

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 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 identification, evaluation and management of liability risk. | 4 |
| 2. Understand the main considerations of liability underwriting. | 5 |
| 3. Understand the risks, cover and practices of employers' liability insurance. | 11 |
| 4. Understand the risks, cover and practices of public and products liability insurance. | 11 |
| 5. Understand the risks, cover and practices of directors' and officers' liability and corporate reimbursement insurance. | 9 |
| 6. Understand the risks, cover and practices of professional indemnity 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 2021 until 30 April 2022.
 - Candidates will be examined on the basis of English law and practice unless otherwise stated.
 - 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
 - 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 identification, evaluation and management of liability risk.

- 1.1 Describe the risk management framework for liability risks.
- 1.2 Explain the roles and interests of the various parties involved in the evaluation and management of liability risk.
- 1.3 Understand the importance to underwriters of evaluating the historical claims record and the impact on future pricing.

2. Understand the main considerations of liability underwriting.

- 2.1 Understand the operative clause under liability insurances.
- 2.2 Describe the framework relating to the underwriting of generic liability risks.
- 2.3 Describe the cover and restrictions under liability policies.
- 2.4 Understand and evaluate 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 risks, cover and practices of employers' liability insurance.

- 3.1 Explain the relevance of the Health and Safety at Work etc Act 1974 to employers' liability insurance.
- 3.2 Explain the main work of the Health and Safety Executive.
- 3.3 Explain the duties of an employer, how liability arises and how liability is 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.
- 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 products liability insurance.

- 4.1 Explain the risks covered under public and products liability insurance including specialist liability insurance.
- 4.2 Explain the legal framework governing public and products liability insurance.
- 4.3 Explain the scope of cover of public and products liability insurance.
- 4.4 Explain the scope of cover of specialist liability insurance.
- 4.5 Describe key underwriting information under public and product liability insurance.

- 4.6 Describe the common rating bases under public and products liability insurance.

5. Understand the risks, cover and practices of directors' and officers' liability and corporate reimbursement insurance.

- 5.1 Understand the directors' and officers' liability insurance market.
- 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.
- 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 under professional indemnity insurance.
- 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 for policy extensions.

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

Liability insurances. London: CII. Study text M96

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

Books (and ebooks)

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

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. 10th ed. London: Sweet & Maxwell, 2016.

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

'Liability insurance'. Chapter – Birds' modern insurance law. John Birds. 10th ed. London: Sweet & Maxwell, 2016.

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. 2nd ed. Mark Cannon, Brendan McGurk. Oxford: Oxford University Press, 2016.

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.*

The non-executive directors' handbook. 4th ed. Brian Coyle. London: ICSA Publishing, 2016.

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.

Fact files and other online resources

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

The Insurance Institute of London (IIL) podcast lecture series features leading industry figures and subject experts speaking on current issues and trends impacting insurance and financial services. Available online at www.cii.co.uk/insurance-institute-of-london/ (CII/PFS members only).

Recent developments in tort I and II. Alan Peck.

Recent developments in quantum. Alan Peck.

The professional liability of insurance brokers. Christopher Henley, updated by Simon Kemp and Michelle Radom.

Civil procedure rules. Alan Peck.

Journals and magazines

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

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

searchable online at
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.

Access to further periodical publications is available from the Knowledge website 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.

i-law: online database of insurance legal knowledge. Informa. Available online via www.cii.co.uk/insurance-law-database-i-law/ (CII/PFS members only).

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

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.

These exemplar papers are also available on the RevisionMate website (www.revisionmate.com) 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.