

Home Counties Insurance Services Ltd



A Guide to the Insurance Act 2015



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HCI Guide to the Insurance Act 2015

The new Insurance Act came into force on 12 August 2016 and replaced some of the provisions of the Marine Insurance Act 1906.

As before, you still need to tell your insurer all of the material facts they require. However, now insurers must also seek clarification on any points if the information you provide is unclear.

The Insurance Act is intended to help ensure that:

1. Parties work more closely together.
2. The information insurers gather is accurate and relevant.
3. Your policy works as you'd expect it to if you have to make a claim.

What is a fair presentation of risk?

You will need to make a 'fair presentation of risk' to the insurer – which broadly means providing accurate details of anything that would affect their underwriting decision – in "a clear and accessible manner".

Your responsibilities

Before you provide your insurer with the information they need to underwrite your policy, **it's your responsibility to carry out a reasonable search through the information available to you.** This includes facts about you, your senior managers and your business, including what it does and how it operates.

You might also include facts about any other people who hold information about your business that might be relevant to the insurance you are arranging: for example, a fleet manager if you are insuring vehicles.

Wider background information is often as important to the insurer as descriptions of assets or organisations you are looking to ensure, and their value.

When you've gathered the information, you need to present it clearly as the insurer will base your insurance on it, in addition to material they've collated themselves. If your insurer has any questions they'll simply ask you for further information.

To remain fully covered, it's important to tell your insurer, during the term insured, about anything relevant that changes for you or your company. If you do adjust your policy during the year, you must provide corresponding information to meet the "fair presentation of risk" requirements.

How to produce “a fair presentation of risk” for your insurer

Securing the cover you need from an insurance policy relies on presenting all the relevant facts – cutting corners runs the risk of a claim not being paid in full.

1. Allow plenty of time to work through the information required before your insurance renewal date.
2. Make sure all senior management have contributed, to provide a rounded view of your business.
3. Ask specialists who might not be senior managers to contribute: for example, ask your IT manager to provide relevant facts if you’re arranging cybercrime insurance.
4. After you’ve submitted your information, be available to answer questions from the insurer, before your renewal date.
5. Make sure you understand, agree with, and sign off everything your broker sends your insurer.

You are responsible for making sure your insurer and broker receive accurate information and know everything about your business that is relevant to your insurance policy.

Warranties and Conditions

Where a warranty or condition applies, it is essential that you comply with it fully, as failure to do so may render your policy void and result in claims not being paid. Within your policy wording and schedule there are warranties and conditions that are general in nature but must still be complied with.

Some of these are standard, but some are specific to your policy. Please pay particular attention to these. If you do not comply (word for word), the insurer might not pay claims in full, or at all.

The full wording of the terms applying to your policy can be found in the policy text and/or schedule which is enclosed with the quotation schedule for you to review.

It is extremely important that you take the time to read these documents to ensure that you can fully comply with the insurer’s requirements. If there is likely to be any difficulty complying with any warranties or conditions, please discuss it with us.

Important Note:

The Insurance Act has introduced a new responsibility. You are required to inform your insurers if your warranty is breached. Your broker should forward this to the insurer immediately.

This applies to business-specific warranties and conditions in additions to those that are general in nature.

Help is at hand

If you’re unsure about your new responsibilities, or simply need help or a quote, please contact us for one-to-one assistance.

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