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The Chartered Institute of Loss Adjusters

Accreditation for Chartered Status

Paper C4 - Property Domestic

October 2015

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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C4 Property Domestic Examination, October 2015



ANSWER ALL QUESTIONS

You have been appointed to deal with a Domestic Property claim following a theft and damage at a private residence.

The risk property comprises a substantial modern architect-designed house set in 24 acres of land in a remote rural setting.

The circumstances are that all the occupants of the property vacated the property for a holiday, at which time all the doors and windows were locked and the centrally-monitored alarm system was set. When the occupants returned, they found that the house had been broken into and the alarm system activated.

The Policyholders are Mr and Mrs Andrews (a television presenter and an advertising executive). They have lived at the property for three years. They have two sons, aged 16 and 17, who live at home during school holidays.

The loss instructions state that the claim includes the theft of a floor-mounted safe containing £10,000 in cash, a significant jewellery collection and business/personal documents. In addition, a number of silverware items and an oil painting were taken.

In the course of the break-in, the intruders caused damage to flooring of the master bedroom in which the safe was secured, cracked the bespoke marble staircase and tore the canvas of a valuable oil painting.

It is suggested that the intruders took a quad bike from an outbuilding and drove through the grounds causing deliberate damage to lawns, hedges and ornaments surrounding the property before abandoning it in a nearby wood.

No formal claim has been presented and you have been asked to meet with Simone Lewis, Mr Andrew's business agent, who has been instructed by Mr Andrews to deal with all aspects of the claim.

The cover provided by the High Net Worth Policy is as follows:

- Buildings
- Contents
- Fine Art
- Personal Possessions
- Family Legal Protection and Identity Fraud.



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

- a) The Contents are insured on a replacement cost basis and your initial enquiries indicate that the sums insured may be inadequate. Detail the information required and the steps you should take to establish the adequacy or otherwise of the sum insured. Provide a critical analysis of the methods you propose.
- b) An art specialist, appointed to assess the damaged oil painting, contacts you to advise that the painting was reported stolen from an art dealer a year ago. Prepare a letter to your Principals detailing the information and enquiries you are to undertake with regard to the ownership of the painting and the implications with regard to policy liability.
- c) You establish that the alarm system had been serviced by an engineer from ADOCO Security Ltd one week before the incident. You are required to write to ADOCO Security Ltd explaining your intention to seek a recovery and detailing the action you require them to take.

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

The Policyholders' agent has contacted the insurance company to express dissatisfaction with the intrusive nature and level of detail of the information you have requested.

The basis of the dissatisfaction refers to Mr Andrew's concerns that the nature of your enquiries and requested information is both:

1. inappropriate for a claim of this nature, and
2. causing unnecessary distress and anxiety to the family, after a very traumatic event.

The agent has also stated that, in view of her client's public status and concerns regarding unwanted media attention, Mr Andrews is not prepared to provide any further information. Mr Andrews also requires details of all of the information and the enquiries you have completed, together with a list of all parties with whom you have shared this information.

The insurance company has requested that you prepare a letter to the agent in response to these concerns.

50 MARKS