



Insurance Corporation of the Channel Islands Limited Guidance on Motor Cover Notes, Certificates and Windscreen Insurance Discs

Introduction

In the following paragraphs, where the term Cover Note is used it also refers in context to WIDs and Certificates of Motor Insurance including green cards (International Certificates of Motor Insurance).

A Cover Note serves two main purposes:

- (a) it is legally accepted evidence that motor insurance is in place as required by applicable law;
- (b) it is a temporary replacement for the policy, expressing in the heading and body of the Cover Note terms, conditions and restrictions of the cover being provided.

A windscreen insurance disc (WID) is a requirement of Jersey law and must be displayed in the windscreen of all Jersey registered vehicles.

The Legal Aspects

Each of the Channel Islands have their own road traffic laws but they are all similar in their provisions to the UK Road Traffic Acts.

There are five key aspects to bear in mind:

- (a) It is an offence to use a vehicle on the road without a valid Cover Note.
- (b) An insurance is not valid until a Cover Note has been delivered to the Policyholder/Proposer (posting is deemed to constitute delivery).
- (c) It is an offence to issue a Cover Note which is false in any material fact. It is illegal to backdate cover and could expose the parties involved (insurer, broker/agent and their staff and the policyholder/insured) to criminal action.
- (d) Cover Notes must always be completed in black ink. Carbon paper is used to produce copies of handwritten cover notes and WIDs. Photocopies of typed documents are acceptable.
- (e) Cover Notes must never be altered. If you make a mistake, write "Spoilt" or "Cancelled" across the incorrect Cover Note, leave it in the book and then start another one.

The issue of an incorrect Cover Note and the abuse, loss or theft of Cover Notes are extremely serious matters which must be avoided.

Insurance Corporation and Royal & Sun Alliance Cover Note Books

There are three versions in use:

- (a) 30 day Cover Notes for Royal & Sun Alliance (Commercial Lines)
- (b) 30 day Cover Notes for Royal & Sun Alliance (Personal Lines)
- (c) 30 day Cover Notes for Insurance Corporation (Personal and Commercial Lines)

For legal reasons, Royal & Sun Alliance Cover Notes must be issued for any Jersey, IOM or UK risks. Insurance Corporation Cover Notes must be issued for all Bailiwick of Guernsey risks. Cover Notes must not be issued for any vehicle that is either registered or kept for longer than six months outside of the Channel Islands, IOM and the UK without prior referral to Insurance Corporation. The wording of temporary cover notes and WIDs prevents the presumption of an annual contract (or that a continuation will be issued) and the risk of subsequent exposure to claims under the MIB (Motor Insurers' Bureau) Article 75 Agreement.

Security and Registration of Cover Note Books

Security is of paramount importance – Cover Notes must be recorded in a register, used in number sequence order (each has a unique number) and kept locked away in a secure cabinet/safe when not in use (which should not be marked as such and always kept locked). Cover Note books must not be left lying around, particularly where unauthorised people could gain access. Key security must be carefully considered so that only authorised people have access to Cover Notes and the cabinets/safes in which they are kept.

Duties of the Insurance Agent / Broker

Cover Note books may only be entrusted to agents who have a genuine need for facilities and are able to store them and use them correctly.

An agent has a duty to:

- (a) immediately sign and return the acknowledgement card upon receipt of a Cover Note book/supply of Cover Notes;
- (b) prevent the book from falling into unauthorised hands;
- (c) ensure that Cover Notes are issued only in consecutive order by authorised individuals strictly in accordance with the instructions given and only within parameters agreed with us;
- (d) ensure that staff issuing or with responsibility for Cover Notes are properly trained, are aware of their responsibilities and that their work is checked for accuracy;
- (e) return the Cover Note immediately upon completion or earlier if required by Insurance Corporation
- (f) obtain the premium (or instalment documents) and proposal form for new cases at the time of or before a Cover Note is issued.
- (g) complete the footnotes and send in the yellow copy within seven days of the issue of each Cover Note, together with proposal form, quotation form and all supporting information. A photocopy of green cards and other Certificates of Motor Insurance must be sent without delay.

- (h) obtain prior consent to the issue of Cover Notes for any risk categorised as a referral under the Insurance Corporation Underwriting guidelines. For example:
- ? Any vehicles valued at £30,000 or more
 - ? Any driver who has received a driving ban within the last five years
 - ? Any drivers aged under 25 years or over 74 years
 - ? Any modified vehicles
 - ? Any person with a criminal conviction involving theft, fraud, dishonesty or drug dealing
 - ? Any risks for vehicles registered outside or normally kept outside the Channel Islands.

Despatch Procedure for Cover Note Books

Insurance Corporation has a duty to report any lost or stolen Cover Note books to the police immediately. To minimise the risk of loss or theft, Cover Note books will be either personally delivered by Insurance Corporation staff or dispatched by recorded delivery external post. Please allow at least five working days for Cover Note books to be delivered.

CONFIRMATION OF SAFE RECEIPT MUST BE RECEIVED WITHIN 5 WORKING DAYS

How to Complete a Temporary Cover Note/WID

The front cover of the cover note book provides instructions to be followed in the preparation of documents. The following should be noted (also in relation to temporary WIDs):

- (a) The maximum period of cover you may authorise is 30 days.
- (b) The time should be inserted in figures and the rest of the date in words e.g. 03 October 2001.
COVER MUST NEVER START EARLIER THAN THE MOMENT WE ACCEPT THE RISK
- (c) Delete/tick the two cover options not applicable.
- (d) The Use Clauses are defined on the reverse of the Cover Note.
 - 1. Private Cars – SD&P
 - 2. Private Cars – Class A
 - 3. Private Cars – Class B1
 - 4. Private Cars – Class B2
 - 5. Commercial Vehicles – Table A
 - 6. Commercial Vehicles – Table B
 - 7. Commercial Vehicles – Table C
 - 8 & 9. Agricultural & Forestry Vehicles
 - 10 & 11. Special Types.
- (e) Complete the Permitted Drivers section with the relevant details.
- (f) Complete the excess fields with the relevant excess amount and include the type, e.g. AD or Fire and Theft.
- (g) Clearly state any special terms in the Special Conditions and Restrictions section. Avoid abbreviations if they do not clearly state their meaning. Use words that can be clearly understood by the policyholder or any other interested person. Where no special terms apply insert 'None'.
- (h) Cover Notes should only be signed by an authorised person.
- (i) Complete the 'reason for issuing' panel as appropriate.

- (j) On the yellow copy, bottom right hand corner, write the date the Cover Note is to be renewed. This will normally be three days before the Cover Note expires, but allowance must be made for weekends.
- (k) Do not leave any section/box/field blank – strike through or write N/A or None in any field which does not require completion e.g. Odometer reading.
- (l) Contract certainly must be achieved.

Cancellation & recovery of Cover Notes

The Policyholder or Insurance Corporation may cancel the Cover Note in accordance with appropriate policy conditions.

If cover is discontinued, road traffic law requires that the Cover Note be surrendered immediately or, if it has been lost or destroyed, a statutory declaration or affidavit must be made. Surrendered documents must be returned to the agent/broker without delay and then sent to us by the broker/agent within 5 working days.

Lost or Stolen Cover Notes, or Books

Insurance Corporation must be notified immediately upon the discovery of the loss of any Cover Note or Cover Note book. The matter will need to be reported to the police.

Audit Process and Withdrawal of Cover Note facility

Insurance Corporation will audit Cover Note books and copied documents when they are returned or at other times upon request. We reserve the right to conduct onsite audits. Any errors or bad practices will be raised with the senior management of the broker/agent.

Insurance Corporation reserves the right to withdraw Cover Note issue facilities if any illegal or poor administration practices are identified (e.g. back dating of cover or poor Cover Note security) or if there is persistent infringement of the rules/guidelines stated.