



LITIGATION AND DISPUTE RESOLUTION

The Consumer Insurance Contracts Act 2019: Need to Know

by **Ian Lavelle**

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2nd January 2020 | by Ian Lavelle

The Consumer Insurance Contracts Act 2019 (“**the Act**”) was signed into law by the President of Ireland on 26 December 2019. The provisions of the Act will come into operation on such day or days as the Minister for Finance may order — early this year in all likelihood. [Ian Lavelle](#) outlines what you need to know about the Act.

Scope of the Act

The Act applies to individuals and businesses with a turnover of less than €3 million.

More onerous pre-contractual obligations on insurers

The long-standing principle of utmost good faith has been replaced.

A consumer’s pre-contractual duty of disclosure is now confined to answering specific questions posed by the insurer.

Proportionate remedies for misrepresentation

The remedies available to insurers for pre-contractual misrepresentation by a consumer vary depending on whether the misrepresentation was innocent, negligent or fraudulent.

They range from requiring the insurer to pay the claim where the consumer made an innocent misrepresentation to the insurer avoiding the contract in the case of fraudulent misrepresentation.

The middle ground – negligent misrepresentation – sees the most novel changes in this jurisdiction. The insurer’s remedy in that scenario will depend on what the insurer would have done had it been aware of the full facts.

The remedies are broadly similar to those applicable in the UK under the Insurance Act 2015.

‘Basis of contract’ clauses are no longer valid

Any term which purports to convert a statement made by a consumer prior to entering into the contract into a warranty, shall be invalid.

Right of third party to claim against insurers

The Act confers an unequivocal statutory entitlement on third parties to claim against insurers in certain circumstances.

Where a person has died, cannot be found, is insolvent, or “for any other reason it appears to a court to be

just and equitable to so order”, that person’s contractual rights against the insurer shall be transferred to and vest in the third party to whom a liability was incurred.

There is no longer a requirement to first establish the liability of the person before a third party issues proceedings against the insurer.

If you would like to learn more about the contents of this note, or how these issues may apply to your organisation, please contact [Ian Lavelle](#), Partner in the Insurance and Dispute Resolution Department at LK Shields.

This material is provided for general information purposes only and does not purport to cover every aspect of the themes and subject matter discussed, nor is it intended to provide, and does not constitute or comprise, legal or any other advice on any particular matter.

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