



August 2016

To the Members

Dear Sirs,

The UK Insurance Act 2015

Members are referred to Club Circular [L.263](#) dated November 2015 on the UK Insurance Act 2015 (the new Act), which enters into force on 12 August 2016.

The Circular provided a detailed commentary on the rationale behind the new Act and the common approach agreed by the eight affected Clubs (whose rules are subject to English law) of the International Group (IG).

As an update, on 4 May 2016 the UK Enterprise Bill 2015 received Royal Assent and so became the Enterprise Act 2016. The Enterprise Act amends the new Act by implying into all contracts of insurance a term requiring the reimbursement of claims within a “reasonable time”, failing which damages and interest may become payable. Bearing in mind the mutual nature of the risks insured and the manner in which claims are handled in the IG and under the Pooling Agreement, this provision did not appear to be appropriate for IG clubs. The eight affected IG clubs have therefore contracted out of this implied terms and will (i) maintain the longstanding exclusion as to the payment of interest on Members’ claims, and (ii) exclude any right to other remedies for breach of the implied term. However, the new Act does not permit an insurer to contract out of the implied term in circumstances where the insurer deliberately or recklessly fails to reimburse an insured’s claim within a reasonable time. Members will therefore be protected to that extent.

All eight affected IG Clubs have already amended their Rules (with effect from the start of the 2016/17 policy year) to reflect the agreed IG approach, including in relation to the new provision implied by the Enterprise Act.

Yours faithfully,

**STEAMSHIP MUTUAL UNDERWRITING
ASSOCIATION LIMITED**

L.282

STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION LIMITED

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