



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**14/16 AHMADU BELLO WAY, VICTORIA ISLAND, LAGOS**  
**SCHOOL OF LAW**  
**JUNE/JULY 2013 EXAMINATIONS**

**COURSE CODE: LAW431**

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

**TIME ALLOWED: 3 Hours**

**INSTRUCTION: Answer any 5 questions. All questions carry equal marks**

1. Miss. Cute recently opened a salary account with inefficient bank plc. The customer care officer Liar-Liar told her, that she would receive her account details in two days. After two weeks, she is yet to be given her account details. She subsequently discovers that as a result of no account details on the part of the officials of the bank, she lost her salary for the month. Miss cute plans on instituting an action at the closest magistrate court for speedy trial and has come to you for advice. Please advise Miss Cute.
2. You have been offered a job as a legal officer at Goodwill bank Nig. plc. For discharging your duties efficiently, with which laws should you familiarize yourself with and why?
3. A banker-customer relationship is inseparable. Discuss  
(b) What is banking business? Describe.
4. Compare and contrast a bill of exchange and a cheque
5. Mr. Ole comes to your bank to borrow N5 million payable in 2 years and offers to use his piece of land worth N10 million as a security for the loan. The chairman has asked you as a legal officer of the bank for advice. Write a legal opinion and advice the chairman on the elements the bank should consider in granting or rejecting the loan.
6. What are the implications of an open and crossed cheque and what are the implications of a dishonored cheque.
7. Write short notes on any four of the following:
  - (i)
    - (a) Combination of accounts
    - (b) Promissory note
    - (c) Bank draft
    - (d) Charges
    - (e) Negotiable instruments
  - (ii) Describe the characteristics of a good security?

8. "Legal mortgage and equitable mortgage are like two and half a dozen". To what extent do you agree with this statement?
9. Discuss the legal implications of a contract of guarantee.