



13 July 2020

To Whom it may concern

As you will be aware the coronavirus pandemic has sadly led to widespread disruption and business closures resulting in many organisations making claims against their Business Interruption (BI) insurance policies.

There has been concern across the insurance market about the lack of clarity and certainty for some customers making claims, and the basis on which some insurers are making claims decisions. The variation in the types of cover provided and policy wordings used mean it can be difficult to determine whether customers have cover in place and can make a valid claim. This has led to some customers who believe they have valid claims having these rejected by their insurer.

### **Financial Conduct Authority (FCA) Test Case**

To address this uncertainty the FCA has started a process to obtain court declarations as part of a test case, aimed at resolving the contractual uncertainty around the validity of many BI claims. The result of the test case will be legally binding on the insurers that are parties to the test case and will also provide guidance for the interpretation of similar policy wordings and claims.

The test case will not determine how much is payable under individual policies, but will provide the basis for doing so.

### **Review of Coverage Clauses**

In line with the FCA's guidance in relation to the test case, and to ensure that we are doing the right thing for our customers, we have completed a comprehensive review of the denial of access and disease coverage clauses contained in our non-damage business interruption policies to determine whether claims under these clauses might be affected by the final resolution of the test case.

## Outcome of our review

The FCA test case will not cover issues relating to:

- clauses which require damage to property;
- clauses that have an exhaustive list of diseases which do not include Covid-19; or
- clauses which require the disease to be present on the insured premises.

As the denial of access or disease clauses within your policy fall into one or more of the categories above, we have concluded that your claim will not be affected by the outcome of the test case. Your claim and complaint will therefore not be reassessed upon final resolution of the test case.

If you remain unhappy with the outcome of your complaint then you can refer this matter to the Financial Ombudsman Service (FOS). You can find out more about how to complain to the Ombudsman online at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

Alternatively, you can write to them at: Financial Ombudsman Service, Exchange Tower, London, E14 9SR, telephone them on 0800 023 4567 or email [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk).

Please note that if you do not refer your complaint within the six months, the Ombudsman won't have our permission to consider your complaint and therefore will only be able to do so in very limited circumstances, for example, if it believes that the delay was as a result of exceptional circumstances. You can find more information on the test case on the FCA's dedicated webpage - [www.fca.org.uk/firms/business-interruption-insurance](http://www.fca.org.uk/firms/business-interruption-insurance).

You can also find information issued by the Financial Ombudsman Service concerning business interruption insurance cases on their website - [www.financial-ombudsman.org.uk/coronavirus](http://www.financial-ombudsman.org.uk/coronavirus).

If you have any further questions, please contact your broker or call us on 0345 122 3283.

Yours sincerely



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