**ST MARY’S UNIVERSITY**

**TWICKENHAM, LONDON**

LLB, CRIMINOLOGY & BUSINESS LAW Degree Examination students registered for

Level **SIX**

Title: **Insurance Law**

Code: **LAW6020**

Semester: **TWO**

Date: **May 17th 2019**

Time: **09.30 AM - 12.00 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 *Kler Knitwear Ltd v Lombard General Insurance Co Ltd* [2000] Lloyd’s Rep I.R. 47 (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 *Kler Knitwear Ltd v Lombard General Insurance Co Ltd* [2000] Lloyd’s Rep I.R. 47

Extract: Part 3 of the Insurance Act 2015

**PART A:** (30 marks available)

Please answer the following questions on the case of *Kler Knitwear Ltd v Lombard General Insurance Co Ltd* [2000] Lloyd’s Rep I.R. 47. In both questions, “the Clause” refers to the Sprinkler Installations Warranty that is reproduced on page 2 of the transcript.

It is recommended that you spend 45 minutes on this part of the examination.

1. Do you agree with the decision of Morland J on the question of whether the Clause within the context of the policy was a warranty or a suspensive condition? Please state your reasoning. (15 marks)
2. In your reasoned opinion, would the provisions of the Insurance Act 2015 have any effect on the treatment of the Clause 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.

Swim With The Tide Ltd. (“SWTT”) are a swimming pool installation company based in Twickly, Middlesex. Sarah and Paul, the Directors of the company, took out an all-risks insurance policy with Littlehoods Insurers plc. The policy provides first and third party risk cover for public liability, product liability, employee assistance, premises and vehicle protection, amongst other things.

Jack is a relatively new employee of SWTT, having joined the company in February 2018 as an Installation Officer.

In the afternoon of 9th February 2019, Jack loaded an SWTT van with some masonry and equipment for an installation in the village of Queue. He took a call from the on-site team and was in an angry mood due to hearing of delays with the project. He reversed out from the depot without looking in the rear view mirror, and carelessly (or recklessly) drove into the portacabin office at the edge of the depot. Unfortunately, Sarah was at her desk at this time in the portacabin and suffered serious injuries as a consequence of the collision. She sustained a broken hip and had lacerations to her upper body that required significant stitching. She was unable to work for 10 weeks. Sarah claimed under the Littlehoods policy for general damages and loss of wages. Littlehoods accepted being bound under the policy to indemnify Sarah for her injuries and loss of wages. They paid her the sum of £22,000 by agreement with her.

Littlehoods now wish to recover the indemnity payment against Jack, who they say was clearly at fault for the accident.

**Applying relevant legal authorities, consider Littlehoods’ position in respect of recovering from Jack.**

In the morning of the same day (9th February 2019) Marine, an Installation Manager at SWTT, was on her way back from an installation in Kingstown in an SWTT vehicle. As she drove down Rowena Close, a yellow Robin Reliant vehicle came into her view, travelling towards her at a furiously high speed. There was insufficient space for the vehicles to safely pass each other. To avoid a collision, Marine attempted to turn off from the road and manoeuvre the SWTT vehicle into an empty driveway. As she turned the vehicle to do so, the Robin Reliant crashed into the rear end right hand side of the SWTT vehicle, continued travelling up Rowena Close and drove away at speed. Marine was very shaken by the incident, but was not physically hurt. The SWTT vehicle, however, had extensive damage. In addition, a set of high-end swimming pool tiles that were in the boot of the vehicle were cracked and unusable.

Marine informed Paul, one of the Directors at SWTT, who claimed under the Littlehoods policy. Following their investigation into the claim, Littlehoods paid an indemnity to SWTT in the sum of £14,000 covering the damage to the vehicle and the replacement cost for the tiles. It transpired from CCTV footage that the Robin Reliant was owned by a Mr Nathan Hatchett. Littlehoods now wish to recover their losses.

**Applying relevant legal authorities and any principles of interest, consider Littlehoods’ position in respect of recovering some or all of the indemnity payment here.**

On 17th February 2019 Marine left her toolkit at the SWTT depot overnight. She owned these valuable power-tools herself, but used them for aspects of her work as an Installation Manager*.* On the morning of 18th February 2019 when she arrived at the depot, Marine discovered that there had been a break in and all of her power-tools were missing. Marine has a home and contents policy with Owl and Mouse Insurers plc, which covers the tools against this kind of risk. SWTT has an all risks policy with Littlehoods for the depot, which covers all machinery and equipment used for the purposes of their trade. Marine asks Paul to claim under the Littlehoods policy, for ease and convenience. Littlehoods accept the claim under their policy and make an indemnity payment of £8,000, which they agree with Paul, covers the replacement value of Marine’s power-tools.

**Applying relevant legal authorities, consider Littlehoods’ position in respect of recovering from Owl and Mouse Insurers plc.**

**PART C – ESSAY QUESTION**

Answer any **ONE** question from the following two options.

It is recommended that you spend 1 hour on this part of the examination. (40 marks available)

1. Critically evaluate the rules and principles of construction in insurance contracts.
2. Provide a critical evaluation of the extent to which Section 1 and Section 3 of the Life Assurance Act 1774 apply to various types of insurance products.

**END OF EXAMINATION**