M05: Insurance law

Mixed assessment coursework – assignment

Coursework submission rules and important notes

Before you start your assignment, it is essential that you familiarise yourself with the information in the *Mixed Assessment Support Centre.*

This includes the following information:

- These questions must not be provided to, or discussed with, any other person regardless of whether they are another candidate or not. If you are found to have breached this rule, disciplinary action may be taken against you.
- Important rules relating to referencing all sources including the study text, regulations and citing statute and case law.
- All material taken from study texts and websites (or anywhere else) should be in *italics* so that it is clear you are not passing it off as your own. Whenever material that is not your own is used, please cite where it was sourced from in brackets.
- Penalties for contravention of the rules relating to plagiarism and collaboration.
- You must not use Artificial Intelligence (AI) tools to generate content (any part of an assignment response) and submit it as if it was your own work.
- You must keep copies of your assignment drafts which show the progression of your assignment from initial draft to final submitted version.
- Coursework marking criteria applied by markers to submitted answers.
- Deadlines for submission of coursework answers.
- You must not include your name or CII PIN anywhere in your answer.
- The total marks available are 200. You need to obtain 120 marks to pass this assignment.
- Your answer must be submitted on the correct answer template in Arial font, size 11.
- Answers to a coursework assignment should be a maximum of 12,000 words. The word count does not include diagrams however, it does include text and numbers contained within any tables you choose to use. The word count does not include referencing or supplementary material in appendices. **Please be aware that at the point an assignment exceeds the word count by more than 10% the examiner will stop marking.**

Top tips for answering coursework assignments

- Read the *Specimen coursework assignment and answer* for this unit, available on the unit webpage.
- Read the Learning Outcome(s) and related study text chapter for each question before answering it.
- Ensure your answer reflects the context of the question. Your answer must be based on the figures and/or information used in the question.
- Ensure you answer all questions.
- Address all the issues raised in each question.

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- Do not group question parts together in your answer. If there are parts (a) and (b), answer them separately.
- Where a question requires you to address several items, the marks available for each item are equally weighted. For example, if 4 items are required and the question is worth 12 marks, each item is worth 3 marks.
- Ensure that the length and breadth of each answer matches the maximum marks available. For example, a 30-mark question requires more breadth than a 10 or 20-mark question.

Question 1 – Learning Outcome 2 (10 marks)

Sally lives in a house that she purchased 12 years ago, when it was newly built. She recently noticed a crack in the wall of the kitchen and commissioned a structural survey. The structural survey found that there was a defect caused by poor building methods used during the original construction of the house.

Sally has been advised that she would be successful in establishing negligence, but she is concerned that she has left it too late to bring a legal action.

(a) Identify, with justification, the most relevant legal principle which relates to Sally's concern. (4)

(b) Explain, with justification, whether Sally is too late to bring a legal action in negligence. *Refer to **one** relevant statute in support of your explanation.* (6)

Question 2 – Learning Outcome 3 (10 marks)

Angelo agreed to sell one of his high-performance cars to Nicholas, a business associate, for £100,000. Nicholas was familiar with Angelo's collection of cars and relied on a brief email exchange with Angelo as to which car was being purchased.

Nicholas paid Angelo for the car, however, when the car was delivered to Nicholas it was clear to him that he and Angelo had been referring to two different cars during their email exchange. Nicholas now wishes to return the car supplied to him and recover his £100,000.

Discuss whether Nicholas is legally obliged to retain the car supplied by Angelo. *Refer to **one** relevant case in support of your discussion.* (10)

Question 3 – Learning Outcome 4 (10 marks)

Martin, a courier, was engaged by Alan to deliver his non-perishable goods by road, from a remote location to Alan's business that is several hundred miles away.

Shortly after Martin started his journey, the vehicle he was using to transport the goods broke down. Martin was unable to transfer the goods to another vehicle. As Martin was waiting for roadside assistance, Trevor, another road user, offered to buy the goods from Martin.

Martin tried to contact Alan but could not reach him as there was no mobile phone signal. Martin sold the goods to Trevor.

Later, when Martin explained to Alan what had happened, Alan was unhappy but reluctantly agreed to the sale of the goods.

Discuss the most relevant legal doctrine applicable to Martin's sale of the non-perishable goods to Trevor. (10)

Question 4 – Learning Outcome 5 (30 marks)

Zara owns a bakery business and wishes to arrange separate life insurance policies for the following:

- Michael, Zara's brother, who is a partner in the bakery business.
- Omid, Zara's father, who manages the bakery business on a day-to-day basis.
- Christine, Zara's friend, who owes Zara money.
- Phil, Zara's husband, who has no interest in the bakery business.

When Zara applies to an insurer for the life insurance, she deliberately states a younger age for Omid in an attempt to reduce the premium for her father's policy. In addition, Zara inadvertently notifies the insurer of the incorrect month of the date of birth for Christine.

(a) Explain, with justification, the basis on which life insurance policies can be written for Zara, for each of the following:

(i) Michael. (4)

(ii) Omid. (4)

(iii) Christine. (4)

(iv) Phil. (4)

(b) Explain any implications for Zara in respect of:

(i) The incorrect statement about Omid's age. *Refer to **one** relevant statute in support of your explanation.* (8)

(ii) The incorrect statement about the month of Christine's date of birth. (6)

Question 5 – Learning Outcome 6 (20 marks)

You are a claims handler for UT Ltd, a motor insurer. Edward, one of UT Ltd's policyholders, has notified you of the following circumstances.

Edward was involved in a road traffic accident whilst driving his insured vehicle. It has been established that Edward was to blame for the accident because he failed to brake in time and collided with a third party vehicle. UT Ltd has received claims from Edward, for damage to his vehicle, as well as from the third party for damage to their vehicle.

Your investigation has found that the rear view mirror in Edward's vehicle was detached. Edward states that the rear view mirror became detached during the journey, immediately before the road traffic accident, and there was no opportunity to reattach it.

One of the terms of the motor insurance policy taken out by Edward is that:

'UT Ltd will not provide cover in the event of a motor vehicle accident unless the motor vehicle is maintained in a roadworthy condition at all times'.

UT Ltd has refused to settle Edward's claim for his own vehicle, stating that his vehicle was unroadworthy due to the detached rear view mirror.

Edward argues that the requirement that the vehicle should be in a roadworthy condition 'at all times' cannot be complied with in practice, as his claims circumstances demonstrated. Therefore, he thinks UT Ltd should pay his claim.

(a) Explain, with justification, whether UT Ltd is likely to pay the third party's claim. *Refer to **one** relevant statute in support of your explanation.* (8)

(b) Discuss whether UT Ltd's refusal to pay Edward's claim for his vehicle is valid. (12)

Question 6 – Learning Outcome 7 (20 marks)

You are a claims handler for an insurer. One of the insurer's motor fleet insurance policyholders, FL plc, owns and operates a fleet of lorries.

One of FL plc's lorries has hit a low railway bridge causing extensive damage to the bridge. This has resulted in the road being closed and all rail services being suspended from using the bridge.

After investigation, it has been concluded that this incident was caused by the negligence of FL plc that resulted in the following third party claims being brought against FL plc:

- Damage to cars that were travelling under the bridge at the time of the incident.
- Injury to a train passenger who, in order to walk to the nearest station as instructed by a member of the emergency services, jumped onto the railway tracks and suffered a broken ankle.
- Compensation to a train passenger for a subsequently missed flight, caused by the train delays.
- Damage as a result of an argument between two delayed car drivers which led to a shattered wing mirror on one of their vehicles.

FL plc has notified you of these claims under its motor fleet policy.

(a) Identify, with justification, the relevant burden of proof applicable to the claims under FL plc's motor fleet policy. (4)

(b) Explain, with justification, the extent to which FL plc will be legally liable for the following claims:

(i) Damage to the cars travelling under the bridge. (4)

(ii) Injury to the train passenger. (4)

(iii) Compensation for the missed flight. (4)

(iv) Damage to the wing mirror caused during the argument. (4)

Question 7 – Learning Outcome 8 (20 marks)

You are a claims handler for an insurer. One of the insurer's policyholders, GHJ Ltd, is an owner and operator of farms. GHJ Ltd has a commercial combined insurance policy.

GHJ Ltd reports a claim for significant fire damage, at one of its farms, which includes the following:

- Damage to farm machinery, some of which is owned by third parties.
- Total loss of a farm building.
- Loss of livestock contained in the farm building.

This is the second significant fire claim reported by GHJ Ltd within the last 12 months and the insurer suspects arson on the part of the insured for this new claim.

(a) Identify, with justification, the likely basis of indemnity and settlement in relation to the loss of GHJ Ltd's livestock. (4)

(b) Explain, with justification, the likely basis of indemnity and settlement in relation to the damaged farm machinery. (6)

(c) Discuss the likely basis of indemnity and settlement in relation to the total loss of GHJ Ltd's farm building. *Refer to **one** relevant statute in support of your discussion.* (10)

Question 8 – Learning Outcome 9 (20 marks)

You are a claims handler for DFR plc, an insurer. Two of the claims that you are handling are described below.

Claim One

ST Ltd, one of DFR plc's policyholders, has an employers' liability insurance policy.

Kevin, an employee of ST Ltd, trapped his arm in an industrial machine causing his arm to be amputated. The machine was being operated by Paul, a temporary member of staff, who was provided by an employment agency. Paul had failed to isolate the machine appropriately, before Kevin worked on it.

A final settlement payment of £2 million has been made under the employers' liability policy to Kevin for losses arising from his injury.

You are considering DFR plc's rights of recovery.

Claim Two

Dave has a travel insurance policy with DFR plc.

While on holiday, Dave went on a walking excursion organised by SD Ltd.

The excursion was listed by SD Ltd as 'easy' but, due to an alternative route being taken on the day, it ended up being 'difficult'. During this excursion, Dave fell and broke his ankle. As Dave fell, he broke his camera which was worth £150. SD Ltd issued an apology and paid Dave an *ex gratia* payment of £300.

Dave made a claim on his travel insurance. DFR plc settled the medical expenses claim for £25,000 however, they did not pay for the camera as it fell within the personal possessions policy excess of £200.

DFR plc pursued and recovered £25,000 from SD Ltd for the medical expenses.

Dave made a complaint to DFR plc, stating that it should also have sought to recover the cost of replacing the broken camera. DFR plc responded that they were not liable due to the policy excess and that Dave owes them the £300 *ex gratia* payment.

(a) Explain, with justification, DFR plc's rights of recovery for payment made under the employers' liability policy. *Refer to **one** relevant case in support of your explanation.* (10)

(b) Discuss the validity of DFR plc's response to Dave's complaint. *Refer to **one** relevant case in support of your discussion.* (10)

Question 9 – Across more than one Learning Outcome (30 marks)

You are an insurance broker. One of your clients, Jason, has a commercial combined insurance policy for his used car storage and car spare parts business. Jason owns a commercial site where he stores used cars, which are then used for replacement car parts. The cars are stacked for storage purposes. The general public, during opening times, can enter the site to purchase spare parts.

Noah, aged 11, has regularly entered Jason's site to play in the cars when the site is unattended. Noah usually waited for the security guard, engaged by Jason, to leave before entering the site.

Jason recently dismissed the security guard. He has placed a notice at the main gate of the fenced site warning that the site is dangerous. Jason's commercial combined policy requires that he secures the premises and locks the main gate when the site is unattended.

The following incidents occur:

- Whilst playing at Jason's site, Noah was injured by a falling car.
- Helen, a customer, was injured when a car door fell on her foot whilst visiting the site to purchase spare car parts from Jason.

Jason has received claims regarding the injuries suffered by Noah and Helen and has asked for your advice.

(a) Discuss the extent of Jason's legal liability for Noah's injury. *Refer to **two** relevant statutes in support of your discussion.* (15)

(b) Explain, with justification, the extent of Jason's legal liability for Helen's injury. (5)

(c) Discuss whether the commercial combined insurance policy will respond to the claims made against Jason. (10)

Question 10 – Across more than one Learning Outcome (30 marks)

You are a claims handler for an insurer.

One of the insurer's professional indemnity insurance policyholders, Milo, is a recently qualified solicitor who works on a contract basis for HGM LLP and other firms of solicitors. Milo has informed you of a potential claim resulting from his work on behalf of HGM LLP.

Milo recently prepared a Will for one of HGM LLP's clients, Victor. Victor is now deceased.

Victor's family have instructed another solicitor to pursue a legal remedy because they are unhappy with Victor's Will as it gives Milo all the proceeds of Victor's estate. Milo states that this provision was made because he and Victor had a close personal friendship. Victor's family think that Victor was forced to agree to leave everything to Milo at a time when Victor was unwell.

Victor's family have appeared in the local media explaining their concerns about both Milo and HGM LLP. HGM LLP reports that it is losing business because of this negative publicity.

(a) Explain, with justification, why Milo may not be entitled to the proceeds of Victor's estate. (10)

(b) Identify the legal remedy which Victor's family may be seeking. (2)

(c) Discuss the extent to which HGM LLP may be liable for Milo's actions. *Refer to **one** relevant case in support of your discussion.* (10)

(d) Discuss Victor's family's legal liability for HGM LLP's loss of business. (8)