
Changes to legislation: There are currently no known outstanding effects for the Insurance Act 2015, PART 1. (See end of Document for details)

SCHEDULES

SCHEDULE 1

INSURERS' REMEDIES FOR QUALIFYING BREACHES

PART 1

CONTRACTS

General

- 1 This Part of this Schedule applies to qualifying breaches of the duty of fair presentation in relation to non-consumer insurance contracts (for variations to them, see Part 2).

Deliberate or reckless breaches

- 2 If a qualifying breach was deliberate or reckless, the insurer—
- (a) may avoid the contract and refuse all claims, and
 - (b) need not return any of the premiums paid.

Other breaches

- 3 Paragraphs 4 to 6 apply if a qualifying breach was neither deliberate nor reckless.
- 4 If, in the absence of the qualifying breach, the insurer would not have entered into the contract on any terms, the insurer may avoid the contract and refuse all claims, but must in that event return the premiums paid.
- 5 If the insurer would have entered into the contract, but on different terms (other than terms relating to the premium), the contract is to be treated as if it had been entered into on those different terms if the insurer so requires.
- 6 (1) In addition, if the insurer would have entered into the contract (whether the terms relating to matters other than the premium would have been the same or different), but would have charged a higher premium, the insurer may reduce proportionately the amount to be paid on a claim.
- (2) In sub-paragraph (1), “reduce proportionately” means that the insurer need pay on the claim only X% of what it would otherwise have been under an obligation to pay under the terms of the contract (or, if applicable, under the different terms provided for by virtue of paragraph 5), where—

$$X = \frac{\text{Premium actually charged}}{\text{Higher premium}} \times 100$$

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