

11 Remedies for fraudulent claims [j201]

- (1) If the insured makes a fraudulent claim under a contract of insurance –
 - (a) the insurer is not liable to pay the claim,
 - (b) the insurer may recover from the insured any sums paid by the insurer to the insured in respect of it, and
 - (c) in addition, the insurer may by notice to the insured treat the contract as having been terminated with effect from the time of the fraudulent act.
- (2) A claim may be fraudulent when made, or become fraudulent as a result of a later act.
- (3) If the insurer does treat the contract as having been terminated –
 - (a) it may refuse all liability to the insured under the contract in respect of a relevant event occurring after the time of the fraudulent act, and
 - (b) it need not return any of the premiums paid under the contract.
- (4) Treating a contract as having been terminated under this section does not affect the rights and obligations of the parties to the contract with respect to a relevant event occurring before the time of the fraudulent act.
- (5) In subsections (3)(a) and (4), “relevant event” refers to whatever gives rise to the insurer’s liability under the contract [(and includes, for example, the occurrence of a loss, the making of a claim, or the notification of a potential claim, depending on how the contract is written)].

12 Fraudulent claims: group insurance [j303]

- (1) This section applies where –
 - (a) a contract of insurance is entered into by a person (“A”) in order to provide cover for one or more other persons (“C”),
 - (b) none of the Cs is a party to the contract,
 - (c) so far as the cover for each C is concerned, the contract would have been a consumer insurance contract if entered into by that C rather than by A,
 - (d) a fraudulent claim is made under the contract by or on behalf of one of the Cs (“CF”).
- (2) Section 11 applies in relation to the claim as if the cover provided for CF were provided under an individual consumer insurance contract between the insurer and CF as the insured; and, accordingly –
 - (a) the insurer’s rights under section 11 are exercisable only in relation to the cover provided for CF, and
 - (b) the exercise of any of those rights does not affect the cover provided under the contract for anyone else.
- (3) In its application by virtue of subsection (2), section 11 is subject to the following particular modifications –
 - (a) the reference to “the insured” in subsection (1)(b) of that section includes both CF and A, depending on which of them has received any sum in question,
 - (b) the reference to “the insured” in subsection (1)(c) is to both CF and A,
 - (c) the reference in subsection (3)(b) to the premiums paid under the contract is to premiums paid in respect of the cover for CF.