



THE CHARTERED INSTITUTE  
OF LOSS ADJUSTERS

The Chartered Institute of Loss Adjusters

THE CLAIMS INSTITUTE

**ACILA EXAMINATION HANDBOOK**  
**2010**

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THE CHARTERED INSTITUTE OF LOSS ADJUSTERS  
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*The objectives of the Institute are set out in its Royal Charter. Amongst these objectives are the advancement of the study of the the promotion of the efficiency and usefulness of the profession by observance of strict rules of professional conduct by members of the Institute and by establishing high standards of education and training.*

*The CIL A is an equal opportunities institute and accordingly prohibits any discrimination in terms of sex, disability, religion, sexuality or age.*

*The CIL A Examinations are regulated by the CIL A Council and the Examinations Committee of the CIL A.*



THE CHARTERED INSTITUTE  
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# 2010 Examination Handbook - ACILA

Superseding all previous handbooks - December 2010

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## A. The Examination Regulations

### 1. Enrolment

Candidates must enrol as Ordinary or Student Members before intending to first sit the examinations. The enrolment form is available from the Institute's offices or can be downloaded from the Institute's website - [www.cila.co.uk](http://www.cila.co.uk)

### 2. Entry for the Written Examinations

Candidates must complete and forward to the Institute an official entry form downloaded from the Institute's website - [www.cila.co.uk](http://www.cila.co.uk), together with the entry fee, no later than 28<sup>th</sup> February for the April examinations and 31<sup>st</sup> July for the October examinations.

To enter the written examinations candidates must:

- i have attained an academic or professional qualification approved by Council, for example BSc or BA in relevant topics, Dip CII, ACII, FCII, or an equivalent relevant qualification. This is not prescriptive as applications for entry are invited to the Examinations Committee which will consider whether the qualification attained meets the requirements. This will be based on the level of qualification and relevance to loss adjusting.
- ii have completed two years in practice as independent loss adjusters. Student members must have two years experience in insurance claims.

### 3. Withdrawal from the Examinations

If after the payment of the examination fee a candidate withdraws or is absent from the examination, no part of the fee will be returned. At the Institute's discretion a credit for the fee may be carried forward to the following year. Candidates are advised to notify the Institute at their earliest opportunity that they intend to withdraw, and include an explanation for consideration by the Institute as to whether the fee can be credited to a future sitting of the examination.

Changes of examination centre or the subjects to be taken will be considered but the Institute is unable to guarantee that changes will be possible. Candidates are recommended to submit requests for alterations at least six weeks prior to the examinations.

### 4. Exemptions

An exemption, subject to a fee of £75.00, will be granted from Paper C1 to Associates of the Chartered Insurance Institute, Diploma holders of the Chartered Insurance Institute or an equivalent overseas body or Fellows of the Society of Claims Technicians. Additionally the CILA is able to provide a dispensation from C1 to anyone who has passed one of the Society of Claims Technicians examinations and can demonstrate two years experience in claims handling. Upon application to the Institute for the exemption the fee of £75 is payable.



## 5. Examination Fees

The entry fee is £75 per paper payable on the submission of an examination entry form.

## 6. Limitation

A credit in any of the Core Papers, i.e. (C1, C2 or C3) will be valid for a maximum of six years from the date when the pass or credit/exemption was awarded.

## 7. Date of Written Examinations

The examinations will be held twice a year at various centres throughout the world, subject to availability.

## 8. Law & Practice

Where questions of law and practice are involved candidates will be expected to answer these according to the law and practice in either of England, Wales, Scotland and Northern Ireland or of their domiciled country. The candidate should give a clear indication of the country and this must be stated on the examination answer sheet.

Candidates must display an up-to-date knowledge of law and practice. However they will not be examined on changes which came into effect within 6 months of the examination. Where a question arises on a topic affected by such a change the answer may be based on either the old or the new position and equal credit will be given in either case.

## 9. Results

The CIL A Council will communicate the results of the written examinations to candidates. Although the marks awarded will not be revealed an indication will be given to the candidate of the degree of his success or failure by use of the following code:

D = Distinction	(75% - 100% of the maximum marks)
P = Pass	(60% - 74% of the maximum marks)
X = Fail	(50% - 59% of the maximum marks)
Y = Fail	(40% - 49% of the maximum marks)
Z = Fail	(0% - 39% of the maximum marks)
A = Absent	

### Appeal

Appeals will only be considered from candidates who gained an X fail. Each candidate has one calendar month in which an appeal may be made. The appeal must be in writing and accompanied by a payment of £75. No appeal will be considered without both criteria being met. Following an appeal the decision of Council on the examination result is final. The fee is non-refundable.



## 10. Liability of the Institute

If the Institute, for reasons outside its control, should find it impossible to hold any of its scheduled examinations, or if a candidate's completed examination script be lost or destroyed, the Institute's liability shall be limited to a complete refund of the examination fee paid in respect of the examination concerned.

## 11. Election to Membership as an Associate

A person shall be eligible for admission as an Associate of the Institute if s/he has:

- i passed the three Core Examinations or received a valid exemption to paper C1, having passed Papers C2 & C3,
- ii shown that s/he has at least 5 years experience as an independent loss adjuster (reduced to 3 years if s/he holds one of the professional qualifications approved by the Institute) and
- iii passed the Accreditation for Chartered Status (ACS).

Candidates seeking admission as Associates or Fellows of the Institute must comply with the regulations as set out in the Charter or have been granted dispensation by Council under the terms of the EC Directive on Mutual Recognition.

## 12. Tuition

Past examination papers and, where possible, examiners' comments on previous years' scripts are available from the Institute [www.cila.co.uk](http://www.cila.co.uk). Reading lists and other study resources are available on the Institute's website. In addition the CILA holds technical conferences and Specialist Interest Group events. Candidates are encouraged to attend these.

## 13. Prizes

Prizes are awarded to the candidate achieving the best results in one examination session subject to the Examination Committee's approval. The available prizes are:

- The Cuthbert Buckle Prize
- The Institute Prize



## B. The Written Examinations Menu

All candidates will be required to pass or establish credits in the three Core Papers:

Core Papers: 3hrs 30 mins

C1	The Principles of Insurance
C2	Application of the Principles of Insurance
C3	Adjustment of Claims

The marks required for a pass in any paper of the examination will be 60% of the maximum marks. A candidate who achieves 75% or more of the maximum marks in any paper will be regarded as having passed that paper with Distinction. A candidate who passes all three papers of the examination with not less than 70% of the maximum marks in each paper and obtains not less than an average of 75% of the maximum marks for the whole Examination will be regarded as having passed with Distinction.

The topics of the syllabuses have been set in two categories, which require different levels of knowledge.

The categories and the respective levels of knowledge are:

### **Thoroughly Understand:**

This requires an in-depth knowledge of the topic including up to date understanding of the law and the ability to demonstrate the application of the knowledge across a wide range of subjects and situations.

### **Understand:**

This requires an overall knowledge of the facts of the topic and sufficient knowledge to enable reasoned argument to be presented on the subject in various situations.

### **General:**

The 'cut off' date for legislation, case law and amendments to standard contract conditions is 6 months prior to the date of the examinations entered.

Where a question arises on a topic affected by such a change the answer may be based on either the old or new position, equal credit will be given in either case.

Candidates are reminded that the purpose of the examinations is to test skills and knowledge in relation to the adjustment of claims under insurance policies.

The examination for Paper C2 will be set on the basis that candidates are fully conversant with the syllabus of Paper C1. The examination for Paper C3 will be set on the basis that candidates are fully conversant with the syllabuses of Papers C1 and C2.



## C. The Syllabuses



### Core Paper

## C1 The Principles of Insurance

### Thoroughly understand

- i Utmost Good Faith, Insurable Interest, Proximate Cause, Indemnity, Contribution, Subrogation.
- ii Legal Principles relating to transfer of ownership or real property and goods.

### Understand:

- i Claims procedures including onus of proof, acceptance forms, forms of discharge, assignment, mandates, validation of quantum.
- ii Law of Contract including *contra proferentem* rule, offer, acceptance and consideration; Bailment; Torts including Negligence, Nuisance, Trespass and the rule in Rylands v Fletcher 1868 and their defences; Strict Liability, Absolute Liability, Statutory duty.
- iii Risk, peril, moral and physical hazard.
- iv The operation of the insurance market, including composite insurers, insurance brokers, Lloyd's syndicates and brokers, and the main functions of loss adjusters, loss assessors, underwriters, intermediaries, the Financial Services Authority, Financial Ombudsman Service and risk managers.
- v The role of professional bodies including the CIL A, trade associations and regulatory authorities.
- vi The following Legislation, relevant to Insurance:
  - Fires Prevention (Metropolis) Act (1774)
  - Hotel Proprietors Act (1956) in relation to insurable interest
  - Rehabilitation of Offenders Act (1974) ss 1, 2, 4, 5 and 9
  - Unfair Contract Terms Act (1977) ss 1, 2, 3, 4, 5, 11, 12, 13 and 14
  - Third Parties (Rights against Insurers) Act (1930)
  - Water Industry Act (1991) s 209
  - Sale of Goods Act (1979) Part I s 1 Part II ss 2, 3, 4, 5, 6, 7 Part III ss 16, 17, 18, 20
  - Law of Property Act (1925) Part II ss 40, 41, 47, 61, 62 and 63
  - Supply of Goods & Services Act 1982 & 1994



## Core Paper

# C2 Application of the Principles of Insurance

## Thoroughly Understand

- i Adjustment of claims under the following Association of British Insurers' recommended policy wordings within the ABI "Blue Book":
  - (a) Standard Fire Policy (Material Damage) latest edition
  - (b) Standard 'All Risks' Policy (Material Damage) July 1996 version
  - (c) Special Perils July 1996 wordings
  - (d) Lloyd's Fire Policy Forms 'C' and 'N1 - Home' (including attachable conditions)(Questions will be related to the basic format of the policy documents i.e. without additional extension clauses.)
- ii Fire and security plans and reports
- iii Warranties in fire and theft policies
- iv Special perils extensions including sprinkler leakage
- v The principle of Contribution and the Association of British Insurers' Rules on Contribution
- vi The principle of Subrogation and appropriate rights of recovery such as Negligence, Nuisance, Trespass, Contract, Statutory and contract

## Understand

- i Stock Declaration Insurance, First Loss policies; Blanket policies; Excess; Deductible, Franchise, Policy Limits, Average Conditions and other penalties for underinsurance.
- ii Procedures in relation to investigation of the extent of loss, statements and their content, onus of proof in relation to cause and validation, reservation of rights, salvage, protection and extinguishment expenses.
- iii Arbitration.
- iv The following legislation:
  - Fires Prevention (Metropolis) Act (1774)
  - Hotel Proprietors Act (1956)
  - Law of Property Act (1925) Part I ss 34, 36, 37 and 38
  - Part II ss 40, 41, 47, 61, 62 and 63
  - Rehabilitation of Offenders Act (1974) ss 1, 2, 4, 5 and 9
  - Sale of Goods Act (1979) Part I s 1 Part II ss 2, 3, 4, 5, 6, 7, 11, 13, 14 and 15 Part III ss 16, 17, 18, 19, 20, and 21
  - Supply of Goods and Services Act (1982) Part I ss 1, 2, 3, 4 and 5 Part II ss 12, 13, 14, 15 and 16
  - Unfair Contract Terms Act (1977) ss 1, 2, 3, 4, 5, 11, 12, 13 and 14
  - Water Industry Act (1991) s 209
  - Sale and Supply of Goods Act (1994) ss 1, 2, 3, Sched 2 ss 5, 6 Sched 3
  - Police and Criminal Evidence Act 1984 Part VI ss 66 and 67
  - Public Order Act 1986 Part I ss 1, 2, 6, 8, 9 and 10
  - Riot Damages Act 1886 ss 2, 3, 4, 6(b), 7 and 9
  - Third Parties (Rights against Insurers) Act 1930



(Candidates are reminded that they should also be fully conversant with the syllabus of Paper C1)



## Core Paper

### C3 Adjustment of Claims

The examination for this subject will comprise both compulsory questions and optional questions. In the examination candidates will have the option of answering questions, on the syllabuses below, in one of the following classes of insurance: Property (Commercial); Property (Domestic); Liability; Subsidence; Business Interruption.

#### Thoroughly Understand (All Candidates)

- i Adjustment of claims under the following Association of British Insurers' recommended policy wordings:
  - (a) Standard Fire Policy (Material Damage) October 1989 version.
  - (b) Standard 'All Risks' Policy (Material Damage) July 1996 version.
  - (c) Special Perils July 1996 wordings.
  - (d) Lloyd's Fire Policy Forms 'C' and 'N1 - Home' (including attachable conditions).Together with Association of British Insurers' recommended wordings for Reinstatement Memorandum, Day One Reinstatement Memorandum, Public Authorities' Clauses, Contract price Clause, Professional Fees Clause, Debris Removal Clauses and Appreciation in Value Clause (Escalator).

#### Thoroughly Understand (Property Commercial Candidates)

- ii Methods and principles of calculating indemnity valuation of buildings, machinery and plant; fixtures and fittings; tenants improvements; raw materials; manufacturers work in progress and finished stock; wholesale and retail stock.
- iii Stock Reconciliation.

#### Thoroughly Understand (Property Domestic Candidates)

- i Typical Household wordings, Extensions to wordings, Professional fees, Alternative Accommodation Frozen Food, Loss of Keys, occupiers and owners liability cover.
- ii The validation of quantum in relation to Silver, Gold, Gems, Diamonds, Jewellery, electronic equipment.
- iii Lloyd's Fire Policy Forms N1 - Home (including attachable conditions).



### Thoroughly Understand (Liability Candidates)

- i Public Liability wording
- ii Employers' liability wording
- iii Product liability wording
- iv Contractors Public liability and Products liability
- v Court systems including pre-action protocols

### Thoroughly Understand (Subsidence Candidates)

- i Typical policy wordings for Subsidence Peril; Exclusions; Professional fees
- ii Causes of Subsidence and Heave, Identification, Soil Characteristics, Soil Shrinkage, effects of tree roots, mining, leaking drains/water pipes
- iii Diagnosis and measurement of movement; Soil types and their effects; Methods of repair, stitch bonding, Epoxy resin bonding, Strapping, mini piling, Pad and beam, Framing, Mass Concrete Underpinning
- iv ABI Subsidence Agreement Options 1, 2 and 3, NHBC
- v Landslip and Heave
- vi Party walls including Party Wall Act 1996

### Thoroughly Understand (Business Interruption Candidates)

- i A typical Business Interruption Policy wording, operative clause, the business, the premises, definitions of gross profit as defined in insurance policies and as commonly defined in sets of accounts, turnover, increased costs of working, savings.
- ii Calculation of Gross Profit/Gross Revenue, Purchases, Departmental clause
- iii Definition of damage
- iv Application of the Material Damage Proviso
- v Calculation of turnover trends and application of the Other Circumstances Clause

### Understand (All Candidates)

- i Calculation of gross profit (for insurance and accounts purposes) in relation to Business Interruption
- ii Declaration Linked and Sum Insured bases of Business Interruption cover
- iii Issues relating to acceptance of a cost as Increase Cost of Working in relation to Business Interruption
- iv Calculation of savings in relation to Business Interruption
- v Additional increase cost of working, advanced profits, utilities extensions, denial of access, outbreak of notifiable diseases, loss of attraction, contingency covers, all other circumstances clause.
- vi Claims under material damage insurance policies arranged in accordance with Joint Contract Tribunal Form of Control (Minor Works) and subsequent amendments up to 31 March 1999.

(Candidates are reminded that they should also be fully conversant with syllabuses C1 and C2)

Adjustment of claims under the following Association of British Insurers' recommended policy wordings:

- (a) Standard Fire Policy (Material Damage) October 1989 version.
- (b) Standard 'All Risks' Policy (Material Damage) July 1996 version.
- (e) Special Perils July 1996 wordings.
- (f) Lloyd's Fire Policy Forms 'C' and 'N1 - Home' (including attachable conditions).



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- Association of British Insurers' recommended wordings for Reinstatement Memorandum, Day One Reinstatement Memorandum, Public Authorities' Clauses, Contract price Clause, Professional Fees Clause, Debris Removal Clauses and Appreciation in Value Clause (Escalator).
- iii Methods and principles of calculating indemnity valuation of buildings; machinery and plant; fixtures and fittings; tenants improvements; raw materials; manufacturers work in progress and finished stock; wholesale and retail stock.
  - iv Stock Reconciliation.
  - v Building Construction:
    - Communicating Information in a survey
    - Roofs basic forms
    - Access for Disabled to Dwellings
    - Cavity walls
    - Windows
    - Doors
    - Domestic Ground Floors
    - Domestic floor finishes
    - Electricity and gas supplies
    - Damp Proof Courses
    - Wall Tiling
    - Timber Suspended Upper Floors
    - Precast Concrete floors
    - Drainage
    - Water installations and Sanitary Fittings

Guidance on section (v) can be found in Chudley & Greeno Building Construction Handbook 7<sup>th</sup> edition.

- vi Describing art and antiques
  - Type
  - Materials
  - Measurements
  - Inscriptions
  - Distinguishing features
  - Title
  - Subject
  - Date
  - Maker
  - Description

This section (vi) relates to the nature of the information required to validate a claim. Candidates will be expected to be able to understand the nature of the information required to value art and antiques. Candidates will not be expected to know the value but would be expected to know where to gain specialist advice to value these items. Guidance on this topic can be found on the following web site: <http://www.object-id.com/publications.html>