

Customary business practice of insurance companies regarding the list of “ licensed drivers ” in the insurance contract



Article 14 (3) of the Republic of Armenia Law on Financial System Mediator establishes that in making a decision Mediator shall be based not only on the requirements of the Armenian legislation but also on the rules of business conduct and ethics, and customary business rules. There have been issues which the Financial Institutions Advisory Center of Armenia (hereinafter referred to as “the Center”) communicated to Mediator. To respond to part of the questions posed by the Center and, where necessary, to apply an appropriate customary business practice, Mediator found it reasonable to inquire banks for customary business practices relevant to this subject matter.

According to the lodged claim, the customer and the insurance company had signed a contract regarding the insurance of the transportation means. The contract was signed in order to get a loan secured by a vehicle. Based on the contract, the car was insured against the risk of loss and damage. The Customer had a valid driver license at the time of insuring the car. According to the Customer, at the time of contact signing he was informed that the people who also would drive the car should be mentioned in the contract. In response to that the Customer informed that sometimes the car might also be driven by another driver whose name was mentioned in the insurance contract as an authorized driver.

The Customer had an accident with his car during the insurance contract validity. At the result of the mentioned accident the car was damaged. The Customer applied to the Company to get the insurance compensation. The Company refused to pay the insurance compensation substantiating that the Customer had not been included in the list of authorized drivers.

The Customer made a point that to be included in the list of “Authorized drivers” would mean that the insured / the owner of the car would authorize himself to be allowed to drive the insured car. In order to review the claim the Financial System Mediator should ascertain the precedents and decide how the above-mentioned issue is regulated by insurance companies.

In other words, when the insured has a driving license and she/he is a creditor and also the owner of the transportation means/ vehicle, would he/she be involved in the list of “authorized drivers” or no. For that reason the Mediator asked the companies to provide their explanation/ work style concerning the likewise cases.

Regarding the case, the office of the Mediator received the explanations and interpretations from four insurance Companies acting in the Republic of Armenia the examination of which resulted in:

Having CASCO license for legal driving of the mentioned vehicle and having an appropriate type of driving license is not enough to be considered as an authorized licensed driver. In addition to that, the mentioned person should be mentioned as an authorized driver in the list of “authorized drivers”.