

CONSUMER INSURANCE CONTRACTS ACT 2019

❖ THIS IS AN IMPORTANT DOCUMENT WHICH MUST BE READ BY THE POLICYHOLDER

A number of sections of the Consumer Insurance Contracts Act 2019 were implemented with effect from the 1st September 2020. The remaining sections of the Consumer Insurance Contracts Act 2019 come into effect from the **1st September 2021**. This includes the removal of a pre-contractual "Duty of Disclosure" (known as the principle of "Utmost Good Faith") imposed on **CONSUMERS**.

Heffernan Insurances as your Insurance Broker, is required by the Act to emphasise to you the requirement to answer all specific questions posed by your Insurer or any statements confirmed in a Statement of Fact **Honestly and with Reasonable Care**. Furthermore, Heffernan Insurances must make you aware that if an Insurer asks you a specific question(s) then the question(s) and the answer(s) you provide are material to the assessment of the risk or the calculation of the premium, or both.

URGENT ACTION IS REQUIRED BY YOU IN THE FOLLOWING CIRCUMSTANCES:

1. If any of the details provided on the **Statement of Fact** (where enclosed) and **Insurer Renewal Documentation** are **incorrect** and require amendment you **must** contact us as soon as possible so that the particular matter(s) identified can be addressed and/or;
2. If you do not **fully understand** any of the details on the **Statement of Fact** (where enclosed) and **Insurer Renewal Documentation** and/or you are in **any doubt** about the details that are provided you **must** contact us as soon as possible for clarification purposes.

THE CONSEQUENCES OF YOU FAILING TO PROVIDE CORRECT INFORMATION TO THE INSURER ARE AS FOLLOWS:

The consequences of you failing to provide correct information to the Insurer, leading to incorrect details being recorded on the Statement of Fact/proposal form (where enclosed) and Insurer Renewal Documentation may result in your Insurer:

1. Treating your policy as "Void" (cover does not exist) or;
2. Reducing the amount of a Claim payment or;
3. Declining to pay a Claim in its entirety or;
4. Increasing your Premium or;
5. Reducing the cover provided or;
6. Taking any other action as deemed appropriate

Regular Reviews

It is in your best interests that you review, on a regular basis, the products which we have arranged for you. As your circumstances change, your needs will change which may result in you having insufficient insurance cover and/or inappropriate investments. We would therefore advise that you contact us to ensure that you are provided with up to date advice and products best suited to your needs.

Consumers: Duty of Disclosure when completing documentation for new business/renewals and midterm adjustments

Section 14 (1) – (5) of the Consumer Insurance Contracts Act which is effective from 1st September 2021 alters consumers duty of disclosure:

- You are required to answer all questions posed by us or the insurer honestly and with reasonable care – the test will be that of the 'average consumer'. Average consumer as per Directive No. 2005/29/EC of the European Parliament and of the Council of 11 May 2005 is reasonably well informed and reasonably observant and circumspect, taking into account social, cultural and linguistic factors.
- Specific questions will be asked. Where you do not provide additional information (after being requested to do so) it can be presumed that the information previously provided remains unchanged.

An insurer may repudiate liability or limit the amount paid on foot of the contract of insurance, only if it establishes that non-disclosure of material information was an effective cause of the insurer entering into the relevant contract of insurance and on the terms on which it did.

Completed proposal forms/statement of fact

Completed proposal forms or Statements of Facts will be provided to you. These are important documents as they form the basis of insurance contract between the insurer and you the consumer. You should review and confirm that the answers contained within are true and accurate.

Commercial Customers: Non-Consumer Disclosure of Information

It is essential that you should bring to our attention any material alteration in risk such as changes of address or use of premises. Any failure to disclose material information may invalidate your claim and render your policy void.

New Business & Renewal

1. You may cancel a contract of insurance, by giving notice in writing to the insurer, within 14 working days after the date you were informed that the contract is concluded. This does not affect the notice periods already provided under European Union (Insurance and Reinsurance) Regulations 2015 (S.I. No. 485 of 2015) or the European Communities (Distance Marketing of Consumer Financial Services) Regulations 2004 (S.I. No. 853 of 2004) which is 30 days in respect of life policies, irrespective of whether the sale took place on a non-face to face basis, and 14 days in respect of general policies and only on sales that took place on a non-face to face basis (distance sales).

If you have taken out a general insurance contract, and we have not met face to face during the process, you may cancel the contract by giving notice in writing to us within 14 days after the date you were informed the contract is on cover.

If you have taken out a general insurance contract, and we have met face to face during the process, you may cancel the contract by giving notice in writing to the insurer within 14 working days after the date you were informed the contract is on cover.

The giving of notice of cancellation by you will have the effect of releasing you from any further obligation arising from the contract of insurance. The insurer cannot impose any costs on you other than the cost of the premium for the period of cover.

This right to cancel does not apply where, in respect of life insurance the contract is for a duration of six months or less, or in respect of general insurance, the duration of the contract is less than one month.

You are under a duty to pay your premium within a reasonable time, or otherwise in accordance with the terms of the contract of insurance.

A court of competent jurisdiction can reduce the pay-out to you if you are in breach of your duties under the Act, in proportion to the breach involved.

Post-Contract Stage and Claims

If, in respect of the insurance contract the insurer is not obliged to pay the full claim settlement amount until any repair, replacement or reinstatement work has been completed and specified documents for the work have been furnished to the insurer, the claim settlement deferment amount cannot exceed:

- 5% of the claim settlement amount where the claim settlement amount is less than €40,000, or
- 10% of the claim settlement amount where the claim settlement amount is more than €40,000.
- An insurer may refuse a claim made by you under a contract of insurance where there is a change in the risk insured, including as described in an "alteration of risk" clause, and the circumstances have so changed that it has effectively changed the risk to one which the insurer has not agreed to cover.
- Any clause in a contract of insurance that refers to a "material change" will be interpreted as being a change that takes the risk outside what was in the reasonable contemplation of the both you and the insurer when the contract was concluded.
- You must cooperate with the insurer in an investigation of insured events including responding to reasonable requests for information in an honest and reasonably careful manner and must notify the insurer of the occurrence of an insured event in a reasonable time. .
- You must notify the insurer of a claim within a reasonable time, or otherwise in accordance with the terms of the contract of insurance.
- If you become aware after a claim is made of information that would either support or prejudice the claim, you are under a duty to disclose it. (The insurer is under the same duty).
- If you make a false or misleading claim in any material respect (and know it to be false or misleading or consciously disregards whether it is) the insurer is entitled to refuse to pay and to terminate the contract.
- Where an insurer becomes aware that a consumer has made a fraudulent claim, they may notify the consumer advising that they are voiding the contract of insurance, and it will be treated as being terminated from the date of the submission of the fraudulent claim. The insurer may refuse all liability in respect of any claim made after the date of the fraudulent act, and the insurer is under no obligation to return any of the premiums paid under the contract.