

The Insurance Act 2015



The Insurance Act 2015 comes into force 12 August 2016 changing the way the law deals with the duty of disclosure for commercial insurance contracts entered into or varied on or after this date. The new law is designed to be fairer to you the client in the event of claims being declined due to 'non-disclosure' but does require clients to play their part.

Information Disclosure

There will be a new duty of fair presentation, which replaces the general obligation to disclose all material facts. You will have to disclose every material circumstance that you know (or ought to know), or provide sufficient information to place a prudent insurer on notice that it needs to make further enquiries. This duty applies to insurance policy renewals, new insurance contracts and mid-term variations. The disclosed information must be made in a clear and accessible manner, and to the best of your knowledge and belief be substantially correct, and made in good faith.

Material circumstances include special or unusual facts relating to the risk to be insured, the particular concerns which led to the insured seeking insurance for the risk, and any other fact which those concerned with the particular class of insurance or activity would generally understand as being something that should be included within a fair presentation of the risk to the insurer.

If the policyholder is a business, you may need to obtain or verify information with a number of sources who have access to the important information relating to the business or insurance risks. These may include (but not limited to) senior managers, key insurance decision makers, and sub-contractors. Insurers will expect you to undertake a reasonable search for the information you provide to enable them to quote for your insurance. You should disclose everything at each renewal/mid-term variation even if it has been disclosed before, and never assume that information is known by all parties.

Why is this Important?

If you do not make a fair presentation you may find that insurers will not pay out claims, or claims are not paid in full, and the insurers may keep the premium paid.

If your failure to disclose the right information is deemed to be deliberate & reckless, the insurer will be entitled to void the policy, refuse all claims be allowed to keep the premium you have paid. If the failure to disclose information is deemed to be neither deliberate nor reckless, then the insurer has the following options:

- If the insurer can prove that they would not have issued the policy on any terms, they may void the contract, refuse all claims, but must refund your premium
- If the insurer can prove that they would have issued the policy but on different terms, the policy is to be treated as if the different terms applied
- If the insurer would have issued the policy, but with a higher premium they may reduce the payout proportionately

Policies will be endorsed or amended to note these and other relevant changes, which will take precedence over this summary.

If you have any questions relating to what information you should provide, or require further details about the Insurance Act 2015, then please contact us at enquiry@graybrook.co.uk.