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

**Liability**

**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 received instructions to deal with a liability claim involving third party property damage and personal injury.

The incident relates to an employee, Jane Mason, an accounts clerk employed on a 6-month fixed term contract, who works at the Insured's head office. Under the terms of her contract of employment, no wages are paid in the event of absence due to sickness or injury.

The incident occurred when Jane Mason made herself a hot drink, black coffee, in the staff kitchen. When returning to her desk, Jane tripped on a piece of carpet that was raised off the floor. The trip caused Jane to fall and resulted in her suffering concussion, a broken arm and mild burns from the hot drink.

Jane's colleague telephoned for an ambulance and the injuries were treated in hospital. No first aid was administered at the office as there were no appointed first aiders in the premises at that time.

Whilst Jane was away from work, for a 3-month period, she was unable to drive. In the initial period, she was required to pay for carers and also incurred travel costs to attend medical appointments. Jane advised that she asked the Insured to fund counselling to help her deal with the trauma of the incident, but the request was refused.

During her absence, Jane wrote to the Insured confirming her intention to make a claim for the injuries she sustained, expenses incurred and damage to personal effects and clothing. Jane alleges that carpet was dangerous and should have been fixed.

The Policy provides Public and Products Liability cover with a limit of indemnity of £5,000,000 and Employer's Liability cover with a limit of indemnity of £10,000,000.

In your initial discussions with the Insured, they state that they require Insurers to defend the allegations made in the claim as the carpet had only become loose on the day of the incident.

### QUESTION 1

Outline all the enquiries, detailing your rationale, that you should undertake to establish, as far as reasonably possible at your first visit:

- a) Whether the Liability Policy provides cover for compensation that the Insured is liable to pay, if at all
- b) Whether there is a legal liability
- c) 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 detail your conclusions on Policy liability or to set a reserve.

(50 Marks)



## QUESTION 2

- a) You are asked to take a statement from Jane Mason.

Explain the information you would include in the statement, detailing why the information will be beneficial.

- b) The Insured's Insurance Broker requests that you write to him explaining how the claim might be handled. Prepare a suitable letter to the Broker explaining the claim procedure (including any steps that are required to comply with the Civil Procedure Rules), what actions you will be taking to establish whether a legal liability exists and how your decision will be communicated to the claimant.

The letter should also include what action will be required of the Insured.

(50 Marks)

## QUESTION 3

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

- a) "Outstanding Actions", in which you detail the further enquiries that you still need to make and also any information that you are awaiting from the Insured
- b) "Policy Liability", covering both your initial views on Policy cover and any further information required from any of the parties, including the Insurers.

(50 Marks)

## QUESTION 4

On the assumption that liability has been accepted, the Insured requests that a substantial interim payment is made to Jane Mason.

The Insured also expresses concerns that the delay in dealing with the matter has had an adverse impact on the morale of other employees, who perceive that the matter is taking an unwarranted length of time to resolve.

Draft a written response to the Insured, dealing with the request for an interim payment and the issue raised by the Insured.

(50 Marks)