Consumer Insurance Act 2012

What is CIDRA?

The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA) reformed insurance law in the UK and created the concepts of 'consumer' and 'non-consumer' insurance.

It removed the obligations of 'utmost good faith' on consumers entering insurance contracts but places a duty on the insured to take reasonable care not to misrepresent a risk to an insurer.

What is Consumer Insurance?

Consumer Insurance contracts are defined as: "A contract between an individual who enters into the contract wholly or mainly for purposes unrelated to the individual's trade, business or profession".

If it is not clear whether a customer is a consumer or a commercial customer, a firm must treat the customer as a consumer.

Non-Disclosure and Misrepresentation

CIDRA stipulated that all a consumer has to do is answer all questions honestly and reasonably. So therefore, it is up to the insurer to ask all the questions they want their customers to answer.

An insurer can refuse to pay a claim if they prove that the customer made deliberate or reckless misrepresentations.

Your obligations under CIDRA

When you complete a quote using our quotation system, you are entering the details on behalf of your client. Therefore, you need to ensure that:

- The client answers all the questions reasonably and honestly.
- You ask the exact questions that the insurer has stated on a proposal form before they proceed with the cover.
- You confirm with your client all the details that will be disclosed to the insurer.
- You do not speculate or estimate any response.

Consequences of Misrepresentation or Non-Disclosure

You are acting on behalf of your client so if you or fail to disclose or misrepresent your client then the insurer may cancel the policy or refuse to pay a claim.