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**The Chartered Institute of Loss Adjusters**  
**Accreditation for Chartered Status 2017**  
**(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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C4 Property Domestic, October 2017



## ANSWER ALL QUESTIONS

You are instructed by Insurers of Mr and Mrs Oscar to adjust a claim following a fire at their home, a large dwelling house situated in a rural location.

The main part of the property dates back to the 18<sup>th</sup> Century and is Grade II\* listed. The structure is predominately timber framed with external walls of local brick which are part rendered. The roof is covered with clay tiles made from local materials. In the mid-1970s, a single-storey brick extension was added to the side of the building. The side extension has a flat, felt-covered timber roof and accommodates a commercial kitchen.

At the time of the fire, a new extension was being constructed in the form of a large conservatory overlooking the gardens to the rear. The conservatory was being constructed by a local contractor under a JCT Minor Works Contract.

It is suggested that the fire started in, or in the vicinity of, a dishwasher located in the utility area immediately adjacent to an internal partition recently erected by the contractors.

The fire has damaged part of the main roof of the premises, the 1970's extension and the conservatory, which was nearing completion.

A large proportion of the interior of the building and the contents is affected by smoke and extinguishment water. The property is uninhabitable.

The building is owned by Mr and Mrs Oscar and there is a mortgage interest noted on the Policy.

The property is occupied by Mr and Mrs Oscar, their three children and Mrs Oscar's mother. The family also have pet animals, including dogs, cats and two ponies stabled in the grounds of the property.

The cover is on a reinstatement basis with the following sums insured:

- Buildings £1.4 million
- Contents £350,000

The cover includes Alternative Accommodation expenses subject to a limit of 20% of the total of the Buildings and Contents sums insured.

### \*NOTES FOR CANDIDATES

- A listed building is a building of historic importance that is protected by law. The level of its importance is governed by the grading, with Grade I being the highest.
- Restrictions are placed on works that can be carried out to such buildings and, in the event of damage, the property must be reinstated to its original style using comparable materials.



### 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 the sums insured are adequate and that no penalties will apply to the claim settlement.

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

**50 MARKS**

### QUESTION 3

A schedule of repairs is drawn up by the Insured's surveyors and submitted to the Local Authority for planning and building regulation approval. Unfortunately, objections are raised by both the Building Conservation Officer and English Heritage\*\*. The Local Authority planners decide that the design of the roof and proposed materials for the reconstruction of the 1970's extension are not in keeping with the design and form of the main property. As a result, the planners insist upon changes that are likely to increase the cost of the build by some £30,000.

It is anticipated that the period from the date of the fire to the granting of planning approval for the reinstatement works will be 10 months.

- i) Draft a letter to the Insured explaining the scope of Policy cover, if any, in respect of the additional costs and delays. *(15 Marks)*
- ii) The Insured's surveyor suggests that, once planning approval is obtained, the repairs are carried out based on a price negotiated with the contractor who was constructing the conservatory. Detail the benefits and disadvantages of such a proposal and explain how you would verify the price. *(20 Marks)*



- iii) The schedule of works presented by the Insured's surveyor includes the cost of reinstating the conservatory and replacing unfixed materials on site. Draft a letter to the surveyor setting the extent of liability under the terms of the buildings policy and providing guidance, if necessary, in relation to this aspect of the claim.

*(15 Marks)*  
**50 MARKS**

#### **QUESTION 4**

Set out the following two sections of your Preliminary Report to Insurers:

- i) "Initial Measures", to include your rationale
- ii) "Recovery", covering the information required to consider a potential recovery and any recommendations concerning additional enquiries that should be made.

**50 MARKS**

#### **\*\*NOTE FOR CANDIDATES**

- English Heritage is an organisation that maintains some historic buildings and also advises local authorities on restoration work to listed properties.