

**OVERVIEW  
OF  
INSURANCE LAW**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>I. INTRODUCTION -----</b>	<b>1</b>
<b>II. COVERAGE GENERALLY -----</b>	<b>2</b>
<b>A. Introduction-----</b>	<b>2</b>
<b>B. Statutory Provisions-----</b>	<b>2</b>
<b>C. Statutory Principles -----</b>	<b>2</b>
<b>1. Incorporation-----</b>	<b>2</b>
<b>2. Consistency-----</b>	<b>2</b>
<b>3. Inconsistency-----</b>	<b>2</b>
<b>4. Broader Coverage than Statute -----</b>	<b>2</b>
<b>5. No applicable Statutory Provisions-----</b>	<b>2</b>
<b>D. Rules of Policy Construction-----</b>	<b>3</b>
<b>1. Intention of parties -----</b>	<b>3</b>
<b>2. Liberal construction-----</b>	<b>3</b>
<b>3. Ambiguous policy language -----</b>	<b>3</b>
<b>4. Parol Evidence -----</b>	<b>4</b>
<b>5. Construe Policy as a Whole -----</b>	<b>4</b>
<b>E. Exclusions -----</b>	<b>5</b>
<b>F. Insured's Failure to Read His Insurance Policy-----</b>	<b>5</b>
<b>G. Third Party Beneficiaries and Implied Covenant         of Good Faith and Fair Dealings-----</b>	<b>5</b>
 <b>III. AUTOMOBILE LIABILITY COVERAGE -----</b>	 <b>5</b>
<b>A. Virginia is not a compulsory insurance state-----</b>	<b>6</b>
<b>B. Proof of insurance and/or payment of         uninsured motorist fee-----</b>	<b>6</b>
<b>C. Disclosure of Insurance Policy Limits Prior to the Filing of a Lawsuit-----</b>	<b>6</b>
<b>D. Insuring Clause -----</b>	<b>6</b>
<b>1. "To pay on behalf of."-----</b>	<b>6</b>
<b>2. "All sums which the insured shall become legally obligated to ---             pay." -----</b>	<b>7</b>
<b>3. "The insured."-----</b>	<b>7</b>
<b>4. "As damages because of bodily injury." -----</b>	<b>7</b>
<b>5. "As damages because of...property damage." -----</b>	<b>7</b>
<b>6. "Arising out of the ownership, maintenance             or use of the...automobile." -----</b>	<b>7</b>
<b>E. Vehicles Covered: "Owned and Non-owned" -----</b>	<b>9</b>

1. "Owned Automobile" ----- 9

2.	"Non-Owned Automobile."-----	11
F.	Persons Insured -----	13
1.	With respect to the "owned automobile"-----	13
2.	With respect to a "non-owned automobile" -----	13
3.	The Omnibus Clause-----	13
4.	Multiple claims against the named insured and his permissive user-----	15
5.	Permission-----	16
6.	Business involved in the selling, leasing, repairing, servicing, storing or parking of motor vehicles-----	18
G.	Self-Insuring Rental Car Company -----	20
H.	Notice of Breach of Policy Provisions and/or Policy Defenses -----	20
I.	Selected Exclusions -----	21
1.	Intentional Acts -----	21
2.	Use of automobile as public livery -----	21
3.	Employment -----	21
J.	Cancellation and Renewal -----	21
K.	Garage Policies -----	22
L.	Notice of Loss or Suit -----	22
1.	Types of Notice-----	22
2.	Conditions Precedent -----	22
3.	Notice of Loss-----	23
4.	Refusal to Notify of Loss-----	24
5.	Materiality and Prejudice -----	24
6.	Notice to Insurance Agent -----	25
7.	Uninsured or Underinsured Motorist Coverage-----	25
M.	Cooperation with Insurer -----	26
1.	Requirements -----	26
2.	Prejudice-----	26
3.	Extent of Non-Cooperation-----	26
4.	Effect of Non-Cooperation -----	26
N.	Prejudgment and Post-Judgment Interest -----	26
O.	Physical Damage Arbitration Between Insurers-----	27
P.	Notice of Claim Settlement -----	27
Q.	Conflicts of Law -----	27
IV.	UNINSURED MOTORIST COVERAGE: -----	27
A.	Purpose-----	27
B.	When is UM coverage provided? -----	28
1.	UM Statute-----	28
2.	Excess and Umbrella Policies -----	28
3.	Business involved in the selling, leasing, repairing, servicing,	

	storing or parking of motor vehicles -----	28
4.	The Uninsured Motorist -----	28
5.	Uninsured Motor Vehicle -----	32
6.	Requirements for a UM Action -----	39
7.	UM Insurer's Obligation to Pay -----	42
8.	Stacking of Coverages -----	44
9.	Joint judgment against insured and uninsured defendants -----	44
10.	Multiple coverages -----	45
11.	Conflict of Laws -----	45
12.	Criminal and/or Sexual Assaults -----	45
13.	UM Insurer's Subrogation Against Uninsured Motorist -----	46
14.	UM Insurer as Source of Payment for Punitive Damages -----	47
15.	Liability Insurer's Obligation to Provide Both UM and UIM -----	47
<b>V.</b>	<b>UNDERINSURED MOTORIST COVERAGE -----</b>	<b>47</b>
A.	2010 Amendments to Virginia's UIM statute: Shifting of Costs of defense from liability carriers to UIM carriers -----	47
B.	Calculation of Underinsured Motorist Coverage -----	48
C.	Partial Exhaustion of Liability Coverage -----	48
D.	Separate Analysis for each Tortfeasor -----	49
E.	Single Vehicle Accident -----	49
F.	Claims of Passengers Who Are Insureds Under the Policy -----	49
G.	Stacking of UIM Coverages -----	50
	1. No Intra-policy stacking -----	50
	2. Inter-policy stacking -----	50
H.	Priority of Payment -----	51
I.	Allocation of Credit for Liability Coverage -----	52
	1. Post-July 1, 1988 Accidents -----	52
	2. Pre-July 1, 1988 Accidents -----	52
J.	Payment of Policy Limits -----	52
K.	Minimum Limits Policies -----	53
<b>VI.</b>	<b>FIRE INSURANCE POLICIES -----</b>	<b>53</b>
A.	Introduction -----	53
B.	Standard Provisions -----	53
C.	Limitations Period -----	54
D.	Innocent Spouse Rule -----	55
E.	Innocent Coinsured -----	55
F.	Arson Conviction Bars Subsequent Civil Suit -----	55
G.	Temporary Insurance Contracts -----	55
H.	Cancellation or Refusal to Renew -----	55

I.	Appraisal -----	56
J.	Replacement Cost vs. Actual Cost Value -----	56
K.	Repair or Replacement with Functionally Equivalent Property-----	56
L.	Statute of Limitations for Action Seeking Replacement Coverage-----	57
M.	Proof of Loss-----	57
N.	Discovery of Insured's Financial Condition -----	57
O.	Optional Coverage-----	57
P.	Business Pursuits Exclusion -----	57
Q.	Importation of Iranian Goods -----	58
R.	Equitable Contribution-----	58
S.	Direct Physical Loss-----	59
T.	Union Mortgage Clause -----	59
<b>VII.</b>	<b>BAD FAITH -----</b>	<b>59</b>
A.	INTRODUCTION: <i>AETNA v. PRICE</i> -----	59
B.	TYPES OF ACTION -----	60
1.	First Party Action -----	60
2.	Third Party Action -----	60
3.	Actions between primary insurer and secondary insurer -----	60
4.	Actions against insurer for settling case against insured's wishes-----	61
5.	Private causes of action under Virginia Unfair Trade Practices Act -----	61
6.	Private cause of action under Virginia Code § 8.01-66.1 (D)-----	61
C.	REQUIRED SHOWING AND STANDARD OF PROOF -----	62
1.	Required showing-----	62
2.	Standard of proof-----	62
D.	DAMAGES AND ATTORNEYS' FEES RECOVERABLE -----	63
1.	Excess Verdict/Judgment -----	63
2.	Consequential Damages -----	63
3.	Attorneys' Fees-----	63
<b>VIII.</b>	<b>PUNITIVE DAMAGES -----</b>	<b>65</b>
<b>IX.</b>	<b>MEDICAL PAYMENTS AND MEDICAL EXPENSE COVERAGE-----</b>	<b>65</b>
A.	Medical Payments Coverage -----	65
B.	Medical Expense Coverage -----	66
C.	Scope of Coverages -----	66
D.	Payable to Covered Injured Person -----	66
E.	Incurred Medical Expenses-----	66
F.	Selected Cases -----	67
	<b>BIBLIOGRAPHY -----</b>	<b>69</b>

