

Dear Broker &/or Proposer/Policyholder,

Re: The Insurance Act 2015.

The Insurance Act (2015) comes in to effect 12th August 2016 & affects all insurance policies incepted or renewed on or after that date.

Links below show the terms of this act and some explanatory notes.

http://www.legislation.gov.uk/ukpga/2015/4/pdfs/ukpga_20150004_en.pdf

<http://www.publications.parliament.uk/pa/bills/cbill/2014-2015/0155/en/15155en.htm>

Additional guidance and resources are available from the Financial Conduct Authority (FCA)

Please note the following very brief summary. If you would like any further clarification on any point, we would recommend that proposers/policyholders should contact their broker. This brief summary is not intended to be exhaustive or a full summary of the Act, but it does serve to highlight some key points.

Very brief summary of the Insurance Act 2015:

- Duty of fair presentation replaces the duty of disclosure.
- Remedies available to an insurer for breach of disclosure have changed.
- Warranties and basis of contract clauses have been reviewed. The Act introduces a suspensory effect to warranties which means that if the breach is remedied, cover is suspended for the period prior to the date of the remedy. Insurers cannot cancel the policy and are obliged to deal with claims after the date of remedy,
- Effect of fraudulent claims has been reviewed. Previously the insured would forfeit the entire claim and insurers could void the whole contract/policy. Under the Act, an insurer is not liable to pay any fraudulent claim but must pay any valid claims prior to the fraudulent claim.
- Insurers can contract out of the Act, providing that the alternative provisions are clear and that sufficient steps are taken to draw the attention of the broker / policyholder to these provisions. None of the insurers with whom Beech Underwriting place business have opted to contract out of the Act.

When does it comes in to effect?

The Insurance Act 2015 comes in to force 12th August 2016. It affects all policies incepted or renewed on or after 12th August 2016. The duty of fair presentation also applies to any adjustments made to ANY existing policy after 12th August 2016.

What should proposers/policyholders do?

- Communicate with your insurance broker, who can help you to prepare a fair presentation of the risk to be insured.
- Consider whether input may be required from elsewhere in your business in order to provide all necessary accurate detail and access to relevant records.
- Consider how best to collate and deliver a fair presentation of information prior to inception/renewal of cover.
- Review the Act in full. The full details of the Act are available online, as are various summaries at varying levels of depth/detail.
- Ask your insurance broker about any queries/issues.

