



STRICTLY PRIVATE & CONFIDENTIAL
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The Chartered Institute of Loss Adjusters
Accreditation for Chartered Status 2018 (April)

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.

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ANSWER ALL QUESTIONS

You are instructed by Insurers to adjust a claim involving damage to buildings, contents and stock following a serious fire at a department store owned and occupied by the Insured.

The building comprised a restaurant to the top floor, with an additional four sales floors containing various concessions along with areas selling the Insured's own-branded goods.

The concessions pay a flat rent plus a proportion of their turnover to the Insured. Such was the damage that you could not determine whether the fire started in or adjacent to the frying range in the kitchen, or in the adjacent concession that sells audio-visual and computing equipment. The stud partition between the two areas had been consumed in the fire.

You discover that a contractor had recently (the week before) achieved practical completion of a refurbishment of the kitchen and restaurant at a cost of £1.2m. The contractor was still on site working on the balance of the contract, including work to the common parts of the building, which were also in close proximity to the fire.

The policy is a standard fire and perils commercial cover and incorporates warranties that are commensurate with risks of this type. The policy is written on a Day One Reinstatement Basis and contains a Branded Goods clause in relation to the Insured's stock.

The cover provided by the policy is as follows:

- Buildings £5,520,000
- Stock £1,980,000
- Machinery and plant £950,000
- Trade contents £1,955,000.

The policy provides cover for all aspects of the material damage claim. There is no business interruption cover under the terms of the policy; this element of cover is with a different insurer.

QUESTION 1

Outline all the enquiries you should undertake to establish:

- I. Extent of policy liability, if any
- II. 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 either comment on the Policy liability or set a reserve.

(50 Marks)



QUESTION 2

- I. Detail the information required and the steps you should take to establish the adequacy or otherwise of the sums insured for Buildings, Contents and Stock.
- II. The Insured's broker requires a written assurance that the sums insured are adequate. The broker also requests that you provide written confirmation that policy liability has been accepted and that you are to arrange an immediate, and significant, payment on account. Draft a letter to the broker in response to this request.

(50 Marks)

QUESTION 3

The Insured's Chartered Loss Adjuster requests that you put your explanation and plan to resolve the claim in writing. Prepare a suitable letter to the Chartered Loss Adjuster explaining the claim procedure and what actions you will be taking to assist the Insured. The letter should also include what action will be required of the Insured.

(50 Marks)

QUESTION 4

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

- I. "Policy Liability", 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)