

## UK's Insurance Act 2015

By Bruce Hepburn, CEO Mactavish

The UK's *Insurance Act 2015* will affect buyers across Europe because of the huge amount of international insurance and reinsurance business placed in the London insurance market.

The Act, which comes into force in August next year, is the most important new law affecting commercial insurance in the UK for more than a century. It provides buyers with valuable extra protection, meaning that insurers will no longer be able to use various technicalities or trivial breaches of contract to deny or decline claims on policies. At the same time, it places an enhanced burden on buyers to present underwriters with accurate information that provides a fair and detailed picture of their organisation's risk profile.



The new Act will bring significant additional direct and indirect benefits to businesses buying insurance in the UK. However, in order to get these benefits, European risk managers will face a challenging task and need to understand the substance of the reform and adapt their practices in response.

Mactavish – the UK's leading expert on the reliability of insurance contracts arranged under English law – has been heavily involved in the law reform process that led to the Insurance Act 2015. They were asked by the Federation of European Risk Management Associations (FERMA) to produce a guide on the subject for European risk managers to assist with their understanding and adaptation to the Act.

The Mactavish guide, entitled *Changes in UK Insurance Law - An Introduction for European Businesses*, provides an overview of the legislation and its implications for risk managers, as well as a check-list of things for them to consider.

David Hertzell, who as a former Law Commissioner was responsible for overseeing the new legislation and is now a consultant at Mactavish, says that the Act will encourage greater professionalism in the market. Those buyers who rise to the challenge stand to derive significant benefits in terms of better designed policies and a greater certainty that large claims will be paid, he commented.

According to Mactavish CEO, Bruce Hepburn: "By compelling businesses to understand their risk in more detail and shifting insurers' focus towards clarifying and defining coverage, the Act is expected

to drive increased innovation in bespoke coverage design. To benefit, however, buyers and their brokers will have to be alert to the implications of the new law.”

The FERMA/Mactavish guide has been written to help risk managers understand the implications of the new law and adapt their practices. To request a copy of the Guide, please visit the Mactavish website: [www.mactavishgroup.com/services/research/](http://www.mactavishgroup.com/services/research/)