



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF LAW, DEPARTMENT OF COMMERCIAL LAW
Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi – Abuja

COURSE CODE: CLL432

COURSE TITLE: Law of Banking and Insurance II

CREDIT UNITS: 3

- INSTRUCTIONS:**
- (a) Indicate your Matriculation Number clearly
 - (b) Attempt Question one (1) and any other three (3) questions
 - (c) Question one (1) is compulsory and carries 25 marks; while the other questions carry 15 marks each.
 - (d) Using appropriate statutory and judicial authorities, present all your points in a straightforward, coherent and orderly manner.

TIME ALLOWED: 3 Hours

QUESTION 1:

Ambient Engineering Services Ltd took out a “combined insurance policy” for its office building located at Abuja with Keeper Insurers plc (KIP). The Policy covered Fire and Special Perils (Section A), Burglary (Section B), Public Liability (Section C) and All Risk Insurance (Section D). On 20/10/2019 the office was gutted by fire. AES notified the underwriters immediately, following which the insured filed its claim for N15 million for the loss. The claim included the replacement costs for the personal effects of the Managing Director and other employees, lost to the fire incident. KIP called in loss adjusters that submitted their report within three days. The loss adjusters in their report concluded that a case for indemnification had been made but observed there was a case of under insurance. Meanwhile, there was a clause in the Policy which stated that the subject matter of insurance is the “property of the insured or for which they (the insured) are responsible”. The loss adjuster’s report, applying the principle of average, adjusted the claim of AES to N7 million. You have been engaged for advice on the following:

- a. Considering the various risks covered by the Combined Policy, identify, and explain the classes of insurance business under the Insurance Act 2003. (5 marks)
- b. After due indemnification of the insured, the underwriter sought to recover and take possession of the damaged property, AES resisted fiercely and insisted that it remained the undisputed owner of the property with all the incidents of ownership accruing to it. Advise the parties on this thorny issue, especially as they desire to keep the relationship. (5 marks)
- c. Assuming AES bought the office building from Stainless Properties Ltd, who had insured the property before the fire incident but after the purchase transaction. In your professional opinion, what would be the position of AES in this situation? (5 marks)
- d. Unsatisfied with the handling of its claims by the insurers, AES, at its Board of Directors meeting, resolved that such would not repeat itself. As an insurance lawyer, the Board invited you to give a lecture on the difference between warranty and condition. (10 marks).

QUESTION 2:

“I think it ought to be observed that whereas in non-marine insurance contracts, such as the one under consideration, the usual practice is for the proposer to complete, sign and return the proposal form to the insurers, there is no legal necessity on his part to complete any proposal form before a valid and enforceable contract may arise. It is only in marine insurance transactions that writing is a sine qua non for an enforceable contract to arise. It seems to me that the law, in so far as non-marine insurance transactions are concerned, is that even an oral contract of such insurance is valid so long as it is reasonably clear that there is a definite intention on the part of the parties to enter into such a contract provided, however, the parties concerned are in consensus ad idem on the fundamental essentials of such insurance contract” Per Igu JSC in *Ngilari v NICON (1998) 6 SC 1; (1998) LPELR-1989(SC)*.

- (a) Do you agree with the dictum that insurance is a contract? If yes, justify your answer; if no what, then, is your idea of insurance? (8 marks)
- (b) Identify and state indicators of an insurance contract (3 marks)
- (c) Briefly discuss the position of the law respecting capacity to engage in the business of insurance in Nigeria (4 marks).

QUESTION 3:

- (a) What are the obligations of the insurer and the insured under the Insurance Act? (10 Marks)
- (b) The vehicle insurance policy of Mr. Goje stipulated notification of accident was to be given not later than 7 days after the accident Mr. Goje’s car was involved in an accident and due to the injury sustained in the accident; the insurance company could not be notified of the accident until 8 months after the accident. Assess and discuss the liability of the insurance company. Support your answer with legal authorities. (5 Marks)

QUESTION 4:

Insurance underwriting is more than just a professional and procedural nomenclature; it encompasses a whole lot of values, factors, procedures, and obligations that makes the process worthwhile and impactful Venture. Discuss (15 marks)

QUESTION 5:

What do you understand by a Personal Life Insurance Policy? Analyse the limiting factors of the coverage under a Personal Accident Insurance Policy. (15marks)

QUESTION 6:

- (a) Discuss the role of three insurance intermediaries in the execution of an insurance contract. (10 Marks)
- (b) Jimoh, an insurance agent assisted Tamilore to fill an insurance form and after which she appended her signature. In the form, it was not indicated that Tamilore had previously taken out a life insurance policy with Gap insurance company or that she was asthmatic. The insurance company has decided to nullify the transaction on the grounds of fraudulent non-disclosure. Tamilore is contending that while filling the insurance form she disclosed the said facts to the insurance company’s agent who she is insisting filled the form on behalf of the insurance company. Advice Tamilore. (5 Marks).