

# NEWS BRIEF

Presented by **Crendon Insurance Brokers Ltd**

## Enterprise Act Receives Royal Assent

The Enterprise Act, a wide-ranging piece of legislation designed to benefit the United Kingdom's 5.4 million businesses, received Royal Assent on 4th May 2016 and will come into effect in May 2017. The one-year transition period will allow both businesses and the insurance industry to make any necessary changes required by the new Act. Both groups have welcomed the measures, with the British Insurance Brokers' Association (BIBA) declaring that it 'means good news for the insurance sector and[...]for business' as it marks a move toward a more deregulated environment that should make it easier to start and grow businesses in the United Kingdom.

The Act introduces a swathe of measures that aim to cut 'red tape', tackle late payments and support apprenticeships. The Act has sweeping implications for businesses and the insurance industry.

### Implications for Businesses

The government's main goal with the Enterprise Act is to make Britain 'the best place in Europe to start and grow a business', which it hopes to achieve with the following measures:

- The Act establishes a Small Business Commissioner to help small firms resolve issues such as late payments, which costs those firms £26.8 billion per year.
- The Act includes the actions of regulators in the government's £10 billion deregulation target and increases transparency through annual reporting requirements.
- The Act extends the successful Primary Authority scheme to make it easier for businesses to access consistent, tailored and assured advice from local authorities. The scheme has already helped more than 7,000 businesses comply with local regulations.

- The Act protects and strengthens the apprenticeship brand, introduces public sector apprenticeship targets and establishes an Institute for Apprenticeships.
- The Act creates a legal obligation for insurers to pay claims to businesses within a reasonable time frame.

### Implications for the Insurance Industry

Although the Act's main purpose is to empower UK businesses, the insurance industry has welcomed the Act as well, believing that any legislation that makes it easier to do business will benefit insurers.

One key change introduced by the Act is an addendum to the Insurance Act 2015 which allows businesses to sue for damages if they suffer financial loss due to late insurance claim payments. According to BIBA's Executive Director Graeme Trudgill, BIBA lobbied for this as it benefits brokers' commercial clients and helps guarantee that insurers are providing expedient payments to help businesses return to operations as quickly as possible after an interruption.

Industry experts are recommending that insurers and brokers spend the next year scrutinising their claims procedures and establishing more streamlined systems to ensure that claim payments are handled promptly. Failure to do so could invite legal action.

Another change from the Act that was celebrated by the insurance industry is the move toward deregulation, which should include the Financial Conduct Authority (FCA), the body that regulates insurers. Under the Act, the FCA, like other regulators, may be required to report annually on the impact its actions have on business.

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