

1964

Insurance: Final Examination (August 13, 1964)

William & Mary Law School

Repository Citation

William & Mary Law School, "Insurance: Final Examination (August 13, 1964)" (1964). *Faculty Exams: 1944-1973*. 110.
<https://scholarship.law.wm.edu/exams/110>

Copyright c 1964 by the authors. This article is brought to you by the William & Mary Law School Scholarship Repository.
<https://scholarship.law.wm.edu/exams>

INSURANCE FINAL EXAMINATION

August 13, 1964

1. Luckless, a resident of North Carolina, transferred title to his automobile to Shiftless while Luckless' driver's license was suspended. Shiftless had the coverage of an assigned risk policy issued to him in North Carolina transferred to this car. After the suspension period expired Shiftless retransferred title to Luckless who failed to forward the title for registration and who applied to the same insurance company for a new policy instead of applying for a transfer of coverage under the policy issued to Shiftless. A policy was issued effective February 11, but on February 1 Luckless, while driving in Virginia injured plaintiff.

In an action against the insurance company to enforce the policy, the plaintiff maintains that under the North Carolina statute, which says in part that a policy issued under the assigned risk statutes shall not be cancelled until at least 20 days after notice of cancellation has been filed with the Commissioner, the policy has not been cancelled. He further maintains that because of the spirit and purpose of the Financial Responsibility Act (under which the assigned risks are issued) to afford better protection against careless drivers, the insurance coverage follows the car. Thirdly, he vociferously invokes the omnibus clause which provides coverage to the named insured and any person using the vehicle with his permission. The insurance company quietly maintains that it had no contract with Luckless on February 1st, and that it is not liable under any policy. What do you think?

2. O contracted with K that K build a house for O, for \$12,000 and O agreed to obtain fire insurance. Six days before the contract was signed, K obtained a builder's risk policy from P insurance company, which policy included fire protection during the time the building was under construction. O also obtained a fire and extended coverage policy from B Insurance Company. O and K did not know of each other's policies. When the building was almost finished and \$10,000.00 progress payments had been made, fire caused extensive damage. K repaired the damage, completed the house, turned it over to O, who then paid the balance due, and then filed a claim against P for \$6,000.00, the cost of repairing the damage. P denied liability.

State P's arguments to support its contention of non-liability (or only partial liability) (5 arguments).
State L's contentions refuting these arguments.

3. Careless' life insurance policy lapsed but could be reinstated if he was in good health. On May 6, he made application for reinstatement, stating in good faith that he was in good health. On May 17, he consulted a doctor for headache and bad vision, dying on May 18. Reinstatement was then denied. On what contentions could beneficiary recover (state even those legal arguments which would not hold up but a beneficiary would advance).
4. (a) A has a \$5000 life insurance policy payable to his estate. Shortly before his death he mailed it to his secretary telling her (in an attached letter) that he wanted her to have the proceeds in case he died. Who is entitled to the proceeds?
(b) Innocent mailed his life insurance premium check during the grace period. The Wegooff Bank by mistake returned the check n.s.f. Before Innocent had an opportunity to correct the matter, he died, the grace period having expired. Does the beneficiary collect?
(c) The Hotoven Bakery had fire coverage on plant and equipment. One cold night the thermostats went haywire and the gas ovens became hotter and hotter, so hot in fact that the adjoining floor became charred and burned to the extent that smoke emanated from it (the floor). Is the insurance company liable? Stat P's argument and D's defense.

5. Insured's mother was driving insured's car with his permission. Insured's father was a passenger. Insured was not in the car. By statute, an owner of an automobile is liable for wrongful death brought about through operation of the car. Mother had an accident in which father died. Mother now sues insured (her son) in a wrongful death action. His liability insurer undertook his defense, but demanded that he bring in a cross complaint against mother. Insured refuses. On what grounds would insurance company decline to continue his defense? Are these grounds valid? Note that the policy contains a subrogation clause (of course) which says in part: "...and the insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights of recovery". The insured shall do nothing after loss to prejudice such rights."
6. Hopeful had a fire policy which protected him against all direct loss by fire, but excepted losses due directly or indirectly to earthquakes. On April 18th an earthquake destroyed all the water mains of the city where the covered property was located. On April 19th fire destroyed the covered property. What is insurance company's arguments that Hopeful was not covered? What is Hopeful's answer? Who should win?
7. Flythecoop had an auto liability policy with the Neverpay Insurance Company with a loss payable clause to the Sharppoint Finance Company which held a lien on the car by virtue of a conditional sale contract. Subsequently, Flythecoop refinanced the vehicle with the Comeandgetit Easyplan Loan Company, part of the proceeds of the loan being applied to the "pay-off" of the Sharppoint lien, and a chattel mortgage being placed on the car, this not being reported to Neverpay. An additional auto liability policy was issued by the Eagerpay Insurance Company. To make a long story short, Flythecoop thereafter was involved in an accident and Eagerpay paid the loss. Eagerpay now sues Neverpay for contribution of one half. How does Neverpay duck its obligation? What is Eagerpay's answer to this specific argument?