



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**FACULTY OF LAW, DEPARTMENT OF COMMERCIAL LAW**  
**Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi – Abuja**  
**2022\_2 Examination**

**COURSE CODE:** CLL431

**COURSE TITLE** LAW OF BANKING AND INSURANCE I

**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:** 3 Hours

---

**QUESTION 1:**

Employer's liability insurance policy was duly created with Equity Insurance Plc. However, it was made subject to the following condition *“that every writ served on the employers shall be notified or forwarded to the insurance company immediately.”* Thereafter, an employee was injured and his solicitor wrote to the insurer to inquire whether the writ should be served on the employer. This was done but the employer did not serve the insurance company. The insurance company was served about 6 weeks after the assured claimed against the insurers. The insurance company denied liability on the ground that the employer had broken the above stated condition. Using relevant judicial authority, identify and discuss the legal issue involved. **25marks**

**QUESTION 2:**

Using both statutory and judicial authorities, explain the legal consequence of a customer's instruction on appropriation of payment. **15marks**

**QUESTION 3:**

a. What is an overdraft? **5marks**

- b. Citing very relevant judicial authorities, draw a clear line of distinction between express and implied overdraft. **10marks**

**QUESTION 4:**

Like any other contract, banker-customer relationship can be terminated by either of the parties to it. Using relevant statutory or judicial authorities where necessary, explain any five ways by which such a relationship can be determined. **15marks**

**QUESTION 5:**

- a) The question of when an insured must possess insurable interest can only be answered when the nature of the insurance policy is examined. Identify and discuss the three types of insurance policies. **9marks**
- b) Clearly explain two limitations on the right of subrogation. **6marks**

**QUESTION 6:**

Write short note on the following;

- a. Whole life policy. **5marks**
- b. Industrial policy. **5marks**
- c. Term insurance. **5marks**