



SOLUTIONS...DEFINED, DESIGNED, AND DELIVERED.

BANKNOTE: THE INSURANCE ACT 2015



THE INSURANCE ACT 2015 RECEIVED ROYAL ASSENT ON
12 FEBRUARY 2015, AND WILL COME INTO FORCE IN AUGUST 2016,
BRINGING ABOUT THE BIGGEST CHANGE TO ENGLISH INSURANCE
CONTRACT LAW IN MORE THAN 100 YEARS.

A close-up photograph of a hand holding a black pen, signing a document. The document has a blue-tinted background. The word "Signature" is printed in a sans-serif font on the left side of the document. A cursive signature is being written in black ink over a horizontal line. The background is blurred, showing what appears to be a window with blinds.

Signature

THE INSURANCE ACT 2015

The Insurance Act 2015 (the “Act”) received Royal Assent on 12 February 2015, and will come into force in August 2016, bringing about the biggest change to English insurance contract law in more than 100 years.

Marsh welcomes the Act and has been lobbying the Law Commission about reform of insurance contract law since consultations began in 2006.

The Act is generally a positive step forward for insureds as it redresses an imbalance in the current law, which can sometimes overly favour insurers. For example, the Act will abolish basis of contract clauses; avoidance will no longer be the only remedy for material non-disclosure and misrepresentation; and automatic discharge of cover will no longer be the only remedy for breach of warranty. The Act also clarifies an insured’s pre-contractual duty of disclosure, as the current duty can cause problems for insureds who are sometimes unclear as to whose knowledge is relevant.

The Act also requires more active engagement by underwriters at the placement stage.

Like any new law, the Act may create some areas of uncertainty. For example, under the current law, as avoidance is the only remedy for material non-disclosure/misrepresentation, insurers are sometimes reluctant to invoke it (e.g. where there has been an innocent non-disclosure) whereas it is possible insurers will use the new remedies available to them under the Act, such as proportionate reduction of claims payments, more often. You should also compare your existing insurance policies with the Act, as in some cases you may have terms that are already more favourable.

We will be working proactively to help you maximise the benefits available under the Act where appropriate.

ABOUT MARSH'S STRUCTURED FINANCE TEAM

Marsh's structured finance team is exclusively dedicated to provide lenders' insurance, due diligence, and advisory services for projects worldwide.

Since 1995, our team of professionals (based in the UK) has acted as lenders' insurance adviser (LIA) on more than 700 projects, and in the last three years on projects spanning more than 40 countries and 20 industry sectors. Our objective on all our engagements is to assist lenders and project counterparties to achieve a bankable insurance solution.

Our depth and breadth of knowledge and experience in this specialist area of insurance advice is further reinforced by being a component of our Global Infrastructure Practice. Marsh's extensive global infrastructure expertise assists clients' interests throughout negotiation and execution of contractual structure, design and build, operations, maintenance and refurbishment – all this in context of construction projects, secondary purchase and sale of assets, public and/or private financing, or related capital raising.



For more information about Marsh's risk management services and solutions, contact your local Marsh representative or visit uk.marsh.com

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