

No. 15 2016/2017 - The UK Insurance Act 2015

September 2016

Dear Sirs,

The UK Insurance Act 2015

Members are referred to Notice to Members No.13 2015/2016 on the UK Insurance Act (the "new Act"), which came into force on 12 August 2016.

The Notice provided a detailed commentary on the rationale behind the new Act and the common approach agreed by the eight affected Clubs of the International Group ("IG").

As an update, the Enterprise Bill 2015 has now been passed, which amends the new Act by implying into all contracts of insurance an entirely new term requiring the reimbursement of claims within a 'reasonable time', failing which interest may become payable. Bearing in mind the mutual nature of the risks insured and the manner in which claims are handled in the IG and under the Pooling Agreement, this provision does not appear to be appropriate for IG clubs. The eight affected IG clubs have therefore contracted out of this provision and will maintain the longstanding exclusion as to the payment of interest on members' claims. However, the new Act does not permit an insurer to contract out of the implied term in circumstances where the insurer deliberately or recklessly fails to reimburse an insured's claim within a reasonable time. Members will therefore be protected to that extent.

All eight affected IG Clubs have already amended their Rules (with effect from the start of the 2016/17 policy year) to reflect the agreed IG approach. In addition, the eight Clubs have reviewed and amended, as required, their internal procedures with regard to dealings going forward with Members and prospective Members, specifically as regards their quotation procedures.

The eight affected IG Clubs whose Rules are governed by English law have issued similar Circulars.

Yours faithfully

For: **West of England Insurance Services (Luxembourg) S.A.**
(As Managers)

A Paulson
Director