

An introduction to commercial general insurances

P10

OBJECTIVES: To provide an overview and understanding of the fundamental principles and practices relating to commercial general insurances.

	<i>Knowledge rating</i>		
THE INSURANCE MARKET		LIABILITY INSURANCE POLICIES	
The operation of the insurance market.	1	Statutory regulations; basic legal principles; policy cover; the indemnity provided; underwriting and rating; exclusions; policy conditions; extensions to cover; territorial limits in respect of:	
Types of insurers including Lloyd's, companies and the State.	1	—employers' liability;	3
Regulation and supervision of insurers and intermediaries.	2	—public liability;	3
LEGAL PRINCIPLES		—product liability;	3
Utmost good faith, indemnity, insurable interest, subrogation, contribution and proximate cause as they apply to commercial general insurances.	2	—product guarantee;	2
STRUCTURE OF POLICIES		—professional risks;	2
Operative clauses, exclusions, conditions, warranties.	1	—Directors' and Officers' liability	2
CLAIMS		—intellectual property;	2
General claims procedures.	1	—libel and slander;	2
Use of loss adjusters, loss assessors and motor engineers.	1	—legal costs/expenses.	2
Use of average conditions where sum insured is less than the full value of the property insured.	1	CONTRACTORS AND ENGINEERING INSURANCES	
Arbitration policy condition, procedures and organisations.	1	Types of property insured; included and excluded perils; policy provisions and conditions; particular policy applications; risk assessment, risk management and loss prevention; methods of arranging cover in respect of basic types of policy cover for contractors:	
PROPERTY INSURANCE POLICIES		—property;	2
Types of property insured; included and excluded perils; policy provisions and conditions; particular policy applications; risk assessment, risk management and loss prevention; methods of arranging the cover in respect of the following:		—business interruption;	2
—material damage;	3	—liability.	2
—theft;	3	Types of property insured; included and excluded perils; policy provisions and conditions; particular policy applications; risk assessment, risk management and loss prevention; methods of arranging cover in respect of basic types of policy cover for engineering:	
—money;	2	—property;	2
—goods in transit;	2	—business interruption;	2
—glass.	1	—liability;	2
Calculating insurable value for various types of property; the importance of full value sums insured; alternatives to full value sums insured including first loss and agreed value bases of insuring; reinstatement as a basis of insurance; additional costs to be insured. Specialist covers/extensions for:		—statutory inspection.	2
—motor trade;	2	COMMERCIAL VEHICLE INSURANCE POLICIES	
—shops;	2	Statutory background to motor insurance.	1
—hotels/guest houses;	2	Types and classification of commercial vehicles.	1
—farmers, including livestock and hailstorm;	2	Underwriting factors.	3
—property owners;	2	Policy cover, exclusions and conditions.	3
—offices and surgeries.	2	Extensions and additional benefits.	1
BUSINESS INTERRUPTION INSURANCE		Premium rating for individual and fleet risks.	2
The need for business interruption insurance; included and excluded perils; policy provisions and conditions; policy applications; risk assessment, risk management and loss prevention; methods of arranging cover. Calculating the sum insured and maximum indemnity period. First loss covers. Additional costs to be insured.	3	Specific aspects in respect of:	
		—containers, public and private hire, self-drive hire;	2
		—contingent liabilities, buses and coaches, special types of vehicles;	2
		—trailers and agricultural vehicles.	2

MISCELLANEOUS RISKS

Scope of cover, underwriting and rating factors in respect of:

- fidelity guarantee; 2
- bonds; 2
- credit insurance; 2
- latent defects insurance; 2
- group personal accident; 2
- business travel. 2

REINSURANCE

Application of reinsurance to general commercial insurances. 1

The various methods of reinsurance including:

- treaty; 2
- facultative; 2
- pools; 1
- the State; 1
- captives. 1

Types of proportional reinsurance treaties including:

- surplus; 2
- quota share. 2

Types of non-proportional reinsurance treaties including:

- excess of loss; 2
 - excess of loss ratio. 2
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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 P10: An introduction to commercial general insurances.
The Chartered Insurance Institute.

Additional reading

Commercial lines insurance. John Wormell. London: Witherby, 1992.

Reference materials

The insurance of commercial risks: law and practice. Digby C. Jess. 2nd edition. London: Butterworths, 1993.

Periodicals

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

Post Magazine. London: Timothy Benn Publishing. Weekly.

Corporate Cover. London: Reactions. Monthly.