

REDEEMER'S UNIVERSITY, EDE, OSUN STATE.

COURSE TITLE: Insurance Law

COURSE CODE: INS 201

SEMESTER: 1st Semester

SESSION 2020/2021

INSTRUCTIONS: Question 4 is compulsory and any 3 others

TIME ALLOWED: 2 & half hours

DATE: 8th April, 2021

- 1 (a). Insurance Law is the same as Insurance. Explain fully by differentiating the two and why they are separated in academic dispensation in the university. (7 marks)
- (b) Explain the institutional Structure of professional Insurance Law and Professional Insurance in the Department of Finance. (8) marks
2. Insurable interest is the pecuniary interest in the subject matter of insurance. Insurable interest is a general principle in contract of insurance an insured must have in the property insured. In other words, all contracts are enforceable as long as they are not contrary to law. Use the above statement to determine the insurable interest in the statutory types of interest insurable as contained in the statutory type of Insurance Act, 2003. (15 marks)
3. (a). In insurance contracts, distinguish between warranties and conditions in a policy of insurance.
- (b). How far is it true to say that the distinctions between the two concepts are blurred by erroneous judicial interpretation and insurance practice.
4. Write notes on Loss Adjusters, Insurance Assessors, Insurance Brokers and other categories of Insurance Agents. What are the various statutory and common law control posed on them in order to safeguard the interest of the policy holders?
5. Cable Breweries on 20th September, 1994, took out a policy with SAFE MANAGER INSURANCE PLC in respect of its factory in Abuja. The real value was N500 Million but while Adegbenga, the insurance agent was completing the proposal form, he stated the value as N250 million as he thought Cable Breweries had earlier insured the same factory with N260 million with Oceanic Insurance. Cable Breweries stated that it would not store inflammables in the factory and only fire extinguishers "Fire-Fire invincible" shall be used in the premises. The

factory was destroyed partially on 16th August 1995, and the estimated cost of damage was put at N600 million. It was later discovered that Cable Breweries operated fuel service station in the premises and its staff used Taiwan fire extinguishers incapable of quelling the fire. Advise the parties. Would your answer be different if the insured was to insist on reinstatement? (15 Marks)

6. The principle or doctrine of utmost good faith has become a fundamental characteristic of insurance contracts and distinguishes insurance contracts from other contracts. Almost all commercial contracts require some elements of good faith, that is, the parties must deal with each other *bona fide*. Insurance contracts are further distinguished by use of the word 'utmost'. In the general law of contract, the parties are bound by the common law doctrine of *caveat emptor*: that is let the buyer beware. Insurance contract is an exception to this doctrine. It is generally believed that the principle of utmost good faith, *uberrimae fide*, is the distinguishing factor of insurance contracts.

Explain the underlined insurance statements, using if possible court decisions

- a. The principle or doctrine of utmost good faith (5 Marks)
- b. Fundamental characteristic of insurance contracts (5 Marks)
- c. Distinguish the common law doctrine of *caveat emptor* and insurance contract (5 Marks)