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The Chartered Institute of Loss Adjusters

Accreditation for Chartered Status

Paper C4

October 2014 - Property Domestic

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 an escape of water claim. The risk property is a two storey five bedroomed house of brick cavity walls under a pitched tiled roof. The main part of the house was built in 1969 and it was extended to the front in 1995 with the front room being extended in length by around 2m and the hall extended by 1.5m. In 2006, a two storey side extension was added. This comprises a reception room with a utility area and on the top floor a bedroom with en-suite bathroom. Both of these extensions were single storey with pitched tiled roofs.

The Policyholders are Mrs Lillian Bellamy, a Chartered Accountant, and her husband, Charles Babage, who is a Personal Trainer working with top level cyclists. They have a son and a daughter. The son lives in London with his partner and the daughter is at university in Denmark for around nine months of the year.

Mrs Bellamy and her husband went on holiday to Thailand and Bali for 3 weeks and on their return discovered that the house had been forcibly entered but had been resecured temporarily. There was a note pinned to the front door which read, "Dear Lillian and Charles, sorry to tell you but your alarm was sounding and I had to force entry to the house. When I went in, there was water all over the floor. I have turned off the stopcock. Please call in at number 12 so I can give you more information. Regards Bill."

Having entered the house, the couple found that the ground floor was water logged and the living room ceiling, which had a textured coating, had collapsed.

Mrs Bellamy decided to call her Insurers, who provide a typical household policy including Escape of Water (with a 30 day unoccupancy clause) as follows:

Buildings	£750,000
Alternative Accommodation	£75,000
Contents	Unlimited

From your expert initial inspection, you conclude the following:

- a. The most likely cause of the escape of water was a defective joint between the lavatory and the fresh water pipe leading to it.
- b. The property is uninhabitable as it is not appropriate to use any of the water services until the leak has been rectified.
- c. You suspect asbestos may be present in much of the affected house.
- d. The lavatory had been fitted by PlumIT Plumbers one week prior to the Policyholders' holiday.



QUESTION 1

Explain 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 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 should take to establish the adequacy or otherwise of the sum insured.

II. The Policyholders have asked for payment for alternative accommodation. They have stated that their daughter will be returning from Denmark later this week for three months with her new boyfriend. They will both need accommodation; in normal circumstances they would have stayed with the Policyholders and occupied separate rooms. Detail the likely cover for this.

III. The Policyholders request that you put your explanation and plan to resolve the claim in writing. Prepare a suitable letter to the Policyholders explaining the claim procedure and what actions you will be taking to assist them. The letter should also include what action will be required of the Policyholders.

(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

You are required to write to the proprietor of PlumIT Plumbers, Ms Fallon Vladosticzhk, who you now learn is the next door neighbour. The letter should explain that you are seeking a recovery and what action you require her to take. Mr Babage has informed you that Ms Vladosticzhk is very kind but that they fell out after the installation of the lavatory following an incident when he was playing "back garden cricket" with his son. Apparently Mr Babage hit the ball into Mrs Vladosticzhk's garden, hitting her whilst she was weeding her vegetable plot. Ms Vladosticzhk has not really forgiven him despite many apologies. Mr Babage also advises



that English is not Ms Vladosticzhk's first language and requests that you take this into account when writing to her so as to ensure she will understand and that she is assisted in the matter.
(50 Marks)