ST MARY’S UNIVERSITY

TWICKENHAM, LONDON

LLB, CRIMINOLOGY & BUSINESS LAW Degree Examination students registered for Level **SIX**

Title: **INSURANCE LAW**

Code: **LAW6020**

Semester: **Resit**

Date: **5th July 2019**

Time: **09:30AM – 12 noon**

TIME ALLOWED: **TWO AND A HALF** HOURS

Weighting: 50% of module (equivalent to 10 credits)

Format: Part A (suggested 45 mins) – questions based on disclosed transcript *Farr v Motor Traders’ Mutual Insurance Society* [1920] 3 KB 669 (total 30 marks)

Part B (suggested 45 mins)- Problem question (total 30 marks)

Part C (suggested 1 hour) – Essay question. Choice of 1 question from 2 options (total 40 marks)

Students are not permitted to bring any of their own materials into the examination. Materials distributed with examination paper:

- Non-annotated transcript of *Farr v Motor Traders’ Mutual Insurance Society* [1920] 3 KB 669

- Extract: Part 3 of the Insurance Act 2015

**PART A:**

**(30 marks available)**

Please answer the following questions on the case of *Farr v Motor Traders’ Mutual Insurance Society* [1920] 3 KB 669. It is recommended that you spend 45 minutes on this part of the examination.

1. Do you agree with the Court of Appeal’s decision that Judge Rowlatt’s view on the construction of the contract was correct? Please state your reasoning and consider the merits of the argument presented by the appellant that are summarised at pages 2-3 of the transcript. (15 marks)
2. In your reasoned opinion, would the provisions of the Insurance Act 2015 have any effect on the treatment of the ‘term’ in question if the policy had been entered into after August 2016? (15 marks)

**PART B – PROBLEM QUESTION**

**(30 marks available)**

Please respond to all parts of the following problem. It is recommended that you spend 45 minutes on this part of the examination.

Ian is a Sales Director at Zeroy Copiers Ltd. (“Zeroy”). On his way to work on 15th February 2019 he was driving his Jagulandi XK5 along the A316, when a red Fiot Panto car pulled out suddenly in from of him from a side road and there followed a collision. Luckily, Ian was not hurt at all because of the state of the art airbag system on his vehicle. There was, however, extensive damage to his car, the repair cost of which was subsequently valued at £13,000, due to there being very few available suppliers of Jagulandi XK5 parts on the market.

Ian has vehicular insurance with DEF Insurance Co. plc. (“DEF”), covering first and third party risk to the value of £5,000,000.

**Applying relevant legal authorities, consider DEF’s position in respect of any claim that Ian makes under the policy for the damage caused to his car from the accident involving the driver of the Fiot Panto.**

Following the accident on 15th February, Ian proceeded to work by taxi after his car was towed to the garage and details had been exchanged with the driver of the Fiot Panto. When he arrived at the office, he took a seat on a bench in the front car park to relax and make some telephone calls. Unfortunately, whilst he was sat on the bench, a Zeroy van that was being driven by Derek, also an employee of Zeroy, reversed into the bench, hitting Ian on the back and knocking him to the floor. Ian sustained serious injuries to his back and collar bone as a consequence of the accident. Derek, who had not been looking where he was going when reversing the van, got out straight away, called an ambulance and admitted the whole thing was “*entirely [his] fault*”.

As a consequence of the accident, Ian was off from work for 6 weeks and made a claim for personal injuries against Zeroy. Zeroy is insured with GHI Insurance Co. plc. (“GHI”) under an ‘all-risks’ policy covering, inter alia, occupier’s liability to third parties and accidental injuries to employees. On receipt of notice of Ian’s personal injury claim, Zeroy notified GHI, who took conduct of the proceedings, admitted liability and quantum for damages payable to Ian was agreed in the sum of £40,000, which GHI duly paid to Ian.

**Applying relevant legal principles and authorities, consider GHI’s position in respect of recovering from Derek.**

Going back to the road accident, it later transpired that Ian’s laptop computer that was on the front seat of his car at the time of the accident went missing. Ian made all reasonable enquiries to locate the laptop, but neither the recovery team nor the driver of the Fiot Panto could help. As far as Ian is concerned, it must have been stolen or lost at some point between the collision and the car’s arrival at the garage, but there is nothing to assist with it being found. Ian has a home contents policy with JKL Insurance Co. plc. (“JKL”), covering accidental loss and theft for items owned by him. JKL accepted Ian’s claim for the replacement cost of the laptop in the sum of £500. They paid Ian the sum of £500 by bank transfer on receipt of his claim.

It transpires that the laptop is also covered under Zeroy’s GHI policy that covers employees’ personal computers and other items of electronic hardware.

**Applying relevant legal principles authorities, consider JKL’s position in respect of recovering from GHI.**

**PART C – ESSAY QUESTION**

**(40 marks available)**

Answer ONE question from the following two options. It is recommended that you spend 1 hour on this part of the examination.

1. “Life insurance, increasingly seen as a prudent way for breadwinners to protect their families from destitution, had been morally tainted by its association with gambling. For life insurance to become a morally legitimate business, it had to be disentangled from financial speculation. This was finally achieved with the enactment of the Life Assurance Act of 1774.” [Sandel, M. *What Money Can’t Buy* (Penguin 2012) at 146]

Sandel sets out a justification for the enactment of the 1774 Act in this passage. Provide a critical analysis of the effects of that Act on life assurance policies. You should focus your analysis on the concept of ‘insurable interest’.

1. Critically evaluate the rules and principles of construction in insurance contracts.

**END OF EXAMINATION**