

C111 ADVANCED LOSS ADJUSTING

IMPORTANT

The time allowed for this exam is 3 hours.

Total marks: 200

You must hand in this paper and any paper used for rough work to the supervisor when you leave the examination room. Failure to do so may result in disqualification.

Section A: Multiple-Choice Questions

Question 1. For the following multiple-choice questions, fill in the circle of the letter that identifies the most correct answer.

Example: (A) (B) ● (D)

DO NOT MARK THE ANSWERS ON THESE PAGES.

USE THE FIRST PAGE OF YOUR ANSWER BOOK.

1. The term **occurrence** under the CGL policy is often understood to mean
- (A) a time element of suddenness that is required to qualify for coverage.
 - (B) continuous or repeated exposure to the same general conditions.
 - (C) a foreseeable incident to which no action was taken.
 - (D) a lapsed period of time with ongoing occurrences.

2. Under a claims-made policy, a **extended reporting period** is
 - (A) the time period for which a claim may be reported after expiry of the policy.
 - (B) the time period for which a claim is made under the policy.
 - (C) the time period to bring an action against the insurer.
 - (D) the cut-off date for an incident to qualify for coverage.

3. According to the manifestation theory,
 - (A) continuous and progressive exposure applies to the same injury or disease.
 - (B) there must be exposure to the same harmful condition.
 - (C) the time period for which coverage triggers, coincides with the policy period.
 - (D) injuries or damages do not occur until the injury or disease becomes apparent.

4. Under the CGL insuring agreement personal injury is meant to mean
 - (A) injury or damage to bodily parts.
 - (B) injury or damage as a result of improper diagnosis.
 - (C) injury to character and position in the community of the third party caused by libel or slander.
 - (D) injury caused by the insured.

5. An effective investigation of a bodily injury claim requires the adjuster to
 - (A) use people skills.
 - (B) obtain a quick settlement.
 - (C) meet with the witness to obtain exact details.
 - (D) focus on the injury.

6. A form of strict liability, imposed on a party who was not actually involved in the occurrence but who has a special relationship with the negligent party, is known as
 - (A) occupiers liability.
 - (B) social host liability.
 - (C) employers liability.
 - (D) vicarious liability.

7. The thin skull legal theory provides
 - (A) actual expenses resulting from the injury.
 - (B) that the defendant must take the victim as he/she is.
 - (C) that the injury of the head is more severe due to thinning of the membrane.
 - (D) that the plaintiff must prove their injuries.

8. In any action for damages, who has a duty to mitigate the loss?
 - (A) The lawyer
 - (B) The claimant
 - (C) The defendant
 - (D) The insurer

9. The purpose of surveillance is to
- (A) document the injury of the defendant.
 - (B) protect the insurer's rights.
 - (C) test the credibility of a claimant.
 - (D) None of the above
10. Res ipsa loquitur literally means
- (A) the thing speaks for itself.
 - (B) voluntary assumption of risk.
 - (C) onus of proof.
 - (D) act of God.
11. The CGL policy excludes damages resulting from
- (A) property in the insured's care custody and control.
 - (B) property that the insured has loaned to others.
 - (C) liabilities imposed by law upon the insured.
 - (D) property removed due to insured's defective work.
12. The liability of the professional originally arose from
- (A) the law of principle and agent.
 - (B) the law of insurance.
 - (C) the law of contract.
 - (D) the law of statutes.
13. No-fault benefits are payable
- (A) to third parties who are not at fault for the accident.
 - (B) when damages occur as a result of on uninsured motorist.
 - (C) when the third party insurance company will not pay for injuries.
 - (D) to the policyholder regardless of fault.
14. In British Columbia, automobile insurance is administered by
- (A) a government insurer.
 - (B) private insurers.
 - (C) both government and private insurers.
 - (D) a facility insurer.
15. In Ontario, a catastrophic injury would most likely include
- (A) a broken limb.
 - (B) a permanent serious disfigurement.
 - (C) temporary memory loss.
 - (D) the loss of ability to work at a specific job.

16. Typical expenses associated with automobile bodily injury losses are out of pocket expenses. These expenses may include
- (A) pain and suffering costs.
 - (B) ongoing medical expense costs.
 - (C) ambulance and home care costs.
 - (D) additional living expenses.
17. Collateral benefits are
- (A) payable under the automobile policy.
 - (B) payable from a third party.
 - (C) not payable under a government or social program.
 - (D) other benefits payable under a government plan or private insurer.
18. Which of the following is the most likely expression of an empathetic adjuster to a claimant's injury?
- (A) Regret
 - (B) Pity
 - (C) Support
 - (D) Understanding
19. Mediation is an alternative to litigation because litigation is often
- (A) slow and costly.
 - (B) less formal and less structured.
 - (C) amicable and collaborative.
 - (D) non binding.
20. An ideal mediator is
- (A) skilled in appraising the value of a high-end item.
 - (B) skilled in negotiation, communication and counselling.
 - (C) skilled in identifying the party at fault for damages.
 - (D) skilled at imposing views and legal advice.
21. The most common way of evaluating actual cash value is
- (A) to seek the fair market value.
 - (B) to use an intrinsic value.
 - (C) to subtract a depreciation factor from the replacement cost of an item.
 - (D) to subtract the appreciated value from the stated value.
22. When valuing destroyed property based on the income approach,
- (A) the income is received from all interest earned on stock.
 - (B) the true value of a property to the insured may be the income produced by the property.
 - (C) the value is a proportionate amount based on the reported stock values.
 - (D) the claim is the total of assets minus all liabilities.

23. A warranty under a policy is often used to
- (A) determine a certain fact.
 - (B) guarantee that an item will be covered in the event of a breakdown.
 - (C) guarantee payment under the contract.
 - (D) limit policy coverage.
24. The builders risk policy usually provides coverage for
- (A) the owners, the general contractor and any subcontractors.
 - (B) the general contractor only.
 - (C) the owner and the mortgagee.
 - (D) the suppliers and future tenants.
25. Business interruption insurance is intended to
- (A) assist with bad debts.
 - (B) provide coverage for depreciation in stock.
 - (C) provide coverage for future sales not yet received.
 - (D) return the business to the same financial condition that existed prior to the loss occurring.
26. Under the Profits form, wages and salaries other than salaries to permanent staff and wages to foremen and important employees whose services would not be dispensed with should the business be interfered with or interrupted, are known as
- (A) an increased cost of working.
 - (B) standing charges.
 - (C) payroll records.
 - (D) ordinary payroll.
27. The three "D" of a 3-D policy include
- (A) Delinquency, Default and Destruction.
 - (B) Disappearance, Delinquency and Distortion.
 - (C) Dishonesty, Disappearance and Destruction.
 - (D) Destruction, Dishonesty and Discovery.
28. When adjusting crime claims, the term "manifest intent" may be used to highlight
- (A) the exclusion of mismanagement and ordinary business risks.
 - (B) an insured who has reasonable knowledge that a loss under the policy has taken place.
 - (C) ordinary employees who might know something about the loss.
 - (D) an insured with the intention of presenting the loss.

29. Under a Surety Bond, most indemnity agreements are structured to apply to any subsequent bond issued by the surety to eliminate the need to sign a new agreement each time a bond is issued. Such an agreement is called
- (A) a side contract.
 - (B) a general indemnity agreement.
 - (C) an indemnity agreement.
 - (D) a principal and obligee agreement.
30. Most performance bonds provide that any claim advanced by the obligee must be commenced
- (A) within one year following the date the final payment under the contract falls due.
 - (B) as soon as they become aware of the breach.
 - (C) within two years following the date the final payment under the contract falls due.
 - (D) within 60 days following the date the final payment under the contract falls due.

(2 marks each = 60 marks)

Section B: Narrative Questions

- Question 2. (a) List FIVE (5) ways that a person's reputation may be damaged by libel or slander. (5 marks)
- (b) Explain the various defences that are available against a claim of libel or slander. (10 marks)
- (c) Under the CGL policy, define **pollutants**. (5 marks)
- Question 3. (a) Your good friend owns a grocery store. He has asked you to review his CGL policy and comment on how the policy would respond in the event that they are sued over an injury that may occur in the store. List the points that you would review on the policy. (10 marks)
- (b) Explain the following concepts as they pertain to damages:
- (i) Future cost of care (3 marks)
 - (ii) Special damages (3 marks)
 - (iii) Future loss of working capacity (4 marks)
- Question 4. Discuss the following automobile plans. Include in your answer who administers the plans, any mandatory coverage, and any unique items particular to that plan.
- (a) Manitoba (6 marks)
 - (b) Ontario (14 marks)

- Question 5. (a) Describe the following negotiation styles:
- (i) Rights based negotiation (4 marks)
 - (ii) Interest based negotiation (5 marks)
- (b) In the adjudication of a commercial property claim, the adjuster often has to refer to the declaration page and policy wording to interpret coverage. List the principles that may be used to interpret policy wordings. (11 marks)

Section C: Application Questions

- Question 6. (a) Mr. Panolita owns several apartment buildings. During the cold weather several of his boilers and hot water heaters have failed. There is no heat in several of the buildings. Mr. Panolita provides you with a copy of his boiler and machinery policy. As the adjuster assigned to this claim, discuss the coverage available, limitations and settlement restrictions. (10 marks)
- (b) Boxy Builders have received notice that a building they have built is now sinking. The third party has advised them that they are seeking full indemnity from them. Boxy Builders have a CGL policy with Amco Insurance. What are Boxy Builders obligations under their policy in regards to reporting this claim? (10 marks)
- Question 7. A multi-car collision has occurred on a major highway. There are numerous injuries and several cars are damaged. The exact cause of the loss is undetermined at this time. Your insured has presented an injury claim along with a claim for physical damage. Many witnesses have also come forward to tell their story. Statements will need to be taken. Discuss the importance of statements, in the adjustment of the insured's claim, what information should be obtained the process in taking the statement, and the benefits of providing the statement. (20 marks)
- Question 8. White Roads have been contracted by the province to build and repair several roads in a large city. White Roads has hired several subcontractors and local labourers to assist with this project. The province has taken out a Labour and Material Bond. Explain the purpose of the Labour and Material Bond. What would be the obligations of the Surety in the event of a loss? What documentation would you, the adjuster, likely review in the event of a claim? (20 marks)

