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The Chartered Institute of Loss Adjusters

Accreditation for Chartered Status 2016 (October)

Paper C4 - 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, three bedroomed house. The property is constructed on a timber framework with brick external walls and a clay tiled roof. The property is located in a small development of domestic properties constructed in 2007.

The Policyholders are Mary and Alan Banff, who are both college lecturers. They have two adult children. Their daughter is a doctor working in Australia on a two year placement. Their son is at college in America completing a four year sports scholarship and resides at the property for three months each year.

Since purchasing the property in 2007, Mr and Mrs Banff have not undertaken any alteration or improvement works, apart from redecoration works.

Mr and Mrs Banff went on holiday in their motor home for 32 days, leaving the property unoccupied. When they returned, they discovered that water had escaped from the roof space and cascaded throughout the property.

Having entered the house, the couple found that the ground and first floors were water logged, most ceilings on both levels of the house had partially collapsed and the timber flooring throughout the ground floor was badly distorted.

Mr and Mrs Banff have a typical “All Risks” household policy providing cover as follows:

- Buildings £500,000
- Alternative Accommodation £50,000
- Contents Unlimited.

From initial inspection, you conclude the following:

- a. The most likely cause of the escape of water was a defective “push fit” joint on the water pipe feeding the water storage tank in the roof space.
- b. The property is uninhabitable.



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

Following the site meeting, your enquiries confirm that two other properties in the same housing development have previously suffered damage following an escape of water from the plumbing installation.

- I. Detail, explaining your rationale, the actions you would take to ensure that Insurers have the opportunity to identify and substantiate a recovery.

Mr and Mrs Banff have requested confirmation that the policy will cover the cost of alternative accommodation for both their son and daughter, who are returning to the UK in one week to attend a family event. They advise that they cannot be accommodated in the rented property and in normal circumstances they would have stayed at the risk property.

- II. Detail the likely cover for this additional expense.
- III. Prepare a written response to Mr and Mrs Banff detailing the scope of cover provided under the terms of the 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. "Nature and Extent of Damage".

You may make up additional information to complete this.

50 MARKS



QUESTION 4

Three weeks after your initial site meeting, you receive an email from APC Group, a loss adjusting company, informing you that they are appointed by Mr and Mrs Banff. Attached to the email is a letter signed by Mr and Mrs Banff authorising APC Group to act as their representative for all matters related to the claim.

In the email, APC request a detailed written plan and timeline to confirm how and when the building and contents will be reinstated.

APC Group state that Mr and Mrs Banff have expressed dissatisfaction regarding the slow progress in resolving the claim. As a result, APC Group request that you make a referral to the Financial Ombudsman Service to ensure Mr and Mrs Banff receive compensation for the stress and inconvenience they have suffered as a result of both the incident and the delays.

Prepare a suitable written response to APC Group.

50 MARKS