



**STRICTLY PRIVATE & CONFIDENTIAL**  
*for internal use only*

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

**Paper C4 - 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.**

Notice of Copyright

This document and any information contained therein remains the confidential and copyright property of the CILA. Without infringement neither the whole, nor any extract, may be disclosed, loaned, copied or used for manufacturing, the provision of services or any other purpose whatsoever without the express permission and written consent of the CILA. No liability is accepted for any loss or damages from any cause whatsoever arising out of the use of this document or its contents.

COPYRIGHT © CILA 2017



## ANSWER ALL QUESTIONS

You are instructed by Insurers to adjust a claim following a fire at a distribution warehouse occupied by the Insured, CTD International Ltd (CTD), who are manufacturers of domestic electrical equipment, principally televisions and surround sound systems.

All manufacturing takes place overseas and the warehouse is solely used for the storage and distribution of completed products to retailers.

The Insured also have agreements with small independent music labels to store and distribute CDs and DVDs on their behalf, and these stock lines are held in a separate part of the warehouse.

At approximately 03.00 hrs on 1<sup>st</sup> March 2017, whilst the property was unoccupied, unknown persons reversed a reinforced heavy goods vehicle at speed into the loading bay doors of the premises.

The intruders succeeded in breaching the security by destroying the doors and adjacent walls. Following the impact with the building, the vehicle caught fire and the intruders fled empty handed. The fuel tank on the vehicle exploded shortly thereafter and resulted in a fire that spread rapidly through the warehouse causing extensive damage.

The Insured occupy the building under the terms of a fully repairing (but not insuring) lease.

The Policy under which you are instructed provides cover on a Day One Reinstatement basis in respect of:

Contents, tenant's improvements and tenant's fixtures and fittings

Sum Insured £150,000

Stock including property held by the Insured in trust for which the Insured are responsible

Sum Insured £950,000

The policy contains a Protections Warranty.



### QUESTION 1

Outline all the enquiries you should undertake to establish:

- i) Extent of Policy liability, if any (30 Marks)
- ii) Reserve. (20 Marks)

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

The Insured's broker requests that you put your explanation and plan to resolve the claim in writing.

The broker also requires written confirmation that:

- i) The sums insured are adequate and that no penalties will apply to the claim settlement
- ii) The stock claim is to be calculated on a reconciliation basis, and
- iii) All claims from independent music labels holding stock at the premises will be dealt with.

Prepare a suitable letter in reply to all the points raised by the broker.

**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".

**50 MARKS**

### QUESTION 4

The Insured has now appointed a Loss Adjuster to present the claim on their behalf. Following a review of the claim, the Loss Adjuster has proposed alternative methods of approach to those stated in your letter to the broker (refer to your answer to question 2).

Provide a critical assessment justifying the reasons why the methods you have proposed are fit for purpose.

**50 MARKS**