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# **The Chartered Institute of Loss Adjusters**

## **Accreditation for Chartered Status**

### **Paper C4**

### **October 2014 - Property Commercial**

**3½ Hours**

**Maximum Marks 200**

**Answer ALL questions**

*Where appropriate, answers should make reference to relevant case law or statute.*

**PLEASE ENSURE THAT QUESTION NUMBERS ARE ENTERED CLEARLY AND IN FULL ON THE COVER OF YOUR ANSWER BOOK AND IN YOUR ANSWER BOOK.**

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## ANSWER ALL QUESTIONS

You have been appointed to deal with a Property Commercial Claim, following a sudden downpour of torrential rain accompanied by very strong wind and thunder in a small commuter town close to a major city. The risk property is a three storey building of brick cavity construction under a pitched tiled roof built circa 1980. The ground floor is a coffee/wine bar. The business sells beverages and light meals and is owned by Mr C J Grinstead and Ms S Bonbridge. The first floor has three bedrooms which are hired out on a bed and breakfast basis with the paying guests eating breakfast in the ground floor coffee bar. The top floor has an office used by Mr Grinstead for the purpose of running the business and two further bedrooms used by the business owners.

The cover provided by the Policy is as follows:

Buildings	£2,000,000
Stock	£40,000 including alcoholic beverages at £5,000
All Other Contents	£45,000

You are advised that there is a minimum security warranty.

### QUESTION 1

Outline all the enquiries you should undertake to establish:

- I. Extent of Policy liability, if any
- II. Reserve.

You should include all the information that you would require to establish the above, together with the sources of the information. You are **NOT** required to either comment on the Policy liability or set a reserve.

(50 Marks)

### QUESTION 2

- I. The Policyholders ask you to advise whether you consider the sums insured to be adequate. Detail the information required and the steps you will take to establish the adequacy or otherwise of the sums insured.
- II. The business is defined as a restaurant and coffee house, and you are required to provide a description of the business to insurers. For the purpose of this exam, detail the information that you should request, the nature of any documentation you should request and how you should set about ensuring the information is accurate.
- III. The Policyholders are concerned that the business will suffer. What guidance should you provide to the Policyholders on how this might be minimised in the absence of any Business Interruption policy?

(50 Marks)



### QUESTION 3

Set out the following two sections of your Preliminary Report to Insurers:

- I. "Initial Measures", to include your rationale"
- II. "Policy Liability", covering the information required to consider Policy liability and any recommendations concerning additional inquiries that should be made.

(50 Marks)

### QUESTION 4

Ms Bonbridge was unable to meet with you at the time of the first visit. There appears to be a dispute between her and Mr Grinstead. It is apparent that Ms Bonbridge has dealt with a Loss Adjuster in her personal life and had considerable difficulty with a claim for dry rot. It seems that Ms Bonbridge considers that Loss Adjusters are appointed to avoid paying claims or at the very least to get the lowest possible settlement. She has indicated that she will be writing to the FOS requesting their intervention as you have not requested an interim payment. Write a letter to Ms Bonbridge explaining your role and detailing the information that you require both to progress the claim and to make an interim payment.

(50 Marks)