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**The Chartered Institute of Loss Adjusters**  
**Accreditation for Chartered Status 2018 (April)**

**Aviation**

**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 are instructed to deal with a claim for fire damage to a self-assembled Ronex single seater aircraft made in the USA by Obama & Trump Inc. the plane is an inexpensive kit aircraft offering relatively high performance. The aluminium aircraft is capable of aerobatics and manages a 155 mph cruise speed on just 80 horsepower.

An attractive, design feature is the foldable wings. They can be folded in around 15 minutes and the aircraft can therefore be loaded onto a trailer. In addition, the fact that the size of the aircraft and the configuration of the wings means that DIY pilots can keep their aircraft at home.

After the first flight a year ago, Obama and Trump Inc. recently announced the Federal Aviation Administration has approved the company's building checklists for the Ronex. This means that owners have an aircraft meeting FAA rules.

You have ascertained that there are currently only around 75 of these planes in use.

The aircraft was kept in the purpose-built garage / hanger in the grounds of a house belonging to a well-known and celebrated Country and Western musician Eddie Grundy Borchestshire just south west of Birmingham England. Eddie had assisted a local aircraft enthusiast to build the aircraft from the kit and had paid £5,000 to the enthusiast Brian Aldridge.

The policy you are instructed under is a Hull All Risk Policy and the aircraft is insured on a sum insured basis to the value of £75,000.00. There is a deductible of £10,000.00.

At a "New Plane" launch party at the Policyholder's estate Eddie Grundie shows off his Ronex. The evening starts at 6pm (sunset would be at 8:23pm) and after a firework display Eddie takes off in the Ronex and after two "victory rolls" he lands safely, and the plane is parked on the driveway to the manor house owned by Eddie Grundie.

The two hundred guests are welcomed with Champagne and canapés, after a welcome speech by Eddie's wife Clarrie all guests are treated to an evening of various Country and Western bands, plenty of food and drink and are invited to "take a good look over the aircraft".

After the guests had all left at around 11:00 pm the aircraft mysteriously caught fire and was severely damaged.



## QUESTION 1

Explain all the enquiries you should undertake to establish the:

- i) Extent of policy liability, if any. *(30 Marks)*
  
- ii) Reserve under the policy (You are **NOT** required to set a reserve though). *(20 Marks)*

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

**50 Marks**

## QUESTION 2

- i) Following your site visit, the Insured's Broker requests that you put your explanation and plan to resolve the claim in writing.

Prepare a letter to the Broker explaining the claims procedure and what actions you will be taking to assist the Insured. The letter should also include the action that will be required by the Insured.

*(30 Marks)*

- ii) Four weeks after your initial site meeting, you receive an email, attaching a letter of authority from Westland Aviation, a specialist loss adjusting company, informing you that they are appointed by Eddie Grundie.

Westland Aviation inform you that Eddie Grundie is dissatisfied regarding the slow progress in resolving the claim. They advise that Eddie is to make a referral to the Financial Ombudsman Service to ensure they are fully compensated for any uninsured losses and inconvenience they have suffered due to the incident and your delays.

Firstly, explain what you would do to ensure you were entitled to liaise with Westland Aviation and secondly, prepare a suitable written response to Westland Aviation.

*(20 Marks)*

**50 Marks**



### QUESTION 3

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

- i) Initial Measures, to include your rationale. *(25 Marks)*
  
  - ii) Recovery considerations, covering the information required to consider a potential recovery (such as from another party) and any recommendations concerning additional enquiries that should be made. *(25 Marks)*
- 50 Marks**

### QUESTION 4

- i) Explain the information required and the steps you should take to establish the adequacy or otherwise of the sums insured. *(15 Marks)*
  
  - ii) Your further enquiries confirm that the sum insured is inadequate. Using your own values in worked examples, detail how settlement of the Hull Loss claim will be calculated. *(15 Marks)*
  
  - iii) Using the values used in question 4, draft a letter to Westland Aviation explaining the rationale for, and the effect of, underinsurance on the claim settlement. *(20 Marks)*
- 50 Marks**