



The Enterprise Act Arrives

The Enterprise Act, a wide-ranging piece of legislation designed to benefit the United Kingdom's 5.4 million businesses, will come into effect on 4 May 2017.

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. The change applies to every policy with an inception date or renewal date on or after 4 May 2017. It will be an implied term of every insurance contract that the insurer must pay any sums due "within a reasonable time".

The British Insurance Brokers Association (BIBA) lobbied for this key change as it benefits brokers' commercial clients and helps guarantee that insurers are providing expedient payments to assist businesses returning to normal operation as quickly as possible after an insured loss.

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