



AD2 ADVANCED DIPLOMA - SYLLABUS

Advanced Diploma Syllabus

AD2 - Adjustment of Claims

This examination will focus on the settlement of claims. Candidates are required to consider case studies and explain how and why claims will be managed and settled in a just and fair manner.

To pass this examination, candidates will be required to either **understand** or **thoroughly understand** the appropriate processes related to the investigation, management, quantification, validation and resolution of claims. Candidates will be required to explain and support their rationale for their settlement proposal.

Candidates will be required to answer any five questions from six. Three of the set questions are from the specialist topic selected by the candidate and three from the 'All Candidates' section.



All Candidates are required to **thoroughly understand**:

- The CILA Guide to Professional Conduct
- Treating the Customer Fairly
- The legislation as detailed in DP1 and DP2
- Typical modern Domestic AND Commercial Perils based policies. The Perils that must be understood are: Fire, Lightning, Explosion, Escape of Water, Flood, Theft, Impact, Malicious Damage, Riot, Accidental Loss, Subsidence, Escape of Oil, Heave and Landslip, Accidental Damage and Accidental Damage to Underground Services (sample policies are available on the Technical Library)
- Typical All Risk Domestic AND Commercial policies
- Typical policy conditions and extensions and their application
- Typical policy exclusions and their application
- Typical wordings for Reinstatement Memorandum, Day One Reinstatement Memorandum, Public Authorities' Clauses, Contract Price Clause, Professional Fees Clause, Debris Removal Clause, Appreciation in Value Clause (Escalator), and Declared Value.

AD2 – Adjustment of Claims (continued)



All Candidates are required to **understand**:

- Principles of Business Interruption insurance, including Mitigation, Material Damage Proviso, Maximum Indemnity Period, Gross Profit, Gross Revenue, All Other Circumstances Clause, Increase in Cost of Working (ICOW), Savings, and Declaration Linked and Sum Insured bases of cover
- The definition of Additional ICOW Extension, including Denial of Access
- Basic building construction in relation to the typical effects of insured perils and typical signs of graduation deterioration, wear and tear
- Typical exclusions, including gradual deterioration, dry and wet rot, and gradual rise in the water table
- CDM Regulations, party wall legislation
- Roles and responsibilities when Contractor Networks are engaged in claims
- Management of claims where asbestos is present or potentially present
- Typical cyber covers with regard to pre-loss support, cyber-attacks and loss of data.

You are reminded of the following definitions:



Subjects that you must **thoroughly understand**

This requires an in-depth knowledge of the topic including an 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.



Subjects that you must **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.

AD2 - Adjustment of Claims (continued)



Property Commercial Candidates

Candidates in this specialist subject need to **thoroughly understand** the appropriate processes of the investigation, management, quantification, validation and resolution of claims under Commercial policies, including:

- Methods and principles of calculating reinstatement and indemnity valuation of buildings; machinery and plant; fixtures and fittings; tenants' improvements; raw materials; manufacturers' work in progress and finished stock; and wholesale and retail stock
 - Dealing appropriately with Stock claims
 - Cover available under typical Cyber extensions as relevant to Commercial Property policies
 - Loss of rent.
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Property Domestic Candidates

Candidates in this specialist subject need to **thoroughly understand** the appropriate processes of the investigation, management, quantification, validation and resolution of claims under a typical Domestic policy, including:

- Typical Household wording
- Extensions to wordings – Professional Fees, Rent and Alternative Accommodation, Tenants' Improvements, Special Events, and Occupiers' and Owners' Liability cover
- The validation of quantum in relation to silver, gold, diamonds, jewellery, works of art, antiques, computer equipment and electrical equipment
- Cover available under typical Cyber extensions as relevant to property domestic policies.

AD2 - Adjustment of Claims (continued)



Liability Candidates

Candidates in this specialist subject need to **thoroughly understand** the appropriate processes of the investigation, management, quantification, validation and resolution of claims under:

- Typical Public Liability policy wording
- Typical Employers' Liability policy wording
- Typical Products Liability policy wording
- Typical Contractors Public Liability policy wording.

In addition, candidates are required to thoroughly understand:

- Court, Civil Procedure Rules (including use of the Portal and Pre-Action Protocols)
 - Cover available under typical Cyber extensions as relevant to liability covers.
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Subsidence Candidates

Candidates need to **thoroughly understand** the appropriate processes of the investigation, management, quantification, validation and resolution of claims under the Subsidence, Landslip and Heave perils, including:

- Typical Domestic and Commercial policy wordings for the Subsidence, Landslip and Heave perils; exclusions; professional fees
- Causes of Subsidence and Heave, identification, soil characteristics, soil shrinkage, effects of tree roots, mining, and leaking drains/water pipes
- 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, and mass concrete underpinning
- ABI Domestic Subsidence Agreement Options 1, 2 and 3, NHBC requirements for party walls, and the Party Wall etc. Act 1996.

AD2 - Adjustment of Claims (continued)



Business Interruption Candidates

Candidates need to **thoroughly understand** the appropriate processes of the investigation, management, quantification, validation and resolution of claims under Business Interruption policies, including:

- Typical Business Interruption Policy wording, including the Operative Clause, the Business, the Premises, definitions of Gross Profit as defined in insurance policies and as commonly defined in sets of accounts, Gross Revenue, Turnover, Increased Cost of Working, and Savings
- Typical extensions BI policies, including, Denial of Access, Loss of attraction, Loss of Licence, Public Utilities Failure
- Calculation of Gross Profit/Gross Revenue and Purchases
- Definition of Damage
- Application of the Material Damage Proviso and Departmental Clause
- Calculation of turnover trends and application of the All Other Circumstances Clause
- Methods of loss mitigation and the information and enquiries required to support decision making around Increased Cost of Working
- Cover available under typical Cyber extensions as relevant to Business Interruption.