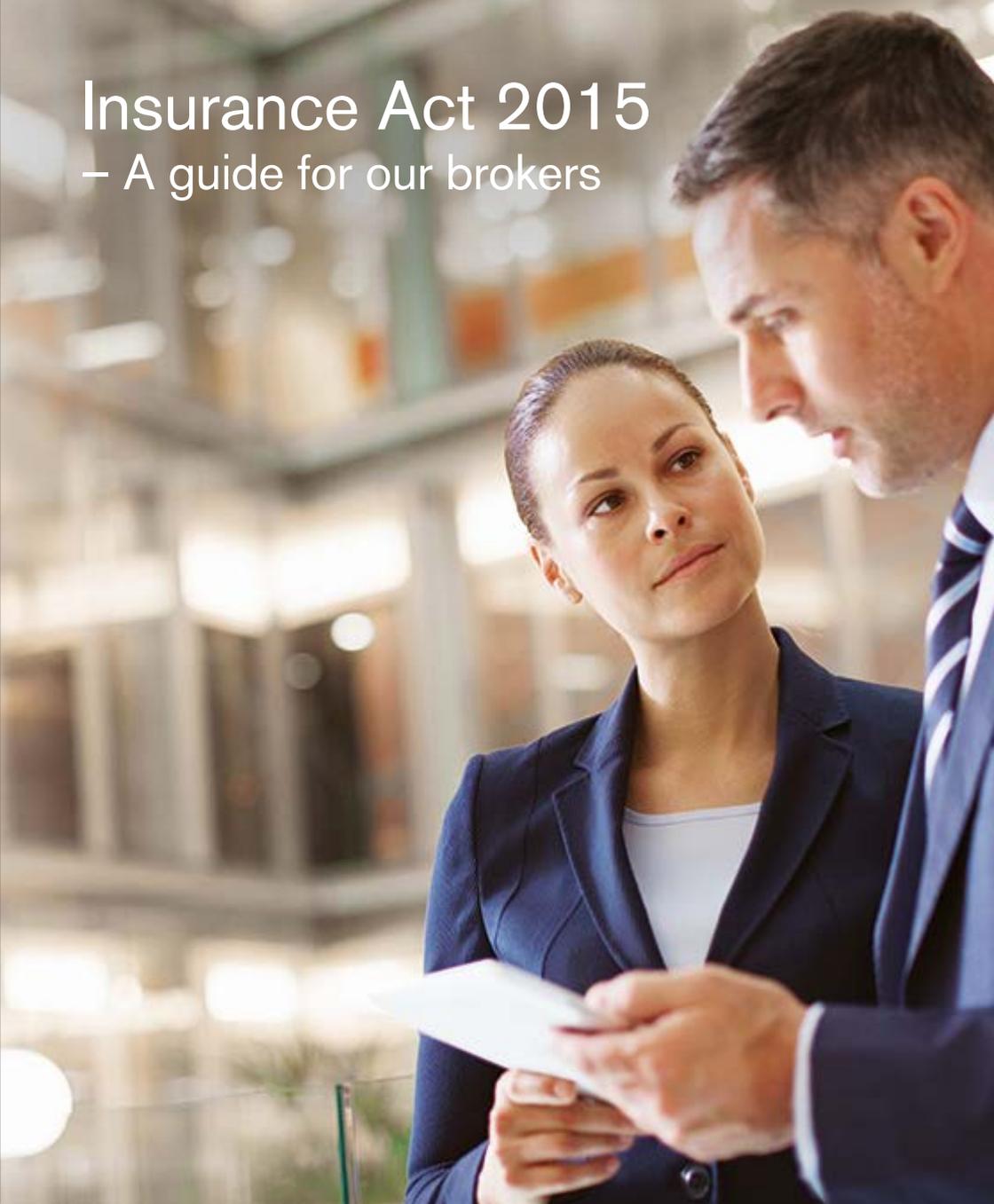


Insurance Act 2015

– A guide for our brokers



Your broker guide

The Insurance Act 2015 comes into force on 12th August 2016, and represents one of the most significant changes in commercial insurance law to date. The Act is being introduced to change the law so it reflects modern business relationships and re-balances rights and remedies.

Ecclesiastical fully supports the introduction of the Insurance Act 2015. As a trusted specialist insurer, our current approach to claims and the way we conduct our business complies with the spirit of the Act and we will be fully adhering to the principles contained in the Act.

This guide has been produced to provide our brokers with the information required regarding our position on the Act, it does not constitute legal advice nor is it designed to be a summary of the Act. Ecclesiastical aim to ensure a smooth transition for you and your clients and we hope this guide will be informative.



The duty of fair presentation

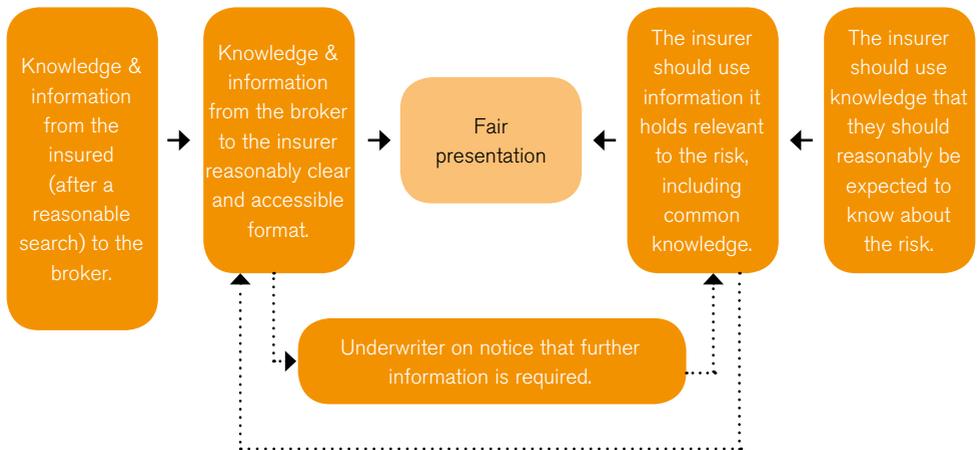
The duty of fair presentation requires you to actively disclose every material circumstance that you or your client knows or ought to know which could affect your clients' insurance policy. Alternatively you will need to provide sufficient information that further enquires need to be made before they can make a decision. Both you and your client are under obligation not to misrepresent any material facts.

What is a material circumstance?

The 2015 Act provides examples of the type of thing that could be a material circumstance:

- Special or unusual facts relating to the risk;
- any particular concerns which led the insured to seek insurance cover for the risk;
- things which should be dealt within a fair presentation of risks of the type in question, in the view of those involved in buying or selling that insurance.

How the process of fair presentation works



Ecclesiastical's approach

- Ecclesiastical will not be asking for information in a particular format, providing a fact find or asking brokers to complete a set of questions.
- We will expect any presentation from brokers to be reasonably clear and in an accessible format.
- Renewal represents a new contract and therefore the new duty will also apply when your clients insurance is renewed.

Breach of the duty of fair presentation

At Ecclesiastical we aim to settle claims quickly and fairly. Where there has been a breach of pre-contractual disclosure the main message of the Act is that any remedy needs to be proportional to the scale of the breach. Therefore if you fail to make a fair presentation for your client the remedy would depend on what would have been done differently had the additional information been known.

Ecclesiastical's approach

- If an underwriter would have applied different terms such as an increased excess, then the claim will be settled as though this had been done.
- If an increased premium would have been charged then the claim will be settled to reflect the proportion of underpayment.
- Where the misrepresentation is deliberate or reckless then Ecclesiastical can void the policy without returning the premium.

Warranties and conditions

The Insurance Act has banned the use of basis of contract clauses which turned information provided to the insurer at new business or renewal into terms of the cover. Additionally the Act now provides that breaches will now lead to a suspension of the liability rather than the termination of the policy.

Ecclesiastical's approach

- Basis of contract clauses have been removed from our policy wordings (point one of our policy preamble) and pre contractual documents.
- New policy wordings will be issued for new and renewal customers.
- We will be replacing warranties with 'conditions precedents'. In the event of a breach, if the insured can show that non-compliance with the term has not increased the risk of the loss that occurred, we will pay the claim.

Fraudulent claims

The Act states that in the event of a fraudulent claim the insurer will be liable for the losses up to the point of the fraudulent act. The insured will forfeit the whole of that claim and the insurers may terminate the policy with effect from the date of the fraudulent act.

Ecclesiastical's approach

- New policy wording will reflect the new fraudulent claims condition.
- If we choose to cancel the policy we will only do so from the date of the fraudulent act.
- We will not be liable for the fraudulent claim or any subsequent claim but will still pay for claims not involving fraudulent acts made under the policy prior to the fraudulent claim.



Preparation for the launch of the Act

Ecclesiastical have adopted the spirit of the Act and will be adhering to the principles contained in it. In order to do this we've had to make some changes and decisions.

Contracting out

Ecclesiastical will not be contracting out of the Insurance Act and fully supports its introduction.

Policy wording changes

Policy wordings are being updated and will be available for renewals and new business from the 1st August. The changes that have been made to the policy wordings include:

- Insuring clauses section
- General conditions section:
 - Fraudulent claims
 - Policy Voidable
 - Sanctions
 - Assignment

There are additional changes that have been made outside of the required Insurance Act changes and these will vary depending on the policy. For further information on our policy changes go to www.ecclesiastical.com/insuranceact

TOBA

Ecclesiastical re-issued TOBAs to all brokers with live agencies in November 2015, with general updates based on industry best practice, while doing this we took the Insurance Act into consideration. As such there will be no further changes made to the TOBA.

Processes and procedures

We are busy updating our internal processes and procedures and all our customer facing staff have received training to ensure there is a smooth transition for you and your clients. We have been acting in the spirit of the Act since 2015 and therefore you will not see any obvious changes in the way you do business with us.

Schemes, delegated authority and third party suppliers

Delegated authority brokers will have the responsibility and duty to obtain and hold information on the risks. Arrangements for Schemes brokers will vary depending on how you currently work with us and you will be consulted individually. We will conduct regular reviews to ensure all schemes are compliant with the Act.

Third party suppliers currently providing a reinsurance function have been involved in discussions with us and will follow the changes we have put in place to comply with the Act.

Communications

We previously released a communication in May 2015 confirming our alignment to the Act. We have also been providing training with BLM, our legal consultants, on the Insurance Act across the country and we hope the responses above will answer any question you have regarding our approach to the Act.

Getting in touch

If you have further questions please contact your BDM or Underwriting Developer.

Alternatively contact your regional office:

London and South East

Tel: 0345 608 0069

Email: london@ecclesiastical.com

Central and South West

Tel: 0345 605 0209

Email: central@ecclesiastical.com

Northern

Tel: 0345 603 7554

Email: northern@ecclesiastical.com



Beaufort House, Brunswick Road,
Gloucester GL1 1JZ

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