

### **Risks of not adhering to Warranties and Conditions on Insurance Policy Documents (March 2024)**

#### **Unoccupied Risks**

More often than not, a property is deemed unoccupied when it has been vacant for 30 or 60 days (insurers will differ and this is policy dependent). It is important to notify your Insurer / Broker that a property is vacant, as soon as possible; terms may be applied and failure to comply with any terms that have been applied by the insurer, may invalidate the policy and lead to claims being refused. The main areas of concern are undetected water leaks and squatters allowing themselves access, just to name a couple. This is why insurers will generally stipulate a weekly site visit is required. This does not need to be by a security firm or managing agent but must be a competent person, the inspection needs to be inside and out and a log must be kept.

#### **Unoccupied Risks undergoing Works**

Where a property is undergoing works, insurers must be advised prior to works commencing (depending upon the policy wording), this is to give them time to review the schedule of works, check on their capacity for the risk (this is mainly an issue on listed buildings) and to confirm any terms that they wish to apply. Should you forget to advise insurers of the works or advise them after the works have started, this may invalidate the policy and lead to claims being refused. The main concern with buildings undergoing works is the risk of Fire and on occasions, insurers will request a risk survey and terms will quite often be subject to the outcome of the risk survey.

#### **Occupied Risks undergoing Works**

Where a property is remaining occupied but undergoing works, insurers must still be notified (depending upon the policy wording). Again, they will need to review the scope of works, costs involved and timescales and are likely to apply Warranties or conditions to the policy.

As with anything, it is always best to seek advice from your Broker / Insurer, with any unoccupancy concerns or where your property is undergoing works; full disclosure is best, otherwise failure to do so may invalidate the policy and lead to claims being refused.

Insurance Act – August 2016

The New UK Insurance Act came into force. The Act is designed to focus on transparency and certainty between policy holders and insurers. Going forwards, you will be required to disclose every material circumstance that you know or ought to know and make a fair presentation of the risk. To do so this should include asking senior management as to whether they are aware of anything that requires disclosing. Failing that, you will need to disclose sufficient information to put the insurer on notice that further enquiries may be necessary, for the purpose of revealing those material circumstances. The Act also provides that insurers cannot rely on a breach of warranty or certain other policy terms which are not relevant to the actual loss. Where a loss occurs, and such policy term has not been complied with, insurers will be prevented from relying on the non-compliance to exclude, limit or discharge their liability if the insured can show that the non-compliance did not increase the risk of loss which actually occurred in the circumstances in which it occurred. Our practical advice is if in doubt make a full disclosure; failure to do so may invalidate the policy and lead to claims being refused.