

## **GROSS NEGLIGENCE AND MOTOR VEHICLE LIABILITY INSURANCE**

### **Mr Rossi, the owner of a motor vehicle has the following question:**

My insurance advisor is insistent on the need to add gross negligence to my motor vehicle liability insurance, but I don't really understand why it is important for me to do so, would you please elaborate on this matter?

### **Ivano Piffaretti, specialising in private and SME clients at ASSIDU SA replies:**

By law you are obliged to pay for any losses incurred by third parties resulting from the use of your own vehicle. This is covered for motorists by your motor vehicle liability insurance, however you need to bear in mind that the insurance payout may be reduced if the driver is guilty of gross negligence.

Gross negligence applies when someone fails to exercise basic caution as could reasonably be expected under the circumstances in which the incident occurred; examples of this would include going through a crossing without noticing that the lights are red leading to an accident.

In this event the company is entitled to withhold a proportion of the payout commensurate to the extent of the driver's gross negligence. In other words, the company will pay the losses caused to third parties by the driver and will then seek compensation from the driver to the extent of the driver's liability (gross negligence).

For the past few years, in return for a slightly higher premium, insurers have been offering their customers the chance to get cover against the consequences of a possible reduction in the insurance payout due to gross negligence while at the wheel.

This cover is not supposed to be a licence to drive dangerously, instead it insures drivers in the event of banal distractions.

The following exclusions normally apply to this cover extension:

- recidivist behaviour,
- driving while under the influence of alcohol or drugs,
- going well above the speed limit.

Cover for gross negligence is also available as an add-on to your vehicle all risk insurance, which allows you to avoid any reduction in benefits for damage caused to your vehicle.

Our advisors will be pleased to assist you when making your choice.