

The Importance of Material Information

It is essential that when you are taking out or renewing insurance, you disclose all material facts to Insurers. If you fail to do this an insurer may void your policy or refuse to settle a claim. You may be tempted to think that if something happened a long time ago it is irrelevant to insurers but if that information is later uncovered by Insurers, when a claim arises, there is a very real risk that your claim will not be paid.

What is Material Information?

A material fact is one that is likely to influence the judgement of an Insurer when determining whether to provide a business with cover and at what premium. If you have any doubt about facts considered material you should disclose them. Material facts will ordinarily be disclosed in your proposal form at renewal or upon first taking out insurance. If you feel that the proposal form fails to give you the opportunity to fully describe your business then it is recommended that any additional information is attached and submitted to your insurance broker.

Examples of Material Information

1. Changes to your business – new Directors/Partners; new offices, acquisitions or disposals, moves into new territories or the launch of new services.
2. Circumstances which might give rise to a claim and or claims.
3. Information on the nature of the work you undertake.
4. The appointment of consultants or sub-consultants, particularly where they are carrying a limit of indemnity less than your firm.

These are just some of the most common issues rather than a comprehensive list, so please do not hesitate to contact us if you are uncertain about what information you should provide. It is important to remember that you must notify your insurance brokers of any changes to your business that you feel may impact on insurers' perception of your risk throughout the course of the policy year; you should not assume that it can wait until renewal.

Howden Insurance Brokers have operated in the Engineering Sector for over 15 years and look after the Professional Indemnity insurance requirements of over 400 engineering firms. If you wish to discuss your insurance requirements please contact Taurai Ushe on 020 7645 9312 or by email tushe@howdengroup.com.

This document is intended for general guidance. It is not intended to apply to any particular case and does not constitute either legal or insurance advice. For further information please contact the author. September 2011.