



INSURANCE ACT 2015

Important Information for policy holders

Please read and retain



As your insurance intermediary we need to inform you from time to time of changes in the law and how this may affect your insurance arranged by us. The Insurance Act 2015 effective from 12th August 2016 is an important new development and the object of this leaflet is to bring your attention to it and to explain the implications of it. The new law is designed to be fairer to you in the event of claims being declined due to 'non-disclosure but requires you to play your part'. It is ESSENTIAL that you read the following information to see how it affects you as a commercial client of Balens Ltd when you take out a new insurance policy, renew an existing policy or make any changes to a policy during the year. If you have any questions or require additional information please do not hesitate to contact us at info@balens.co.uk

What you need to do:

- **Disclose all information** that the insurer needs to know before they quote for your insurance. This is called making a 'fair presentation'.

We may send out renewal documents earlier, allowing more time for you to collect the information for us and the insurer to review it. Our set of questions may extend, so please allow time to complete the insurance forms & Questionnaires. Importantly, if your policy covers several individuals you must seek answers to insurance questions from each of them. Likewise, if as a policy holder you are not an individual (a limited company for example, or a Board of Trustees), you must seek answers from your senior management or those responsible for the insurance (i.e. Those who participate in the process of procuring the insurance coverage). Insurers will expect you to undertake a 'reasonable search' for the information you provide to enable them to quote for your insurance. Never assume that information is known by all parties and you should disclose everything at each renewal, even if it's been disclosed before.

- **The facts you provide must be substantially correct and matters of belief or expectations must be made in good faith** – all statements and information you provide regarding your insurance must be truthful and given with the fullness of your knowledge. Statements about insurance must not be reckless or false, otherwise your cover may be affected.

If you have any doubts as to what information you should provide, please contact us at info@balens.co.uk

Why this is so important to you

Unless you make a 'fair presentation' you may find that claims are not paid, or are not paid in full and insurers may keep all of the premium you have paid.

- Where the non-disclosure is deliberate and reckless, the insurer will be entitled to void the policy, refuse all claims and will be entitled to keep your premium.
- Where the non-disclosure is neither deliberate nor reckless, the insurer has 3 options:
 - a) If they can prove that they would not have issued the policy on any terms, they may void the contract, refuse all claims but must return your premium;
 - b) If they can prove that they would have issued the policy, but on different terms, the policy is to be treated as if those different terms applied;
 - c) If they would have issued the policy at a higher premium, they may reduce the pay-out proportionately.

NOTE: If you have a policy underwritten by Zurich Insurance plc, you should note that they have taken a slightly different approach as detailed overleaf.

Zurich's additional premium approach

Charging an additional premium is not a right that is provided for by the Insurance Act 2015. Under the Act, if an insured's failure to make a fair presentation is not deliberate or reckless and the insurer would have charged additional premium if it had been aware of the relevant material facts, the insurer has the right to refuse the amount to be paid on any claim during the period of cover in proportion to the amount of premium that would have been charged.

By way of example, if the insurer would have charged double the amount of premium, the insurer would be entitled to reduce the amount payable on any claim during the period of cover by 50% (e.g. only £50,000 would be paid on any £100,000 claim).

Rather than reducing a claim proportionally, Zurich have instead decided to charge the additional premium that they would have charged if they had known the material facts and pay any claim(s) in full.

Zurich believe that their additional premium approach should – in most situations – be more favourable to you when compared to the proportional claim approach under the Act. However they acknowledge that there may be some situations where this will not be the case. For example, if there are no claims under the policy they may still charge the additional premium. It may also be the case that the additional premium they charge may be higher than the amount that the claim(s) would have been reduced by under the proportional claim approach.

Full details of the new fair presentation of risk clause has been incorporated into Zurich's policy wording, in place of clauses relating to the pre Act duty of disclosure. We would recommend that you read the new policy wording carefully, to ensure that you are aware of the revisions.