



## ROOTS INSURANCE BROKERS

### DUTY OF FAIR PRESENTATION

Version 1.2

#### Providing Information to Your Insurers

As a result of the Insurance Act 2015, significant changes have been made to the disclosure requirements that affects every business policy placed, renewed or amended from the 12th August 2016. Quite simply, this modernises insurance law and aims to make recovery from an insurer fairer and simpler in the event of a claim. The Act imposes an obligation on all policyholders to “make a fair presentation of the risk” to the insurer.

A fair presentation is one that discloses, in a manner that is Reasonably Clear and Accessible, every Material Circumstance which is Known, or Ought to be Known, by the policyholder’s Senior Management, or those responsible for arranging insurance, following a Reasonable Search. The following guidance covers the key components of this obligation:

**Reasonably Clear and Accessible means:** all information must be provided to insurers in a reasonably clear and accessible manner. This means that information must not be provided in an ambiguous way. The rules prevent policyholders from concealing key facts amongst large volumes of less relevant or immaterial information.

**Material Circumstance means:** this is anything which would influence the judgement of a prudent insurer in determining whether to take the risk and, if so, on what terms. There is no specific limitation on what constitutes a material circumstance, but it would typically include any factors relating to the risk to be insured including prior claims, your financial history, convictions of key personnel and your business activities.

**Known or Ought to be Known means:** you are obliged to disclose material circumstances that you actually know but also those that you ought to know. This means that if the information is readily available to you but you fail to disclose it owing to either a lack of enquiry or by “turning a blind eye”, you will have breached your duty to fairly present the risk. Equally, any relevant knowledge we have as your broker must also be presented to insurers. We must therefore make you aware that all information you provide to us must form part of the presentation of the risk, if relevant. This includes any information you provide to us in a social or informal setting.

**Senior Management means:** your knowledge, for the purposes of the Act, includes (but is not limited to) that of all senior management. Senior management includes anyone who has a key role in making decisions on behalf of the business, even if they do not sit on the board or if they do not officially have a management role.

**Reasonable Search means:** you are obliged to undertake a reasonable search. What is reasonable will depend upon the nature of your business and the policy you are purchasing. If you need guidance, we will provide you with advice as to what might be reasonable. When considering the extent of your search, you should take into account the nature of the insurance you wish to purchase and consider who within your organisation is best placed to provide relevant information.

#### When to Disclose?

a: Jason Works, Clarence Street, Loughborough, Leicestershire, LE11 1DX

t: 01509 380 127

w: [rootsinsurancebrokers.co.uk](http://rootsinsurancebrokers.co.uk)





This requirement does not stop once insurance cover is in place as you are under a continuing obligation to notify any material circumstance and alterations to risk as described above. The duty arises again if you wish to make changes to the policy so that the insurer takes additional risk, when there is an extension of the policy period and when a policy condition requires you to advise your insurer of a specific increase or alteration in risk. The duty then arises again during the renewal process.

### What Happens if You Do Not Fairly Present the Risk?

If you fail to comply with your obligations, insurers have differing remedies depending upon the nature of the breach and what would have happened had you fairly presented the risk. They may void the policy, retain the premium or reduce or refuse to pay claims submitted.

### Examples of Material Circumstance

Circumstances which may be material include things like; special or unusual facts relating to the risk, any particular concerns which led you to see insurance cover for the risk, or anything which is understood as being something that should be disclosed for the type of risk in question. Examples of material circumstances include (this is not an exhaustive list):

- Business activity changes, including profession, products/services provided, annual turnover etc
- A change to the number of staff within the business
- A change in premises, including acquiring additional premises
- The financial status of the business
- Details of criminal charges and convictions of your business, its directors or employees.

### CHANGES TO OUR DUTY OF FAIR PRESENTATION DOCUMENT

We keep our Duty Of Fair Presentation document under regular review. This policy was last updated on 18<sup>th</sup> February 2024. Historic versions can be obtained by contacting us.

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