

IMPORTANT INFORMATION - The Insurance Act 2015

Your Responsibilities

The Insurance Act 2015 will apply to all commercial policies placed or varied after 12 August 2016. This document describes your duties, as a policyholder, in relation to The Act.

As a purchaser of insurance it remains your responsibility to disclose every material circumstance that you know or ought to know about the risk. A material circumstance is something that would affect the judgement of an insurer in deciding whether to accept the risk and on what terms.

Through the creation of a new duty, the duty of Fair Presentation, the Act provides clarity around what information you need to provide to the insurer and whose knowledge needs to be captured when presenting a risk.

Any information you provide must be in a clear and accessible format. You do not need to overload insurers with too much information. Information that is important should be highlighted to ensure it is considered.

You must ensure that the information you provide is substantially correct and every material representation about an expectation or belief is made in good faith. Matters which are suspected must be substantiated; it is not acceptable to deliberately refrain from confirming them or enquiring about them.

What you are expected to know will depend on the size and complexity of the risk you are wishing to insure.

When collating the information about the risk you must involve people who know the risk, can present the risk information and senior personnel who can sign the information off as accurate. You must include the knowledge of the senior management team, the risk and insurance team and the knowledge held by third parties e.g. accountants, solicitors and your insurance broker.

You will be expected to make a reasonable search of the information available in order to make a fair presentation of the risk. What is reasonable will vary depending on the size of your business but information includes information held within the organisation or held by external parties such as those mentioned above.

If you are unsure that all material circumstances have been disclosed please discuss this with us and/or your insurer. If put on alert, your insurer will make further enquiries to ensure every material circumstance is revealed and your insurance is provided on the correct terms and for the correct premium.

Copies of the information we submit to insurers will be provided for you to validate.

The duty of fair presentation has been created to ensure fairer outcomes in the event of a claim. However, failure to make a fair presentation of the risk may result in the insurer avoiding the policy and refusing all claims. Depending on the circumstances premiums may not be returned.