What is Third-Party Insurance?

Worksheet

Third-party insurance covers damage to other people's property and personal injury caused by your vehicle. It's legally mandatory in most countries and required before you can drive on public roads.

Questions

1. Your car damages another vehicle. Which insurance pays?
A) Your third-party insurance
B) Your collision insurance
C) The other driver's insurance
D) Your comprehensive insurance

2. Third-party insurance covers…
A) only damage to your car
B) injuries to other people
C) theft of your vehicle
D) weather damage

3. Is third-party insurance optional?
A) Yes, only recommended
B) No, it's legally mandatory
C) Only on highways
D) Only for new cars

4. What is the main purpose of third-party insurance?
A) Protect your vehicle
B) Protect others from your liability
C) Cover your medical costs
D) Reduce fuel costs

5. You hit another car at an intersection, causing €5,000 in damage. What covers the repair?

6. Your vehicle causes injury to a pedestrian who needs medical treatment costing €3,000. Who pays?

7. Are you legally required to have third-party insurance?

8. Define: What does third-party insurance cover?

9. Define: Is third-party insurance mandatory?

10. Define: What is NOT covered by third-party insurance?

Answer Key

1. A) Your third-party insurance — Third-party liability insurance covers damage YOU cause to others' property.
2. B) injuries to other people — Third-party is liability for others' property and injury, not your own vehicle.
3. B) No, it's legally mandatory — Third-party liability insurance is mandatory by law in almost all countries.
4. B) Protect others from your liability — It protects third parties (others) from financial loss caused by your vehicle.
5. Your third-party insurance covers damage you caused to the other vehicle. You file a claim with your insurer. The insurer pays the other party's repair costs (up to your coverage limit).
6. Third-party liability insurance covers injury to third parties caused by your vehicle. Your insurer handles the claim. Medical costs are paid within your policy limits.
7. Yes — in most countries, third-party liability insurance is mandatory. You cannot legally drive without it. Fines and vehicle impounding are penalties for non-compliance.
8. Damage to other people's property or injuries caused by your vehicle.
9. Yes — it's legally required in most countries before driving.
10. Damage to your own vehicle (that requires collision/comprehensive).