Interpretation of Insurance Contracts

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Description

This book is devoted to the interpretative questions surrounding insurance policies. These questions are usually presented most starkly in coverage litigation between the insurer and the policyholder. In order to describe this rich and complex field, this book also attempts to provide background to the reader concerning the nature of insurance, the business of insurance, and the regulatory environment. In the main, however, the focus of the book is insurance contract doctrine, particular contractual questions affecting insurance, and current or vexing problems regarding the interpretation of insurance policies.

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When interpreting contracts, courts will try to ascertain the meaning which the document would convey to a reasonable person having all the knowledge which would reasonably be available to the contractual parties in the situation in which they were in at the time of the contract. It is therefore an objective exercise. Pre-contractual negotiations: evidence of pre-contractual negotiations is not usually admitted to help in the interpretation of a contract. However, it has been suggested that this should not be treated as a hard and fast rule and in some situations it may be appropriate to consider this form of evidence with all due caution. Characteristics of Insurance Contracts. Watch Related Videos.
comments. Though all contracts share fundamental concepts and basic elements, insurance contracts typically possess a number of characteristics not widely found in other types of contractual agreements. The most common of these features are listed here: Aleatory. If one party to a contract might receive considerably more in value than he or she gives up under the terms of the agreement, the contract is said to be aleatory. Insurance contracts are of this type because, depending upon chance or any number of uncertain outcomes, the in...