

Contracts Combined - Notice to Policyholders

Insurance Act 2015

The Insurance Act 2015 (Act) will come into force with effect from 12 August 2016 and we are implementing the changes made by this Act into our policies. The key elements relate to:

1. A new duty of fair presentation of the risk
2. Removal of Basis of Contract conditions
3. Remedies available for breach of warranties and other contractual terms
4. Changes to the way that fraudulent claims are dealt with.

1. Fair Presentation of Risk

The Act will introduce a new duty called “fair presentation of risk” which will clarify the risk information that must be disclosed to the insurer and the information that the insurer is expected to know or ought to have known when making an assessment of the risk. Each time a risk is proposed, renewed or there are changes to the risk you must tell us in a reasonably clear and accessible manner and must not misrepresent any material facts. A material fact is any fact, circumstance or representation that would influence the decision of your insurer to accept a risk and the terms in which the risk has been accepted.

2. Removal of Basis of Contract Conditions

Basis of Contract clauses will be prohibited by the Act. These are clauses that have the effect of converting pre-contractual information into warranties. This meant that should any information not be correct the policy would become invalid regardless of how relevant or material the information is.

3. Remedies available for breach of warranties and other contractual terms

If “fair presentation” has not been made and is deliberate or reckless we may avoid the policy or refuse to pay claims. Also, where failure to make “fair presentation” is deliberate or reckless we will, at our discretion, make no return of premiums paid.

In all other cases, we will not avoid the policy but will apply certain proportionate remedies. This may mean that the amount paid or payable on a claim may be proportionately reduced. In calculating the amount of such reduction we compare the premium that we charged against the premium that we would have charged had “fair presentation” been made.

We may also treat the policy as though it had been entered into in different terms, other than where such terms require additional premium.

4 Changes to the way fraudulent claims are dealt with.

The Act provides for clear statutory remedies for circumstances when a fraudulent claim has been made. In such circumstances we can refuse to pay the whole of the claim and recover from you any sums that may have already been paid in respect of that claim. We may also, at our discretion, be able to treat the policy as having terminated with no entitlement to a refund of premium.

A claim can be deemed to be fraudulent where any of the relative details that form part of the claim are:

- a) in way false, fraudulent or exaggerated
- b) supported by false or fraudulent documents, devices or statements
- c) made from any loss or damage that has been deliberately caused.

Other Changes to Your Policy

1 Subjectivity Condition

There may be circumstances where your policy may be subject to a “subjectivity condition”. This will normally apply where we require additional information to underwrite your policy or we agree that certain actions are to be undertaken by you. This can frequently happen when we have surveyed your premises and make requirements which minimise the risk of loss. To make your obligations and our rights clearer to you, our policy condition has been revised and added to most of our policies. If this condition applies to you, you will be informed by your broker or insurance adviser.

2 Cancellation Condition

The cancellation condition will explain the circumstances in which you may be entitled to cancel the policy cover. We have revised our condition to clarify the circumstances you may be entitled to cancel cover and also action that we will take once we have received your instructions. The condition will also detail our rights to cancel the policy by giving you appropriate notice and your entitlement to any return of premium.

3 Change of Risk

Whenever any changes occur that could affect your policy you must tell us. To provide more clarity when this obligation will apply and actions that we may take should you not tell us about the changes, we have revised the “Change of Risk” condition in our policies. The new condition is shown below:

Change of Risk

You must notify Us prior to or immediately if during the Period of Insurance there is any change in Your ownership of the Business or if there is any change

- 1. in or to the Business*
- 2. due to the Business being wound up or carried on by a liquidator or receiver or permanently discontinued*
- 3. due to its disposal or removal*
- 4. in respect of which Your interest ceases except by operation of law*
- 5. in respect of the risk of subsidence ground heave or landslip where any demolition construction ground works or excavation work is being carried out on any site adjoining the Premises*
- 6. to the facts or matters set out in the Schedule or otherwise comprising the risk presentation made by You to Us at inception renewal or change of the Policy*

which materially increases risk of loss or Damage as Insured by this Policy

Should You be in any doubt as to whether information should be presented to Us You must

- discuss it with Your insurance agent or*
- disclose it to Us*

Upon being notified of any such change We may at Our absolute discretion

- i. continue to provide cover under the appropriate Section on the same terms*
- ii. restrict the cover provided by the Section*
- iii. impose additional terms*
- iv. alter the premium*
- v. cancel the Section and or the Policy*

If You fail to notify Us of any such change We may at Our absolute discretion

- i. treat the appropriate Section and the policy as if it had come to an end as at the date of the alteration of the risk returning a proportionate amount of the premium for the unexpired Period of Insurance if We would have cancelled the Section and the Policy had We known of the increase in risk*
- ii. treat the Section and the Policy as if it had contained such terms other than relating to premium or other restrictions from the date of change in risk as We would have applied had We known of the increase in risk*
- iii. reduce proportionately the amount paid or payable on any claim the proportion for which We are liable being calculated by comparing the premium actually charged as a percentage of the premium which We would have charged had We known of the increase in risk*

4 Data Protection Act

It is very important that you are aware how we meet our data protection obligations with regard your personal data and to how we record or use personal information that you may need to provide us to administer your policy. We have, therefore, revised our policies to include this information. An example of the new clause is shown below:

How We Use Personal Information

We hold personal information in accordance with the Data Protection Act 1998. The information supplied to Us by You may be used to:

- Provide You with a quotation, deal with the associated administration of Your policy and to handle claims;*
- Search credit references, credit scoring and fraud agencies who may keep a record of the search;*
- Share with those companies who are underwriting Your policy, other insurance organisations to administer Your policy, to help offset risk, for statistical analysis, to handle claims and prevent fraud;*
- Support the development of Our business by including Your details in customer surveys, for market research and business reviews which may be carried out by third parties acting on Our behalf.*

We may need to collect and process data relating to individuals who may benefit from the policy ("Insured Persons"), which under the Data Protection Act is defined as sensitive (such as medical history of Insured Persons) for the purpose of evaluating the risk and/or administering claims which may occur. You must ensure that You have explicit verbal or written consent from the Insured Person to such information being processed by Us and that this fact is made known to the Insured Person.

Personal details may be transferred to countries outside the EEA. They will at all times be held securely and handled with the utmost care in accordance with all principles of English law.

Under the Data Protection Act 1998 individuals are entitled to request a copy of all the personal information We hold about them.

We can only discuss the details given with You. If You would like anyone else to act on Your behalf please let Us know. Your details will not be kept longer than is necessary. Telephone calls may be recorded for Our mutual protection, training and monitoring purposes.

By applying for and/or entering into this insurance policy You will be deemed to consent to the use of Your data and Your insurance policy data in this way and for these purposes and that Your directors, officers, partners and Employees have consented to our using their details in this way.



NB. If your policy includes Employers Liability insurance (ELTO) and/or motor insurance the clause will also make provision for information that we are required to send to the Employers Liability Tracing Office and Motor Insurance Bureau (MIB). Further details can be found on the ELTO and MIB websites.