



# Motor insurance

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**Objective:** To provide knowledge and understanding of the principles and practices of individual motor insurance, with reference to applicable legal and regulatory considerations, and the ability to apply them appropriately.

	<i>Knowledge rating</i>		<i>Knowledge rating</i>
<b>History and development</b>		<b>Scope of cover provided</b>	
Key stages in the development of motor insurance in the UK since 1930 with regard to:		Core cover provided in respect of accidental damage, third party, fire and theft, and legal expenses for:	
– advances in motor vehicle usage, types and technology;	1	– private motor cars;	3
– legislative developments;	2	– motor cycles;	3
– developments in market practice.	1	– goods-carrying commercial vehicles;	3
EC law and its implications for motor insurance.	3	– passenger-carrying commercial vehicles;	3
		– special types;	2
<b>Market-place—operation and regulation</b>		– motor trade;	2
Structure of the market for private and commercial motor insurance.	1	– agricultural and forestry vehicles.	2
Principal differences in the transaction of private and commercial motor insurance.	3	Additional benefits available under private and commercial vehicle insurance policies.	3
Role and function of the Motor Insurers' Bureau, the Motor Insurance Repair Research Centre, DVLA and Lloyd's syndicate service companies.	2	<b>Risk assessment, rating and underwriting</b>	
Development of direct sales motor insurance business.	1	Principles of rating and underwriting individual risks in motor insurance.	3
Non-standard market specialists.	1	Rating and underwriting considerations specific to:	
Motor insurance market cycles and their effect on market practice.	3	– private motor insurance;	3
ABI Statement of General Insurance Practice and its implications for motor insurance.	2	– commercial motor insurance;	3
Role of the Policyholders' Protection Board/Financial Services Compensation Scheme.	1	– motor fleet insurance;	2
		– motor trade insurance.	2
<b>Legal considerations</b>		Content and legal requirements relating to the cover note and the certificate of motor insurance.	3
Scope of the Road Traffic Act 1988 Parts I-IV and VII, as amended by the Road Traffic Act 1992.	1	Construction of commercial and private motor insurance policies, with specific reference to:	
Provisions of the Road Traffic Act 1988 Part VI, relating to third party liabilities.	3	– common policy warranties and conditions, including territorial limits;	3
Effect on motor insurance of the:		– general exclusions and exceptions;	3
– Rehabilitation of Offenders Act 1974;	3	– the policy schedule.	2
– Limitation Acts;	2	Use of no-claim discount.	2
– Road Traffic (New Driver) Act 1995;	1	Methods of dealing with non-standard risks.	3
– Disability Discrimination Act 1995;	2	<b>Renewal of cover</b>	
– Data Protection Act, 1998.	1	Operation of a typical renewal system for private and commercial motor insurance.	2
Legal position of employees using motor vehicles in the conduct of company business.	2	Frequency of renewal and its significance to continuity of cover.	2
Provisions of the EC motor directives and their effect on motor insurance law and practice.	3	Renewal documentation and renewal terms specific to motor insurance.	2
Use of vehicles outside the UK.	2		
Vehicles and circumstances of their use, which do not require insurance under the terms of the Road Traffic Acts.	2		

Knowledge  
rating

## Claims procedures

Principles of claims handling applied to motor insurance.	3
Claims handling procedures specific to:	
– private motor insurance;	3
– commercial motor insurance;	3
– motor trade insurance.	3
Claims notification methods.	2
Police involvement in the claims process.	1
Scope and use of market agreements, including the Uninsured Drivers Agreement and the Untraced Drivers Agreement.	3
Operation and use of structured settlements.	3
Constructive total loss and betterment.	2
Role of motor engineers.	2
Assessment of a claim, including valuation of the vehicle and the Thatcham recommendations on claim assessment.	3
Use of recommended repairers.	2
Role of MIAFTR, CUE and the Northern Ireland Personal Injury Register.	2
Use of HPI.	1
Procedures and organisations available to assist with settling disputes.	2

## Information technology

Implications of IT development for the motor insurance market including:	
– electronic data interchange (EDI);	1
– insurer/intermediary links;	1
– direct motor insurance business;	1
– access to information from non-insurance sources, e.g. DVLA.	1

## Ethical considerations

Occurrence and treatment of bad faith claims.	2
Approaches to risk selection by insurers.	2
The Declined Cases Agreement.	2
Implications of the operation of market agreements for no-claim discount.	2

## Knowledge ratings

Each sub-topic has been designated a numerical knowledge rating as follows:

- 1 General background awareness necessary.
- 2 Requires a knowledge of the major elements of procedures or concepts and their uses.
- 3 Requires the ability to evaluate concepts, issues, policies and procedures, together with an understanding of associated aspects of these items and their application to various situations.

## Study materials

The following list provides details of various publications which may assist with your studies. The primary text for this syllabus is shown in bold type. Periodicals and publications listed as additional reading will be of value in ensuring candidates keep up-to-date with developments and in providing a wider coverage of syllabus topics. The reference materials cited are authoritative, detailed works which should be used selectively as and when required.

Most of these additional study materials can be borrowed or purchased from the CII library.

### Primary text

*Coursebook 765: Motor insurance.* The Chartered Insurance Institute.

### Additional reading

*Motor insurance: theory and practice.* Kenneth Cannar. 2nd edition. London: Witherby, 1994.

### Reference materials

*Handbook of motor insurance.* T. Hogg (ed.). Brentford: Kluwer in association with the British Insurance and Investment Brokers' Association, 1982.

*Road Traffic Act 1988.* London: HMSO, 1988.

*Annual report.* Insurance Ombudsman Bureau. London.

### Periodicals

*The Journal.* London: The Chartered Insurance Institute. Six issues a year.

*Post Magazine.* London: Timothy Benn Publishing. Weekly.

*Insurance Times.* Weekly.

Law reports in quality newspapers.