M94 Motor insurance 2023-2024

Chartered Insurance Institute
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Learning Outcome		Assessment Criteria		Indicative Content	
1 **8** **Questions**	**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.	**1.1.1**	Particular and fundamental.
				1.1.2	Frequency and severity.
				1.1.3	Peril and hazard.
				1.1.4	Torts, including negligence and contributory negligence.
				1.1.5	Other torts trespass and nuisance.
				1.1.6	Vicarious liability.
				1.1.7	Onus of proof.
				1.1.8	Limitation.
		1.2	Outline the legislation which aims to control risk.	**1.2.1**	Social responsibility.
				1.2.2	EU directives.
				1.2.3	Road Traffic Act 1988 and other UK legislation.
		1.3	Explain Part VI of the Road Traffic Act focussing on the effects of compulsory insurance on the motorist and insurers.	**1.3.1**	Act only third party liability, including statutory limits.
				1.3.2	Provision of documents, including certificates and cover notes.
				1.3.3	Alternatives to compulsory insurance.
				1.3.4	Clarification of the act.
		1.4	Describe the role and functions of the Motor Insurers' Bureau (MIB) including the MIB agreements.	**1.4.1**	Uninsured drivers.
				1.4.2	Untraced drivers.
				1.4.3	Database administrator.
				1.4.4	Motor insurance database.
				1.4.5	Green Card scheme.
				1.4.6	Article 75.
		1.5	Describe the measures taken to combat uninsured drivers.	**1.5.1**	Continuous insurance enforcement.
				1.5.2	Greenaway Report.
				1.5.3	Serious and organised crime and police Act 2015 (SOCA).

	Learning Outcome		Assessment Criteria		Indicative Content
2 8 Questions	**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.	**2.1.1**	Basic levels of cover (comprehensive, third party fire theft, third party only, road traffic act).
				2.1.2	Cover for third party liabilities.
				2.1.3	Loss or damage to the insured vehicle.
				2.1.4	Other benefits such as personal accident and personal effects.
				2.1.5	Minimum EU cover and foreign use extensions.
				2.1.6	Uninsured loss recovery, legal expenses and breakdown assistance.
				2.1.7	Principal policy conditions, exclusions and the right of recovery clause.
				2.1.8	Medical expenses
				2.1.9	Legal expenses.
				2.1.10	Breakdown cover.
				2.1.11	Gap insurance.
		2.2	Explain the cover given under different motor policies.	**2.2.1**	Private motor.
				2.2.2	Motorcycles.
				2.2.3	Commercial motor.
				2.2.4	Self drive hire cars and taxis.
				2.2.5	Passenger carrying commercial vehicles.
				2.2.6	Special types.
				2.2.7	Agricultural and forestry vehicles.
				2.2.8	Motor trade.
				2.2.9	Motor fleet.
				2.2.10	Personal accident, personal effects, medical expenses and foreign use.

	Learning Outcome		Assessment Criteria		Indicative Content
3 6 Questions	**Understand the main practices of motor insurance.**	**3.1**	Explain the new business process.	**3.1.1**	Information gathering, including fleet presentations, provision of policy information document (IPID) and key facts.
				3.1.2	Contract certainty.
				3.1.3	The issuing of policy documents.
		3.2	Explain mid–term policy alterations.	**3.2.1**	Actions on mid term changes, including declarations, premium adjustments, changes in cover and updating the motor insurance database.
				3.2.2	The issuing of policy documentation.
		3.3	Describe the renewal process, lapses and cancellations.	**3.3.1**	Payment requirements.
				3.3.2	Cancellation process.
				3.3.3	Renewals process.
		3.4	Explain the procedure and issues arising from the delivery and surrender of certificates.	**3.4.1**	Electronic delivery.
				3.4.2	Deregulation Act 2015.
		3.5	Explain the process for handling voidable policies and the options available to insurers.	**3.5.1**	Disclosure of material information and its impact on cover.
				3.5.2	Misrepresentation or non disclosure: deliberate, negligent or innocent.
				3.5.3	Consumer insurance (disclosure and representations) Act 2012 and insurance Act 2015.
		3.6	Explain the regulatory and legislative requirements affecting the transaction of motor insurance.	**3.6.1**	Fair treatment of customers, considering vulnerable customers and achieving positive customer outcomes, including Consumer Duty.
				3.6.2	Data protection legislation.
				3.6.3	Limitation acts.
				3.6.4	Rehabilitation of offenders Act 1974.
				3.6.5	Other relevant legislation, including the Equality Act 2010.

	Learning Outcome		Assessment Criteria		Indicative Content
4 18 Questions	**Understand risk perception, evaluation and underwriting of motor insurance.**	**4.1**	Discuss motor underwriting strategy, distinguishing between account level and case underwriting.	**4.1.1**	Insurers choice of business based on proposer ages, vehicle types, occupations, specialist cover schemes, and other underwriting factors, including no claims discount.
				4.1.2	Insurers choice of distribution channel, including direct insuring, aggregators and brokers.
		4.2	Explain an insurer's risk appetite, standard rating models and pricing methods.	**4.2.1**	Earned vehicle years/premiums.
				4.2.2	Statistical modelling.
				4.2.3	Pricing methods and practice.
		4.3	Discuss proposal evaluation including legal considerations and validation tools.	**4.3.1**	Vehicle databases (e.g. DVLA society of motor manufacturers and traders and claims and underwriting exchange).
				4.3.2	Driving licences (DVLA/my licence etc).
				4.3.3	Medical reports.
				4.3.4	Accident and loss history.
				4.3.5	No claims discount proof or confirmed claims experience.
				4.3.6	Credit scoring.
				4.3.7	Geographical mapping.
		4.4	Explain the application of loadings and discounts.	**4.4.1**	No claims discount.
				4.4.2	Fleet rating methods.
				4.4.3	Excess.
				4.4.4	Other reasons for applying loadings or discounts.
		4.5	Explain factors affecting loss ratio, expense ratio and operating ratio.	**4.5.1**	Loss ratio.
				4.5.2	Expense ratio.
				4.5.3	Operating ratio.
		4.6	Describe reinsurance as applied to motor insurance.	**4.6.1**	Treaty: proportional and non proportional (excess of loss and stop loss).
				4.6.2	Facultative.
				4.6.3	Index clauses.

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		4.7	Describe the methods of underwriting and rating for the different types of motor risk.	**4.7.1**	Motor cars.
				4.7.2	Motorcycles.
				4.7.3	Goods carrying commercial vehicles.
				4.7.4	Self-drive hire cars and taxis.
				4.7.5	Passenger carrying commercial vehicles.
				4.7.6	Special types.
				4.7.7	Agricultural and forestry vehicles.
				4.7.8	Motor trade.
				4.7.9	Motor fleet risks, including occasional business use.
				4.7.10	The impact of new and developing underwriting and vehicle technology, including telematics and advanced driver assistance systems (ADAS).
		4.8	Explain fleet risk management and its benefits.	**4.8.1**	Security systems and tracking.
				4.8.2	Safety features on larger fleet vehicles.
				4.8.3	Driver training.
				4.8.4	Incentives.
		4.9	Explain the importance of liaison between claims and underwriting functions.	**4.9.1**	Validation of cover.
				4.9.2	Policy interpretation.
				4.9.3	Cross departmental training.
				4.9.4	Analysis of repudiations.
				4.9.5	Analysis and recording of statistical data.
				4.9.6	Reserving.
				4.9.7	Individual claims.
				4.9.8	Workloads/backlogs.
				4.9.9	Trends.
				4.9.10	Effective liaison.

	Learning Outcome		Assessment Criteria		Indicative Content
5 10 Questions	**Understand the claims considerations and procedures of motor insurance.**	**5.1**	Discuss motor claims strategy and objectives.	**5.1.1**	Manage customer expectations, including the claims handling philosophy and ICOBS.
				5.1.2	Control costs.
		5.2	Explain the validation, evaluation and settlement practices in handling motor claims.	**5.2.1**	Counter fraud measures including the use of databases for example motor insurers database and claims and underwriting exchange.
				5.2.2	Specific claims handling procedures applicable to private motor, commercial vehicle, fleet and motor trade insurance.
				5.2.3	Procedures to assess and resolve bodily injury, accidental damage, fire and theft and third party losses including the classification of damages.
				5.2.4	New and developing vehicle technology in the claims environment.
		5.3	Explain how an insurer determines its status and the practical application of the MIB agreements.	**5.3.1**	Contractual insurer, Road Traffic Act insurer, article 75 insurer or a claim against the mib under the uninsured drivers agreement or the untraced drivers agreement.
		5.4	Explain the role of market organisations and law enforcement agencies in the claims process.	**5.4.1**	MIAFTR and claims and underwriting exchange and others.
				5.4.2	Hire purchase information.
				5.4.3	Credit industry fraud avoidance system.
				5.4.4	Insurance fraud enforcement department.
				5.4.5	Other market organisations.
		5.5	Explain the different service providers and processes involved in the handling of own vehicle and third party claims.	**5.5.1**	Claims management, including professional certification.
				5.5.2	Motor engineers.
				5.5.3	Approved repairers.
				5.5.4	Credit hire.
				5.5.5	Different claims procedures.
				5.5.6	Use of new and emerging vehicle technology.
		5.6	Discuss motor insurance dispute resolution procedures.	**5.6.1**	Customer experience management.
				5.6.2	Internal complaints procedures and issuing a final response.
				5.6.3	The Financial Ombudsman Service.
				5.6.4	Alternative dispute resolution and arbitration.