



September 2021

Consumer Insurance Contracts Act 2019 Update

The remaining provisions of the Consumer Insurance Contracts Act 2019 (the **Act**), save for section 18(4), have commenced with effect from 1 September 2021.

Background

The first set of provisions of the Act were brought into effect on 1 September 2020. You can read about them in detail in our previous briefing [here](#).

New Provisions

The commencement of what are widely regarded as the more onerous sections of the Act was deferred under the terms of the Consumer Insurance Contracts Act 2019 (Commencement) Order 2020 to allow insurers sufficient time to update their systems and processes.

The sections which have now commenced and will impact contracts entered, varied or renewed from 1 September 2021 are:

- **Section 8**, which abolishes the duty of good faith at the pre-contractual stage so that the consumer is now required to answer, truthfully and with reasonable care, a series of questions asked by the insurer.
- **Section 9**, which provides proportionate remedies for misrepresentation by a consumer. The applicable remedy depends on whether the misrepresentation was innocent (insurer is required to pay the claim), fraudulent (insurer may avoid the contract) or negligent (the insurer must do what it would have done had it been aware of the full facts).

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- **Section 12**, which requires the insurer to provide a consumer with a schedule detailing their premiums paid and claims made over the previous five years.
- **Sections 14 (1) – (5)**, which outline the obligations placed on consumers and insurers on renewal of a contract. The consumer is no longer required to furnish any additional information of relevance at this stage, unless the insurer asks them specific questions which they must answer honestly and with reasonable care.

Section 18(4)

No indication has been given yet as to when the final outstanding provision of the Act, Section 18(4), will commence. This section provides that an exclusion of coverage for loss or damage caused by a criminal or intentional act or omission will only apply to the person who caused the loss or damage, or colluded or consented to the act or omission, and that the insured may only recover their proportionate interest in the subject property. A separate commencement order will be required to bring this into force.

Comment

The commencement of these, initially deferred, provisions of the Act substantially completes the reforms to the law governing consumer insurance contracts implemented in response to the 2015 Law Reform Commission Report on Consumer Insurance Contracts.

It is important to note that the provisions of the Act apply not only to individual consumers, but also to small businesses falling within the definition of “consumer” in the Act.

If you require advice in relation to the matters covered in this briefing please contact a member of our [Commercial Litigation Team](#).

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