



Enterprise Act 2016

2016 CHAPTER 12

PART 5

LATE PAYMENT OF INSURANCE CLAIMS

28 Insurance contracts: implied term about payment of claims

- (1) After section 13 of the Insurance Act 2015 (remedies for fraudulent claims: group insurance) insert—

“PART 4A

LATE PAYMENT OF CLAIMS

13A Implied term about payment of claims

- (1) It is an implied term of every contract of insurance that if the insured makes a claim under the contract, the insurer must pay any sums due in respect of the claim within a reasonable time.
- (2) A reasonable time includes a reasonable time to investigate and assess the claim.
- (3) What is reasonable will depend on all the relevant circumstances, but the following are examples of things which may need to be taken into account—
- the type of insurance,
 - the size and complexity of the claim,
 - compliance with any relevant statutory or regulatory rules or guidance,
 - factors outside the insurer’s control.

Status: This is the original version (as it was originally enacted).

- (4) If the insurer shows that there were reasonable grounds for disputing the claim (whether as to the amount of any sum payable, or as to whether anything at all is payable)—
- (a) the insurer does not breach the term implied by subsection (1) merely by failing to pay the claim (or the affected part of it) while the dispute is continuing, but
 - (b) the conduct of the insurer in handling the claim may be a relevant factor in deciding whether that term was breached and, if so, when.
- (5) Remedies (for example, damages) available for breach of the term implied by subsection (1) are in addition to and distinct from—
- (a) any right to enforce payment of the sums due, and
 - (b) any right to interest on those sums (whether under the contract, under another enactment, at the court’s discretion or otherwise).”
- (2) In section 22 of that Act (application etc of Parts 2 to 5), after subsection (3) insert—
- “(3A) Part 4A applies only in relation to contracts of insurance entered into after that Part has come into force, and variations to such contracts.”