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**The Chartered Institute of Loss Adjusters**  
**Accreditation for Chartered Status 2017 (April)**

**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

The Insured is Mrs Emma Byrne, a training consultant and business coach. Mrs Byrne occupies the risk property with her husband, a property developer, two children aged 3 and 4 years, a live-in nanny and various domestic pets.

The risk property, which was constructed in 1890, is a two-storey, four-bedroomed semi-detached house constructed of solid brick walls with a tiled timber frame pitched roof. In 1984, a substantial single-storey extension was added to the rear of the property comprising cavity brick walls with a flat timber-boarded roof covered with bitumen felt.

There is also a timber outbuilding on land to the rear of the property, which is occupied by Mrs Byrne as a home office/surgery.

The property is surrounded by farm land which slopes down towards the rear of the property and is adjacent to a shallow stream that is located approximately two metres from the side elevation.

The Insured and her husband purchased the property in 2013, at which time a home buyer's valuation report was obtained on behalf of the mortgage lender. Your principal's policy commenced cover nine months prior to notification of the claim.

You have been appointed to deal with a claim relating to dry rot and damp within the floor, internal walls and timber finishes of the kitchen/living room within the rear extension.

You are advised that the damage was discovered when Mr Bryne lifted the floor covering between the kitchen/living room and discovered water lying beneath. Further investigation identified rot in the adjacent timber skirting boards and door frame. The Insured has also intimated that the damp has damaged furniture and furnishings.

You aware that in the preceding three month period the local area has experienced protracted periods of heavy rainfall which resulted in flood damage to properties in the vicinity of the risk property.

Your principal provides an "All Risks" household policy as follows:

Buildings Sum Insured £180,000  
Contents Sum Insured £30,000  
Alternative Accommodation Expenses Limit £15,000.



## QUESTION 1

Explain all the enquiries you should undertake to establish the:

- i) Extent of policy liability, If any. *(30 Marks)*
  
- ii) Reserve under each section of the policy. *(20 Marks)*

Your answer should include your rationale and the types and sources of the information you require to establish to establish the above.

You are **NOT** required to set a reserve.

**50 Marks**

## QUESTION 2

- i) Draft a letter to the Insured outlining the next steps in the validation of the claim. Your letter should include a Reservation of Rights on behalf of your principal. *(25 Marks)*
  
- ii) Following receipt of your letter, Mr Byrne emails you to express his dissatisfaction with:
  - a) the outcome of the site meeting,
  - b) your failure to act on their behalf in the presentation of the claim,
  - c) the inappropriate wording of your letter, and
  - d) your failure to confirm that all costs related to the damp will be paid by the insurance company.

Mr Byrne states that in the absence of your urgent and satisfactory response he will refer the matter to the Insurance Ombudsman Service.

Draft an email response to Mr Byrne.

*(25 Marks)*  
**50 Marks**



### QUESTION 3

Prepare the following two sections of your non-delegated Preliminary Report:

- i) Initial Measures *(25 Marks)*
  
  - ii) Nature and Extent of Damage. *(25 Marks)*
- 50 Marks**

### QUESTION 4

On completion of your further enquiries, your principal confirms their acceptance of policy liability under the terms of the policy. On the assumption that policy liability has been confirmed:

- i) Prepare a plan of action to validate the claim, complete reinstatement of the damaged buildings and contents, and consider potential alternative accommodation requirements. *(20 Marks)*
  
  - ii) The Insured requests your agreement to the appointment of a building surveyor to manage the reinstatement works. Explain the issues you would consider to determine whether, or not, this should be agreed. *(10 Marks)*
  
  - iii) The Insured requests that the claim is settled on a cash basis.
    - a) With reference to the terms and conditions of the policy, discuss the advantages and disadvantages of a cash settlement to both the Insured and the Insurer. *(10 Marks)*
  
    - b) Detailing your rationale, draft a written recommendation to your principal. *(10 Marks)*
- 50 Marks**