

Liability insurances

Purpose

At the end of this unit, candidates should be able to understand liability insurance.

Assumed knowledge

It is assumed that the candidate already has the knowledge gained from a study of the fundamental principles of insurance as covered in IF1 Insurance, legal and regulatory and Mo5/Po5 Insurance law or equivalent examinations.

Summary of learning outcomes

1. Understand the identification, evaluation and management of liability risk.
2. Understand the main considerations of liability underwriting.
3. Understand the risk, cover and practices of employers' liability insurance.
4. Understand the risks, cover and practices of public and product liability insurance.
5. Understand the risks, cover and practices of directors' and officers' liability and corporate reimbursement insurance.
6. Understand the risks, cover and practices of professional indemnity insurance.

Important notes

- **Method of assessment:** Part I 14 compulsory questions (140 marks). Part II 2 questions selected from 3 (60 marks). Total of 200 marks. Three hours are allowed for this exam.
- The syllabus is examined on the basis of English law and practice unless otherwise stated.
- The general rule is that the exams are based on the English legislative position six months before the date of the exams.
- Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:
 1. Visit www.cii.co.uk/qualifications
 2. Select the appropriate qualification
 3. Select your unit on the right hand side of the page

- 1. Understand the identification, evaluation and management of liability risk**
 - 1.1 Describe the framework for the identification, evaluation and management of liability risk.
 - 1.2 Explain the roles of the various parties involved in the evaluation and management of liability risk.
 - 1.3 Explain the importance of evaluating the historical claims record.
- 2. Understand the main considerations of liability underwriting**
 - 2.1 Describe the different triggering events covered under liability insurance.
 - 2.2 Describe the framework relating to the underwriting of generic liability risks.
 - 2.3 Describe the policy conditions and issues arising under liability insurances.
 - 2.4 Explain the importance of evaluating the exposure to foreign legal environments.
 - 2.5 Describe the underwriting considerations, information and policy wording implications in relation to foreign liability exposures.
- 3. Understand the risk, cover and practices of employers' liability insurance**
 - 3.1 Explain the relevance of the Health and Safety at Work etc Act 1974 to liability insurance.
 - 3.2 Explain the main work of the Health and Safety Executive.
 - 3.3 Explain the duties of an employer and how they are discharged.
 - 3.4 Explain disease exposures from workplace hazards.
 - 3.5 Explain the legal framework governing employers' liability in the workplace under statute and common law.
 - 3.6 Explain the scope of cover of employers' liability insurance including:
 - the operative clause;
 - key definitions;
 - limit of liability;
 - legal costs;
 - common exclusions, conditions and extensions.
 - 3.7 Explain market practices in relation to employers liability insurance including compliance with legislation.
 - 3.8 Describe key underwriting information under employers' liability insurance.
 - 3.9 Describe the common rating bases under employers' liability insurance.
- 4. Understand the risks, cover and practices of public and product liability insurance**
 - 4.1 Explain the risks covered under public and product liability insurance.
 - 4.2 Explain the legal framework for public and product liability insurance.
 - 4.3 Explain the scope of cover of public and product liability insurance including:
 - the operative clause;
 - key definitions;
 - limit of liability;
 - legal costs;
 - common exclusions, conditions and extensions.
 - 4.4 Describe key underwriting information under public and product liability insurance.
 - 4.5 Describe the common rating bases under public and product liability insurance.
- 5. Understand the risks, cover and practices of directors' and officers' liability and corporate reimbursement insurance**
 - 5.1 Explain the risks covered under directors' and officers' liability insurance and corporate reimbursement insurance.
 - 5.2 Explain the legal framework affecting directors' and officers' liability insurance and corporate reimbursement insurance.
 - 5.3 Explain the scope of cover under directors' and officers' liability insurance and corporate reimbursement insurance including:
 - the operative clause;
 - key definitions;
 - limit of liability;
 - legal costs;
 - common exclusions, conditions and extensions.
 - 5.4 Describe key underwriting information under directors' and officers' liability insurance and corporate reimbursement insurance.
 - 5.5 Describe the common rating bases under directors' and officers' liability insurance and corporate reimbursement insurance.
 - 5.6 Explain legal liability for corporate manslaughter in the UK.

6. Understand the risks, cover and practices of professional indemnity insurance

- 6.1 Describe how legal liability is covered under professional indemnity insurance.
- 6.2 Explain the risks covered under professional indemnity insurance.
- 6.3 Explain the scope of cover of professional indemnity insurance including:
 - the operative clause;
 - key definitions;
 - limit of liability;
 - legal costs;
 - common exclusions, conditions and extensions.
- 6.4 Describe key underwriting information under professional indemnity insurance.
- 6.5 Describe the common rating bases under professional indemnity insurance.
- 6.6 Describe the risks and cover given under fidelity liability insurance.

Reading list

The following list provides details of various publications which may assist you with your studies.

Note: The examination will test the syllabus alone.

The reading list is provided for guidance only and is not in itself the subject of the examination.

The publications will help you keep up-to-date with developments and will provide a wider coverage of syllabus topics.

CII/PFS members can borrow most of the additional study materials below from Knowledge Services. CII study texts can be consulted from within the library.

New materials are added frequently - for information about new releases and lending service, please go to www.cii.co.uk/knowledge or email knowledge@cii.co.uk.

CII study texts

Liability insurances. London: CII. Study text P96

Insurance law. London: CII. Study text Po5

Insurance, legal and regulatory. London: CII. Study text IF1

Books (and ebooks)

Company law (Law Express series). 2nd ed. Chris Taylor. Harlow: Pearson, 2012.

Directors' and officers' liability insurance. Research Study Group 234A. London: IIL, 2010.

Directors' and officers' liability insurance. Adolfo Paolini and Deepak Nambisan. London: Informa, 2008.

Drafting insurance contracts: certainty, clarity, law and practice. Christopher Henley. London: Leadenhall press, 2010.

'Employers' liability insurance'. Chapter – The modern law of insurance. Andrew McGee. 3rd ed. London: LexisNexis, 2011.

'Employers' liability'. Chapter – Insurance disputes. Jonathan Mance, Iain Goldrein, Robert Merkin. 3rd ed. London: Informa, 2011.

'Employers' liability and other compulsory insurances'. Chapter – Birds' modern insurance law. John Birds. 9th ed. London: Sweet & Maxwell, 2013.

Health and safety: risk management. 3rd ed. Tony Boyle. Wigston: IOSH Services, 2010.

'Liability insurance'. Chapter – Birds' modern insurance law. John Birds. 9th ed. London: Sweet & Maxwell, 2013.

Munkman on employer's liability. 16th ed. Barry Cotter and Daniel Bennett (eds) et al. London: LexisNexis, 2013.

Product recall, liability and insurance. M Kendall. London: Globe Business Publishing, 2012.

Professional indemnity insurance. Mark Cannon, Brendan McGurk. Oxford: Oxford University Press, 2010.

Professional indemnity insurance law. W I B Enright, Digby C Jess. 2nd ed. London: Sweet and Maxwell, 2007.

'Professional liability'. Chapter – Insurance disputes. Jonathan Mance, Iain Goldrein, Robert Merkin. 3rd ed. London: Informa, 2011.

The handbook of health and safety practice. Jeremy Stranks. 7th ed. Harlow: Pearson, 2005.

The law of liability insurance. Malcolm Clarke. New York: Informa, 2013.*

Tort law and liability insurance. Gerhard Wagner. Wien: Springer, 2005.

Tort law: text, cases and materials. Jenny Steele. 3rd ed. Oxford: Oxford University Press, 2014.

Ebooks

The following ebooks are available through Discovery via www.cii.co.uk/discovery (CII/PFS members only):

Bourne on company law. Nicholas Bourne. 6th ed. Hoboken: Routledge, 2013.

Company law. Michael Ottley. 8th ed. Oxon: Routledge, 2013.

Tort law and the Legislature: common law, statute and the dynamics of legal change. Jenny Steel, et al. Oxford: Hart Publishing, 2013.

Factfiles and other online resources

CII factfiles are concise, easy to digest but technically dense resources designed to enrich the knowledge of members. Covering general insurance, life and pensions and financial services sectors, the factfile collection includes key industry topics as well as less familiar or specialist areas with information drawn together in a way not readily available elsewhere. Available online via www.cii.co.uk/ciifactfiles (CII/PFS members only).

- Recent developments in tort. Alan Peck.
- Recent developments in quantum. Alan Peck.
- The professional liability of insurance brokers. Christopher Henley.
- Civil procedure rules. Alan Peck.
- Risk control. Ian Searle.
- Risk identification. Ian Searle.

Guidance. Health and Safety Executive. Available online via hse.gov.uk.

Further articles and technical bulletins are available at www.cii.co.uk/knowledge (CII/PFS members only).

Journals and magazines

Insurance times. London: Newsquest Specialist Media. Weekly. Also available online at www.insurancetimes.co.uk.

The Journal. London: CII. Six issues a year. Also available online via www.cii.co.uk/knowledge (CII/PFS members only).

Post magazine. London: Incisive Financial Publishing. Weekly. Also available online at www.postonline.co.uk.

Further periodical publications are available at www.cii.co.uk/journalmagazines (CII/PFS members only).

Reference materials

Concise encyclopedia of insurance terms. Laurence S. Silver, et al. New York: Routledge, 2010.*

Dictionary of insurance. C Bennett. 2nd ed. London: Pearson Education, 2004.

International encyclopedia for insurance law. Wolters Kluwer. Available online via www.cii.co.uk/lawdatabases (CII/PFS members only).

i-law: online database of legal knowledge. Informa. Available online via www.cii.co.uk/lawdatabases.

Insurance: Conduct of Business sourcebook (ICOB). Available via www.fshandbook.info/FS/.

Professional negligence and liability. London: Informa Professional. Looseleaf, updated.

*Also available as an ebook through Discovery via www.cii.co.uk/discovery (CII/PFS members only).

Examination guides

Guides are produced for each sitting of written answer examinations. These include the exam questions, examiners' comments on candidates' performance and key points for inclusion in answers.

You are strongly advised to study guides from the last two sittings. Please visit www.cii.co.uk to buy online or contact CII Customer Service for further information on +44 (0)20 8989 8464.

Alternatively, if you have a current study text enrolment, the latest exam guides are available via www.revisionmate.com.

Older guides are available via www.cii.co.uk/pastexamguides (CII/PFS members only).

Exam technique/study skills

There are many modestly priced guides available in bookshops. You should choose one which suits your requirements.

The Insurance Institute of London (IIL) holds a lecture on revision techniques for CII written exams approximately three times a year. The slides from their most recent lectures can be found at www.cii.co.uk/iilwrittenrevision (CII/PFS members only).