

Empire College of Law

INSURANCE LAW, SUMMER SEMESTER 2018

Professor Langan

Final Examination

Instructions:

This Final Examination consists of a series of questions that relate to the course materials and cases we have read and discussed in class.

When answering the questions, be sure to pay attention to the call of the question and be sure to explain what you mean. **BE DETAILED IN YOUR ANSWERS** – do not assume that I know what you are talking about in crafting your answers.

This is a three-hour examination. Please do not work longer than 3 hours on this examination. Points are awarded based on the content of your answer and what can reasonably be accomplished in the time allotted.

This is a 100-point examination. The points associated with each question are indicated in the question. In some cases questions have multiple parts with separate point values.

This is a TAKE HOME, OPEN BOOK and OPEN NOTES examination. No credit will be given for direct quotations from the text (other than from cases with proper citation). Use your own words. You may not use any other reference material to complete this examination.

Please type your answers or write legibly in ink.

Please type or write on one side of each page and skip every other line.

Please put your student ID numbers on the top right corner of each page. **DO NOT** put your name on the paper.

Your completed exam must be submitted to the Law School Office no later than 6 p.m. on August 15, 2018.

Good Luck!

1. **(10 points)** In the context of insurance, explain and provide an example of each of the following:
 - a. Risk pooling; and
 - b. Risk allocation.

2. **(10 points)** Explain the advantages, disadvantages, or both (as applicable) of using standardized policy forms for:
 - a. Insurers; and
 - b. Insureds.

3. **(15 points)** Create an example of an insurance provision where application of construing ambiguities against the insurer could apply, explain why it should be applied, and describe the coverage impact of doing so.

4. **(5 points)** Explain what is meant by “unfair discrimination” in the context of insurance regulation.

5. **(10 points)** Explain the difference between and first party and third party loss in the context of property and casualty insurance and how the insurer’s responsibilities can change in each scenario.

6. **(10 points)** Explain what Standard Fire Policy laws are, and describe how they can affect adjusting fire losses caused by excluded causes of loss.

7. **(10 points)** Explain how the insurable interest requirement imposed in life insurance differs from an insured person’s ability to:
 - a. Assign a life insurance policy, and
 - b. Designate a beneficiary.

8. **(10 points)** Explain why the duty to defend is broader than the duty to indemnify in the context of a Commercial General Liability policy.
9. **(10 points)** When an insurer receives a claim against a Commercial General Liability insurance policy which is covered in part and excluded in part, explain:
- a. How the insurer should respond to protect its ability to exclude coverage; and
 - b. The risks the insurer faces in such circumstances.
10. **(10 points)**
- a. Explain how there may be a conflict of interest between the insurer and the insured when an insurer receives an offer to settle within policy limits.
 - b. Using the cases we studied; explain the risk an insurer faces if it declines an offer to settle within policy limits.