

EXAMINATION AND EVALUATION DIVISION
DEPARTMENT OF POLYTECHNIC EDUCATION
(MINISTRY OF HIGHER EDUCATION)

COMMERCE DEPARTMENT

FINAL EXAMINATION
DECEMBER 2011 SESSION

P5314 : INSURANS LIABILITI

DATE : 23.04.2012
DURATION : 2 HOURS (08:30AM – 10:30AM)

This paper consists of **FIVE(5)** pages including the front page.
Section A: Essay (6 questions – answer 4)

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CHIEF INVIGILATOR

SECTION A**STRUCTURES (100 marks)**

Instruction: This section consists of **six (6)** structures questions. Answer **four (4)** questions.

QUESTION 1

- (a) Discuss any **FIVE(5)** of the sources of English Law. (15 marks)
- (b) What are the **TWO(2)** basis of legal liability? How these **TWO (2)** can be distinguished? (10 marks)

QUESTION 2

- (a) Breach of statutory duty is one of the wrongful tort. Explain. (4 marks)
- (b) Discuss the elements of the breach of statutory duty. (12 marks)
- (c) Explain **THREE(3)** defences available for the breach of statutory duty. (9 marks)

QUESTION 3

Discuss on the extinction of liability in tort as follows;

- (a) By conduct of parties; (15 marks)
- (b) By operation of laws. (10 marks)

QUESTION 4

- (a) Differentiate between these **TWO(2)**;
- i. risk occurrence basis;
 - ii. claim made basis.
- (16 marks)
- (b) Explain **THREE(3)** advantages of Professional Liability Policy to professional person.
- (17 marks)
- (c) Lee Leong, the plumber, installs a gas water heater during Sept 2011. On January 1, 2012, he purchases a claim-made liability insurance policy with retroactive date of June 1, 2011. On Feb 1, 2011, the water heater explodes, destroying the house and killing a cat. Lee Leong is sued of the explosion for RM500,000.00, half of which represented emotional damage resulting from the cat's death.
- i. Discuss the possibility Lee Leong may claim from his insurance company.
- (8 marks)
- ii. Do your answer will be different if the water heater explodes on December 2011?
- (5 marks)

QUESTION 5

“In the United States, some 2.3 million Toyota vehicles are being recalled because the accelerator pedal could wear down potentially causing it to become difficult to depress, become stuck in a partially depressed position, or become slow to spring back. Toyota claims that the percentage of vehicles that might actually be affected is very low, and there are no verifiable statistics as to how many accidents have been caused as a result of these accelerator problems.

Source: www.rhodeislandinjurylawyerblog.com

Based on the statement above, answer the following questions;

- (a) What type of liability faced by Toyota? Give your reasons. (3 Marks)
- (b) Discuss **THREE(3)** common types of defects that may cause this liability. (9 Marks)
- (c) Give suggestion on liability insurance protections that may provide coverage for the risk experienced by Toyota. Explain them by giving the scope of cover of each protection. (13 Marks)

QUESTION 6

(a) Explain the terms below as normally considered by underwriter in liability insurance policy;

- i) discovery period;
- ii) accidental injury or loss;
- iii) indemnity limit;
- iv) insured (in personal liability policy);
- v) territorial limit.

(15 Marks)

(b) Discuss **FIVE(5)** examples of continually changing factors that may affect the underwriters in underwriting liability insurance.

(10 Marks)