

## The Insurance Act 2015 - How will it affect you?

The Insurance Act 2015 introduced a number of reforms to the law that governs non-consumer insurance contracts and received Royal Assent on 12 February 2015. The Insurance Act 2015 became effective in respect of all non-consumer insurance policies in the United Kingdom that are inception, renewed or varied from 12th August 2016.

The principles of the Act are aimed at encouraging a better exchange of information between all parties of the insurance contract and a fair approach to resolving disputes. The purpose of the Act is to update the statutory framework in line with best practice in the modern UK insurance market.

It has always been a principle of arranging insurance that you have an obligation “duty of disclosure” to tell your Insurance Company “material facts” relating to your property. These are details which Insurers are entitled to know to enable them to decide whether they wish to quote or provide cover for your block and if they do, the premium they require and the cover they wish to offer.

The Insurance Act 2015 has replaced the “duty of disclosure” with a duty to make a ‘Fair Presentation’ when arranging your insurance. This means you have an obligation to disclose material matters which you (and if appropriate your colleagues and fellow management team) ought to be aware of. The benefit to you is that the Act also imposes a greater onus upon Insurers to behave fairly and reasonably when you make a claim.

Examples of what must be disclosed at the start of cover or at renewal:-

- ◆ Things which you know about which are material to arranging the insurance
- ◆ Things which if relevant, other senior management know
- ◆ Information which can be revealed by a reasonable search

Examples of customer knowledge not required to be disclosed:-

- ◆ Information your Insurer already holds
- ◆ Matters of common knowledge

Example material facts which would be required to be presented for flats insurance policies, include:

- ◆ Installation, alteration or disconnection of fire and/or security systems
- ◆ Roof covering being replaced – whether for the same or different product
- ◆ Installation of cladding materials including insulation materials or other changes to the construction of the property insured or items fixed to it

To ensure you do not breach the new legislation we recommend:-

- ◆ Tell your Insurer anything you believe may be relevant
- ◆ Complete and return promptly any questionnaires or declarations that you are asked to complete about your property, for example subsidence questionnaires
- ◆ Make sure you have checked with other committee members or senior management if there is any additional information to tell us about.
- ◆ Keep a record of any communication relative to arranging your insurances.
- ◆ Ensure you notify any possible claims to your Insurer promptly and in line with policy terms – this is found in your policy wording.

### Don't

- ◆ Attempt to conceal any relevant information.
- ◆ Make any assumptions about what is material.
- ◆ Falsely answer any questions.
- ◆ Leave any questions unanswered.
- ◆ Overlook checking with colleagues for information you may not be aware of.
- ◆ Ignore requests for further information to be provided.

This new legislation can provide you with some very positive outcomes, for example, providing you do not withhold any material information during your period of cover:

- ◆ Insurers will no longer be able to repudiate a claim for breach of a warranty unless the breach can be shown to be relevant to the loss e.g. Failure to comply with an alarm setting warranty will have no bearing upon a flood claim
- ◆ Insurers cannot rely upon non-compliance with a policy warranty if you can show failure to comply could not have increased the risk to them.
- ◆ If you cannot comply with a warranty e.g. alarm warranty, cover can only be suspended for the period of the failure of compliance with the warranty.
- ◆ Insurers can only limit their liability for a claim where there is non disclosure or misrepresentation of material facts, in proportion to the amount of premium they charged compared with what they would have charged had there been full disclosure.

The background to the Insurance Act 2015 is to achieve fair outcomes for all parties providing all parties act in an honourable and reasonable way and can be viewed in full on the [legislation.gov.uk](http://legislation.gov.uk) website.

Please note, some Insurers have contracted out of their obligations under the new legislation which is only allowable for non-consumer insurances and must satisfy certain obligations.

All of the Insurance policies provided by Residentsline have “contracted in” to the Insurance Act 2015, if you require any further information please contact the Residentsline team on 0800 281235.