Dishonesty of an employee
  - (c) Failure of business venture
  - (d) Rise and fall of prices of goods in the market
2. In classification of risks, what is the name given to a risk where the cause of events are linked to factors that are due to the society we live in?
  - (a) Dynamic Risk
  - (b) Particular Risk
  - (c) Speculative Risk
  - (d) Fundamental Risk
3. The evidence of the insurance contract is the .....
  - (a) proposal form
  - (b) policy document
  - (c) indemnity
  - (d) obedience
4. The right of the insurer to step into the place of the insured for the purpose of recovering damages is called .....
  - (a) representation
  - (b) indemnity
  - (c) subrogation
  - (e) contribution
5. Which of the following is a contract of benefit?
  - (a) Personal accident insurance
  - (b) Business Interruption insurance
  - (c) Fire insurance
  - (d) Money insurance
6. Which of these is not a feature of insurable interest?
  - (a) Loss Suffered
  - (b) Subject Matter
  - (c) Legal Relationship
  - (d) Financial Value
7. A method of providing indemnity in the event of loss is .....
  - (a) Cash payment
  - (b) Professional advice
  - (c) Resolution of dispute
  - (d) Resolution of policy
8. A provision in a policy that exonerate an insurer from liability if the loss is less than a certain amount is ...
  - (a) excess
  - (b) transfer
  - (c) average
  - (d) indemnity
9. Renewal notice is mainly used by insurers to remind the insured of the

- (a) Reduction of cover  
 (b) Contribution of cover  
 (c) Expiration of cover  
 (d) Increase of cover
10. The professional services required for effective claims administration by insurers would be provided by:
- (a) Insurance underwriters  
 (b) Risk Managers  
 (c) Loss Adjusters  
 (d) Claims consultants
11. Which of these activities is not a function of the Chartered Insurance Institute of Nigeria.?
- (a) Setting a standard for members  
 (b) Promoting professional growth  
 (c) Promoting the interest of insurers  
 (d) Specifying professional qualification.
12. Effective supervision and licencing of insurance firm in Nigeria is the function of:
- (a) National Insurance Commission  
 (b) Institute of Loss Adjusters of Nigeria  
 (c) Chartered Insurance Institute  
 (d) Nigerian Council of Registered Insurance Brokers
13. The payment made when the insured is not entitled to claim under a policy is called:
- (a) Voluntary Excess  
 (b) Ex-gratia  
 (c) Return Premium  
 (d) Premium
14. To which of the following parties does the principle of utmost good faith apply in a contract of insurance?
- (a) The proposer only  
 (b) The insurer only  
 (c) The insurer and proposer  
 (d) The third party and insured.
15. The consideration paid for insurance contract is
- (a) Money  
 (b) Commission  
 (c) Premium  
 (d) Fee
16. The Tooley Street Fire of London occurred in
- (a) 3000 BC  
 (b) 1688  
 (c) 1666  
 (d) 1861
17. The oldest form of insurance is:
- (a) Fire Insurance  
 (b) Life Assurance  
 (c) Industrial life assurance

- (d) Marine Insurance
18. The risk that has its impact or origin on a known individual is called:
- (a) Financial Risk  
(b) Particular Risk  
(c) Speculative Risk  
(d) Pure Risk
19. Which of these is not an insurable risk?
- (a) Financial Risk  
(b) Particular Risk  
(c) Speculative Risk  
(d) Pure Risk
20. Which of these is not an example of financial risks?
- (a) Individual attitude  
(b) Theft of property  
(c) Loss of business profit  
(d) Legal liability to pay compensation
21. The risk that has the characteristic of loss, no loss or profit is called ....
- (a) Financial Risk  
(b) Particular risk  
(c) Speculative Risk  
(d) Pure Risk
22. Which of these is not a characteristic of insurable risk?
- (a) Fortuitous event  
(b) Insurable interest

- (c) Public Policy  
(d) Heterogeneous Exposure
23. Which of these is not a component of risk?
- (a) Uncertainty  
(b) Fortuitous event  
(c) Level of Risk  
(d) Peril and Hazard
24. A term for the potential amount of loss is:
- (a) Excess  
(b) Frequency  
(c) Severity  
(d) Franchise



- The diagram means
- (a) High frequency and high severity  
(b) High frequency and low severity  
(c) Low frequency and low severity  
(d) Low frequency and high severity

26. .... can be defined as that which gives rise to a loss?
- (a) Risk  
(b) Uncertainty

- (c) Hazard  
(d) Peril
27. By operating a pool of risk system, the law of large numbers assists insurers in making:
- (a) reliable claim payment  
(b) reliable investment return predictions  
(c) reliable new business predictions  
(d) reliable premium income predictions
28. Which of these is not a benefit of insurance?
- (a) It does not release capital within companies that can be used in the business  
(b) Enterprises are encouraged to start or expand  
(c) Employees are kept in gainful employment  
(d) Losses are reduced in size and number
29. The identification, analysis and economic control of those risks which can threaten the assets or earning capacity of an enterprise is referred to:
- (a) Insurance Regulation  
(b) Risk Underwriting  
(c) Claims Handling  
(d) Risk Management
30. Elimination of risk is an example of :
- (a) Risk Identification  
(b) Risk Analysis  
(c) Risk Financing  
(d) Risk Control
31. Signing slips is used to indicate confirmation for share in:
- (a) Risk Management  
(b) Co-insurance  
(c) Risk Analysis  
(d) Underwriting
32. A small fixed sum retained by the insured on each and every claim is called:
- (a) Inner limit  
(b) Sum insured  
(c) Excess  
(d) Benefit
33. .... is used when there are two or more policies in force which cover the same risk?
- (a) Self insurance  
(b) Reinsurance  
(c) Dual Insurance  
(d) Underwriting
34. .... covers the risk of losing money or stock, by fraud or dishonesty of a person holding a position of trust.
- (a) Theft insurance



- (b) Money insurance  
(c) Fidelity guarantee insurance  
(d) Business interruption insurance
35. Which of these policies will cover the explosion of broilers?  
(a) Fire and special perils insurance  
(b) Engineering insurance  
(c) Business interruption insurance  
(d) Fidelity guarantee insurance
36. ....is an 'all risk' policy covering loss or damage to money in transit, on the insured's premises during business hours.  
(a) Fire and special perils insurance  
(b) Money insurance  
(c) Fidelity guarantee insurance  
(d) Business insurance
37. .... covers businesses against the risk of non-payment, whereby the seller ensures that if the debtors fail to meet their obligations, the seller can recoup their losses.  
(a) Debit insurance  
(b) Credit Insurance  
(c) Fidelity guarantee  
(d) Business interruption
38. .... covers the actual loss of earning of the business adjusted for business trends, plus the increased costs associated with the business recovery.  
(a) Debit insurance  
(b) Credit insurance  
(c) Fidelity guarantee  
(d) Business interruption
39. Which of these covers the legal liability to pay damages to any employee in respect of bodily injury, disease, illness or death arising out of and in the courses of employment?  
(a) Public Liability  
(b) Employers' liability  
(c) Product liability  
(d) Professional Indemnity
40. Which policy will pay compensation to the insured in respect of claims from third parties for accidental bodily injury or damage to their property?  
(a) Public liability  
(b) Employers' liability  
(c) Products liability  
(d) Professional indemnity
41. ....covers legal liability for third party injury or property damage caused by products goods or services sold or supplied.  
(a) Public liability

- (b) Employers' liability  
(c) Products liability  
(d) Professional indemnity
42. Which of these policies pre-date the packaged policies and were originally introduced to cater for small businesses, such as traders and shopkeepers, where more than one insurance is required?
- (a) Household  
(b) Money  
(c) Commercial package  
(d) Trader's combined
43. Which of these policies provides cover for individuals who seek medical treatment outside the National Health Insurance Scheme (NHIS) when they are ill?
- (a) Sickness Insurance  
(b) Personal accident  
(c) Fidelity guarantee  
(d) Medical Expenses
44. Insurance cover can usually be purchased to protect against:
- (a) an investment loss on stock market  
(b) dishonesty of an employee  
(c) failure of a business venture  
(d) war damage to a domestic property
45. Which of these professionals manage the pool as effectively and profitably as possible?
- (a) Underwriter  
(b) Intermediaries  
(c) Claims Personnel  
(d) Loss Adjusters
46. Which of these is regarded as an expert in processing claims from start to finish?
- (a) Underwriters  
(b) Intermediaries  
(c) Loss Adjusters  
(d) Risk Surveyors
47. Who appoints a loss assessor in the event of a claim?
- (a) The insurer  
(b) The insured  
(c) The reinsurer  
(d) The broker
48. Those who bring buyer and sellers together in the insurance market are ....
- (a) buyers  
(b) intermediaries  
(c) insurers  
(d) reinsurers
49. Which of these is commonly referred to as an insurance market?
- (a) Proprietary Companies  
(b) Mutual Companies  
(c) Captives  
(d) Lloyd's

50. A company that is owned by shareholders is called:
- (a) Proprietary Company
  - (b) Mutual Company
  - (c) Captives
  - (d) Lloyd's
51. A company that is owned by policyholders is called:
- (a) Proprietary Company
  - (b) Mutual Company
  - (c) Captives
  - (d) Lloyd's
52. Which type of insurance company does not provide insurance to members of the general public?
- (a) Captive
  - (b) Composite
  - (c) Mutual
  - (d) Proprietary
53. A company that sells life and general insurance products in Nigeria is called:
- (a) Captive Company
  - (a) Composite Company
  - (b) Mutual Company
  - (d) Proprietary Company
54. At Lloyd's, the names are grouped together as:
- (a) Underwriters
  - (b) Syndicates
  - (c) Managing agents
  - (d) Member agents
55. Which individual provide financial backing for Lloyd's syndicates?
- (a) Brokers
  - (b) Names
  - (c) Managing agents
  - (d) Members agents
56. The catastrophe peril of an insurer is provided protection by .....
- (a) Reinsurer
  - (b) Broker
  - (c) Composite
  - (d) Specialist
57. Which of these is not part of the main types of a reinsurer?
- (a) Reinsurance broker
  - (b) Specialist reinsurance company
  - (c) Lloyd's syndicate
  - (d) Insurance company
58. The act of providing insurance protection to an insurance company is:
- (a) underwriting
  - (b) cession
  - (c) retrocession
  - (d) risk administration
59. The act of providing insurance protection to a reinsurance company is:
- (a) underwriting
  - (b) cession
  - (c) retrocession

- (d) risk administration
60. In insurance, an agreement enforceable by law between two parties to do something with intention to create legal relations is called a .....
- (a) policy  
(b) contract  
(c) proposal  
(d) endorsement
61. Which of these concepts mean the genuine meeting of like minds?
- (a) Caveat emptor  
(b) Consensus ad idem  
(c) Legality of purpose  
(d) Certainty of terms
62. Which of these cases posited that a counter-offer operates as a rejection of the original offer?
- (a) Currie v. Misa (2875)  
(b) Household Fire Insurance Co. v Grant (1879)  
(c) Murfitt v. Royal Insurance (1922)  
(d) Hyde v Wrench (1840)
63. In which case was it decided that contracts must be supported by consideration for the contract to be valid?
- (a) Currie v. Misa (2875)  
(b) Household Fire Insurance Co. v Grant (1879)
- (c) Murfitt v. Royal Insurance (1922)  
(d) Hyde v Wrench (1840)
64. Jane offers to supply filing cabinets to Pamela who accepts the offer. What further action is required in order that a legally enforceable contract exists between them?
- (a) The terms of their agreement need to be written down.  
(b) Another person needs to witness their agreement  
(c) The filing cabinets need to be delivered to Pamela  
(d) Pamela needs to agree to pay Jane for the filing cabinets.
65. The outcome of risk which can be measured in monetary terms is referred to as:
- (a) pure risk  
(b) financial risk  
(c) non-financial risk  
(d) particular risk
66. The principle of insurance that requires a legally recognized financial relationship between the proposer for insurance and the property/event for which insurance is sought is known as:
- (a) insurable interest  
(b) utmost good faith

- (c) proximate cause  
(d) indemnity
67. A positive duty to voluntarily disclose accurately and fully all facts materials to the risk for which the proposer is seeking to purchase insurance cover is known as:
- (a) utmost good faith  
(b) material fact  
(c) insurable interest  
(d) consideration
68. Which type of risk can have three outcomes of a loss, breakeven or gain?
- (a) Particular risk  
(b) Fundamental risk  
(c) Dynamic risk  
(d) Speculative risk
69. Any written or oral statement made during the negotiations for a contract is called:
- (a) indemnity  
(b) representation  
(c) warranties  
(d) consideration
70. What are the fundamental conditions which goes to the root of an insurance contract, and permits the aggrieved party to repudiate the contract?
- (a) Utmost good faith  
(b) Representation  
(c) Warranties  
(d) Consideration
71. 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 is called .....
- (a) indemnity  
(b) warranties  
(c) insurable interest  
(d) proximate cause
72. Which of these insurance principles requires the insurer to return the insured to the exact financial position he/she was immediately before the loss?
- (a) Proximate cause  
(b) Indemnity  
(c) Insurable interest  
(d) Subrogation
73. The insurance policy that is referred to as a benefit contract is a ...
- (a) fire insurance policy  
(b) motor insurance policy  
(c) personal accident policy  
(d) marine insurance policy
74. A form of insurance clause permitting the insurer to pay more than the actual work damaged by fire is called?

- (a) reinstatement
  - (b) replacement
  - (c) warranty
  - (d) contract
75. The right of an insurer to call upon others similarly, but not necessarily equally liable, to the same insured to share the cost of an indemnified payment is called .....
- (a) subrogation
  - (b) reinstatement
  - (c) warranty
  - (d) contribution
76. Which people have the task of accepting, rejecting or revising insurance contracts brought to the insurance company?
- (a) The underwriters
  - (b) The surveyors
  - (c) The analysts
  - (d) The accountants
77. Which of these documents show what class of business that the insured has, the terms and conditions, warranties that pertains to the contract?
- (a) The proposal form
  - (b) The contract form
  - (c) The insurance policy
  - (d) The agreement form
78. Which of these risks arise from causes outside the control of any one, whether as an

individual or as a group of people?

- (a) Fundamental risk
  - (b) Static risk
  - (c) Dynamic risk
  - (d) Pure risk
79. Which of these will not apply to an insurance contract?
- (a) Uberrima Fides
  - (b) Caveat Emptor
  - (c) Consensus ad idem
  - (d) Certainty of terms
80. Which of these will arise 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 necessity
  - (b) Agency by ratification
  - (c) Agency by consent
  - (d) Agency by apparent authority
81. Which of these refer 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 necessity
  - (b) Agency by ratification
  - (c) Agency by consent
  - (d) Agency by apparent authority

82. 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

83. An agency may be terminated in all except by .....

- (a) mutual agreement
- (b) the agency being withdraw
- (c) mutual ratification
- (d) the death, bankruptcy or insanity of either party

84. The item or event insured is called .....

- (a) subject matter of contract
- (b) subject matter of insurance
- (c) legal relationship
- (d) financial value

85. The case of *Castellain v. Preston* (1883) has to do with?

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

86. Insurable interest in Marine Insurance must exist at?

- (a) Inception
- (b) Time of loss
- (c) Both inception and time of loss
- (d) Always

87. When must insurable interest first exist in order for a private motor insurance policy to be enforceable at law?

- (a) At the time of the quotation
- (b) On completion of the proposal form
- (c) When the policy is issued
- (d) At the time of a claim

88. Every circumstance is material which would influence the judgement of a prudent insurer in fixing the premium or determining whether he will take the risk. This refers to .....

- (a) representation
- (b) concealment
- (c) non-disclosure

- (d) material fact
89. Which of the following is not a duty of the agent to his principal?
- (a) Good faith
  - (b) Accountability
  - (c) Indemnity
  - (d) Obedience
90. Which of these facts must be disclosed by the proposer?
- (a) Facts of law
  - (b) Facts that increases the risk
  - (c) Facts of public knowledge
  - (d) Facts that a survey should have revealed
91. 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
92. Which of these is a compulsory insurance in Nigeria?
- (a) Fire insurance
  - (b) Theft insurance
  - (c) Marine insurance
  - (d) Money insurance
93. The proximate cause of a loss will always be:
- (a) the dominant cause
  - (b) the first cause
  - (c) the last cause
  - (d) the remote cause
94. The peril named in the policy as covered is the .....
- (a) insured peril
  - (b) excluded peril
  - (c) excepted peril
  - (d) uninsured peril
95. The peril not named in the policy as covered or not covered is the .....
- (a) insured peril
  - (b) excluded peril
  - (c) excepted peril
  - (d) uninsured peril
96. Which of these are corollaries of indemnity?
- (a) Contribution and proximate cause
  - (b) Subrogation and insurable interest
  - (c) Utmost good faith and indemnity



- (d) Contribution and subrogation
97. Olu effects two personal accident policies. The first policy provides ₦25,000.00 cover for loss of limb. The second policy provides ₦30,000.00 cover for loss of limb. What is the total amount that Olu will receive in the event of a valid loss of limb claim?
- (a) ₦25,000.00  
(b) ₦27,000.00  
(c) ₦30,000.00  
(d) ₦55,000.00
98. The amount which the insured bears for each and every loss in property insurance is called a/an .....
- (a) franchise  
(b) average
- (c) limit  
(d) excess
99. Mr. Agba Musa's garaged building valued at ₦200,000.00 and insured for ₦150,000.00 under a policy which is subject to average. If he suffers a ₦50,000.00 now insured loss, how much will his insurers pay?
- (a) ₦12,000.00  
(b) ₦33,333.00  
(c) ₦37,500.00  
(d) ₦50,000.00
100. .... can be described simply as each person's side of the bargain which supports the contract
- (a) Excess  
(b) Franchise  
(c) Consideration  
(d) Offer

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

### **SUMMARY**

Pass Rate: 84%

Highest Score: 97%

Lowest Score: 31%

Average Score: 76%

### **Breakdown Updates**

Very good performance. An improvement from previous examinations in the subject in recent times. There were no identified common errors with candidates.

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

Very good performance.

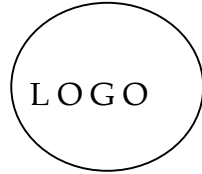
### **Chief Examiner's Suggestions on Improvement:**

Candidates should strive to keep improving for the better.

CF2

CHARTERED INSURANCE INSTITUTE OF NIGERIA

**CERTIFICATE IN INSURANCE**  
CF2 - GENERAL INSURANCE BUSINESS  
APRIL 2019



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

- ✚ Two hours are allowed for this paper.
- ✚ Fill in the information requested on the answer booklet and on form B.
- ✚ Handle the answer form with care do not write notes on it.
- ✚ Do not write on the question paper.
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- ✚ Insert your candidates number as given on your admission permit and any other particulars required on the cover and flap of the answer booklet.
- ✚ Ensure that you write the full and correct candidate's number.
- ✚ No name should be written on any leaf of the book, or on any supplementary leaves that may be issued to the candidates.
- ✚ The answer to each question must be commenced on a separate page. Where, however, a question consists of two or more parts, this instruction does not apply to the separate parts.
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**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL) WILL ATTRACT STATED SANCTIONS.**

**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. An insurance policy taken by experts to cover possible negligence arising from their duties is called .....
    - (a) consequential loss
    - (b) professional indemnity
    - (c) cargo
    - (d) freight
  2. The class of insurance that covers legal liability to a third party for injury and property damage caused by goods consumed is:
    - (a) employers' liability
    - (b) public liability
    - (c) professional indemnity
    - (d) product liability
  3. The type of cover that is designed against loss of earnings following a loss caused by fire and special perils is:
    - (a) product guarantee
    - (b) material damage cover
    - (c) fire and special perils
    - (d) business interruption
  4. Abandonment is applicable to
    - (a) fire insurance
    - (b) theft insurance
    - (c) marine insurance
    - (d) fidelity guarantee
  5. Which of the following is not a benefit covered in Personal Accident Policy?
    - (a) Death
    - (b) Temporary disablement
    - (c) Loss of luggage
    - (d) Medical expenses
- Use the information below to answer questions 6 and 7.
- XYZ Industries Limited proposed a fire risk to Adequate Insurance Plc on total sum insured of ₦5,000,000.00. The risk was accepted on a premium rate of 0.35%. After survey, the insurer charged a rate of 0.275. %
6. What was the initial premium that the insurer charged?
    - (a) ₦3,750.00
    - (b) ₦13,750.00
    - (c) ₦17,500.00
    - (d) ₦31,250.00
  7. How much premium will the insurer return to the insured?
    - (a) ₦3,750.00
    - (b) ₦13,750.00
    - (c) ₦17,500.00
    - (d) ₦31,250.00
  8. A policy that combined cover for many perils as a single policy to suit the insurance need of an insured is .....
    - (a) an accident policy

- (b) a protection policy  
(c) a paternal policy  
(d) a packaged policy
9. A class of insurance where cover note is issued is ....
- (a) fire insurance  
(b) burglary insurance  
(c) motor insurance  
(d) fidelity guarantee
10. One of the information contained in a motor insurance cover note is the ....
- (a) behaviour of the insured  
(b) occupation of the insured  
(c) commencement date  
(d) previous insurance history
11. Which of the following perils is covered by the standard fire policy?
- (a) Lightning  
(b) Storm  
(c) Civil commotion  
(d) Escape of oil
12. The professional services required for effective claims administration insurers would be provided by .....
- (a) loss attendants  
(b) risk manager  
(c) loss adjusters  
(d) claims consultants
13. Which of the following activities is not a function of the Chartered Insurance Institute of Nigeria?
- (a) Setting a standard for members  
(b) Promoting Professional growth  
(c) Promoting interests of insurers  
(d) Specifying professional qualifications
14. Effective supervision and licencing of the Nigerian insurance industry is carried out by
- (a) National Insurance Commission  
(b) Nigerian Insurers Association  
(c) Nigerian Council of Registered Insurance Brokers  
(d) Institute of Loss Adjusters of Nigeria.
15. Which of these is not a main class of motor insurance?
- (a) "Act only"  
(b) Private cars  
(c) Motor cycles  
(d) Commercial vehicles
16. The widest cover in motor insurance is provided under
- (a) Third party only  
(b) Third party, fire and theft

- (c) Road Traffic Act only  
(d) Comprehensive
17. The minimum limit for Road Traffic Act only in UK is
- (a) £100,000  
(b) £150,000  
(c) £250,000  
(d) £500,000
18. Which of the following do not form part of the standard cover that is provided under a comprehensive private motor insurance policy?
- (a) Accidental damage to the insured vehicle  
(b) Driver's personal accident benefit  
(c) Recovery of a vehicle after breakdown  
(d) Recovery of a vehicle to a repairer after an accident.
19. In specified motor cycle insurance, what is the subject matter of the insurance?
- (a) The motor cycle for a particular rider  
(b) The owner for his motor cycle  
(c) The motor cycle for all riders  
(d) The owner for all motor cycles
20. Under a third party only motor cycle policy, what cover is provided as standard?
- (a) Damage to clothing and personal effect  
(b) Emergency treatment fees  
(c) Medical expenses  
(d) Personal accident benefits
21. Which of these are not regarded as 'special types' of commercial vehicles?
- (a) Coaches  
(b) Ambulances  
(c) Cranes  
(d) Fork-lift trucks
22. An example of a benefit policy is:
- (a) Money insurance  
(b) Fidelity guarantee insurance  
(c) Business interruption insurance  
(d) Personal accident insurance
23. The franchise applicable to sickness benefit is for:
- (a) 2 days  
(b) 5 day  
(c) 7 days  
(d) 14 days
24. The sickness cover excludes sickness contracted within the first ...

- (a) 7 days  
 (b) 14 days  
 (c) 21 days  
 (d) 30 days
25. .... may be arranged to pay for disablement due to sickness
- (a) Personal accident insurance  
 (b) Sickness insurance  
 (c) Medical expenses insurance  
 (d) Motor insurance
26. Lump sum will not be paid as benefit in which of the following personal accident insurance claim?
- (a) Death  
 (b) Total loss of both eyes  
 (c) Temporary total disablement  
 (d) Permanent total disablement
27. Which of these will not be paid for under medical expenses insurance?
- (a) Disablement benefit  
 (b) Hospital charges  
 (c) Specialist fees  
 (d) Additional cost
28. Under which circumstance will benefits from a medical expenses policy become payable?
- (a) On diagnosis of a critical condition  
 (b) On undergoing minor surgery  
 (c) When unable to work due to illness  
 (d) When unable to work due to accident
29. The insurance products commonly sold to small businesses are .....
- (a) composite policies  
 (b) specialist policies  
 (c) mutual policies  
 (d) packaged policies
30. Which of these are not commonly covered under the 'All Risks' section of Household Insurance?
- (a) Personal jewellery  
 (b) Kitchen utensils  
 (c) Cameras  
 (d) None of the above
31. Which of these is not a main cover but an option in travel insurance?
- (a) Hospital cash benefits  
 (b) Travel interruption  
 (c) Travel delay  
 (d) Failure of tour organisers
32. An insurance document which brings together fire, special perils, theft, business interruption, money and other



- insurance for a small business, in a single document is known as .....
- (a) an 'all risks' policy  
 (b) an open cover  
 (c) a trader's combined policy  
 (d) a collective policy
33. The standard fire policy will not cover:
- (a) Fire  
 (b) Storm  
 (c) Lightening  
 (d) Limited explosion
34. Which of these is an example of perils of chemical type?
- (a) Explosion  
 (b) Ground leave  
 (c) Aircraft  
 (d) Earthquake
35. An example of miscellaneous perils is .....
- (a) heating  
 (b) riot  
 (c) escape of water  
 (d) subterranean fire
36. If an excess of ₦250.00 applies to a policy, how much will the insurer pay for a loss of ₦235.00?
- (a) ₦0.00  
 (b) ₦235.00  
 (c) ₦250.00  
 (d) ₦485.00
37. An insurance policy that covers every risk except those specifically excluded by the policy is called .....
- (a) a comprehensive policy  
 (b) a combined policy  
 (c) an "all risk" policy  
 (d) a special policy
38. For theft of shop to be covered under a standard theft policy, there would only usually be need to have:
- (a) forcible and violent entry or exit  
 (b) forcible and violent entry and exit  
 (c) forcible or violent entry or exit  
 (d) forcible or violent entry and exit
39. Assume that a money policy has a limit of ₦500.00 in respect of money left out of the safe on the insured premises overnight. How much would the insurer pay for a loss of ₦600.00
- (a) ₦100.00  
 (b) ₦500.00  
 (c) ₦600.00  
 (d) ₦1,100.00
40. What will the definition of money under a standard money policy not include?

- (a) Bank and currency notes  
 (b) Lottery tickets  
 (c) Luncheon vouchers  
 (d) Postage stamps
41. The term "turnover" is found in:
- (a) Fidelity guarantee insurance  
 (b) Money insurance  
 (c) Employers' liability insurance  
 (d) Business interruption insurance
42. Under a typical legal expenses policy, what limit of cover, if any, usually applies within the period of cover?
- (a) Cover is usually unlimited  
 (b) Overall cover is usually limited but there is no further limit per claim  
 (c) Overall cover is usually unlimited but there is a limit per claim  
 (d) Overall cover is usually limited and there is also a limit per claim
43. The period beginning with the occurrence and ending not later than the maximum indemnity period therefore is called the .....
- (a) cover period  
 (b) interruption period  
 (c) indemnity period  
 (d) interruption insurance
44. Material damage warranty is used in:
- (a) theft insurance  
 (b) business interruption insurance  
 (c) fidelity guarantee insurance  
 (d) marine insurance
45. The most common business interruption policies exclude
- (a) Fire and special perils  
 (b) "All risk"  
 (c) Engineering  
 (d) Fidelity guarantee insurance
46. The key cover under liability policies is .....
- (a) contract  
 (b) negligence  
 (c) turnover  
 (d) fermentation
47. The liability policy that covers injury or death of a staff while at work is .....
- (a) public liability  
 (b) directors and officers liability insurance  
 (c) product liability  
 (d) employers' liability
48. "Any person who is under a contract of service or apprenticeship" is called .....

- (a) a contractor  
 (b) a sub-contractor  
 (c) an employee  
 (d) a promoter
49. The liability policy that will cover the injury or death to third parties is .....
- (a) public liability policy  
 (b) professional indemnity policy  
 (c) directors and officers liability insurance  
 (d) extended warranty insurance
50. A butcher wishes to arrange protection against claims made by customers who become ill as a result of eating their meat pies. Which insurance policy will meet his needs?
- (a) Employers' liability policy  
 (b) Product liability policy  
 (c) Personal accident and sickness policy  
 (d) Professional indemnity policy
51. Which of the following types of losses will the uninsured loss service under a comprehensive motor policy not assist the insured on?
- (a) Loss of use of the vehicle whilst it is being repaired  
 (b) Personal injury  
 (c) Policy excess  
 (d) Repairs of the insured vehicle
52. Which of these will the proposer disclose to the insurer in proposing for insurance?
- (a) Facts of law  
 (b) Facts of public knowledge  
 (c) Facts that increase the risk  
 (d) Facts where the insurer has waived its right
53. The Rehabilitation of Offenders Act 1974 dwells on ...
- (a) Claims management  
 (b) 'Spent' convictions  
 (c) Prohibition of convicts from buying insurance  
 (d) Severity of convictions
54. Which of these is a hazard?
- (a) High value sport car  
 (b) Explosion  
 (c) Spontaneous fermentation  
 (d) Subsidence
55. The factor that could influence the occurrence of risk is?
- (a) Uncertainty  
 (b) Perils  
 (c) Risk  
 (d) Hazard

56. The most common method for the collection of details of a proposed risk is through the use of ...

- (a) slip
- (b) risk survey
- (c) proposal form
- (d) supplementary questionnaires

57. The AZ manufacturing company produces spare car parts with a turnover of ₦28,000,000.00 per year. Beewise Insurance Company offers product liability insurance to them for a limit of ₦5,000,000.00 at a rate of 0.5 per mille on turnover. What is the premium to be paid?

- (a) ₦14,000.00
- (b) ₦19,600.00
- (c) ₦20,100.00
- (d) ₦34,000.00

58. In relation to an employers' liability insurance policy, what is likely to form the premium base, to be used to establish the premium to be paid?

- (a) Sales receipts
- (b) Sum insured
- (c) Total salary bill
- (d) Turnover

59. The evidence of a contract of insurance is the .....

- (a) proposal from

- (b) endorsement
- (c) warranties
- (d) policy document

60. The cover note is issued in ...

- (a) Employers' liability insurance
- (b) Theft insurance
- (c) Product liability insurance
- (d) Travel insurance

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

61. Non-compliance with a warranty constitutes breach of warranty but the insurer is not discharged from liability under the policy as from the date of the breach.

62. Implied warranties are only found in marine insurance.

63. Some implied conditions are so fundamental that they affect the whole validity of the policy and render it void.

64. Exclusions in a policy does not require the insurer to prove that the exclusions applies?

65. All insurance policies are renewal contracts.

66. In the events of a loss, the insured should act as though uninsured, and take all reasonable steps to minimize the loss.

67. All general insurance policies are contracts of indemnity.
68. Contribution can also apply in a non-indemnity contract.
69. The condition of average can only apply to property insurances that have a sum insured.
70. Under common law, the insured may have rights to claim against any party that caused the loss or damage, in an effort to recover all or part of the loss or damage.
71. The arbitration clause is intended to deal with any disputes which arise as to the liability of the insurer on the loss.
72. The ABI memorandum of understanding subrogated motor claims deals with personal injury claims?
73. Drivers who suffer injury due to mechanical failure of vehicles are eligible to claim compensation from Motor Insurers' Bureau.
74. The option to choose an option of claims settlement in an indemnity contract is on the insured.
75. When the insurer pays for the loss as a total loss, the insurer

is entitled to receive the benefit of the salvage.

76. Where an insurer has settled a claim in full under a policy of indemnity, the usual method for an insurer to undertake claims recovery from others under the contribution rule is to write to the other insurers setting out all the particulars of the claims.
77. If fraud is not detected and the fraudulent claim is paid, there are direct consequences on the insurer, their insured and on the fraudulent claimant.
78. Genuine insureds will also suffer as a result of fraudulent claims being paid because the increase in premiums will affect all policyholders not just those who have made fraudulent claims.
79. Background define a particular location usually in memory.
80. Bit is counting on 0s and 1s.
81. Bus is an error in the program or machine that stops it working altogether or produces incorrect result.
82. Byte is set of 8 bit.
83. Cold start is restarting the machine by turning the power off and on again.

84. Debugging is to correct errors in a program.
85. That the networked PCs must all be at one site is not a main character of a computer network typically used in an insurance company.
86. The main difference between a WAN and a LAN is that WANs operate at faster speeds than LANs.
87. Global networks does not link machines anywhere in the world wide web.
88. The purpose of the Data Protection Act 1998 is to protect computer software develops from software pirates hackers?
89. Companies do not use the objectives stated in their customer service strategy to develop their performance standards.
90. The 'Road Traffic Act only' does not cover property damage.
91. A solo motor cycle may have a particular type of bailer for which an additional premium is required.
92. Total loss of one or both limbs benefits are usually payable only if the events occur within a specified period (usually 12 or 24 months of the accident causing the injury).
93. Damage caused by escape of oil from any fixed oil-fired heating system is not covered under household insurance.
94. The content insurance in household insurance is automatically extended to cover the content whilst temporarily removed but remaining in the territorial jurisdiction.
95. The travel insurance will not cover the loss of the insured's daughter's limb whilst on holiday with the insured, during the period of cover.
96. Travel insurance will not cover delay in departure of holiday's flight.
97. Theft from home whilst away on holiday is a risk covered by travel insurance.
98. The Lloyd's of London is an insurance company that sells different classes of insurance.
99. Subterranean fire is a peril of nature.
100. Spontaneous fermentation is a peril of nature.

**CF2 - GENERAL INSURANCE BUSINESS**

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

**SUMMARY**

Pass Rate: 75%

Highest Score: 97%

Lowest Score: 48%

Average Score: 74%

**Breakdown Updates**

The performance of candidates were above average. There has been a great improvement since the adjustment of the structure of the examination through the introduction of the true or false sections. There is no identifiable common error in the performance.

A good result.

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

Very Good performance.

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

The performance can be improved upon. Candidates should endeavor to study the more.

CF3

CHARTERED INSURANCE INSTITUTE OF NIGERIA

**CERTIFICATE IN INSURANCE**  
CF3 – INSURANCE UNDERWRITING PROCESS  
APRIL 2019

LOGO

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

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- ✚ Insert your candidates number as given on your admission permit and any other particulars required on the cover and flap of the answer booklet.
- ✚ Ensure that you write the full and correct candidate's number.
- ✚ No name should be written on any leaf of the book, or on any supplementary leaves that may be issued to the candidates.
- ✚ The answer to each question must be commenced on a separate page. Where, however, a question consists of two or more parts, this instruction does not apply to the separate parts.
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**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL) WILL ATTRACT STATED SANCTIONS.**



**CHARTERED INSURANCE INSTITUTE OF NIGERIA**  
**CERTIFICATE IN INSURANCE**  
**CF3 - INSURANCE UNDERWRITING PROCESS**

**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. Insurance is not just an agreement but a contract, which of these is not one of the elements that must be present in a valid contract?
  - (a) Offer
  - (b) Acceptance
  - (c) Consideration
  - (d) Subrogation
2. Kehinde just bought a small car. He insured the car with Good Fortune Insurance Limited. He was charged a sum of ₦25,000.00 as premium. He issued his cheque for payment and was issued a certificate of motor insurance. Which act constitute the consideration?
  - (a) Premium Payment
  - (b) Certificate of Insurance
  - (c) Intention to Insure
  - (d) Acceptance by the Insurance Company to insure
3. A duty which imposes that a person that wants to insure must provide all information known to the person to the insurer is known as
  - (a) Insurable Interest
  - (b) Caveat Emptor
  - (c) Utmost Good Faith
  - (d) Indemnity
4. The duty to disclose material facts rest on:
  - (a) The insured only
  - (b) The insurer and the insured
  - (c) The insured alone
  - (d) The intermediary
5. Which of these facts does an insured need not to disclose?
  - (a) Facts of law
  - (b) Facts that the insured has had three claims in the last three years
  - (c) Facts of public knowledge
  - (d) Facts that relate to a "spent conviction" under the law
6. Bimbo has disclosed the following facts in the course of taking up a motor insurance. Which of these will not be considered to be material?
  - (a) Use to which he wants to put the vehicle
  - (b) His age as at the date of proposing
  - (c) Purchase contract detail with the Finance Company
  - (d) Where the vehicle will be parked overnight
7. The duty of disclosure is very important in common law and

- in contracts. Which of the statement below is not correct?
- (a) Duty starts at negotiation and ends when the contract is formed at common law
  - (b) Under contract, the duty of disclosure begins at inception
  - (c) Under common law, generally, disclosure is not needed between inception and renewal
  - (d) Under contract, there is no need to disclose if there is a change of occupation
8. A cottage was constructed specially to show case the cultural heritage of the people. It was roofed with thatch and has in it items of heritage passed down from one generation to another. This was insured against fire and burglary. In considering this for fire insurance, what will be the dominant peril?
- (a) Fire
  - (b) Money
  - (c) Accident
  - (d) Goods-in-Transit
9. In (8) above, what would you consider as hazard for the building under the fire insurance?
- (a) Fire
  - (b) Burglary
  - (c) Thatch
  - (d) Contents
10. Which of these cannot be classified as physical hazard?
- (a) Age of the driver in Motor
  - (b) Mortice lock in Burglary
  - (c) Concrete/Block Walling in Fire
  - (d) Social Attitude such as changing insurers
11. Normally, moral hazards are difficult to access because they arose from the attitude and conduct of people. Which of these would not be classed as moral hazard?
- (a) Dishonesty
  - (b) Occupation of the insured
  - (c) Changing attitude of people
  - (d) Corruption tendency of the populace
12. Which of these is not a means of obtaining material facts from the insured?
- (a) Discharge Voucher
  - (b) Proposal Form
  - (c) Risk Survey
  - (d) Broking Slip
13. Not every proposal to an insurance company is accepted. Which of these will not be accepted based on immorality?
- (a) A seaside holiday resort

- (b) A shop on a high street dealing in jewelry
- (c) A highrise building of mix residential and office occupation
- (d) A set of fine jewelry being insured by thieves
14. What is the price paid for insurance cover called?
- (a) Proposal
- (b) Premium
- (c) Claim
- (d) Interest
15. Miss. JoeJoe approached Apex Trust Insurance Limited for a rate on the new vehicle she just acquired. The insurer gave her a rate Y but she feels that it was higher than rate X that another insurance company advertised in the media. She rejected the rate Y that was given to her and conveyed that she was ready to pay rate X which to her was equitable. Which of these statements is correct in respect of this transaction?
- (a) The rate Y is an acceptance
- (b) The rate X proposed by Miss. JoeJoe constitutes a counter offer
- (c) The rate X is an acceptance
- (d) The rate Y is a representation
16. All but one of these is true in respect of validity of offer?
- (a) An offer can only be accepted during the days stipulated
- (b) If no date of validity is indicated, it can be accepted within a reasonable period
- (c) The proposer can accept if it is only a few days after validity period
- (d) The proposer decline of the offer has varied the validity period.
17. Proposal forms are the most used mechanism by which insurers obtain information regarding the risk to be insured. In which of these may the use of a proposal form not be adequate?
- (a) Industrial Fire
- (b) Commercial Motor
- (c) Household for building and contents
- (d) All Risks for personal effects
18. It is getting increasingly common to give quotations via the internet or by telephone by asking series of questions. In which class of business is the practice more common?
- (a) Private Motor
- (b) Burglary
- (c) Professional Indemnity

- (d) Personal Accident for a Group
19. Which of these will not be regarded as a specific question in relation to a proposal form?
- (a) Proposer's age  
 (b) Business  
 (c) Sum Insured  
 (d) Proposer's name
20. It is common to talk of the law of large number in insurance rating considerations. This law relates to:
- (a) large number of insurers offering a heterogeneous risk in the market  
 (b) the number of composite insurers in the market  
 (c) large number of like risks  
 (d) number of specialist companies catering for one-off demands
21. All of these are true in terms of rates except one. This is:
- (a) the rate is a figure that represents the likelihood that a claim will occur  
 (b) the rate is a uniform contribution by every risk accepted by the insurer into their portfolio
- (c) a greater risk will attract a higher rate  
 (d) in practice, a firework factory for fire and special perils will attract a higher risk than a fire proposal for an office block
22. A risk is rated at 0.6 per mille. If the insurer allows a 7.5% long term agreement discount, what will the gross premium be on a value of ₦50,000,000.00?
- (a) ₦300,000.00  
 (b) ₦277,500.00  
 (c) ₦30,000.00  
 (d) ₦27,750.00
23. In which class of insurance would turnover be used as basis for premium calculation?
- (a) Product Liability  
 (b) Money Insurance  
 (c) All Risk  
 (d) Business Interruption
24. You are told that at the inception of the insurance period the premium base is not known and that a "deposit premium" would be charged, which would be adjusted at the end of the insurance period. Which of these policies will these likely be?
- (a) All Risks  
 (b) Travel Insurance

- (c) Employers Liability  
(d) Legal Expenses
25. In which class of business is premium arrived at by consulting rating tariff?
- (a) Burglary  
(b) Motor Insurance  
(c) Fidelity Guarantee  
(d) Extended Warranty
26. Which of these is true of the policy document?
- (a) Cover cannot be effected until the policy is issued  
(b) The policy is the contract  
(c) The policy is not the contract but evidence of it  
(d) The absence of a policy document invalidates the contract
27. Where an insurer has granted cover and the policy document has not been issued, what document is issued temporarily to evidence that cover has been granted in the mean time?
- (a) Certificate  
(b) Proposal Form  
(c) Questionnaire  
(d) Cover Note
28. The cover note in Motor Insurance serves a dual purpose but the peculiar purpose it serves in Motor Insurance is that:
- (a) It details the name of the vehicle dealer  
(b) It serves as a temporary certificate of motor insurance  
(c) It contains the instruction as to the repairer at the time of claim  
(d) It refers to the dispute procedure
29. The certificate of motor insurance must contain some information specified by the Road Traffic Act. Which of these is not specified?
- (a) Scope of cover  
(b) Limitation as to use  
(c) Name of policyholder  
(d) Registration number of vehicle
30. Certificate of insurance are to be issued for all compulsory insurances. In which one is it a condition that a copy of such certificate be displayed in all the insured's business outlets?
- (a) Marine Insurance  
(b) Motor Insurance  
(c) Professional Indemnity  
(d) Employers' Liability
31. The law specifies information that must be carried on a certificate issued pursuant to Employers' Liability

- Insurance. Which of these is not required by law?
- (a) Name of policyholder
  - (b) Principal place of business
  - (c) Date of commencement of cover
  - (d) Date of expiry of cover
32. Insurance premium payment will usually be by any of these methods except one?
- (a) Single upfront payment by cash/cheque
  - (b) By credit
  - (c) By barter
  - (d) In monthly installment
33. The insurance premium tax is charged on most general insurances where the risk is located in the UK. The applicable rate is 5% for all classes except for one class. Which class is this?
- (a) Money Insurance
  - (b) Travel Insurance
  - (c) Sickness Insurance
  - (d) Legal Expenses
34. Which of these is the odd one out from the group?
- (a) Fire Consequential Loss
  - (b) Business Interruption
  - (c) Loss of Profit
  - (d) Fire Material Damage
35. Which professional helps to determine whether a safe is required or if an existing one was suitable bearing in mind the amount to be kept therein?
- (a) Quality Surveyor
  - (b) Metallurgical Engineer
  - (c) Risk Surveyor
  - (d) Facility Manager
36. Which section of the policy will you find the vital information concerning the insured and details of the risk insured?
- (a) Heading
  - (b) Operative Clause
  - (c) Endorsement
  - (d) Schedule
37. You are told that the wordings of a section of a policy document are ambiguous and capable of more than one interpretation. Against which party will the interpretation be construed?
- (a) The Insurer
  - (b) The Broker
  - (c) The Insured
  - (d) The Adjuster
38. The general rule of interpreting an ambiguous contract against the drafting party is called .....
- (a) crystal mark
  - (b) drafting penalty
  - (c) contra proferentum
  - (d) policy deconstruction
39. Going through a policy document, in which part of the policy will you find the

- name of the insurer, their address and company logo?
- (a) Schedule  
(b) Heading  
(c) Signature  
(d) Information and Facilities
40. In which section of the policy will you find reference to the two parties and the undertaken of the insurer to indemnify the policyholder in accordance with the cover detailed in the policy in return for the premium?
- (a) Preamble  
(b) Operative Clause  
(c) Heading  
(d) Schedule
41. The operative clause of the policy document will contain
- (a) The two parties to the contract  
(b) The excepted perils  
(c) The claims process  
(d) The actual cover/perils covered
42. The pre-condition that a Business Interruption policy must have a relevant property insurance cover in force to support is commonly referred to as ...
- (a) foundation material policy  
(b) cooperative material policy  
(c) material damage warranty  
(d) partner indemnity conditionality
43. War and related risks are standard exclusions in commercially issued policies. However, it is possible to extend a few policies to include war risks. Which of the policies hereunder can be so extended?
- (a) Contractors All Risk  
(b) Marine  
(c) Boiler Insurance  
(d) Erection All Risks
44. Which fundamental risk pose potential losses which were seen to be beyond the capacity of individual insurers and is instead provided by "market pools" subscribed to by both insurers and reinsurers?
- (a) Radioactive Contamination and Explosive Nuclear Assemblies  
(b) Terrorism  
(c) Riot and Civil Commotion  
(d) Earthquake
45. The event of September 11, 2001 in the USA relates to which fundamental peril?
- (a) Pollution  
(b) Flooding  
(c) Terrorism  
(d) Bush Fire



46. Sonic bangs are excluded perils arising from ...
- (a) Mining Explosion Operation
  - (b) Aircraft/ Aerial Devices
  - (c) Pollution/Contamination
  - (d) War and Kindred Risks
47. Which principle of insurance is invoked in a situation where there are other policies covering the same subject matter in a loss?
- (a) Insurable Interest
  - (b) Utmost Good Faith
  - (c) Subrogation
  - (d) Contribution
48. Cross and Crescent Insurance Limited from its record as at 31<sup>st</sup> December of the year show a premium income of ₦100,000,000.00; paid claims of ₦35,000,000.00 and have an outstanding claims of ₦3,750,000.00. What is the paid claims ratio for this period?
- (a) 3.75%
  - (b) 38.75%
  - (c) 35.00%
  - (d) 31.25%
49. Which condition has the effect of reducing payments under property insurance policies in proportion to any under-insurance?

- (a) Average
  - (b) Excess
  - (c) First Loss
  - (d) Locational Limit
50. Mr. Jimah suffered a fire damage to his building. The insurer accepted liability and offered settlement which the insured refused to accept after detailed explanation. In such a situation, where does the policy direct him to for resolution of this dispute?
- (a) The Court
  - (b) The Industry Trade Group
  - (c) The Intermediary
  - (d) Arbitration
51. The first amount of each and every claim for which the insured is responsible is .....
- (a) first loss
  - (b) excess
  - (c) multiplier
  - (d) franchise
52. Franchise is a threshold in claims which if exceeded, the insured's claim will be paid in full. This would commonly apply in which of these policies?
- (a) Employers' Liability
  - (b) Motorcycle Policy
  - (c) Sickness Policy
  - (d) Goods-in-Transit
53. After carrying out a survey exercise on the premises of

- Inter-Continental Garment Industries, the Insurers imposed a duty on them that all cuttings must be swept, gathered and disposed into a metal drum outside the production are on daily basis, this would amount to a .....,
- (a) condition  
(b) representation  
(c) warranty  
(d) statement
54. The conditions encountered in a typical policy of insurance can be grouped into how many classes?
- (a) 3  
(b) 4  
(c) 5  
(d) 6
55. Notification of alteration of risk in an insurance contract comes under which group of conditions?
- (a) Conditions precedent to liability  
(b) Condition subsequent to contract  
(c) Conditions precedent to contract  
(d) None of the above conditions
56. The definition "doing something which the reasonable or prudent person would not do, or omitting to do something which a reasonable person guided by those considerations which ordinarily regulate the conduct of human affairs would do, relates to:
- (a) strict liability  
(b) defamation  
(c) assault  
(d) negligence
57. A representation is:
- (a) written or oral statements made during negotiations for a contract  
(b) written or oral statement on occurrence of a claim  
(c) written statement made to the insurer when there is alteration in the risk  
(d) an oral statement made to the insurer to request for premium reduction
58. The anniversary date in a policy of insurance refers to
- (a) the premium payment date  
(b) the date on which the first claim on the policy was recorded  
(c) the renewal date  
(d) the date on which the reinsurance premium was paid
59. Most policies of insurance are for a period of one year or twelve month. Which of these

- would be an exception to the rule?
- (a) All Risk Policy
  - (b) Fidelity Guarantee
  - (c) Employers' Liability
  - (d) Contractors' All Risk
60. The following policies are usually classified as health insurance except
- (a) Personal Accident
  - (b) Life
  - (c) Sickness
  - (d) Medical Expenses
61. Motor Insurance is peculiar when it comes to "days of grace" because the minimum cover required by law cannot be backdated. How do insurers get over this?
- (a) They send a notice to the police
  - (b) The handling Broker can issue a temporary cover note
  - (c) They incorporate a 15-day certificate into the renewal notice
  - (d) They send a one-month certificate a day before expiry
62. Engr. Fine Steel intends to buy a new car. He sold the one he was using and notified the Insurance Company on 1<sup>st</sup> October. He forgot to dispatch the letter until 7<sup>th</sup> October. He delivered the letter but forgot to attach the certificate of insurance. He thereafter sent
- his personal assistant to take the letter down on 11<sup>th</sup> October but because of busy work schedule, the personal assistant could not deliver it to the insurance company until 17<sup>th</sup> October. Which date will the insurer take as the effective date of cancellation?
- (a) 1<sup>st</sup> October
  - (b) 7<sup>th</sup> October
  - (c) 11<sup>th</sup> October
  - (d) 17<sup>th</sup> October
63. In which of the different levels of motor cover is there unlimited cover for death and bodily injury?
- (a) Third Party only
  - (b) Third Party, Fire and Theft only
  - (c) Comprehensive Cover only
  - (d) In all the four levels of cover
64. Both the comprehensive and third party, fire and theft levels cover these risks except one:
- (a) Theft
  - (b) Attempted Theft
  - (c) Fire
  - (d) Own Accidental Damage
65. Comprehensive cover is "all risks" but which of these is not an exclusion?
- (a) Wear and tear

- (b) Loss of accessories  
(c) Depression (depreciation)  
(d) Loss of use
66. Under the contingent third party insurance, what level of cover is given to the employee's vehicle used for the benefit of the employer?
- (a) Road Traffic Act  
(b) Third Party  
(c) Comprehensive  
(d) Third Party Fire & Theft
67. At what stage of the risk management process will frequency and severity be considered?
- (a) Elimination  
(b) Control  
(c) Analysis  
(d) Identification
68. For individuals who wish to avail themselves of private medical treatment outside the National Health Scheme, which policy will they take up?
- (a) Medical Expenses  
(b) Sickness Insurance  
(c) Personal Effects  
(d) Personal Liability
69. The household insurance is a combination of many policies covering perils relating to property and liability. Which of these would not normally be covered?
- (a) Theft or attempted theft  
(b) Loss of rent  
(c) Lightning  
(d) Injury to domestic staff
70. Unless specifically agreed, what is the usual single article limit found in household policies?
- (a) 10%  
(b) 7.5%  
(c) 5%  
(d) 2.5%
71. The travel insurance policy is very wide in its coverage. All but one of these are basic sections of a travel insurance.
- (a) Failure of tour organizer  
(b) Personal accident benefits  
(c) Medical and associated benefits  
(d) Loss of baggage
72. The "standard fire cover is made up of many parts?
- (a) 4  
(b) 6  
(c) 3  
(d) 5
73. For Riot and Civil Commotion to be established, a minimum number of persons must be involved in the disturbances according to the Public Order Act 1986. What is this minimum number?

- (a) 6
  - (b) 12
  - (c) 18
  - (d) 20
74. Out of the following fire related perils, which one is not part of the initial "standard" fire policy?
- (a) Fire
  - (b) Lightning
  - (c) Explosion (restricted to domestic use)

- (d) Storm
75. In an "all risks" policy, unless a cause of loss is specifically excluded, it is deemed to be covered. Which of these exclusions will come under absolute exclusions?
- (a) Rust
  - (b) War
  - (c) Glass
  - (d) Motor Vehicles

**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	x
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: 66%

Highest Score: 97%

Lowest Score: 33%

Average Score: 72%

**Breakdown Updates**

The number of entries for the course is quite high. Equally the pass rate of 65.81% is good and indicates that the students are preparing adequately for the examination.

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

General performance is good and encouraging. It is hoped that it continues this way in future examinations.

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

Students should continue to devote ample time to study for examinations. This definitely will show in their performances.

CF4

CHARTERED INSURANCE INSTITUTE OF NIGERIA

**CERTIFICATE IN INSURANCE**  
CF4 - INSURANCE CLAIMS HANDLING PROCESS  
APRIL 2019

LOGO

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

- ✚ Two hours are allowed for this paper.
- ✚ Fill in the information requested on the answer booklet and on form B.
- ✚ Handle the answer form with care do not write notes on it.
- ✚ Do not write on the question paper.
- ✚ The answer booklet should be handed over personally by you to the invigilator before you leave the Examination Hall. Failure to do this may result in your paper not being assessed and marked.
- ✚ Insert your candidates number as given on your admission permit and any other particulars required on the cover and flap of the answer booklet.
- ✚ Ensure that you write the full and correct candidate's number.
- ✚ No name should be written on any leaf of the book, or on any supplementary leaves that may be issued to the candidates.
- ✚ The answer to each question must be commenced on a separate page. Where, however, a question consists of two or more parts, this instruction does not apply to the separate parts.
- ✚ Write in the ruled margin the number and question attempted.
- ✚ Leave no blank pages among your answers.
- ✚ Where supplementary leaves are used, the candidate's number should be written in the space provided on them and fastened at the end of the book inside the cover.

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL) WILL ATTRACT STATED SANCTIONS.**

**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. Which of these is the largest source of money outflow in any insurance company?
  - (a) ICT Costs
  - (b) Stationery Costs
  - (c) Claims Payment
  - (d) Claims Consultants' Costs
2. The strategy on claims management is worked out at senior management. Which of these is the officer responsible for its day-to-day implementation?
  - (a) Cost Accountant
  - (b) Claims Manager
  - (c) Audit Manager
  - (d) Enterprise Risk Manager
3. The amount by which the actual settlement exceeds the amount that would have been required to make an acceptable settlement under the policy is called the
  - (a) shortfall
  - (b) excess
  - (c) top up
  - (d) leakage
4. Under the Limitation Act 1980, what time frame is laid down for injury claims before they are statute-barred?
  - (a) 3 years
  - (b) 4 years
  - (c) 5 years
  - (d) 6 years
5. An ex-gratia payment will be made in all but one of these circumstances?
  - (a) Where an exclusion is a borderline case
  - (b) Where the peril is covered but there is contributory negligence
  - (c) Where there is the need to preserve business relationship
  - (d) Where there is a need to avoid contesting liability in court
6. The Financial Services Authority is responsible for authorizing new companies and also for monitoring insurance companies in the UK. Which body perform this role in the Nigeria Insurance Industry?
  - (a) Central Bank of Nigeria
  - (b) National Insurance Commission
  - (c) Nigerian Deposit Insurance Commission
  - (d) Chartered Insurance Institute of Nigeria

7. The financial document that shows the financial position at the end of the year, its assets and liabilities is the .....
- profit and loss account
  - management account
  - bank account
  - balance sheet
8. Reserving in insurance practice involves which of these?
- Estimating the future cost of claims
  - Estimating the claims to be recovered from reinsurers
  - Statistical data of average claim paid over a period of time
  - Statistical data of claims repudiated in a financial year
9. Which of these costs to be controlled by the claims manager cannot be classified as internal cost?
- Recovery from reinsurers
  - IT Costs
  - Staff Salaries
  - Outsourcing Costs
10. Emmanuel insures his car for ₦1,500,000.00. He was involved in an accident for which he lodged a claim for ₦500,000.00. His policy is subject to an excess of 10% or ₦35,000.00 (whichever is greater). The claim was eventually adjusted to ₦425,000.00. The claims administrators issued a cheque immediately to the insured for the small amount adjusted of ₦425,000.00. What is the leakage in this instance?
- ₦35,000.00
  - ₦42,500.00
  - ₦75,000.00
  - ₦38,750.00
11. All but one of these are ways of settling a claim
- Cash payment
  - Repairs
  - Replacement
  - Barter
12. Which method of claim settlement can be used when fraud is suspected?
- Cash payment
  - Repairs
  - Replacement
  - Barter
13. Three steps are involved in the claim reserving process. Which of these is not one of them?
- Checking data integrity
  - Projection of claims
  - Collating historical data
  - Statutory returns of claims

14. The subrogation rights that the insurer acquires against a third party having paid its insured is to ensure that one of these principles is adhered to?

- (a) Utmost Good Faith
- (b) Proximate Cause
- (c) Consensus ad Idem
- (d) Indemnity

15. The item that forms the subject matter of a claim which the insurer is entitled to retain having paid a total loss claim is called the .....

- (a) residue
- (b) salvage
- (c) asset
- (d) liability

16. In which of these classes of insurance will you not see an average clause?

- (a) Public Liability
- (b) Fire Insurance Policy
- (c) All Risks Policy
- (d) Burglary Policy

17. Which of these is not a reason for market agreements?

- (a) To reduce the overall cost of claims
- (b) To speed up the repairs and claim procedure
- (c) To eliminate competition and install a strict market monopoly

(d) To promote good relations between insurers

18. In which market agreement have the participating insurers subscribed to agreement that dispenses with documentation - reduction in paper exchange?

- (a) Third Party Sharing Agreement
- (b) Motor/Public Liability Agreement
- (c) Knock-for-Knock Agreement
- (d) Subrogation Recoveries

19. The name for the large amount of claim which the insured assumes to bear following a loss is

- (a) deductible
- (b) limit
- (c) excess
- (d) franchise

20. Moses was reading through his health insurance policy where he read that if the sickness does not exceed three (3) days, insurers will not be liable to pay but that if the sickness exceeds three (3) days, they would pay for all the days without deduction. Which concept of insurance is at work here?

- (a) Deductible
- (b) Excess

- (c) Limit  
(d) Franchise
21. Elizabeth was standing at the bus station in Lagos when a vehicle's brake failed to function and in the process veered off the road hitting her. Though she was injured, the driver of the vehicle zoomed off without anyone being able to identify the driver or the vehicle. Which body is charged with handling compensation in this type of situation?
- (a) British Insurers Association  
(b) Motor Insurers Bureau (M.I.B)  
(c) Chartered Insurance Institute  
(d) Nigeria Insurers Association
22. The M.I.B. operates under how many agreements?
- (a) Five  
(b) Four  
(c) Three  
(d) Two
23. Which of these cases does the Arbitration Clause deal with?
- (a) Where the claim is borderline and insured is pressing for ex-gratia  
(b) Where the insurer has repudiated the claim
- (c) Where the insured contends the quantum of settlement offer  
(d) Where the salvage value is in contention
24. Which principle of insurance support the contribution clause?
- (a) Indemnity  
(b) Insurable Interest  
(c) Utmost Good Faith  
(d) Consideration
25. In which of these situations will an insured be refused a claim totally as opposed to partial payment?
- (a) Where fraud can be proven  
(b) Where a limit is inserted in the policy  
(c) Where there is under insurance and average is applied  
(d) Where compulsory excess is applied
26. I.T. is very important in relation to information in respect of all but one of these
- (a) Storage  
(b) Production  
(c) Communication  
(d) Gathering
27. A good claims system must be capable of achieving all except one of these

- (a) Process large amount of data  
 (b) Process data quickly  
 (c) Facilitate investment of premium  
 (d) Ensure accurate processing of data
28. Which of these is not a key factor when an insurance company wants to choose their claims management system?
- (a) Authorised Share Capital  
 (b) Structure of the company  
 (c) Business mix written by the company  
 (d) Robustness to which they want to develop the computer system
29. Using I.T. is very beneficial to operations of an insurance company in its claims handling process. Which of these is a secondary benefit?
- (a) Quicker claims settlement  
 (b) Automated payment of loss adjusters' fees on concluded cases  
 (c) Single data entry  
 (d) Electronic authorization of claims payment
30. The deployment of I.T. in claims handling may have its own negative sides but all except one would be taken as the downside of it.
- (a) Productivity may increase but may result in increased costs  
 (b) Possibility of adverse cashflows as claims are settled faster in relation to recoveries  
 (c) Information regarding the insured can be used for marketing analysis  
 (d) Emphasis may be taken away from investigative and technical claims handling
31. When considering the use of the system, who should be taken as the "ultimate customer"?
- (a) The Regulator  
 (b) The Insurer  
 (c) The Insured  
 (d) The Loss Adjuster
32. In a functional structured company, there are advantages and disadvantages. Which of these is not complimentary of this type of structure?
- (a) Works very well for relatively small companies  
 (b) Difficult to have staff with multiple competencies

- (c) Employees can specialize in their area of work
- (d) Larger units may be more cost effective as a result of the uniformity of procedure
33. The divisional structure has its own advantages but one of these could be a critical disadvantage.
- (a) It suits large companies with multiple product lines
- (b) There is more delegation of power to divisional managers
- (c) Divisional managers have the power to take decisions and key in more customers into the company
- (d) Key specialist may not be available in some of the divisions
34. The professional insurance companies turn to ..... for the investigation and quantification of large claims
- (a) Loss Adjuster
- (b) Risk Surveyor
- (c) Auto Engineer
- (d) Solicitor
35. The professional seen as the eyes and ears of the underwriter would be the
- (a) solicitor
- (b) administrator
- (c) risk surveyor
- (d) loss adjuster
36. Which of the outsourced professionals' advice the underwriter of the maximum probable loss of a risk?
- (a) Risk Surveyor
- (b) Solicitor
- (c) Claims Analyst
- (d) Auto Engineer
37. Which party in an automobile accident involving two vehicles completes an accident report form?
- (a) Insurer
- (b) Third Party
- (c) Insured
- (d) Repairer
38. Where there is an injury to a third party and evidences show they contributed to the accident and are injured through their negligence, what effect does this have on the award of compensation?
- (a) It will make the insured and their insurer to decline liability
- (b) It will reduce the quantum by the degree of the third party's negligence
- (c) It will increase the quantum of the insured's compensation

- (d) It will free the reinsurer from sharing in the loss
39. What rights does the subrogation condition in the policy confer on the insurer?
- (a) To acquire the rights of the insured  
 (b) To throw out the insured's claim  
 (c) To reduce the insured's claim  
 (d) To acquire the rights of the third party
40. The Civil Procedure Rules (CPR) relates to
- (a) Theft Claims  
 (b) Employee Related Claims  
 (c) Pecuniary Claims  
 (d) Personal Injury Claims
41. In personal accident policies, the benefits are not subject to the rule of indemnity. Which of these benefits will not be taken as a fixed amount but subject to proof of amount incurred?
- (a) Death Benefit  
 (b) Permanent Partial Benefit  
 (c) Medical Expenses  
 (d) Permanent Total Disability
42. When dealing with a household claim, you appreciate that items of contents can be classified as either durable goods or consumer goods, which of these items is NOT a durable good?
- (a) Refrigerator  
 (b) Clothing  
 (c) Freezer  
 (d) Furniture
43. Which of these items would insurers NOT settle in the basis of "new for old"?
- (a) Deep Freezer  
 (b) Television Set  
 (c) Furniture  
 (d) Curtains
44. Under which policy will the claim officer include an item for betterment?
- (a) Fire damage claim  
 (b) Personal liability claim  
 (c) Goods-in-transit claim  
 (d) Business interruption claim
45. In which class of claim will the insurer be concerned about the indemnity period?
- (a) Contractors All Risks  
 (b) Fire Material Damage  
 (c) Consequential Loss  
 (d) Erection All Risks
46. In which class of insurance will the insurance company be satisfied that the insured was not working and also seek

- evidence of payment the insured had to make before paying the claim?
- (a) Creditors Insurance  
 (b) Business Interruption  
 (c) Personal Accident Claim  
 (d) All Risks
47. A consulting firm was sued for offering advice in the course of their practice which exposed a client of theirs to financial losses. Under which policy will you expect them to lodge a claim with their insurers?
- (a) Business Interruption  
 (b) Public Liability  
 (c) Fidelity Guarantee  
 (d) Professional Indemnity
48. Which of these policies would you expect to be written on claims-made-basis?
- (a) Employers' Liability  
 (b) Product Liability  
 (c) Public Liability  
 (d) All of the above
49. You are told that a claim had become the subject matter of a court case and the judge awarded amongst others "general damages". What would these relate to?
- (a) Solicitors' Fee  
 (b) Adjuster' Fee  
 (c) Compensation for future losses  
 (d) Court Charges
50. Authorised repairers are common to some insurance policies and does not relate to .....
- (a) Motor Insurance  
 (b) Household Insurance  
 (c) Money Insurance  
 (d) Glass Insurance
51. One of these is not part of the three steps risk management process take.
- (a) Risk Control  
 (b) Risk Evaluation  
 (c) Risk Identification  
 (d) Risk Avoidance
52. Taking out insurance by an insured is an example of
- (a) risk avoidance  
 (b) risk transfer  
 (c) risk evaluation  
 (d) risk identification
53. Claims Staff play a very important role in ensuring proper management of pooled funds. Which of these is not part of those roles?
- (a) Investment of the pool of premiums for high yield  
 (b) Settle claims with minimum wastage  
 (c) Deal with claims quickly and fairly



- (d) Estimate as accurately as possible the final cost of outstanding claims
54. Which of these persons is a third party in an insurance claim?
- (a) Broker who introduced the insured business to the insurer
- (b) Loss Adjuster appointed to investigate and quantify a claim
- (c) The Regulator who oversees and monitors insurance companies
- (d) Vehicle owner whose vehicle is damaged by the insured
55. "Global Claims Reserve" means
- (a) Claims reserve for the whole of a market
- (b) Claims reserve for all classes of an insurance company
- (c) Claims reserve for all lines of a class
- (d) Claims reserve for the entire world insurance industries
56. In order to establish a reserve for a claim, which of these will not be a component?
- (a) Actual value of claim
- (b) Expenses of investigating and adjustment
- (c) Additional premium paid on increase of sum insured
- (d) Adjustment to take care of estimated future date of settlement
57. The trade association of insurers in Nigeria is
- (a) NCRIB
- (b) NIA
- (c) NAICOM
- (d) ILAN
58. Which database is shared by the insurance industry that contains information on personal lines claims from the past three previous years and is aimed at eliminating multiple claims on parallel policies held by a single insured?
- (a) Art Loss Register
- (b) Motor Insurance Database
- (c) Claims and Underwriting Exchange
- (d) Motor Insurance Anti-Fraud and Theft Register
59. A dispute resolution process by which disputes are settled through mediation or conciliation without resorting

- to law or arbitration is called....
- (a) financial ombudsman service  
 (b) alternative dispute resolution  
 (c) joint negotiation parley  
 (d) commercial resolution platform
60. How many levels of cover are there in Motor Insurance?
- (a) 2  
 (b) 4  
 (c) 5  
 (d) 6
61. Under how many levels of Motor Insurance covers will fire damage to the vehicle be covered?
- (a) 3  
 (b) 2  
 (c) 1  
 (d) 4
62. The dominant event that directly brings about a loss without the intervention of another independent event is called to ...
- (a) Fundamental risk  
 (b) Insured event  
 (c) Named peril  
 (d) Proximate cause
63. In which of these scenarios does a contingent third party insurance operate?
- (a) An employee using his or her own vehicle on the employer's business when the employee's insurance is not operative  
 (b) A company's vehicle taken over by the police to chase after robbers on the highway  
 (c) An employee using his or her colleague's vehicle whose cover is defective to convey another injured employee to the hospital  
 (d) A company vehicle being used for family and domestic purposes by the employee outside official hours
64. Which policy in the Health class pays death and permanent total disablement benefits to an insured?
- (a) Medical Expenses  
 (b) Sickness  
 (c) Personal Accident  
 (d) All Risks
65. The limit on single article can be found in a theft policy and which other policy?
- (a) All Risks  
 (b) Money Insurance  
 (c) Product Liability  
 (d) Household Policy

66. In travel insurance, which of these situations is excluded from its cover?

- (a) Childbirth in the course of a flight
- (b) Cost of treatment for illness contracted whilst abroad
- (c) Loss of baggage during the journey
- (d) Loss of deposit due to cancellation of holiday

67. Which of these perils is not covered by the standard fire policy?

- (a) Fire
- (b) Malicious damage
- (c) Lightning
- (d) Explosion

68. From whom must the insured obtain a report to support a holiday travel claim when valuables are taken from their hired car whilst in a packed holiday abroad?

- (a) Car hire company
- (b) Local Police
- (c) Tour operator
- (d) Travel agent

69. 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

70. The Business Interruption policy insure these items except one

- (a) Gross profit
- (b) Wages
- (c) Accountants' Fees
- (d) Variable Expenses

71. The standard household policy claims condition requires a policyholder to notify insurers 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

72. Which of the undernoted claims is not an implied duty imposed on the insured?

- (a) Requirement for proof and details of loss to be made in writing within a given timeframe
- (b) Insured should act as though they are uninsured by taking reasonable steps to minimize loss
- (c) Insured is expected not to hinder the insurer's investigation of the loss and to readily offer assistance

- (d) Requirement for the insured to notify the appropriate authorities on the event of loss; the police in case of theft
73. 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 the insurer
  - (c) Ask their accountant to carry out a review of their sums insured
  - (d) Appoint a solicitor to determine policy coverage
74. The certificate of insurance issued pursuant to the Employers' Liability (Compulsory Insurance) Act 1969 is so important that it must be specially preserved. For how long must it be kept?
- (a) 10 years
  - (b) 20 years
  - (c) 30 years
  - (d) 40 years
75. The minimum number of vehicles to qualify as a fleet in motor insurance underwriting is...
- (a) 2
  - (b) 8
  - (c) 10
  - (d) 12

<b>CF4 - INSURANCE CLAIMS HANDLING</b>							
<b>1</b>	C	<b>21</b>	B	<b>41</b>	C	<b>61</b>	B
<b>2</b>	B	<b>22</b>	D	<b>42</b>	B	<b>62</b>	D
<b>3</b>	D	<b>23</b>	C	<b>43</b>	D	<b>63</b>	A
<b>4</b>	A	<b>24</b>	A	<b>44</b>	A	<b>64</b>	C
<b>5</b>	B	<b>25</b>	A	<b>45</b>	C	<b>65</b>	D
<b>6</b>	B	<b>26</b>	D	<b>46</b>	A	<b>66</b>	A
<b>7</b>	D	<b>27</b>	C	<b>47</b>	D	<b>67</b>	B
<b>8</b>	A	<b>28</b>	A	<b>48</b>	B	<b>68</b>	B
<b>9</b>	A	<b>29</b>	B	<b>49</b>	C	<b>69</b>	A
<b>10</b>	B	<b>30</b>	C	<b>50</b>	C	<b>70</b>	D
<b>11</b>	D	<b>31</b>	C	<b>51</b>	D	<b>71</b>	A
<b>12</b>	C	<b>32</b>	B	<b>52</b>	B	<b>72</b>	A
<b>13</b>	D	<b>33</b>	D	<b>53</b>	A	<b>73</b>	A
<b>14</b>	D	<b>34</b>	A	<b>54</b>	D	<b>74</b>	D
<b>15</b>	B	<b>35</b>	C	<b>55</b>	B	<b>75</b>	C
<b>16</b>	A	<b>36</b>	A	<b>56</b>	C		
<b>17</b>	C	<b>37</b>	C	<b>57</b>	B		
<b>18</b>	C	<b>38</b>	B	<b>58</b>	C		
<b>19</b>	A	<b>39</b>	A	<b>59</b>	B		
<b>20</b>	D	<b>40</b>	D	<b>60</b>	A		

**SUMMARY**

Pass Rate:	65%	Highest Score:	89%
Lowest Score:	29%	Average Score:	70%

**Breakdown Updates**

The number of candidates that presented themselves for this course is still very small. The candidates performed well with a pass rate of 64.71%.

It is most likely that the candidates may be sitting for the course for a second time or that they devoted quality time to prepare for the course.

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

Performance is generally good and encouraging. It is hoped that it continues this way in the future.

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

Students should prepare adequately for the examination as the main cause for success.

CF5

CHARTERED INSURANCE INSTITUTE OF NIGERIA

**CERTIFICATE IN INSURANCE**  
CF5 - MOTOR INSURANCE PRODUCTS  
APRIL 2019



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

- ✚ Two hours are allowed for this paper.
- ✚ Fill in the information requested on the answer booklet and on form B.
- ✚ Handle the answer form with care do not write notes on it.
- ✚ Do not write on the question paper.
- ✚ The answer booklet should be handed over personally by you to the invigilator before you leave the Examination Hall. Failure to do this may result in your paper not being assessed and marked.
- ✚ Insert your candidates number as given on your admission permit and any other particulars required on the cover and flap of the answer booklet.
- ✚ Ensure that you write the full and correct candidate's number.
- ✚ No name should be written on any leaf of the book, or on any supplementary leaves that may be issued to the candidates.
- ✚ The answer to each question must be commenced on a separate page. Where, however, a question consists of two or more parts, this instruction does not apply to the separate parts.
- ✚ Write in the ruled margin the number and question attempted.
- ✚ Leave no blank pages among your answers.
- ✚ Where supplementary leaves are used, the candidate's number should be written in the space provided on them and fastened at the end of the book inside the cover.

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL) WILL ATTRACT STATED SANCTIONS.**

**CHARTERED INSURANCE INSTITUTE OF NIGERIA**

**CERTIFICATE IN INSURANCE**

**CF5 - MOTOR INSURANCE PRODUCTS**

**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

1. When a vehicle falls in the category of cherished or classic models, the best way to arrange motor insurance for it is by taking:
  - (a) agreed value policy
  - (b) declaration insurance policy
  - (c) revised comprehensive insurance
  - (d) negotiated insurance
2. The basic premium on a car insurance is ₦200,000.00 and the insured have just completed one period of insurance claim free giving him a discount of 20% while the rate of premium is 10% of value of the vehicle.

What is the renewal premium payable?

  - (a) ₦160,000.00
  - (b) ₦180,000.00
  - (c) ₦170,000.00
  - (d) ₦140,000.00
3. If the policyholder earns 20% for not having an accident free year. What type of discount is this?
  - (a) No accident discount
  - (b) Accident free rebate
  - (c) Free bonus
  - (d) No claim discount
4. How much would the insured pay as renewal premium if he reduces the value of the car in question (2) above to ₦1,500,000.00?
  - (a) ₦150,000
  - (b) ₦120,000
  - (c) ₦140,000
  - (d) ₦170,000
5. Which of the options given below would not be a reason to complete a claim form in respect motor accident?
  - (a) To assist in dealing with claim quickly and efficiently
  - (b) To assist in dealing with liability issue
  - (c) To establish validity of the claim
  - (d) To help insurer have basis to repudiate the claim
6. If an insurer has paid prescribed fee to make an enquiry on a policyholder's driving licence, what other thing must they do?
  - (a) Produce indemnity from bank
  - (b) Produce court warrant of "No Harm" investigation
  - (c) To prove reasonable cause for their enquiry.



- (d) To show insurable interest.
7. The core duty of GISC is to serve as what?
- (a) Checkers of insurance practice  
 (b) Regulator of insurance policies  
 (c) Protection body for insurance consumers  
 (d) Giving insurance education to policyholders
8. All the under mentioned except one are policies of motor insurance. Which one?
- (a) Third party fire and theft  
 (b) Own goods  
 (c) Comprehensive  
 (d) Third party only
9. What is the limit of liability in respect of death or bodily injury to a third party person in Nigeria?
- (a) ₦1,000,000.00  
 (b) Unlimited but reasonable  
 (c) Negotiable  
 (d) Fixed limit on the policy document
10. Following repair of partial damage to the insured's car, to whom does the insurer usually make payment?
- (a) The insured  
 (b) The insured's broker  
 (c) The motor engineer  
 (d) The repairers
11. If the insured gives a letter of undertaking to repair the motor of third party right at the spot of the accident, the insured had violated the policy provision on:
- (a) Admission of liability  
 (b) Proximate cause of loss  
 (c) Fault occurrence  
 (d) Fraud clause
12. Which of these is not part of motor policy excess administration?
- (a) Own damage compulsory Excess  
 (b) Young and inexperienced driver excess  
 (c) First loss policy excess  
 (d) Third party property damage excess
13. What would be the excess on the claim of ₦800,000.00 as adjusted on a vehicle with excess stating "₦50,000.00 or 10% of claim amount whichever is higher":
- (a) ₦50,000.00  
 (b) ₦75,000.00  
 (c) ₦80,000.00  
 (d) ₦90,000.00

14. Which of the bodies below is authorized with the sole responsibility of creating and maintaining database information on all insured vehicle?
- (a) ABI
  - (b) RTAB
  - (c) MIIC
  - (d) FOS
15. Production of payment of premium guarantee is the basis that can make ..... accept a motor business from intermediaries:
- (a) direct insurer
  - (b) insurer
  - (c) traditional insurer
  - (d) Lloyds' brokers
16. Which of these listed bodies is referred to as "Payer of last Resort" in event of a Hit and Run Motorist?
- (a) VBRS
  - (b) MIB
  - (c) NIA
  - (d) ABI
17. Motor insurers would most likely choose to deal one of these since they are recognised to work without compromise
- (a) Autolife modern garage
  - (b) R.B. motor medic garage
  - (c) Association of motor repairers
  - (d) VBRA
18. What is the scope of insurance cover where after insurers have settled the claim the insured still retains the salvage following a road accident?
- (a) Road accident only cover
  - (b) Comprehensive insurance
  - (c) Third party fire and theft
  - (d) Third party only
19. What is the essence of Green Card, Brown Card or International Insurance Certificate (Motor)?
- (a) Permit to use a motor vehicle in another country
  - (b) To secure full insurance outside home country
  - (c) To drive without harassment
  - (d) Use of vehicles as if it were home country
20. Which of the under mentioned would you regard as policy exclusion in motor insurance?
- (a) Consequential loss
  - (b) Wear & tear
  - (c) Mechanical overlatrical breakdown

21. (d) All of the above  
 What will be the implication of having a motor cycle issued under "to specified rider policy"?
- (a) To reduce danger of accident  
 (b) To reduce premium  
 (c) Use of motor is restricted to rider specified  
 (d) Anybody can ride it
22. Which of these would not qualify as motor insurance product?
- (a) Contractors' site mobile plant  
 (b) Private car  
 (c) Motor cycle  
 (d) Commercial motor
23. Duties which are not specified in the policy documents but must be performed by the insured at common law is called
- (a) Imposed duty  
 (b) Warranty  
 (c) Implied duty  
 (d) a & b above
24. Which of this is not information needed on a certificate of insurance (motor):
- (a) Policy number  
 (b) Age of the driver  
 (c) Registration number  
 (d) Period of insurance
25. What is the minimum or least insurance cover that would qualify a vehicle worth ₦2,000,000.00 to be used on the road as required by law?
- (a) Comprehensive insurance  
 (b) Fire theft only cover  
 (c) Road accident only  
 (d) Third party only insurance
26. What principle of insurance would operate where a dealer has a comprehensive cover on a car sold on hire purchase and also the buyer effecting an insurance in his own capacity if a claim occurs?
- (a) Utmost good faith  
 (b) Condition of average  
 (c) Contribution  
 (d) Indemnity
27. What is the only proof a claimant needs to establish in order to make a claim successfully?
- (a) Insurable interest  
 (b) Legal Interest  
 (c) Financial Interest  
 (d) Indemnity
28. Which of this is not an exclusion in a motor policy?
- (a) Damage to car due to thunder strike  
 (b) Fines in respect of motoring offence  
 (c) Brain box derangement

- (d) Legal fees & expenses
29. The untraced drivers' agreement is concerned with what particular nature of motor incident?
- (a) Drunken driver  
 (b) Under-aged drivers  
 (c) Hit and run drivers  
 (d) None of the above
30. The biggest advantage of a direct-sell insurance company marketing over other insurers is:
- (a) rapid response time to customers' need based on statistical information  
 (b) less overhead cost  
 (c) minimized cost  
 (d) all of the above
31. What is the effect of fleet rating in motor insurance to the insured?
- (a) To have advantage of high premium  
 (b) To retain the customer  
 (c) Premium reduction as large number of vehicles are involved  
 (d) Large patronage
32. Where in the policy is the restriction on the use of the insured's car shown?
- (a) General conditions  
 (b) General exclusions
- (c) Policy extensions  
 (d) Policy warranties
33. .... must be sent to DVLA when a vehicle has been treated as a write-off.
- (a) Form V03  
 (b) Form V13  
 (c) Form V23  
 (d) Form V33
34. The least age recommended by RTA 1988 to obtain a licence to ride a motorcycle is what?
- (a) 13 years  
 (b) 14 years  
 (c) 17 years  
 (d) 25 years
35. What is the effect of "Contributory Negligence" on a third party claimant?
- (a) Knock out the claim  
 (b) Reduce claim by the proportion of own negligence  
 (c) Deny claim of third party  
 (d) Make a contributor suffer his/her role
36. What does CUE stand for?
- (a) Commissioned Underwriters E-data  
 (b) Claims and underwriting exchange  
 (c) Claims and underwriting electronic-data

- (d) None of the above
37. The industry data-base for cases of fraud and theft claims is known as .....
- (a) MAITFR  
 (b) Motor anti-fraud theft record  
 (c) Motor insurance anti-fraud and theft register  
 (d) MIFTRA
38. What is the scope of cover provided by a third party only insurance?
- (a) Damage to property of insured and others  
 (b) Legal liabilities to all third parties injury/death and property inclusive  
 (c) Insured's car and third party's car only  
 (d) Injury and death only
39. Which of the options given will not be regarded as constituting theft of a car?
- (a) Damage to the ignitions barrel  
 (b) Forceful opening of the doors of the vehicle  
 (c) Tampering with the wiring and brain box of a car  
 (d) The misplacement of ignition with position not known at the time of theft
40. Section 147 of Road Traffic Act addresses the issue of what?
- (a) Surrender of certificate  
 (b) Medical expenses  
 (c) Repairs of vehicles  
 (d) Surrender of polices
41. What principle does disclosure of facts cardinally hang upon?
- (a) Utmost good faith  
 (b) Utmost grand faith  
 (c) Utmost grace faith  
 (d) b & c
42. What is the purpose of underwriting new motor business?
- (a) To ensure the vehicle is roadworthy  
 (b) To arrive at a fair premium for the ride  
 (c) To comply with the Road Traffic Act  
 (d) To collect data for the Motor Insurers' Bureau
43. If a person deposited the required prescribed fee with Accountant General if he does not want to take conventional cover, what is the scope of cover he has got?
- (a) Comprehensive motor insurance  
 (b) Third party fire and theft  
 (c) Third party only  
 (d) All of the above

44. What is the least age to qualify to drive agricultural tractors?
- (a) 40 years
  - (b) 30 years
  - (c) 25 years
  - (d) 17 years
45. Direct-line insurance companies have advantage of saving large cost due to:
- (a) use of internet
  - (b) non-involvement of agent & brokers saving the commissions
  - (c) little use of workforce
  - (d) a & c above
46. Nigerian equivalent of Green Card in use in UK is called Brown Card. What do they both offer?
- (a) Territorial extension
  - (b) Overseas driving
  - (c) Third party insurance beyond order
  - (d) Geographical extension

If it cost Mr. "A" sum of ₦5,000,000.00 to buy a car and Blue line offered to insure same at 5% of value giving a starter discount of 20% but an excess of 20% of chain amount or minimum of ₦100,000.00 on any loss own or third party damage.

Answer the following questions 47-49

47. What is the basic premium?
- (a) ₦500,000.00
  - (b) ₦300,000.00
  - (c) ₦250,000.00
  - (d) ₦150,000.00
48. What is the first premium?
- (a) ₦200,000.00
  - (b) ₦250,000.00
  - (c) ₦350,000.00
  - (d) ₦400,000.00
49. How much is the starter discount?
- (a) ₦100,000.00
  - (b) ₦50,000.00
  - (c) ₦75,000.00
  - (d) ₦60,000.00
50. How much will insurer pay on a third party claim of ₦100,000.00 but adjusted to ₦70,000.00 following an accident where Mr. "A" was at fault?
- (a) ₦70,000.00
  - (b) ₦56,000.00
  - (c) ₦50,000.00
  - (d) NIL

## ATTEMPT ALL QUESTIONS

### SECTION B

A coaster staff bus belonging to a company–Kingston Limited after discharging staff moved to some distance and parked after buying fuel. At 10.00pm, the driver started the bus and loaded passengers to the next popular community. Suddenly four youths got up asking everybody to bring out their phones and money. One moved to the driver attempting to stop the bus and as he was struggling with the driver, the bus caused a multiple accident affecting three (3) other vehicles and landed in a roadside drainage. The ten (10) people in bus were seriously wounded while the four (4) robbers escaped with their looted money and telephones. Coolhope Insurance Plc insured the bus on comprehensive cover for a sum insured of ₦10,000,000.00. The estimate of repair for the bus is ₦2,500,000.00 while the three (3) vehicles would cost ₦3,000,000.00 to repair them all-together.

51. Being obvious that the insured vehicle was put to a wrong use late in the night, what should the insurer do?
  - (a) The claim should be honoured
  - (b) The claim should be processed but the insured penalized
  - (c) 'Use clause' has been violated, hence the claim should be repudiation
  - (d) The claim should be paid subject to excess application
  
52. What would insurer do concerning medical bills submitted for the injured people?
  - (a) Settle the bills as presented
  - (b) Negotiate bill and settle
  - (c) State it as a no claim situation so the claims will be repudiated
  - (d) Acknowledge receipt of the claim and keep same in view.
  
53. What must be done on the third party property damage claim?
  - (a) Insured should be responsible not insurer
  - (b) Insurer are partially liable for this claim
  - (c) Insurer is fully liable.
  - (d) Insurer may accept and recover
  
54. If TPPD falls to be borne, how much will insurer pay?
  - (a) ₦1,000,000.00 less excess
  - (b) ₦1,000,000.00 in full
  - (c) ₦2,500,000.00 less excess
  - (d) ₦1,500,000.00 less excess

55. Which of the motor policies will give the insured the widest cover?
- (a) RTA only
  - (b) Third party only
  - (c) Third party, fire and theft
  - (d) Comprehensive

Landflight Logistic has fifty vehicles distributed in three major hotels in Lagos. They engaged 50 professional drivers and have a standard workshop at Lekki to attend to all their vehicles. Beside these, the insured has another set of 50 vehicles which it uses as shuttle vehicles restricted to airport route only. The insurer gave them a privileged rate of 3% of value but imposed an excess of ₦100,000.00 on each and every claim. The insured asked for a 10% flat rate discount in addition to the 3% premium rate given to them.

The cost of the first set of cars at hotel costs ₦5,000,000.00 per car, while those at the airport cost ₦7,000,000.00 each. The insured asked for the third party property damage limit to be increased to ₦10,000,000.00 as against the usual ₦10,000,000.00. An additional premium of ₦5,000.00 was charged per vehicle which does not attract a discount.

56. What is the premium payable on the each of vehicle in the hotels including TPPD extension?
- (a) ₦155,000.00
  - (b) ₦139,500.00
  - (c) ₦135,000.00
  - (d) ₦145,000.00
57. How much is the first premium per vehicle on car posted to Airport TPPD inclusive?
- (a) ₦194,000.00
  - (b) ₦210,000.00
  - (c) ₦215,000.00
  - (d) ₦193,000.00
58. How much is the premium payable on three (3) vehicles at the Airport?
- (a) ₦645,000.00
  - (b) ₦582,000.00
  - (c) ₦580,000.00
  - (d) ₦173,000.00
59. What form of cover is in operation here concerning the two schedules?
- (a) Fleet-comprehensive
  - (b) Third party only



- (c) Third party fire & theft
- (d) Special risk

60. The least cover for the vehicles will be
- (a) RTA only
  - (b) Third party only
  - (c) Third party, fire and theft
  - (d) Comprehensive

Jide was issued a policy in line with his request that he was comfortable using his vehicle within the campus which he had done for twenty years. He did so to save premium by his own judgment. His vehicle is valued at ₦4,000,000.00 but he insured it against legal liabilities and fire only with absolute confidence that no accident or theft risk can happen to the car.

The insurer charged 1% of the value as premium. Jide restricted use of the vehicle to himself and no other person. Jide made a request to know what comprehensive premium would cost and was given 5% of value but if driving is restricted to only him, 4% rate can be used and he gave the insurer assurance that since he would soon move out of the campus to settle in the city, to run a consultancy outfit, he faces more risk and would convert to full comprehensive insurance when he moves.

61. If Jide has desired the widest coverage, what type of cover and what premium will he pay - not restricting driving to himself?
- (a) Comprehensive/₦200,000.00
  - (b) Comprehensive/₦160,000.00
  - (c) Comprehensive/₦360,000.00
  - (d) Third party fire and theft/₦1,200,000.00
62. What is the present scope of cover Jide is running?
- (a) Third party and fire risk
  - (b) Semi comprehensive cover
  - (c) Legal liabilities plus fire risk against sum insured
  - (d) Tailor-made cover
63. What premium is due on the present scope of cover?
- (a) ₦40,000.00
  - (b) ₦100,000.00
  - (c) ₦38,000.00
  - (d) ₦65,000.00

64. During the period of insurance, Jide was driving out of the campus and he ran into a vehicle in the front suffering heavy damage and the third party. What will insurer do?
- (a) Insurer would pay the two (2) claims
  - (b) Insurer would negotiate and settle third party claim as Jide's policy does not cover his own vehicle
  - (c) Insurer would accommodate Jide's claim
  - (d) Insurer would repudiate all the claims
65. Which of the covers will cover theft without covering any other insurable risk?
- (a) RTA only
  - (b) Third party only
  - (c) Third party, fire & theft insurance
  - (d) None of the above

Tofa insured his car on third party, fire and theft risk. The sum insured is ~~₦~~2,500,000.00 while an excess of ~~₦~~50,000.00 applies on the policy. An accident happened to the vehicle during an attempted theft from a supermarket where it was parked. Tofa submitted a negotiated estimate of repairs of ~~₦~~850,000.00 on the vehicle for processing.

66. What is the proximate cause of the loss?
- (a) Accident
  - (b) Theft
  - (c) a & b
  - (d) None of the above
67. Tofa completed a theft claim form with his insurer. Would his insurers be liable to settle the theft claim?
- (a) No as vehicle was involved in road accident
  - (b) Insurers are fully liable but subject to policy excess and depreciation
  - (c) Insurers are liable without excess
  - (d) This is no cover situation
68. How much will insure pay as claim
- (a) ~~₦~~2,500,000.00
  - (b) ~~₦~~800,000.00
  - (c) ~~₦~~1,200,000.00
  - (d) NIL

69. What will be your decision on the claim had vehicle been driven by Tofa but skidded off the road, landing in a deep gutter?
- (a) Insurers will be fully liable
  - (b) Insurers will not be liable to settle the claim
  - (c) Tofa will be paid but subject to heavy penalties
  - (d) Ex-gratia payment
70. Supposing robbers attacked Tofa who skillfully escaped them but made a u-turn to return home and on his detour, had an accident. Would insurer be liable to pay the claim?
- (a) Insurers will not be liable
  - (b) Insurers will be liable
  - (c) Insurers can be liable
  - (d) Insurers will need further information to determine liability

Wazobia Travel and Tours Limited acquired one hundred (100) fully air-conditioned buses and fifty (50) cars in addition to one hundred and fifty (150) rain-protected truck buses for their operations.

The management decided to insure all the fifty (50) cars against accident, fire and theft risks including liability. On the coaster buses, they resolved to insure against all insurable liabilities. The trucks are to be covered against third party and legal liabilities alone, while a flat premium of ₦20,000.00 per truck is charged. The limit of third party property damage on the truck is ₦10,000,000 per truck.

71. What is the scope of cover on the trucks?
- (a) Comprehensive insurance
  - (b) Third party fire and theft insurance
  - (c) Accident & theft only cover
  - (d) Third party only insurance
72. What is the premium payable on the 150 trucks granted that a 5% rebate is allowed as the vehicles are over one hundred (100) in quantum.
- (a) ~~₦~~3,000,000.00
  - (b) ~~₦~~2,800,000.00
  - (c) ~~₦~~2,850,000.00
  - (d) ~~₦~~2,500,000.00
73. The fifty (50) cars as acquired are on what type of motor insurance?
- (a) Road accident only
  - (b) Third Party Fire & Theft cover

- (c) Comprehensive cover
  - (d) Motor dealer trade cover
74. The air-conditioned coaster buses are on what form of cover
- (a) Comprehensive
  - (b) Third Party, Fire & Theft insurance
  - (c) Third party only
  - (d) Road accident only
75. If one of the trucks damages a hummer jeep valued ₦25,000,000.00 but requiring ₦12,500,000.00 to fix. What is the liability of the insurer?
- (a) ₦12,500,000.00 less excess
  - (b) ₦12,500,000.00
  - (c) ₦10,000,000
  - (d) ₦10,000,000 less excess

<b>CF5 - MOTOR INSURANCE PRODUCTS</b>							
<b>1</b>	A	<b>21</b>	C	<b>41</b>	A	<b>61</b>	A
<b>2</b>	A	<b>22</b>	A	<b>42</b>	B	<b>62</b>	A
<b>3</b>	D	<b>23</b>	C	<b>43</b>	C	<b>63</b>	A
<b>4</b>	B	<b>24</b>	B	<b>44</b>	B	<b>64</b>	B
<b>5</b>	D	<b>25</b>	D	<b>45</b>	B	<b>65</b>	D
<b>6</b>	C	<b>26</b>	C	<b>46</b>	D	<b>66</b>	B
<b>7</b>	C	<b>27</b>	A	<b>47</b>	C	<b>67</b>	B
<b>8</b>	B	<b>28</b>	D	<b>48</b>	A	<b>68</b>	B
<b>9</b>	B	<b>29</b>	C	<b>49</b>	B	<b>69</b>	B
<b>10</b>	D	<b>30</b>	A	<b>50</b>	D	<b>70</b>	A
<b>11</b>	A	<b>31</b>	C	<b>51</b>	B	<b>71</b>	D
<b>12</b>	C	<b>32</b>	B	<b>52</b>	B	<b>72</b>	C
<b>13</b>	C	<b>33</b>	A	<b>53</b>	C	<b>73</b>	C
<b>14</b>	C	<b>34</b>	C	<b>54</b>	B	<b>74</b>	A
<b>15</b>	D	<b>35</b>	B	<b>55</b>	D	<b>75</b>	C
<b>16</b>	B	<b>36</b>	B	<b>56</b>	D		
<b>17</b>	D	<b>37</b>	C	<b>57</b>	A		
<b>18</b>	B	<b>38</b>	B	<b>58</b>	B		
<b>19</b>	A	<b>39</b>	D	<b>59</b>	A		
<b>20</b>	B	<b>40</b>	A	<b>60</b>	A		

**SUMMARY**

Pass Rate: 39%

Highest Score: 80%

Lowest Score: 39%

Average Score: 60%

**Breakdown Updates**

Five candidates out of the thirteen that sat for the examination scored above seventy. This amounts to 38.46% score band. Candidates can record better scores as they make more efforts in their preparation.

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

There is room for improvement as candidates study more vigorously.

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

Candidates should study harder and cover all the course contents to have broad knowledge of the course, and that will lead to good performance.

CF6

CHARTERED INSURANCE INSTITUTE OF NIGERIA

**CERTIFICATE IN INSURANCE**  
CF6 - HOUSEHOLD INSURANCE PRODUCTS  
APRIL 2019

LOGO

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

- ✚ Two hours are allowed for this paper.
- ✚ Fill in the information requested on the answer booklet and on form B.
- ✚ Handle the answer form with care do not write notes on it.
- ✚ Do not write on the question paper.
- ✚ The answer booklet should be handed over personally by you to the invigilator before you leave the Examination Hall. Failure to do this may result in your paper not being assessed and marked.
- ✚ Insert your candidates number as given on your admission permit and any other particulars required on the cover and flap of the answer booklet.
- ✚ Ensure that you write the full and correct candidate's number.
- ✚ No name should be written on any leaf of the book, or on any supplementary leaves that may be issued to the candidates.
- ✚ The answer to each question must be commenced on a separate page. Where, however, a question consists of two or more parts, this instruction does not apply to the separate parts.
- ✚ Write in the ruled margin the number and question attempted.
- ✚ Leave no blank pages among your answers.
- ✚ Where supplementary leaves are used, the candidate's number should be written in the space provided on them and fastened at the end of the book inside the cover.

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL) WILL ATTRACT STATED SANCTIONS.**

**CHARTERED INSURANCE INSTITUTE OF NIGERIA**

**CERTIFICATE IN INSURANCE**

**CF6 - HOUSEHOLD 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

1. If a caravan policy is issued here in Nigeria, an active member of the continent, what shall be the geographical limit of the cover granted?
  - (a) Ecowas sub-region
  - (b) Africa territorial limits
  - (c) All Countries of the continent except those still un-independent
  - (d) Cover applies within Nigeria territory only
2. Whose responsibility is it to insure the buildings of a block of flats?
  - (a) The householder
  - (b) The freeholder
  - (c) The trustee
  - (d) The tenants
3. What is the notification period under a household policy to be accepted?
  - (a) 7 days
  - (b) 15 days
  - (c) 21 days
  - (d) As soon as reasonably possible
4. What is the main reason for asking for estimate of loss when a claim is first notified?
  - (a) Promptly pay the claim
  - (b) To create reserve for the claim
  - (c) To notify government agency
  - (d) To inform re-insurers
5. The Nigerian Insurers Association is the ..... of all registered insurers in Nigeria?
  - (a) inspectorate body
  - (b) monitoring body
  - (c) umbrella body
  - (d) licensing body
6. I.T. applications in insurance embrace ACD. What is ACD?
  - (a) Approved call distribution
  - (b) Auto call central distribution
  - (c) Automated Claims directorate
  - (d) Automated call centre distribution
7. Which of the following modifies the principle of indemnity?
  - (a) Reinstatement
  - (b) New for old basis
  - (c) Repair
  - (d) Replacement
8. What is the way out for a policyholder having a household building policy to combat effect of inflation?



- (a) Apply 85% Reinstatement condition
- (b) Apply capital addition clause
- (c) Subject policy to index-link
- (d) Day-one basis
9. Which of the under mentioned principles of insurance would allow an insurer to claim against a negligent third party?
- (a) Indemnity
- (b) Proximate cause
- (c) Subrogation
- (d) Contribution
10. What is the commonest mechanism through which insurers get information needed on a building or any other household risks?
- (a) Statement of fact
- (b) Proposal detail
- (c) Proposal form
- (d) Questionnaire
11. Identify which one of the following is not an exclusion in Content Insurance.
- (a) Damage caused by repairs or cleanings
- (b) Wear and tear
- (c) Electrical/mechanical breakdown
- (d) Single article limit
12. A single-tied agent can only sell the products of:
- (a) Direct-line insurer
- (b) Only two insurers
- (c) Only three insurers
- (d) Only one insurer
13. If insurers require additional information about a subject-matter located in a subsidence prone area, how can they obtain this?
- (a) Through survey report
- (b) Through Government agency
- (c) Through Broker's slip
- (d) Through questionnaire
14. .... is the name given to information about a risk supplied on the internet or dictated on phone pending the completion of proposal form or formal adoption as proposal basis?
- (a) Statement of fact
- (b) Statement of matter-of-fact
- (c) Risk information
- (d) Risk details
15. What is the documentary evidence of an insurance contract?
- (a) The proposal form
- (b) The policy document
- (c) The receipt of payment
- (d) The cover note

16. Which of these is not needed for a household claim?
- (a) Eye witness report
  - (b) Photographs of the damaged items
  - (c) Relevant invoices
  - (d) Stock record
17. ... is the time limit given to an insured to pay a renewal premium?
- (a) Days of grace
  - (b) Cooling off period
  - (c) Waiting period
  - (d) Leave of absence period
18. Which of the under-listed is not among the sub-division of the law of torts?
- (a) Contract
  - (b) Nuisance
  - (c) Trespass
  - (d) Defamation
19. Among the under-listed, which one is an exclusion in a household policy?
- (a) A lightning strike
  - (b) A terrorist explosion
  - (c) Oil leakage from an oil fired central heating
  - (d) Storm damage
20. Which of the options stated below is the actual method in fixing the sum insured on a building?
- (a) Appreciation cost
  - (b) Index-linked
  - (c) Rebuilding cost of the building
  - (d) Current market value of the house
21. Which of the under-listed conditions is a ground to decline liability as at the time of claim?
- (a) Claim occurred within the period of insurance
  - (b) Policyholder failed to disclose unspent previous conviction less than a year prior to policy inception
  - (c) Claim estimate is reasonable
  - (d) Full payment of premium prior to policy document issuance
22. Which of these is correct on policy warranty?
- (a) Breach of warranty is to be viewed with leniency for goodwill
  - (b) Breach of warranty renders the policy null and void from date of breach
  - (c) Breach of warranty will be treated on its merits
  - (d) Warranty is of no effect
23. Arbitration condition arises at what point?

- (a) Dispute over quantum of claim  
 (b) Insured refusal to sign discharge voucher  
 (c) Failure to document claim  
 (d) Non-payment of premium
24. Which of these losses is not within the cover provided by a household insurance?
- (a) A video camera stolen while away to beach  
 (b) Loss of money following a crash in capital market  
 (c) Children accidentally breaking the glass door  
 (d) Leaving oil heating in a pan and resulting in kitchen getting burnt
25. Which of these policies is not a section of household insurances?
- (a) Buildings only policy  
 (b) Contents only policy  
 (c) A combined policy  
 (d) Erection All Risk policy
26. Which IT device facilitates effective communication between insurers and the consuming public?
- (a) NIPAR  
 (b) EDI  
 (c) MIS  
 (d) a, b and c above
27. ... is not among the cover provided by a building household insurance.
- (a) Standard perils cover  
 (b) Exceptional perils cover  
 (c) Optional extensions  
 (d) Additional peril cover
28. Choose the item not covered under standard perils section of the household insurance.
- (a) Subsidence, ground heave or landslip  
 (b) Falling trees or branches  
 (c) Fixed glass or sanitary fitting  
 (d) Falling television or radio receiving aerial
29. What is the maximum duration for a single trip travel insurance cover?
- (a) 30 days  
 (b) 2 months  
 (c) 3 months  
 (d) 6 months
30. Which of these would not be part of cover provided by a travel policy?
- (a) Luggage due to confiscation  
 (b) Personal accident benefits  
 (c) Medical expenses  
 (d) Baggage personal effects
31. A bicycle that was left unattended to though chained to a lamp-post was stolen. The

- value is ~~N~~25,000.00 with an excess of ~~N~~2,000.00 or 10% (whichever is greater). Determine the amount that insurer would pay, ignoring depreciation.
- (a) ~~N~~23,000.00  
 (b) ~~N~~22,500.00  
 (c) ~~N~~25,000.00  
 (d) ~~N~~20,000.00
32. In what year was general insurance standard formed?
- (a) July 1990  
 (b) July 1995  
 (c) July 1998  
 (d) July 2000
33. Who appoints a loss assessor?
- (a) The Insurer  
 (b) The Insured  
 (c) The Broker  
 (d) The Regulator
34. Identify the one that is not a limiting factor of indemnity among the options below.
- (a) Policy Franchise  
 (b) Basis of Premium  
 (c) Sum Insured  
 (d) Policy Excess
35. At what point does the condition of average apply?
- (a) Under-Insurance  
 (b) Loss adjustment  
 (c) Risk survey  
 (d) Claims
36. As among the bodies that mediate in services to the public insurance inclusive, FSA is prominent. What does FSA stand for?
- (a) Freehold Sales Agency  
 (b) Financial Security Agency  
 (c) Finance Safety Authority  
 (d) Financial Services Authority
37. In which case did “strict liability” come out clearly to become a reference authority legally today?
- (a) Sturge v. Hackett  
 (b) Pitcher v. Martin 1937  
 (c) Ryland v. Fletcher 1868  
 (d) Newton v. Edgerley 1951
38. What principle does the case Donoghue v. Stevenson 1932 establish?
- (a) Care for neighbor  
 (b) Caution principle  
 (c) Action principle  
 (d) Neighbor principle
39. ... is the maximum number of days that sporting equipment are on cover for.
- (a) 30 days  
 (b) 45 days  
 (c) 50 days  
 (d) 60 days

40. Which of these benefits are peculiar to Management Information Services (MIS)?
- (a) Quality Control
  - (b) Development of New Products
  - (c) Planning Resources
  - (d) All of the above
41. What is the full meaning of ECD in I.T?
- (a) E-Commerce Data
  - (b) Electronic Data Control
  - (c) Electronic Data Council
  - (d) Electronic Commerce Directive
42. If two insurers cover one building and a claim occurs, what principles apply during settlement?
- (a) Average
  - (b) Penalty
  - (c) Contribution Principle
  - (d) Coinsurance Rule
43. What is the form of rent payable to owner of a freehold property following a fire damage called?
- (a) Interim Report
  - (b) Leasehold Rent
  - (c) Ground Rent
  - (d) Tenement Rent
44. ... does not form part of additional items of cover in household building insurance.
- (a) Loss of rent
  - (b) Fixed glass and sanitary fittings
  - (c) Damage to services
  - (d) Radioactive contamination
45. Which of these is not among the general exclusion found in a household policy?
- (a) Pollution contamination
  - (b) Terrorism
  - (c) Loss of oil or metered water
  - (d) Sonic bangs
46. What are the covers available in the business policies among the options below?
- (a) Business equipment and stock/increased cost of working
  - (b) Employers' liability
  - (c) Private cars insurance
  - (d) "a" and "b" above
47. Insurance Standard Electronic Practices is called
- (a) Instrep
  - (b) Instep
  - (c) Inspet
  - (d) Insetep
48. What is the maximum amount the Ombudsman can award in the event of a dispute?
- (a) GBP1,000,000.00
  - (b) GBP500,000.00
  - (c) GBP250,000.00
  - (d) GBP100,000.00

49. The Financial Ombudsman decision on quantum is binding on who?
- (a) The insured
  - (b) The insurer
  - (c) Both the insured and insurer
  - (d) All parties in the dispute

50. What is the primary function of household insurance?
- (a) Spread of risk
  - (b) Provision of financial solution
  - (c) Risk transfer
  - (d) Risk absorption

## ATTEMPT ALL QUESTIONS

### SECTION B

Gaius engaged Estee Borehole Engineering Limited to construct a borehole in his house. The borehole was done while some piling work was also done to erect a solid gantry that would carry two (2) tanks of ten thousand (10000) litres of water each.

The contractor poured some chemicals into the water to make it fit for consumption but unfortunately an additional quantity was put by the contractor's staff increasing the chemical content.

During the period of testing, some people on the street came to fetch water which they drank and they became ill and were hospitalized. Other challenges came up which is the weakening of the foundation of two houses close to the property.

Using the above information, answer the questions numbered 51 - 55.

51. Five people were admitted into the hospital and they incurred a bill of ~~N~~500,000.00 in treatment but Gaius refused responsibility shifting it to the people as he claimed that the water was not meant for them. What is your stand as an underwriter?
  - (a) Gaius owe them a duty of care
  - (b) Gaius stance is right
  - (c) Gaius is not liable to them
  - (d) Gaius cannot be sued
  
52. What would the owner of properties that suffer damages to their houses rely on as basis to sue for damages?
  - (a) Strict liabilities
  - (b) Negligence
  - (c) Nuisance
  - (d) None of the above
  
53. The firm appears to cause the problem by failing to do soil test else the support would not have been removed from the two houses. Why is Gaius, the owner of the property, the focus?
  - (a) Gaius is vicariously liable
  - (b) Gaius is not liable
  - (c) Gaius is at law protected
  - (d) It is wrong to sue the owner

54. If there is any error on the part of the engineering firm, then one of the statements below is correct.
- (a) Engineering firm would be held solely responsible
  - (b) Engineering firm, on behalf of Gaius, are also liable
  - (c) The firm do not have any issue on ground
  - (d) The firm is an expert firm on borehole and are therefore not responsible to their principal.
55. Assuming the contractor had all relevant insurances and his insurer accepted liability on the admitted third parties, can the insurer penalize the third parties for contributory negligence, if the case was settled out of court?
- (a) Yes
  - (b) No
  - (c) Not really
  - (d) It depends

Dan had a duplex at Lekki in Lagos, valued at ₦25,000,000.00 and insured with Wealth Secure Insurance Plc. He also has another cottage house, valued at ₦5,000,000.00 which is about 50km away, close to the sea at Badagry, Lagos , Nigeria, where he spends the last weekend of every month. He gets worried on the safety of his two properties.

Dan currently works with an oil company that recently notified him of possible international engagement as an engineer to work in Gabon - on oil rigs. He has also built a storey building of four flats for his younger brother, also situate at Lekki, and the value of that building is ₦ 20,000,000.00.

56. What can Dan do to arrest his fear of losing his investments on the properties?
- (a) Transfer them to an estate agent
  - (b) Transfer the risk to insurers
  - (c) Rent out a portion of his house
  - (d) Engage a risk valuers to advise on how the properties can be disposed
57. What will Dan pay as premium having being given a rate of 0.2% to insure the two Lekki properties and a rate of 0.35% for the holiday beach home?
- (a) Lekki - N90,000.00; Holiday Home - N17,500.00
  - (b) Lekki - N125,000.00; Holiday Home - N21,500.00
  - (c) Lekki - N180,000.00; Holiday Home - N30,500.00



(d) Lekki - N110,000.00; Holiday Home - N25,000.00

58. On the holiday home, it is understood that the building is in coastal region. What will you suggest should be done as it regards the assessment of the building for insurance coverage?

- (a) Decline cover
- (b) Load premium chargeable
- (c) Send a surveyor to inspect it and forward report
- (d) Accept risk but spread same by co-insuring the risk

59. What are the covers you will recommend for Dan to effect?

- (a) Building policy-household on his two properties including his brothers
- (b) Content policy - to cover the two locations
- (c) a and b
- (d) insure his properties only as he has no insurable interest in his brother's property

60. As it is obvious Dan will soon leave Nigeria to travel out, what will you advise on his two properties?

- (a) Get a person who will be overseeing the two properties
- (b) Leave it as it is since it cannot be stolen
- (c) Suspend insurance on them
- (d) Sell the buildings

Andrew suffers a loss of his property due to the effects of lightning, causing damage to the roof and glass sliding windows. Some electronics worth N500,000.00, were damaged and cost of repairs to the damaged building was put at N1,500,000.00. Andrew insured the building for N5,000,000.00 but later discovered that current value was about N7,500,000.00 with a cost of debris removal at N250,000.00.

The scope of the policy issued to Andrew was just damage to the building only as he was ignorant of the content part of the policy.

A quick succession of storm damaged a satellite dish installed by him causing damage to the neighbour's property at a sum of N750,000.00 for repairs.

61. Since Andrew insured his building for N5,000,000.00 and at the time of claim it was assessed at N7,500,000.00. What has happened?

- (a) Sum insured is less than the market value
  - (b) Sum insured is below reality
  - (c) Under-insurance had taken place
  - (d) Nothing has happened
62. What is the exact liability of insurer in the scenario above?
- (a) Insurer's liability will address only damage to the building subject to adequacy of sum insured
  - (b) Insurer's liability will address all the losses
  - (c) Insurer's liability will address building damage and third party losses
  - (d) Insurer's liability will address penalty for under-insurance
63. How much would the insurer settle Andrew and on what?
- (a) Only the building and pay ₦1,000,000.00
  - (b) All the losses subject to excess
  - (c) Pay Andrew ₦1,500,000.00 as claimed
  - (d) Pay Andrew both ₦1,500,000.00 and for electronics
64. On removal of debris, what do you advise Andrew to do?
- (a) Andrew will have to personally bear the cost or extend the policy to cover it
  - (b) Andrew should sue the insurers as nobody told him that debris removal is not covered
  - (c) Andrew should reject the offer and choose arbitration
  - (d) Andrew should not renew the policy upon expiration
65. Which other policies should Andrew have?
- (a) Personal liability
  - (b) Product liability
  - (c) Professional Indemnity
  - (d) Extended Warranty

Joe lives in South Africa but owns a property in Lagos, he googles and sees on the internet a number of companies that he can place his insurances with. He eventually decided on one and instantly paid the premium via electronic transfer, supplying all the necessary information online.

Joe places a high regard on transparency and perfect documentation, so he decided to send his lawyer to the insurer to collect all the original documents for his record

but the insurer did not oblige him his request as they refused to have any dealing with the lawyer.

Joe threatened to cancel his policy if they will not deal with his lawyer but his insurer explained their position that the lawyer is a third party and needs to be properly and formally introduced to them.

Joe's building is worth ₦100,000,000.00 and he took up many extensions and additional cover on the main insurance cover.

66. By what means had Joe transacted his insurance business?
- a. Use of call centres and internet
  - b. Use of intermediaries
  - c. Use of special line
  - d. Use of internet platform
67. What is the scope of cover taken by Joe from the context above?
- (a) Combined policies (building contents and extensions)
  - (b) Contents only
  - (c) Building only
  - (d) Comprehensive Insurance (House-Owners)
68. Since the building is worth ₦100,000,000.00 and the rate of 0.5% applies for all the combined classes. What is the premium due?
- (a) ₦50,000.00
  - (b) ₦75,000.00
  - (c) ₦25,000.00
  - (d) ₦500,000.00
69. What does Joe need to do regarding the lawyer he sent to collect his documents?
- (a) Send a formal letter to the insurer
  - (b) Send a letter of authority to the insurer
  - (c) Send an introduction letter
  - (d) Advise lawyer to let Joe deal with the insurer through a Broker
70. Do you think the insurer should be worried about losing the business at renewal?
- (a) No, since they were able to explain the reasons to Joe and the reasons are tenable for any reasonable man

- (b) Yes, since Joe had said it and he might cling to it
- (c) It makes no difference to them as Joe is just one of their clients
- (d) I really do not know what to think.

Bolaji Mensah works with Zenith Petrol Plc and lives in Agege, a suburb in Lagos, Nigeria. He has just started building a house of his own and has a car that he drives to work every day.

71. What is the minimum cover for his motor vehicle?
- (a) RTA cover
  - (b) Third party only
  - (c) Third party, fire and theft
  - (d) Comprehensive insurance
72. What insurance policy will you recommend for the coverage of his contents, since he is a tenant where he resides?
- (a) Building insurance
  - (b) Content insurance
  - (c) Goods-in-transit insurance
  - (d) Travel insurance
73. What insurance policy will be used to protect his liability to others?
- (a) Employers' Liability Insurance
  - (b) Fidelity Guarantee Insurance
  - (c) Professional Indemnity Insurance
  - (d) Personal Liability Insurance
74. What policy will Bolaji Mensah buy to enable him go to Europe on a visit?
- (a) Aviation Insurance
  - (b) Transportation Insurance
  - (c) Travel Insurance
  - (d) Public Liability Insurance
75. The insurer that will cover Bolaji Mensah's building will be a ...
- (a) General Insurance Company
  - (b) Life Insurance Company
  - (c) Capital Market Operator
  - (d) Intermediary Company

<b>CF6 - HOUSEHOLD INSURANCE PRODUCTS</b>							
<b>1</b>	D	<b>21</b>	B	<b>41</b>	D	<b>61</b>	C
<b>2</b>	B	<b>22</b>	B	<b>42</b>	C	<b>62</b>	A
<b>3</b>	D	<b>23</b>	A	<b>43</b>	C	<b>63</b>	A
<b>4</b>	B	<b>24</b>	B	<b>44</b>	D	<b>64</b>	A
<b>5</b>	C	<b>25</b>	D	<b>45</b>	C	<b>65</b>	A
<b>6</b>	D	<b>26</b>	B	<b>46</b>	D	<b>66</b>	D
<b>7</b>	B	<b>27</b>	B	<b>47</b>	B	<b>67</b>	A
<b>8</b>	C	<b>28</b>	A	<b>48</b>	D	<b>68</b>	D
<b>9</b>	C	<b>29</b>	C	<b>49</b>	C	<b>69</b>	B
<b>10</b>	C	<b>30</b>	A	<b>50</b>	C	<b>70</b>	A
<b>11</b>	D	<b>31</b>	B	<b>51</b>	A	<b>71</b>	B
<b>12</b>	D	<b>32</b>	D	<b>52</b>	A	<b>72</b>	B
<b>13</b>	A	<b>33</b>	B	<b>53</b>	A	<b>73</b>	D
<b>14</b>	A	<b>34</b>	A	<b>54</b>	B	<b>74</b>	C
<b>15</b>	B	<b>35</b>	A	<b>55</b>	B	<b>75</b>	A
<b>16</b>	A	<b>36</b>	D	<b>56</b>	B		
<b>17</b>	A	<b>37</b>	C	<b>57</b>	A		
<b>18</b>	A	<b>38</b>	D	<b>58</b>	C		
<b>19</b>	B	<b>39</b>	D	<b>59</b>	C		
<b>20</b>	C	<b>40</b>	D	<b>60</b>	A		

### **SUMMARY**

Pass Rate: 67%

Highest Score: 84%

Lowest Score: 67%

Average Score: 75%

### **Breakdown Updates**

Two of the three candidates that sat for the examination scored above pass mark of 70%. The performance is above average and there can be improvement in the number of entries in subsequent exams.

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

Remarkable improvement in candidates' performance.

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

Candidates should sustain the tempo of study and cover wider range of the course text for further success in subsequent examination.

CF7

CHARTERED INSURANCE INSTITUTE OF NIGERIA

**CERTIFICATE IN INSURANCE**  
CF7 - HEALTHCARE INSURANCE PRODUCTS  
APRIL 2019

LOGO

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

- ✚ Two hours are allowed for this paper.
- ✚ Fill in the information requested on the answer booklet and on form B.
- ✚ Handle the answer form with care do not write notes on it.
- ✚ Do not write on the question paper.
- ✚ The answer booklet should be handed over personally by you to the invigilator before you leave the Examination Hall. Failure to do this may result in your paper not being assessed and marked.
- ✚ Insert your candidates number as given on your admission permit and any other particulars required on the cover and flap of the answer booklet.
- ✚ Ensure that you write the full and correct candidate's number.
- ✚ No name should be written on any leaf of the book, or on any supplementary leaves that may be issued to the candidates.
- ✚ The answer to each question must be commenced on a separate page. Where, however, a question consists of two or more parts, this instruction does not apply to the separate parts.
- ✚ Write in the ruled margin the number and question attempted.
- ✚ Leave no blank pages among your answers.
- ✚ Where supplementary leaves are used, the candidate's number should be written in the space provided on them and fastened at the end of the book inside the cover.

**FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL) WILL ATTRACT STATED SANCTIONS.**

**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. The supervisory agency of health insurance in Nigeria is
  - (a) NIA
  - (b) NAICOM
  - (c) NSITF
  - (d) NHIS
2. The NHS was established in...
  - (a) 1948
  - (b) 1930
  - (c) 1945
  - (d) 1911
3. How has the NHS tended to balance demand and resources for acute hospital's care?
  - (a) By disallowing waiting list to build up
  - (b) By paying for the treatment
  - (c) By allowing waiting list to build up
  - (d) None of the above
4. What most cost effective option does a firm employing 25,000 people have if it wants them all to benefit from private health care treatment for acute conditions funded by the company? The company could:
  - (a) take out a group private medical insurance scheme and pay premium to an insurance company
  - (b) start a health trust, again using a third party agent
  - (c) pay for the cost of treatment as it arises, administering its scheme itself
  - (d) have a third party administer the portfolio on its behalf
5. Before the establishment of NHS in the UK, the poor rely on all these except?
  - (a) Healthcare provided by religious organizations
  - (b) Healthcare provided by charities
  - (c) Traditional health remedies
  - (d) Healthcare provided by the government
6. At the outset, the NHS introduced the concept of healthcare that was free at the point of use for every citizen. This does not mean?
  - (a) general practitioners (GPs) continued to be self-employed, but had a contract with the NHS and were paid per patient
  - (b) hospitals were not compulsorily purchased by the State
  - (c) hospital doctors were employed by NHS, although they could also continue to practice privately



- (d) all health treatment would be provided free at point of use
7. Private medical insurance policies also include the cost of...
- (a) chronic illness such as asthma or diabetes
  - (b) long term disability
  - (c) treatment of malaria fever
  - (d) normal pregnancy and childbirth
8. Differences between private healthcare and the NHIS may often arise due to the type of treatment that required, which does not necessarily include?
- (a) Emergencies
  - (b) Non premium payment
  - (c) Cosmetic surgery
  - (d) Complimentary or "alternative medicine"
9. Which of these is not a character of a provident association
- (a) They have shareholders
  - (b) Any losses from their activities cannot attract tax relief
  - (c) It is a non-profit making organization for the provision of medical insurance
  - (d) All of the above
10. Which of these is not part of the principal differences that define the split between the private and public sectors?
- (a) the private sector allows complete choice of specialist
  - (b) the private sector may offer treatments using techniques or technology that may not be available through the NHS
  - (c) choice of facilities
  - (d) time spent waiting to be treated
11. The main advantages gained by people buying private medical treatment does not include
- (a) choice of hospitals
  - (b) choice of consultants, who will perform the operation
  - (c) Private room with more comfortable facilities
  - (d) more time waiting for operations on non-urgent conditions e.g. hip replacement, etc
12. Which of these serve as "insurer" in providing health insurance in Nigeria?
- (a) NAICOM
  - (b) Government
  - (c) NHIS
  - (d) HMOs
13. Which of these is the largest provident association?

- (a) GRE  
(b) BUPA  
(c) BLWA  
(d) AXA
14. Which come first?  
(a) International Medical Insurance  
(b) NHS  
(c) Private Medical Insurance  
(d) Public Medical Insurance
15. The law regulating health insurance in Nigeria is?  
(a) National Insurance Commission Act 1997  
(b) National Health Insurance Scheme Act 1999  
(c) Insurance Act 1997  
(d) Life Assurance Act 1974
16. Health insurers apart from being subjected to the Financial Services and Markets Act 2000 are subjected to other laws that does not relate to:  
(a) data protection  
(b) access to medical report  
(c) disability discrimination  
(d) development of market
17. The ABI now recognizes its member companies to issue a ... to personal customers considering to buy PMI.  
(a) consumer guide  
(b) travelling guide  
(c) consultation guide  
(d) insurance guide
18. Which one of these is not a disadvantage of self-insurance?  
(a) It allows people to pay for their medical cost as they like  
(b) If more treatment is required in future, extra costs will be incurred  
(c) People often underestimate the total cost of such healthcare  
(d) Even low cost events can add up to substantial sums if a number of treatments are required
19. Health funds are .... run for the benefits of their members.  
(a) third party administrators  
(b) mutual organizations  
(c) insuring public  
(d) commercial insurers
20. Which of these taxes is medical insurance policies subjected to?  
(a) Income Tax  
(b) Value Added Tax  
(c) Insurance Premium Tax  
(d) Health Insurance Tax
21. When the employer decides to pay for healthcare treatment for their employees as these

- cost arise, instead of having insurance. This is called?
- (a) self insurance
  - (b) co-insurance
  - (c) non-insurance
  - (d) captive insurance
22. GISC stands for?
- (a) General Insurers Standard Council
  - (b) General Insurance Standard Code
  - (c) General Insurance Standard Council
  - (d) General Insurers Standard Code
23. .... is an alternative way for employers to deliver private healthcare for employees
- (a) NHS
  - (b) HMOs
  - (c) Health Trusts
  - (d) Health and Dental Cash Plans
24. Why is a PMI insurer unlikely to cover cosmetic surgery?
- (a) It is illegal to do so
  - (b) It is a dangerous surgery
  - (c) It is automatically covered in the policy
  - (d) It is usually elective
25. Which of these is not a key element of regulation of healthcare insurance from 14<sup>th</sup> January 2005?
- (a) Intermediaries may choose to be regulated directly by FSA
  - (b) It applies to all classes of insurance and investment products
  - (c) It applies to administration of drugs to sick people
  - (d) There is one regulator for the whole market
26. Which of these is NOT a feature of a health trust?
- (a) The employer pays money into a health trust or medical trust, which is managed by trustees or by a trust company
  - (b) It is an insurance policy and so payments into the fund attract insurance premium tax
  - (c) Trusts have usually been limited to schemes with around 2000 or more subscribers
  - (d) The trustees determine what benefits employees are entitled to, arrange any stop loss insurance and payout benefits
27. Which of these is not costs involved in selling Private Medical Insurance through intermediaries?
- (a) Having a sales infrastructure to meet the service needs of intermediaries and to encourage them to sell the company's policies

- (b) Paying remuneration to the intermediary
- (c) Sales costs associated with encouraging brokers to see the products
- (d) Paying for accommodation
28. Individuals who earn more than GBP8,500.00 in taxable income are liable to pay income tax on the company-paid premiums as they are treated as .... for tax purposes
- (a) income
- (b) donation
- (c) benefit-in-kind
- (d) revenue
29. PMI insurers have employed medical professionals to develop clinical guidelines sometimes known as ...
- (a) surgery plan
- (b) protocols
- (c) a session
- (d) managed care
30. Which of these is a disadvantage to the healthcare insurers of the direct sales approach?
- (a) customer only receives information on one insurer's healthcare insurance products
- (b) getting reactions direct from customers about their needs
- (c) maintaining better control over the sales process with customers
- (d) presenting a service that can be distinguished from that of competitors
31. Why is a PMI insurer unlikely to cover cosmetic surgery?
- (a) Cosmetic surgery is covered by other policies
- (b) Cosmetic surgery in elective
- (c) Cosmetic surgery is cheap
- (d) Cosmetic surgery is specifically covered
32. One of these is not a direct distribution channel for healthcare insurers?
- (a) having mobile sales consultants
- (b) using the mail to send potential customers information and inviting them to return a form or to buy over the phone or internet
- (c) using television, radio, newspaper, sms, advertisement to encourage potential customer to find out more about the products
- (d) using financial intermediaries
33. The major client base of independent intermediaries in the channel of distribution of healthcare products are?
- (a) High class group

- (b) Low income earners  
(c) Middle class group  
(d) Low class group
34. The 1990 Access to Health Record Act provides that an application for access to health record, or to any part of a health record, may be made to the holder of the record by all except ...  
(a) the friend  
(b) the patient  
(c) where the patient is a child, a person being a parent, or having responsibility for the child  
(d) a person authorized in writing to make the application on the patient's behalf
35. Which of these is not a main advantage gained by people buying private medical treatment?  
(a) choice of hospitals  
(b) non-choice of consultant  
(c) choice of admission dates  
(d) less time waiting for operations on non-urgent cases
36. Which of these is not among the top three health spending countries in the OECD (based on percentage of GDP spent on healthcare)  
(a) France  
(b) Germany
- (c) USA  
(d) England
37. What is the principal difference between the way the hospital doctors and doctors working in general practice are employed?  
(a) Hospital doctors are salaried employees of the State  
(b) GPs are contracted by the State as private businesses and are classed and taxed as self employed  
(c) Both a & b above  
(d) Neither a nor b above
38. In Germany, private health insurance is mainly for all except?  
(a) the low income earners  
(b) employees whose income is above the earning ceiling for contribution assessment  
(c) the self-employed  
(d) civil servants
39. Section 6 of Access to Medical Reports Act 1988 requires medical doctors that supply medical report to keep such reports for at least ...  
(a) one month  
(b) four months  
(c) six months  
(d) nine months
40. A high proportion of people in France have some form of

- private health insurance. What form does this take?
- (a) NHIS
  - (b) Healthcare Trust
  - (c) Top-up Insurance
  - (d) Dental Plan
41. Which types of healthcare insurance policies are subject to IPT?
- (a) Individual and group healthcare insurance schemes
  - (b) NHIS
  - (c) Trust Insurance
  - (d) Cosmetic Insurance
42. What role does the insurer play in a health trust policy?
- (a) the insurer provides cover for the scheme
  - (b) the insurer pays all medical expenses
  - (c) the insurer provides only stop loss insurance
  - (d) the insurer provides underwriting only
43. What is the current IPT of healthcare insurance?
- (a) 10%
  - (b) 2%
  - (c) 7½%
  - (d) 5%
44. Independent intermediaries amount for ... of all healthcare insurance sales to employers.
- (a) 10%
  - (b) 70%
  - (c) 100%
  - (d) 50%
45. What is the main purpose of setting up a health trust?
- (a) health trusts are alternatives to NHS
  - (b) health trust provides free medical care for all citizens
  - (c) health trusts enable employers to provide healthcare insurance cover to their employees without incurring IPT except on any stop loss cover
  - (d) none of the above
46. Which of these is a disadvantage of the direct sales in healthcare insurance?
- (a) offer brand identification
  - (b) a source of customer feedback
  - (c) perceived as being easier to control
  - (d) need for advertising
47. What role does the insurer play in health trust policy?
- (a) the insurer provides only stop loss insurance
  - (b) the insurance provides underwriting only
  - (c) the insurer pays all medical expenses
  - (d) the insurer provides cover for the scheme
48. The most common category of international healthcare insurance for the UK expatriates does not include?

- (a) Europe only  
 (b) UK only  
 (c) Rest of the world (all countries)  
 (d) Rest of the world (excluding North America)
49. An international medical insurance policy may not cover  
 (a) drugs and dressings  
 (b) surgeons', anesthetists' and physicians' fees  
 (c) all expenses for in-patient, day-patient and out-patient treatment  
 (d) none of the above
50. Which of these is not an additional benefits covered by international healthcare insurance for UK expatriates?  
 (a) GP costs  
 (b) Pre-existing conditions  
 (c) Treatment costs for chronic conditions  
 (d) Ambulance costs
51. Radiology has to do with?  
 (a) Blood and urine test  
 (b) X-rays/body scans  
 (c) Consultation  
 (d) Ultra sound scans
52. Which of these is not used in rating travel insurance?  
 (a) Premium  
 (b) Age  
 (c) Countries to be visited  
 (d) Whether any additional risks are to be covered
53. Pathology has to with?  
 (a) X-rays/body scans  
 (b) Blood and urine scans  
 (c) Ultra scans  
 (d) Consultations
54. Some UK national medical insurance scheme also cover treatment abroad in certain circumstances. These may not include?  
 (a) Emergency treatment while abroad working or on holiday  
 (b) Where the insurer has an arrangement with a hospital group in particular countries  
 (c) Where treatment abroad is no more expensive than it would be in UK  
 (d) None of the above
55. Medical insurance will enable people to ...  
 (a) get treatment  
 (b) avoid having to wait for treatment  
 (c) have the choice of specialist consultant  
 (d) avoid finding themselves in a mixed sex ward
56. Hospital charges does not apply to?  
 (a) accommodation and nursing

- (b) operating theatre facilities
- (c) transportation
- (d) physical inspection
57. Personal PMI products are divided into categories that does not include?
- (a) standard
- (b) international
- (c) comprehensive
- (d) third party
58. Few PMI policies cover private consultation with a GP or the costs of medical services that are used in the treatment of pre-existing conditions.
- (a) True
- (b) False
- (c) Not Sure
- (d) Neither
59. Insurers commonly band the hospital accommodation to which their customers may have access not according to the cost of the services and the treatment provided.
- (a) True
- (b) False
- (c) Not Sure
- (d) Neither
60. Comprehensive policies will not include which of these as standard benefits?
- (a) alternative or complimentary medicare
- (b) treatment for mental and addictive illness
- (c) overseas cover, including the cost of separation in an emergency
- (d) none of the above
61. .... allow individuals to buy some protection against the cost of private treatment whilst keeping premiums to a premium.
- (a) Budget policies
- (b) Standard policies
- (c) International policies
- (d) Cash plan policies
62. An EAP provides employees with access to confidential counselling service covering a range of issue that does not include ...
- (a) family and domestic difficulties
- (b) legal advice
- (c) debt and financial worries
- (d) payment of premium for them
63. ... are generally schemes for 50 or more members.
- (a) Small group schemes
- (b) Large group schemes
- (c) Voluntary schemes
- (d) International schemes
64. Which of these is not a form of group PMI?
- (a) International Health Trust
- (b) Small Group Schemes
- (c) Large Group Schemes



(d) Voluntary Schemes

**Use the case study below to answer questions 65 - 67**

Abolanle takes out a PMI policy and she chose a ~~₦~~100.00 annual excess saving 10% on her premium. In Year 1, she incurs claimable costs of ~~₦~~90.00. In Year 2, she needs to have an operation that cost ~~₦~~5,000.00. Later, she incurred claimable costs of ~~₦~~80.00

65. How much will the insurer pay in Year 1?  
(a) Nil  
(b) ~~₦~~90.00  
(c) ~~₦~~100.00  
(d) ~~₦~~110.00
66. For the cost of the operation in Year 2, how much will the insurer pay?  
(a) Nil  
(b) ~~₦~~100.00  
(c) ~~₦~~4,900.00  
(d) ~~₦~~5,000.00
67. For the claim of ~~₦~~80.00 in Year 2, how much will the insurer pay?  
(a) Nil  
(b) ~~₦~~80.00  
(c) ~~₦~~90.00  
(d) ~~₦~~100.00
68. The process of setting an expired policy back to offer cover after its expiration is called...  
(a) Cancellation

- (b) Endorsement  
(c) Assignment  
(d) Renewal

69. Health insurance can be cancelled only if...  
(a) the policyholder fails to pay the premium  
(b) the policyholder dies  
(c) the policyholder moves abroad  
(d) all of the above
70. What is a table of healthcare insurance benefits?  
(a) Benefits that are provided outside the policy  
(b) A schedule of the type of medical services covered under the policy  
(c) Cash payment to encourage the insured not to go to the hospital  
(d) All of the above
71. Disability Discrimination Act 1995 has to do with...  
(a) Disability  
(b) Medical facility for disabled persons  
(c) Unfair treatment of disabled people  
(d) All of the above
72. What is the main reason for the benefit limits that are applied to many healthcare insurance policies?  
(a) To encourage insurers to pay all claims

- (b) To encourage hospital to treat insureds  
(c) To exclude risks  
(d) To restrict the financial exposure of the insurer in circumstances where prolonged treatment is required
73. Which of these is an additional benefit under health cash plans?  
(a) Cosmetic surgery  
(b) Health screening  
(c) A cash payment for each night or day spent in hospital  
(d) Consultations with a specialist or consultant following referral from a GP
74. Which of these healthcare insurance policy is paid for by the employee although a discount can be offered because administration and costs are handled on a group basis.  
(a) International group schemes  
(b) Voluntary group schemes  
(c) Small group schemes  
(d) Large group schemes
75. Which of these is not a typical benefit under dental insurance?  
(a) New patient examination  
(b) Insurance for mouth cancer  
(c) Preventative care  
(d) None of the above
76. How can benefits be restricted under a budget healthcare insurance policy?  
(a) by only providing cover for the more expensive types of treatment  
(b) by only providing cover for the more important types of treatment  
(c) by the length of time that individuals would wait for the treatment on an NHS waiting list  
(d) none of the above
77. A capitation plan is a form of budgeting rather than a "true" insurance policy. The plan works in many ways that does not include ...  
(a) the plan is not sold to the customer by the dentist  
(b) fees are paid by the customer to the provider  
(c) the higher the risk group, the higher the monthly fee  
(d) dentist undertakes an initial dental examination
78. What determines a hospital band?  
(a) Climatical location  
(b) Finance location  
(c) Geographical location

- (d) Nature of illness
79. Which of these conditions are covered by healthcare insurance?
- (a) Chronic conditions
  - (b) Acute conditions and acute phases of chronic conditions
  - (c) Pre-existing conditions
  - (d) All of the above
80. Payment Profession Insurance covers:
- (a) Sickness and accident
  - (b) Accident
  - (c) Mortgage
  - (d) All of the above
81. Excesses are offered to customers on healthcare insurance policies in return for a lower premium.
- (a) True
  - (b) False
  - (c) I am not sure
  - (d) Both
82. Private medical insurance does not usually cover the cost of preventive medicine or health check-ups, which are usually known as ...
- (a) health screening
  - (b) health management
  - (c) health benefits
  - (d) treatment services
83. Major medex cover out-patients' treatment or critical (out-patient) consultants.
- (a) True
  - (b) False
- (c) I am not sure
- (d) Both
84. ... is defined as a notional half day.
- (a) notional day
  - (b) a session
  - (c) caring
  - (d) none of the above
85. Accident insurance typically has a schedule of benefits which does not include a lump sum payable one ...
- (a) hospitalization
  - (b) accidental death
  - (c) illness
  - (d) surgery
86. Which of these is not covered by critical illness insurance?
- (a) typhoid fever
  - (b) stroke
  - (c) kidney failure
  - (d) cancer
87. The original concept of healthcare that was free at the point of use had not already been modified.
- (a) True
  - (b) False
  - (c) I don't know
  - (d) Neither
88. What is the other name for income protection insurance?
- (a) Long term disability insurance
  - (b) Long term care insurance
  - (c) Personal insurance

- (d) Sickness and accident insurance
89. ... provides a pre-selected monthly income to meet the cost of home care or nursing home fees for those who are too old and disabled to look after themselves.
- (a) Major medex
  - (b) Sickness and accident insurance
  - (c) Long-term care insurance
  - (d) Payment protection insurance
90. The ABI use the following definition for ADLS which does not include ...
- (a) mobility
  - (b) dressing
  - (c) washing
  - (d) reading
91. The FSA has four key objectives that does not include ...
- (a) promote public awareness and understanding of the financial services
  - (b) contribute to the payment of claims
  - (c) maintain market confidence in the UK financial system
  - (d) secure an appropriate degree of protection for consumers
92. Which of these is not a reason why the claims form must contain sufficient information?
- (a) Identify the customer and the claimant
  - (b) Indicate the nature of the conditions needing treatment
  - (c) Provide information for risk assessment
  - (d) Identify the dates of the treatment
93. When underwriting a risk for medical insurance, the insurer will not consider ...
- (a) smoking habit
  - (b) previous claim experience
  - (c) age
  - (d) education
94. ... is where any medical condition that occurred prior to the policy start date are, at least initially excluded from benefit.
- (a) Moratorium underwriting
  - (b) Individual underwriting
  - (c) Mortality underwriting
  - (d) Morbidity underwriting
95. A private GP has just written out a prescription for you. Who pays for it?
- (a) NHS
  - (b) You
  - (c) The GP
  - (d) NHS and the GP

96. ... is the term for statistics that are used to estimate probable times the insured will fall sick.
- (a) Risk
  - (b) Mortality
  - (c) Exclusion
  - (d) Morbidity
97. The assessment of risk being proposed for health insurance cover is called...
- (a) Exclusions
  - (b) Medex
  - (c) Proposal
  - (d) Underwriting
98. In choosing the right policy this will not depend on ...
- (a) the claim amount to be paid
  - (b) their health
  - (c) the greatest risk to their livelihood
  - (d) the individual's own priorities
99. Which of these is covered under healthcare insurance?
- (a) Routine dentistry
  - (b) Post-existing conditions
  - (c) Consultation with a GP
  - (d) Chronic conditions
100. ... is the term for the statistics that are used to estimate probable life expectancy of a member.
- (a) Mortality
  - (b) Morbidity
  - (c) Data Estimation
  - (d) Risk Calculation

<b>CF7 - HEALTHCARE INSURANCE PRODUCTS</b>									
<b>1</b>	D	<b>21</b>	A	<b>41</b>	A	<b>61</b>	A	<b>81</b>	A
<b>2</b>	A	<b>22</b>	C	<b>42</b>	C	<b>62</b>	D	<b>82</b>	A
<b>3</b>	C	<b>23</b>	C	<b>43</b>	D	<b>63</b>	B	<b>83</b>	B
<b>4</b>	A	<b>24</b>	D	<b>44</b>	B	<b>64</b>	A	<b>84</b>	B
<b>5</b>	D	<b>25</b>	C	<b>45</b>	C	<b>65</b>	A	<b>85</b>	C
<b>6</b>	B	<b>26</b>	B	<b>46</b>	D	<b>66</b>	C	<b>86</b>	A
<b>7</b>	C	<b>27</b>	D	<b>47</b>	A	<b>67</b>	B	<b>87</b>	B
<b>8</b>	B	<b>28</b>	C	<b>48</b>	B	<b>68</b>	D	<b>88</b>	A
<b>9</b>	A	<b>29</b>	B	<b>49</b>	D	<b>69</b>	D	<b>89</b>	C
<b>10</b>	C	<b>30</b>	A	<b>50</b>	D	<b>70</b>	B	<b>90</b>	D
<b>11</b>	D	<b>31</b>	B	<b>51</b>	B	<b>71</b>	C	<b>91</b>	B
<b>12</b>	D	<b>32</b>	D	<b>52</b>	A	<b>72</b>	D	<b>92</b>	C
<b>13</b>	B	<b>33</b>	C	<b>53</b>	B	<b>73</b>	A	<b>93</b>	D
<b>14</b>	C	<b>34</b>	A	<b>54</b>	C	<b>74</b>	B	<b>94</b>	A
<b>15</b>	B	<b>35</b>	B	<b>55</b>	A	<b>75</b>	D	<b>95</b>	B
<b>16</b>	D	<b>36</b>	A	<b>56</b>	C	<b>76</b>	D	<b>96</b>	D
<b>17</b>	A	<b>37</b>	C	<b>57</b>	D	<b>77</b>	A	<b>97</b>	D
<b>18</b>	A	<b>38</b>	A	<b>58</b>	A	<b>78</b>	C	<b>98</b>	A
<b>19</b>	B	<b>39</b>	A	<b>59</b>	B	<b>79</b>	B	<b>99</b>	B
<b>20</b>	C	<b>40</b>	C	<b>60</b>	D	<b>80</b>	D	<b>100</b>	A

### **SUMMARY**

Pass Rate: 17% Highest Score: 84%  
 Lowest Score: 39% Average Score: 60%

### **Breakdown Updates**

The performance of the candidates were fair. About 60% of the candidates attempted the questions quite well, with only one of them attaining the pass mark while others failed marginally.

Their possible errors could be due to impatience to think through the questions and answers. It could also be that some candidates did not prepare adequately for the course.

Only one candidate passed the exam, while the pass rate is 57. Two candidates failed with less than 10 marks and two candidates' performances' were below average.

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

The overall performance in this diet was very poor compared with previous diets where we recorded 100% performance.

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

Candidates should not relent in their efforts but they should work harder next diet.