

# Motor insurance products

## IF5: 2016–17 edition

### Web update 3: 24 April 2017

Please note the following update to your copy of the 2016–17 edition of the **IF5: Motor insurance products** study text:

#### Chapter 1, section D2, page 1/8

Please amend the fourth paragraph as follows (amendments in **bold** type):

The Uninsured Drivers Agreement was published on 29 September 1999, and is effective for all incidents that occurred on 1 October 1999 or after. The objective of this agreement is to settle unsatisfied court judgments where damages are awarded for third party personal injury (£ unlimited) and/or property damage up to **£1.2 million** (since **31 December 2016**) and where there is no motor insurance policy in force. The previous figure for third party property damage was **£1 million**.

#### Chapter 2, section A1, page 2/2

Please amend the top row of the right-hand column table as follows (amendments in **bold** type):

This is unlimited in amount in respect of death/personal injury, and for damage to third party property up to a maximum of **£1.2 million** as from **31 December 2016**.

#### Chapter 3, section A7C, page 3/7

Please amend the final bullet point as follows (amendments in **bold** type):

- Third party liability cover for property damage up to **£1.2 million** other than:

#### Chapter 3, section A7F, page 3/10

Please amend the second paragraph of the 'How it works' box as follows (amendments in **bold** type):

However, s.148(2) of the Road Traffic Act states that notwithstanding the age (or physical or mental condition) of persons driving the vehicle, the vehicle insurer will be obliged to handle any third party claims that may be pursued, subject to the 'minimum' requirements of compulsory insurance, this being unlimited third party liability cover for death or bodily injury plus third party liability cover for property damage up to **£1.2 million** (this is subject to exceptions which need not concern us here). This is, of course, subject to responsibility.

#### Chapter 3, section A7I, page 3/11

Please amend the right-hand column of the third row in the table as follows (amendments in **bold** type):

state that the insurer or giver of the security must satisfy the judgment by paying the victim the full amount or any amounts for property damage up to **£1.2 million**. This figure was previously **£1 million**, but was amended on **31 December 2016**.

#### Chapter 3, section C1B, page 3/18

Please amend the 'Be aware' box as follows (amendments in **bold** type):

This third party property damage limit was increased to £1 million in July 2007, by regulations that enacted the pertinent part of the EU Fifth Motor Directive, **and again increased to £1.2 million in December 2016**.

### Chapter 3, section C1E, page 3/20

Please amend the 'Be aware' box as follows (amendments in **bold type**):

As a result of the Motor Vehicles (Compulsory Insurance) Regulations 2007, from 11 June 2007, the compulsory third party property damage limit **was** increased to £1 million, which is, of course, above the EU minimum amount. **Following the five-yearly review to reflect the changes to the European Index of Consumer Prices, this limit has been further increased to £1.2 million with effect from 31 December 2016.**

### Chapter 4, section C2G, page 4/13

Please amend the second-last paragraph as follows (amendments in **bold type**):

In practice, the property damage indemnity limit is sufficient and is rarely exceeded. Some insurers, therefore, omit this particular condition. This limit will be far in excess of the Road Traffic Act third party property damage limit of **£1.2 million**.

### Chapter 5, section C1E, page 5/13

Please amend the first paragraph as follows (amendments in **bold type**):

Standard comprehensive, third party fire and theft and third party policies are provided. RTA cover is another possibility, but is rarely offered. It should also be remembered that under RTA 1988, the statutory minimum cover includes third party property damage up to **£1.2 million**. RTA cover used to be offered by an insurer because of a poor accident/driving record or perhaps a poor conviction history but even then, it is rarely considered. Nowadays, an insurer will tend to load the premium of a risk which has a driver (or drivers) with a poor claims or conviction record. RTA cover, if offered by an insurer, may be considered if the vehicles insured with a particular risk are to be utilised for a 'one off' event, which is perhaps outside the usual scope of cover. Whilst RTA is rarely applied for seriously substandard risks, the insurer might well insist on Third Party Only cover as a maximum for some cases.