



NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi – Abuja
FACULTY OF LAW
DEPARTMENT OF COMMERCIAL LAW
2020_1 EXAMINATION

COURSE CODE: CLL 432

COURSE TITLE Law of Banking and Insurance 2

CREDIT UNITS: 4

INSTRUCTIONS:

- (a) Indicate your Matriculation Number clearly
- (b) Attempt Question one (1) and any other three questions – four (4) questions in all
- (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 coherent and orderly manner.

TIME ALLOWED: 3 Hours

1. “No person should use or cause or permit any other person to use a motor vehicle on a road unless the liability he may incur in respect of damage to the property of third parties is insured with an insurer under the Act”. Discuss.
2. Avondale Ltd is a new oil and gas company from France, and has just established a branch in Port Harcourt, Rivers State. The company is not unmindful of the possibility of great loss of money as a result of compensation paid by most Oil and Gas companies through the court settlements to members of host companies in the Niger Delta region of Nigeria. Avondale Ltd is involved in offshore Oil exploration activities in Onne, and is also carries out the business of the sale of petrol, diesel and gas, and has several filling stations in the country. Most of the offshore employees are expatriates few employees are Nigerians who are also site workers, principal among them is Tonye Bori. Tonye was previously working with one of Avondale competitor in the oil and gas industry. His wealth of experience in the oil and gas sector, earned her a robust salary and benefits with Avondale Oil Ltd. Advise the management of the company on the type of insurance policy or policies to carry out in respect of the above.
3. Give a vivid and concise examination of the following concepts in insurance:
Offer and Acceptance in insurance
Counter Offer in insurance

Insurance Brokers

Insurer

Loss Adjuster

4. Speeds Courier and Transport Ltd (SC&T) is based in Lagos and specialises in collecting and delivering high-value goods, such as luxury goods, mobile telephones and computers within Nigeria. Since 2018 SC&T has held a policy underwritten by Integrity Insurance PLC which has three sections—Section 1 Buildings, Section 2 Contents and Section 3 Goods in Transit. Fayeze, the managing director of SC&T, completed the proposal form for this insurance. The form included the question: “What is the maximum value of goods carried in any one load for which you will be legally responsible?”. Fayeze answered “=N=15,500,000” and signed a declaration at the foot of the form stating that “this Proposal and Declaration shall be the basis of the contract between SC&T and Integrity”. Section 3 of the policy document includes the following term:

“ It is warranted that all vehicles are fitted with an alarm approved by Integrity Insurance and that the alarm system will always be switched on and operational when the vehicles are left loaded and unattended”.

At 1.00 am on 14 December 2019, an electrical fault led to a fire which destroyed the Lagos premises of ST&C. At 5.00 am the same morning, thieves broke into a secure warehouse in Ibadan where three of SC&T vehicles had been parked loaded and unattended overnight on a delivery run to Abuja. The thieves stole the entire contents of the vehicles, resulting in a total claim of =N=12,200,000. Whilst investigating the claim, Integrity discovered that:

(a) On one occasion in November 2018 a load valued at £=N=18,000,000 had been transported by SC&T.

(b) On the night of the robbery, Oleh, one of drivers staying overnight in Ibadan, had realised that he had not set the alarm when leaving his loaded vehicle at 6.00 pm. He returned to the vehicle and activated the alarm at 3.00 am on 14 December 2018.

Advise SC&T.

5. “A contract of insurance is meant to indemnify the assured and not to enrich him over and above that which was necessary to enable him recoup his loss”. Critically analyse this statement.
6. Discuss the relevance and applicability of insurance law under the Pension Reform Act 2014.