



Insurance Act 2015

Fairer contract terms

The Insurance Act 2015 (the Act) is effective from the 12th August 2016 and is intended to create a fairer contract between policyholder and insurer, by imposing new duties for all parties involved in the arrangement of your insurance policies, including you the policyholder.

The Act sets out the principles to be followed so that it can apply equally for small businesses right up to the largest corporations.

Key changes to current business practices will impact policyholders, insurers and insurance brokers in the following areas:

- Fair Presentation of Risk
- Remedies (for Non-Disclosure or Misrepresentation).
- Warranties and Conditions
- Fraudulent Claims
- Contracting Out

The Act replaces the longstanding "Duty of Disclosure" which required a policyholder to disclose risk information to insurers before entering into an insurance contract, with a "Duty of Fair Presentation".

The new approach requires a policyholder to undertake a reasonable search of all information known to them, and defines what a policyholder ought to know about their business.

Fair Presentation of Risk

The new duty to make a Fair Presentation of Risk is one of the most fundamental changes brought about by the Act. Whilst the general requirement to disclose facts 'that are material to the prudent insurer' has not changed, the Act sets out in more detail the type of information that needs to be disclosed, who needs to disclose it and how it needs to be disclosed. The intention is that the customer and their broker disclose all relevant information before the insurance contract or any change in cover commences. Both the insurer and the insured are encouraged to make sure that they are clear as to what information the insurance contract will be based on.

This is defined as a presentation of a risk which meets the following criteria:

- Disclosure of every material circumstance which the policyholder knows or should know, or which provides the underwriter with sufficient information to allow an underwriter to make further enquiries to reveal those material circumstances
- Disclosure must be reasonably clear and accessible to the underwriter (it is not allowable to just dump lots of data, leaving the insurer to search through for the required risk information)
- That every material presentation is substantially correct and made in good faith

All information provided to the insurer at the time the contract is entered into, will form the basis of the risk presentation, when considering whether it was fair. This will therefore not only relate to the initial presentation, but any subsequent information provided, e.g. in response to additional questions by the Underwriter.

How will this affect you and your relationship with GJIS Ltd?

Because GJIS have always had an eye for detail in our dealings we do not anticipate any changes.

Our discipline and practise has always been one of knowing our client and understanding their business. In fact, for years, we have summarised all the information about your business and based on these have advised you how best to insure according to your attitude to risk.

All you need to do is to agree that these summaries are a fair representation of your business ... or tell us where there are inaccuracies.

We recognise that accessibility to information is key in the modern workplace and, notwithstanding the Act's requirements, we have developed secure Online Client Folders at www.gjis.co.uk where we can store your policy documents, certificates and any other related matter with 24/7 accessibility. These are currently in use but if you have not registered you will need to go to the website and [register](#).



Remedies for Non-Disclosure or Misrepresentation

The Act introduces a new approach in this area, providing proportionate remedies where fair presentation has been breached, and abolishing policy avoidance for a breach of the "Duty of Utmost Good Faith".

- For non-deliberate or non reckless breaches, the remedies are proportionate and should be based on what the underwriter would have done had they been in possession of the full facts at the inception of the contract:
If the underwriter would not have accepted the risk under any terms, they may avoid the contract, refuse any claims made, but in this case they must return the premiums paid
- If the underwriter would have accepted the risk, but on different terms, (other than relating to a different premium) then the policy is treated as having been accepted at those revised terms, even if the policyholder would never have accepted those terms. In these circumstances, any claim submitted, will be dealt with under the revised terms.
- Additionally, if the underwriter would have required to charge an additional premium, then the insurer may reduce the amount to be paid for any claim in proportion to the ratio between the actual required premium, and the amount initially charged

For example, If the premium was £1,000 based upon the declared information but the insurer would have charged £2,000 had a fair presentation of different terms been made, the claim settlement would be reduced by 50%.

- For deliberate or reckless breaches, the insurer may avoid the contract and refuse all claims made. They are also under no obligation to return any of the premiums paid.

Where a fraudulent act has been committed by a policyholder in the submitting of a claim, the Act provides for the insurer to avoid the claim in full, even for parts of the claim which would have been genuinely payable.

How will this affect you and your relationship with GJIS Ltd?

We do not anticipate or perceive any changes in our dealings with clients because our discipline and practice has always been one of knowing our clients requirements inside-out. Armed with every detail about your business and circumstances, we are able to advise you how best to insure, according to your attitude to risk.

In our experience an Insurer will treat their policyholder fairly when there has been a genuine error or misunderstanding so in practise proportionate settlement is nothing new. Formalisation removes the element of uncertainty and the 'status quo' that all statements about your business are accurate remains.

Looking for a better Policy?

Dependability and competitiveness are our watchwords and our clients have reaped the benefits of our forward thinking, innovative Insurance Policies..
Visit our website for 24 hour a day, 7 days a week contact.



Warranties and Conditions

Currently an insurer may avoid liability to pay a claim under a policy if there has been a breach of a warranty, even if that warranty is later complied with, or if it is completely unrelated to the cause of the loss.

Under the Act, all warranties will become "substantive conditions" which means that cover is only suspended during the period of noncompliance with the warranty. It means that insurers will therefore be responsible for any losses incurred after the breach of warranty has been remedied.

Also if the compliance with the warranty would not have prevented the loss taking place, then the insurer cannot avoid liability for the claim.

For Example:

In simple terms, an insurer could not refuse to pay a claim for say a robbery when your premises are attended by you if you had not complied with risk improvement condition to do with protection when the premises are closed and unattended.



Conditions Precedent



GJIS Ltd - Underwritten by Lloyds of London since 1977

Breach of a condition precedent allows the Insurer to repudiate liability for a claim under the policy concerned providing:

- For non-deliberate or non reckless breaches, there are proportionate remedies and will be based on what the underwriter would have done had they been in possession of the full facts at the inception of the contract
- For deliberate or reckless breaches, the insurer may avoid the contract and refuse all claims made. They are also under no obligation to return any of the premiums paid.

How will this affect you and your relationship with GJIS Ltd?

In our experience the Insurers with whom we deal have, in practice, always applied the principles of the new Act on the basis of fairness to their policyholder so, once again, in practice nothing new!

Fraudulent claims

The Act sets out the remedies available to insurers in the event that a fraudulent claim is submitted by a policyholder. Under the Act, insurers will be liable for losses occurring before the date of the fraudulent act but can treat the policy as having been terminated at the point when the fraudulent act is committed. It also confirms insurers do not have to pay the claim

The Act clarifies the remedies available to an insurer if a fraudulent claim is made.

The insurer:

- is not liable for the claim and may recover any payment made, and
- may cancel the policy with effect from the date of the fraudulent act and keep premiums, but
- remains 'on cover' for the period before the fraudulent act.



Insurance for Jewellers since 1977

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Contracting Out

The Act provides for parties of an insurance contract to agree to contract terms which are less favourable than those stipulated in the Act, provided the insurer satisfies two transparency requirements:

- To draw the insured's attention to any disadvantageous term before the contract is entered into
- That the disadvantageous term is clear and unambiguous as to its effect

How will this affect you and your relationship with GJIS Ltd?

Our main line insurers will not be 'Contracting Out' meaning the default stance will be that any policy we arrange will be covered under the terms of the Act. As agents that specialise in arranging insurance for jewellers there is always the possibility that an Insurer may wish to 'contract out' or apply special restrictions. Should this be the case you will be advised of any shortcomings in protection, thus satisfying the 'transparency' requirements



Should you have any questions regarding the Act or how it might affect you or your policy please get in touch.

Tel: 0121 233 3401

Email: insurance@gjis.co.uk



An eye for our clients, a focus on the future.

For over 30 years we've had a keen eye for the future. We've seen many changes and we've adapted to suit them all. Dependability and competitiveness have been our watchwords and our clients have reaped the benefits of our forward thinking and innovative strategies.

Our comprehensive website gives 24 hour 7 days a week information and contact to all our clients, wherever they are situated, and our commitment to service means the most comprehensive cover for the most reasonable premium.

Call us or visit www.gjis.co.uk and experience the latest in insurance for jewellers.

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Specialist Insurance Services

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