

# Motor insurance

## Purpose

At the end of this unit, candidates should be able to demonstrate an understanding of the different types of motor risk and the compulsory insurance requirements.

## Assumed knowledge

It is assumed the candidate has knowledge of the fundamental principles of insurance as covered in IF1 Insurance, legal and regulatory or equivalent examinations.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the nature of motor risk and the main impacting factors.	8
2. Understand the scope of cover provided by motor policies.	8
3. Understand the main practices of motor insurance.	6
4. Understand risk perception, evaluation and underwriting of motor insurance.	18
5. Understand the claims considerations and procedures of motor insurance.	10

\* The test specification has an in-built element of flexibility. It is designed to be used as a guide for study and is not a statement of actual number of questions that will appear in every exam. However, the number of questions testing each learning outcome will generally be within the range plus or minus 2 of the number indicated.

## Important notes

- Method of assessment:  
Mixed assessment consisting of two components, both of which must be passed. One component is a coursework assignment and one is a multiple choice question (MCQ) examination. The details are:
  - an online coursework assignment using RevisionMate consisting of 10 questions which sequentially follow the learning outcomes. This must be successfully completed within 6 months of enrolment; and
  - an MCQ exam consisting of 50 MCQs. 1 hour is allowed for this exam. This exam must be successfully passed within 18 months of enrolment.
- This syllabus will be examined from 1 May 2023 until 30 April 2024.
- Candidates will be examined on the basis of English law and practice unless otherwise stated.
- This PDF document is accessible through screen reader attachments to your web browser and has been designed to be read via the speechify extension available on Chrome. Speechify is an extension that is available from <https://speechify.com/>. If for accessibility reasons you require this document in an alternative format, please contact us on [online.exams@cii.co.uk](mailto:online.exams@cii.co.uk) to discuss your needs.
- Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:
  - Visit [www.cii.co.uk/qualifications](http://www.cii.co.uk/qualifications)
  - Select the appropriate qualification
  - Select your unit from the list provided
  - Select qualification update on the right hand side of the page

## **1. Understand the nature of motor risk and the main impacting factors.**

- 1.1 Explain the different types of motor risk and how they are assessed.
- 1.2 Outline the legislation which aims to control risk.
- 1.3 Explain Part VI of the Road Traffic Act focussing on the effects of compulsory insurance on the motorist and insurers.
- 1.4 Describe the role and functions of the Motor Insurers' Bureau (MIB) including the MIB agreements.
- 1.5 Describe the measures taken to combat uninsured drivers.

## **2. Understand the scope of cover provided by motor policies.**

- 2.1 Explain indemnity and the main types of cover in relation to the motor policies.
- 2.2 Explain the cover given under different motor policies.

## **3. Understand the main practices of motor insurance.**

- 3.1 Explain the new business process.
- 3.2 Explain mid-term policy alterations.
- 3.3 Describe the renewal process, lapses and cancellations.
- 3.4 Explain the procedure and issues arising from the delivery and surrender of certificates.
- 3.5 Explain the process for handling voidable policies and the options available to insurers.
- 3.6 Explain the regulatory and legislative requirements affecting the transaction of motor insurance.

## **4. Understand risk perception, evaluation and underwriting of motor insurance.**

- 4.1 Discuss motor underwriting strategy, distinguishing between account level and case underwriting.
- 4.2 Explain an insurer's risk appetite, standard rating models and pricing methods.
- 4.3 Discuss proposal evaluation including legal considerations and validation tools.
- 4.4 Explain the application of loadings and discounts.
- 4.5 Explain factors affecting loss ratio, expense ratio and operating ratio.
- 4.6 Describe reinsurance as applied to motor insurance.
- 4.7 Describe the methods of underwriting and rating for the different types of motor risk.
- 4.8 Explain fleet risk management and its benefits.
- 4.9 Explain the importance of liaison between claims and underwriting functions.

## **5. Understand the claims considerations and procedures of motor insurance.**

- 5.1 Discuss motor claims strategy and objectives.
- 5.2 Explain the validation, evaluation and settlement practices in handling motor claims.
- 5.3 Explain how an insurer determines its status and the practical application of the MIB agreements.

- 5.4 Explain the role of market organisations and law enforcement agencies in the claims process.
- 5.5 Explain the different service providers and processes involved in the handling of own vehicle and third party claims.
- 5.6 Discuss motor insurance dispute resolution procedures.

## Reading list

The following list provides details of further reading 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 resources listed here will help you keep up-to-date with developments and provide a wider coverage of syllabus topics.

### **CII study texts**

Motor insurance. London: CII. Study text M94

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

### **Books**

APIL guide to MIB claims.: uninsured and untraced drivers. 4<sup>th</sup> ed. Andrew Ritchie, Jeremy Ford. Bristol: Jordan, 2016.

APIL guide to RTA liability. 3<sup>rd</sup> ed. Andrew Ritchie. Bristol: Jordan, 2018.

Bingham & Berryman's personal injury and motor claims cases. 15<sup>th</sup> revised ed. Ruth Graham et al (eds). London: LexisNexis, 2018.

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

Guide to Motor Insurance Bureau claims. Donald Williams and Malcolm Johnson. The Law Society, 2012.

Insurance claims. 5<sup>th</sup> ed. Alison Padfield. Bloomsbury Professional, 2021.

'Motor policies'. Chapter – The modern law of insurance. Andrew McGee. 4<sup>th</sup> ed. London: LexisNexis, 2018.

'Motor vehicle insurance'. Chapter – Birds' modern insurance law. John Birds. 12<sup>th</sup> ed. London: Sweet & Maxwell, 2022.

The law of motor insurance. Robert M Merkin, Jeremy Stuart-Smith. 2<sup>nd</sup> ed. London: Sweet and Maxwell, 2020.

'The Road Traffic Act 1988 – third party liabilities'. Chapter – Claims handling law and practice. Richard West et al. London: Witherby, 2008.

### **Journals and magazines**

Insurance times. London: Newsquest Specialist Media. Weekly. Contents

searchable online at [www.insurancetimes.co.uk](http://www.insurancetimes.co.uk).

The Journal. London: CII. Six issues a year.

Post magazine. London: Incisive Financial Publishing. Monthly. Contents searchable online at [www.postonline.co.uk](http://www.postonline.co.uk).

Access to further periodical publications is available from the Knowledge website at [www.cii.co.uk/journalmagazines](http://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.

Insurance: Conduct of Business sourcebook (ICOBS). Available via [www.handbook.fca.org.uk/handbook/ICOBS](http://www.handbook.fca.org.uk/handbook/ICOBS).

Road Traffic Act 1988. London: HMSO, 1988. Available via [www.legislation.gov.uk](http://www.legislation.gov.uk).

## Exemplars

Exemplar papers are available for all mixed assessment units. Exemplars are available for both the coursework component and the MCQ exam component.

These are available on the CII website under the unit number before purchasing the unit. They are available under the following link [www.cii.co.uk/qualifications/diploma-in-insurance-qualification](http://www.cii.co.uk/qualifications/diploma-in-insurance-qualification).

These exemplar papers are also available on the RevisionMate website ([ciigroup.org/login](http://ciigroup.org/login)) after you have purchased the unit.

## Exam technique/study skills

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