

# Commercial insurance contract wording

## Purpose

To enable the candidate to understand commercial (re)insurance contract wordings and the legal, regulatory and drafting issues surrounding these wordings.

## 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 environment within which UK commercial (re)insurance contract wordings are created.	12
2. Understand legal factors affecting commercial (re)insurance contract wordings.	12
3. Understand the terms and conditions of commercial (re)insurance contract wordings.	16
4. Understand the different types of reinsurance contract wordings.	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 2026 to 30 April 2027.
- Candidates will be examined on the basis of English law and practice unless otherwise stated.
- This PDF document has been designed to be accessible with screen reader technology. 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.

**1. Understand the environment within which UK commercial (re)insurance contract wordings are created.**

- 1.1 Explain the regulation and oversight of the UK insurance industry in relation to contract wordings.
- 1.2 Explain the role of market organisations in relation to commercial (re)insurance contract wordings.
- 1.3 Explain the key features of the Market Reform Contract (MRC) and contract certainty principles.
- 1.4 Explain how the (re)insurance cycle affects contract wordings.
- 1.5 Explain the internal and external influences on the way in which (re)insurance contract wordings are created.

**2. Understand legal factors affecting commercial (re)insurance contract wordings.**

- 2.1 Explain the legal factors affecting commercial (re)insurance contract wordings.
- 2.2 Explain the legal relationship between the parties to a (re)insurance contract.
- 2.3 Apply the legal principles relating to the interpretation of contracts.
- 2.4 Explain the classification of terms and conditions.
- 2.5 Explain the particular considerations when drafting and reviewing law and jurisdiction clauses.
- 2.6 Describe the roles and responsibilities of the (re)insurer and broker in the preparation of commercial (re)insurance contract wordings.
- 2.7 Describe the use of underwriting agreements in a subscription market.
- 2.8 Explain the role of coverholders and the use of delegated authorities.

**3. Understand the terms and conditions of commercial (re)insurance contract wordings.**

- 3.1 Explain the key components of commercial (re)insurance contract wordings including the importance of using defined terms and consistent language.
- 3.2 Explain how coverage is triggered under an insuring clause.
- 3.3 Explain the operation of exclusion clauses in commercial (re)insurance contract wordings.
- 3.4 Discuss the different ways of defining the amount (re)insured.
- 3.5 Discuss the different ways of defining the amount retained by the (re)insured.
- 3.6 Explain the different provisions of claims notification clauses.
- 3.7 Explain the rights and duties of the (re)insured.
- 3.8 Explain the operation of dispute resolution clauses.
- 3.9 Explain the provisions of cancellation clauses.
- 3.10 Explain the purpose and effect of endorsements.
- 3.11 Apply the principles of commercial (re)insurance contract drafting to various classes of business.

**4. Understand the different types of reinsurance contract wordings.**

- 4.1 Explain the different types of reinsurance.
- 4.2 Describe the use and operation of facultative reinsurance clauses.
- 4.3 Describe and be able to apply the use and operation of proportional treaty and non-proportional treaty reinsurance clauses.
- 4.4 Explain the importance of 'event' definitions in reinsurance wordings.

## Additional resources

The following resources may assist you with your studies.

**Note: The examination will test the syllabus alone.**

Supporting information for the syllabus can be found on the unit page via the CII website. The resources found here: [www.cii.co.uk/learning](http://www.cii.co.uk/learning) will help you keep up-to-date with developments and provide a wider coverage of syllabus topics.

Additional reading material can also be found referenced in an appendix within the study text.

## Learning support

Commercial insurance contract wording. London: CII. Study text M21.

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

## Assessment information

Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:

1. Visit [www.cii.co.uk/qualifications](http://www.cii.co.uk/qualifications)
2. Select the appropriate qualification
3. Select your unit from the list provided
4. Select qualification update on the right hand side of the page

## Examination guide

The examination guide is available on the unit page via the CII website.

If you have a current study text enrolment, the current examination guide is included and is accessible via **RevisionMate** ([www.cii.co.uk/login](http://www.cii.co.uk/login)). Details of how to access RevisionMate are on the first page of your study text.

It is recommended that you study from the most recent versions of the examination guide.

## Exam preparation

Exam preparation guidance and supporting exam documentation are available via the CII website: <https://www.cii.co.uk/learning/qualifications/assessment-information>.