

## **Motor insurance at the click of a button: legal and practical risks**

**Dr Zurul Zakaria**

Sheffield

Email: [zashikin@gmail.com](mailto:zashikin@gmail.com)

### **Abstract**

This paper aims to highlight issues surrounding legal and practical risks of motor insurance transaction conducted on-line. The practice has been widely used in UK, on several reasons, on part of the insured – convenient and vast choices offered, and on the insurer part – financial wise and easily accessible by not only motorist in UK but all over the world.

Bearing in mind that insurance law requires the duty of utmost good faith throughout the duration of the contract, it is a big issue of who shall bear the utmost duty of good faith –the insurer or the insured?

The law as it stands now says the insured carries heavier duty to observe this duty as compared to the insurer as he/she knows more information about the driver, vehicle and the purpose of using it. Whereas on the other hand the insurer has to rely on the information given by insured or the proposer (at this stage) to assess and to accept the risk. However, it is also argued that modern technology has developed so advance that enable the insurer to access the risk at his fingertip, where secured information and data can be obtained in a matter of second.

So, what are the risks of applying motor insurance on-line? How the law treats them in case of fraud or mistake? Is the legal provision sound enough?

The main risk of applying online is because standard forms are used, there is a possibility that important information could be missed out. This, legally speaking could negate the insurance contract that has been entered into by the parties. In such circumstance it would be the insured that will end up not having his claim met, simply because the principle of utmost good faith that governs the insurance contract as been mentioned above.

The protection of the insured as the consumer in this situation could be jeopardised. Assuming the insurer is following good practice where a completed form is sent to the insured for checking and signing, and an accident occurs after the proposal is accepted online and before the insured able to check and sign the form, only to discover that certain facts have been typed wrongly, who shall be blamed here?

Thus, this paper aims to bring out every possible risk facing the insured when applying motor insurance online. This will be tackled from the following aspects:

1. The law as it stands now with respect to insurance transaction conducted online
2. The consumer protection, in terms of protection of personal information
3. The remedies available in cases of fraud or mistake