



***STRICTLY PRIVATE & CONFIDENTIAL
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The Chartered Institute of Loss Adjusters

Accreditation for Chartered Status 2018 (April)

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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ANSWER ALL QUESTIONS

You have been appointed to deal with a Domestic Property claim following the theft of contents from the Policyholder's home. The Policyholder is Mr A MacKay.

The incident occurred when Mr MacKay, his girlfriend and their children were away from the property on an extended holiday. Whilst away, the Policyholder gave a key to the back door of the house and the code for the intruder alarm to a friend who agreed to visit the property to feed the Policyholder's domestic pets.

You are advised that the loss was discovered when Mr MacKay returned to the property and found that items of jewellery, audio-visual equipment and computer equipment, with an estimated total value of £15,000, were missing. Mr MacKay telephoned your principals two days after his return to register a theft claim.

Mr MacKay, a company director, is the tenant of the insured property. The property comprises a four-bedroom detached dwelling house. Mr MacKay occupies the property with his girlfriend, Ms Brown, and her two children who are both under the age of 16 years. Mr MacKay's two teenage children also reside at the property for two weekends each month.

The policy is Contents only, written on a new for old basis, and has a sum insured of £25,000.

When the claim was sent to you, the Insurers highlighted that the Policyholder had submitted four previous claims in the last two years and you notice that the amounts involved increased each time from £500 to this claim of £15,000.

QUESTION 1

Outline all the enquiries you should undertake to establish the:

- a) Extent of policy liability, if any
- b) 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 to set a reserve.

(50 Marks)



QUESTION 2

- a) The Insurers have indicated that they view the previous claims as a potential fraud indicator. Explain what measures you would take during the initial meeting with the Policyholder to evaluate the potential fraud risk. (20 Marks)
- b) You are asked to take a statement from the Policyholder regarding the circumstances of the loss. Explain what steps you would take to secure the statement and detail what facts you should include within the statement. (15 Marks)
- c) Explain the merits of the procedures you have set out in response to questions 2a) and 2b). (15 Marks)
- (50 Marks)**

QUESTION 3

Provide the following two sections of your Preliminary Report to Insurers:

- a) “Policy Liability” (25 Marks)
- b) “Circumstances”, covering the cause and extent of loss. You may make up additional information to complete this. (25 Marks)
- (50 Marks)**

QUESTION 4

- a) The Policyholder’s broker has contacted the insurance company to express dissatisfaction with the intrusive nature and level of detail of the information you have requested.

The basis of the dissatisfaction relates to Mr MacKay’s concerns that the nature of your enquiries and the requested information is both inappropriate for a claim of this nature and is causing unnecessary distress and anxiety to the family, after such a traumatic event.

The broker confirms that Mr MacKay is not prepared to provide any further information.

Draft a reply to the broker in response to the issues they have raised.

(20 Marks)

Continued



- b) On completion of your further enquiries, your Principal confirms their acceptance of Policy liability under the terms of the Policy.

When you advise the Policyholder of the Insurers' decision, he requests that the claim is settled on a cash basis.

- i) With reference to the terms and conditions of the Policy, discuss the advantages and disadvantages of a cash settlement to both the Policyholder and the Insurers.
(15 Marks)

- ii) Detailing your rationale, draft a letter to your Principal outlining your proposed response to the Policyholder to the request for a cash settlement.
(15 Marks)

(50 Marks)