



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

JUNE 2021_1 EXAMINATION

COURSE CODE: CLL432

COURSE TITLE Law of Banking and Insurance II

CREDIT UNITS: 4

- 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: 2.5 Hours

QUESTION 1:

Miss Grace John insured her latest Mercedes Benz car on the 1st January, 2020 for a term of twelve months and a premium of N500, 000.00, a deposit of N200, 000.00 was paid. However, the car was robbed at gun point on March 15, 2020. At the time of the robbery, Miss Grace had not paid up the premium of N500, 000 she was supposed to pay at the time the contract was entered into. On March 17, 2020 (two days after the robbery incident), Miss Grace went back to the insurance company to pay the second instalment of N300, 000 to complete the payment of the premium. Was there a valid and enforceable contract of insurance between the parties or not? Support your answer with relevant judicial authorities. **25marks**

QUESTION 2:

- (a) Define the term warranty in the context of law of insurance. **5marks**
- (b) Citing relevant provisions of the Insurance Act 2003, state the difference (if any) between condition and warranty in a contract of insurance. **10marks**

QUESTION 3:

- (a) What do you understand by Life Insurance Policy? **5marks**
- (b) Distinguish Term Insurance from Whole Life Insurance. **10marks**

QUESTION 4:

- (a) Explain in clear terms what the principle of indemnity is all about. **7marks**
- (b) What are the exceptions to the “**NO PROFIT RULE**”? **8marks**

QUESTION 5:

Commenting on the proliferation of fraudulent claims in **Galloway's case**, **Miller L. J.** (as he then was) stated thus:

“The making of dishonest claims has become all too common. There seems to be a widespread belief that insurance companies are fair game and that defrauding them is not morally reprehensive.”

Comment fully on the above judicial pronouncement. **15marks**

QUESTION 6:

Write short notes on the following.

- (a) Fire Insurance. **5marks**
- (b) Credit Insurance. **5marks**
- (c) Annuities. **5marks**