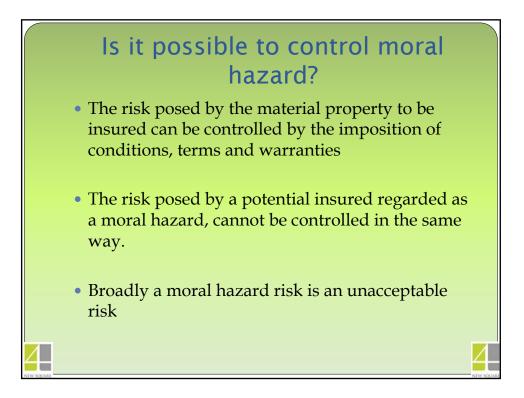


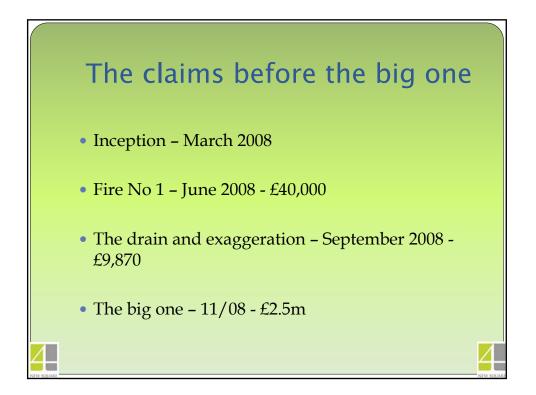
Barlow Clowes v Eurotrust [2006] 1 All ER 333 The Privy Council clarified the statement of law in *Twinsectra*.

- A dishonest state of mind is a subjective mental state, but the law's assessment of the dishonest state of mind has to be undertaken objectively
- Dishonest insured not entitled to avoid findings of fraud or non-disclosure, by reference to his own subjective mental state – conduct assessed objectively

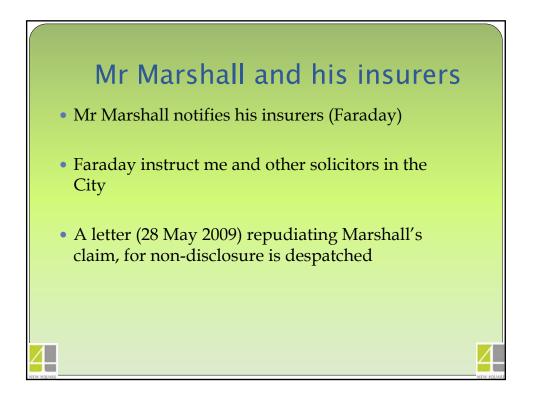


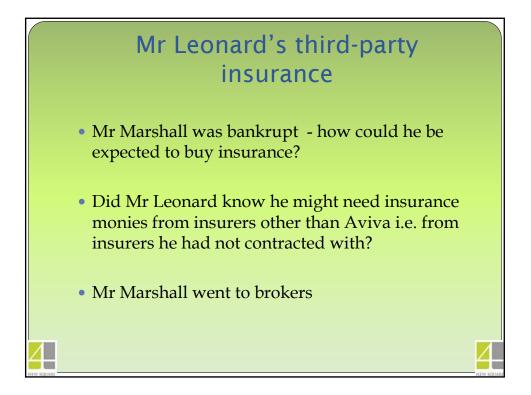


- Mr Leonard bought industrial estate
- Some insurance with Aviva on other properties shortly after purchase
- Industrial estate added to policy in March 2008

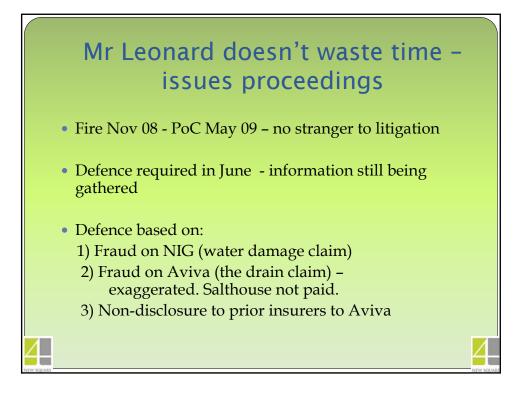


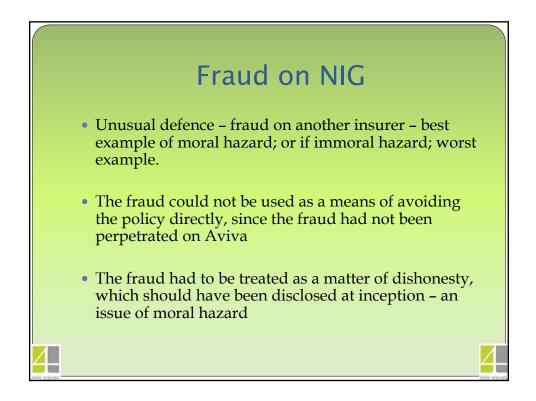


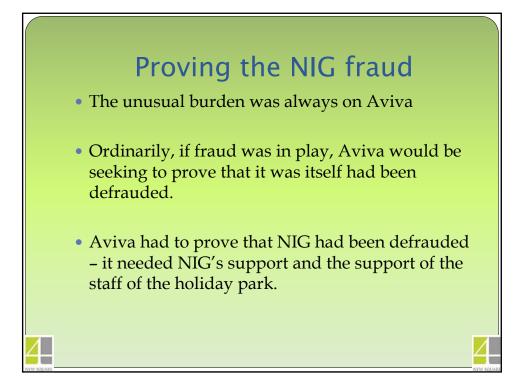


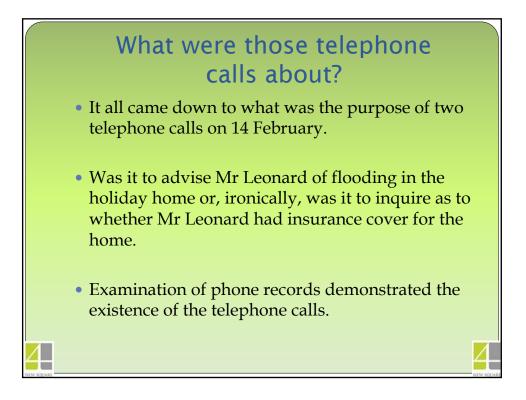


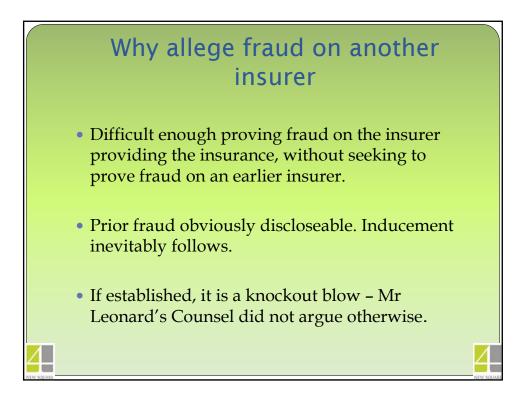


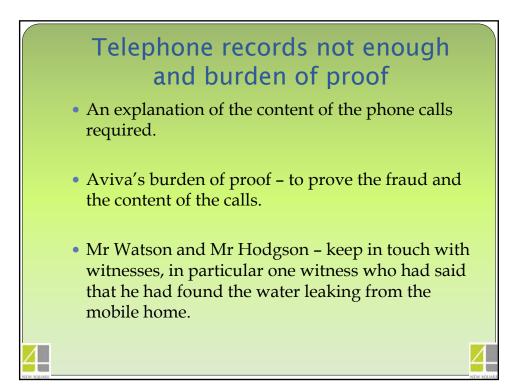


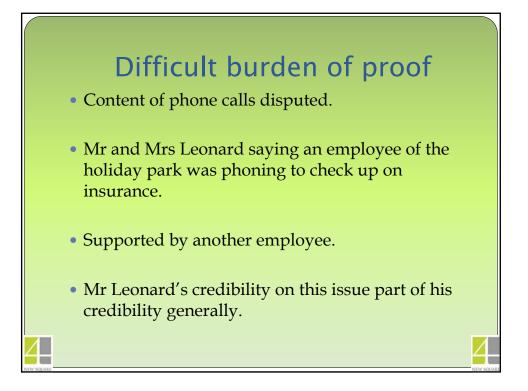


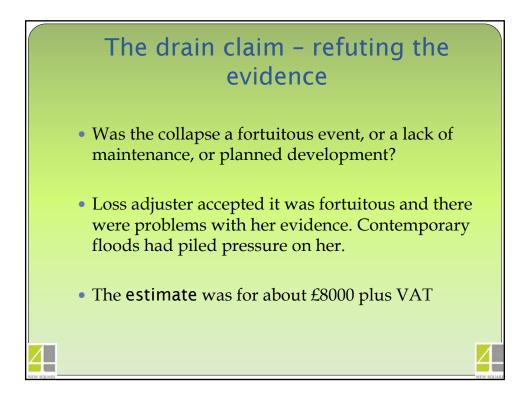


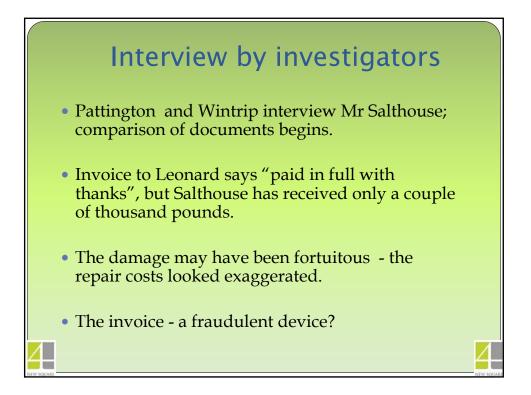


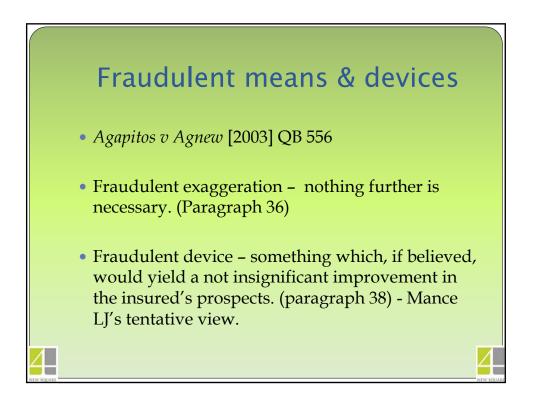


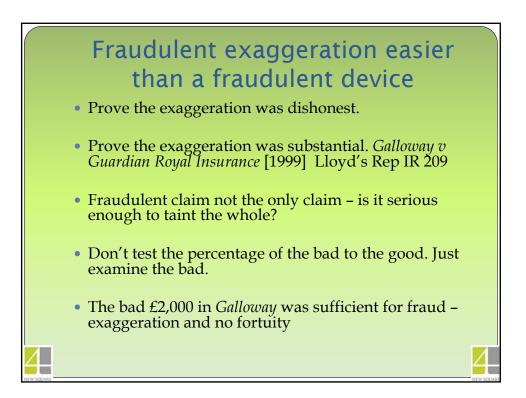


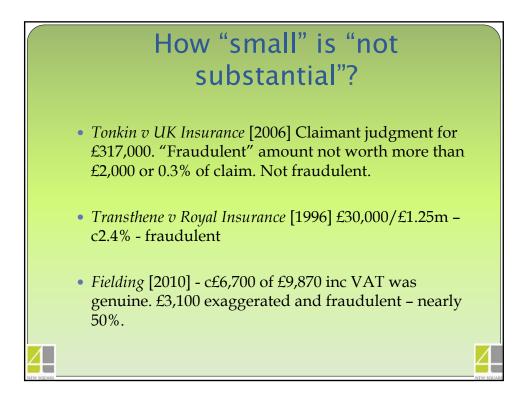


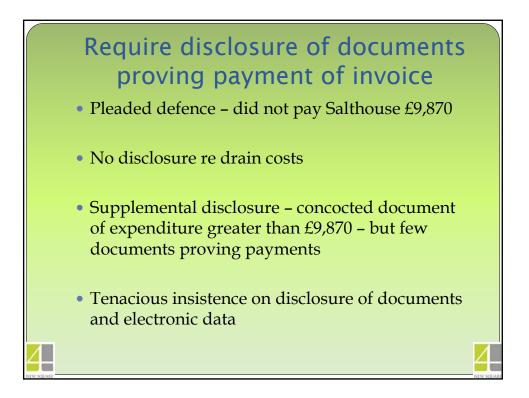




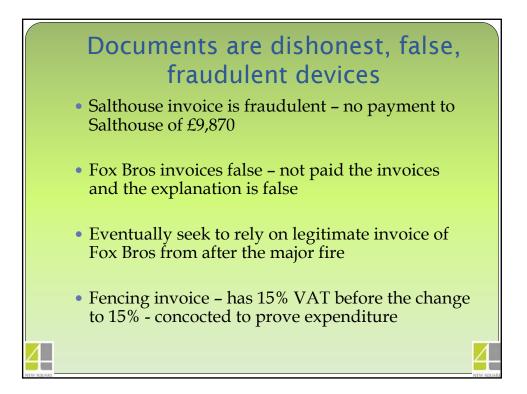


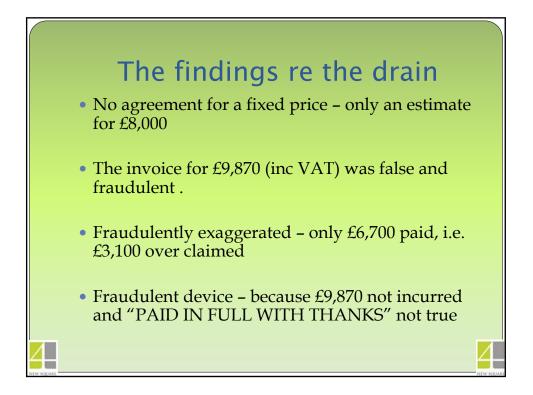


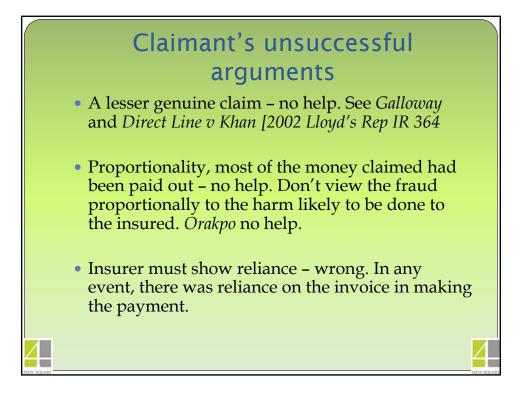


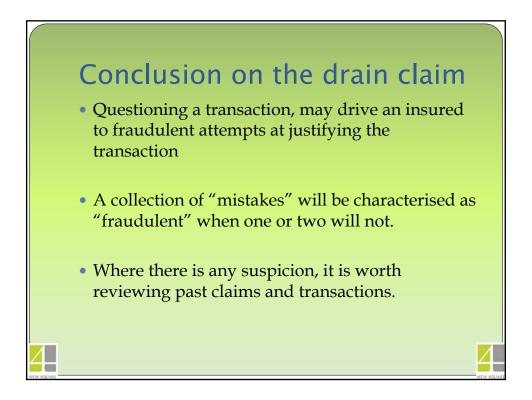


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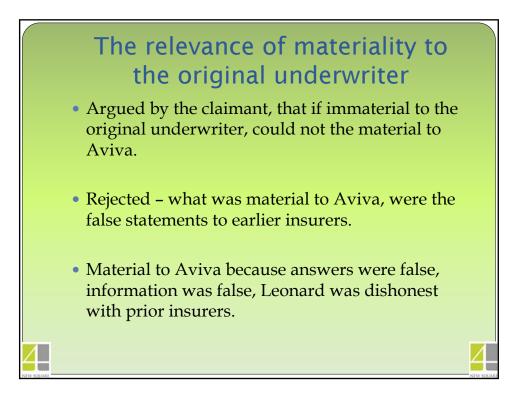


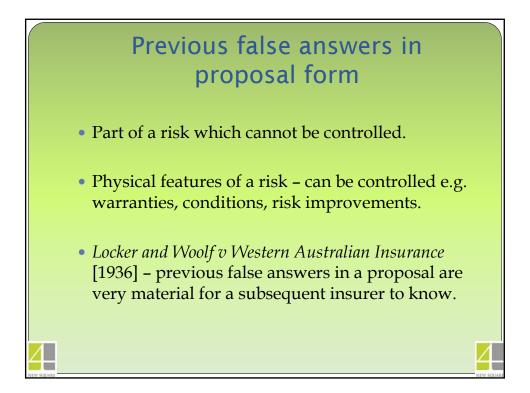


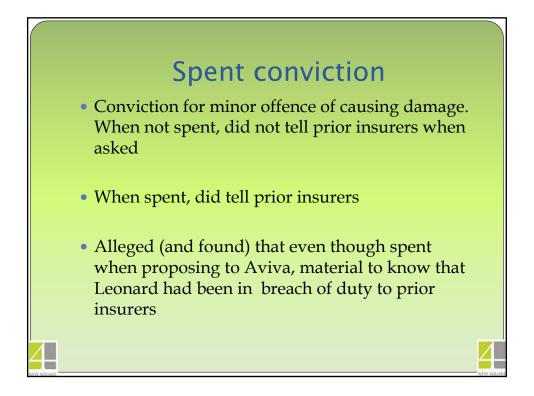


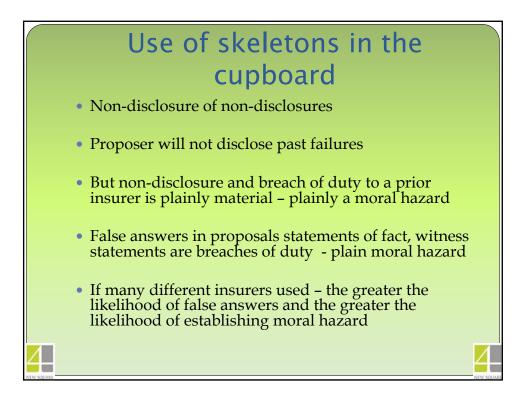


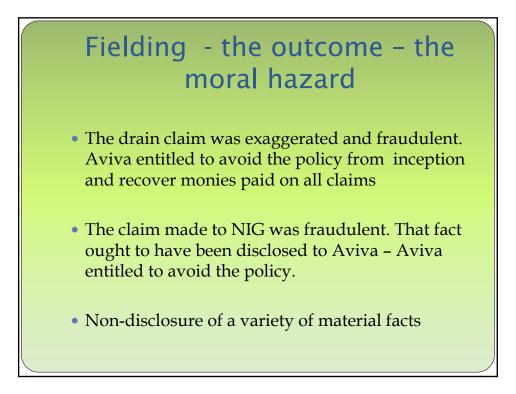
- *Pan Atlantic v Pinetop* [1995] 1 AC 501 a material fact is one which a prudent underwriter would take into account in assessing the risk.
- Inducement would there have been a different underwriting decision?
- The Dora [1989] 1 Lloyd's Law Reports, 69 the full picture has to be assessed put individual failures into overall context

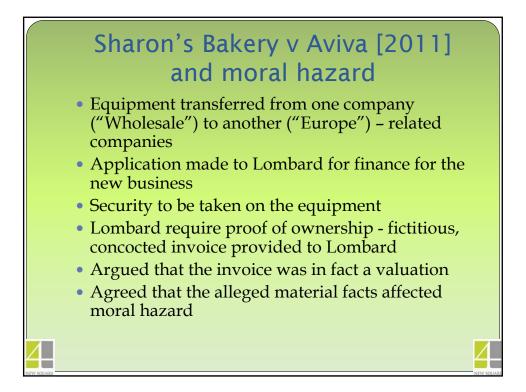


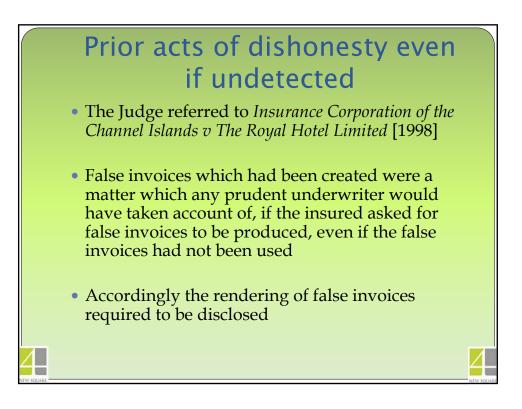


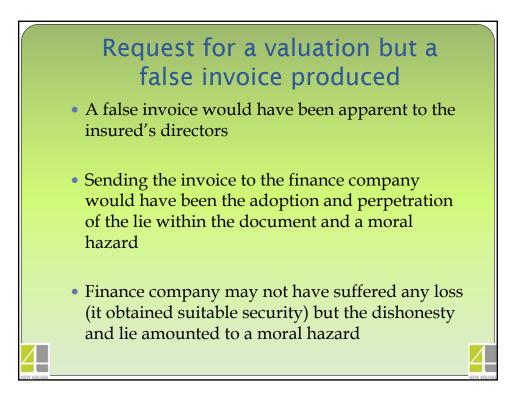


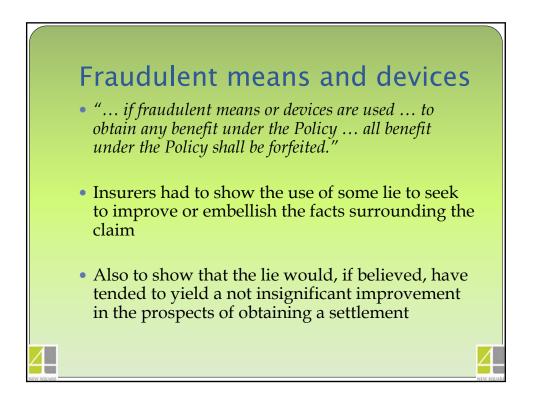


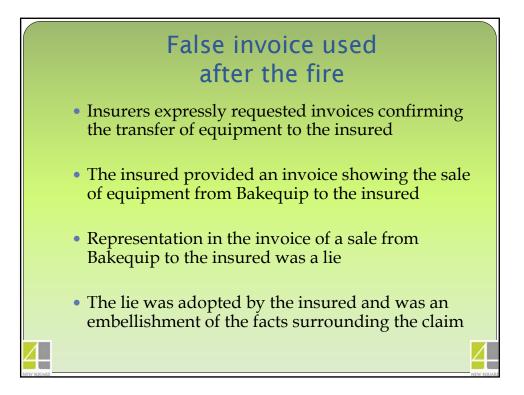


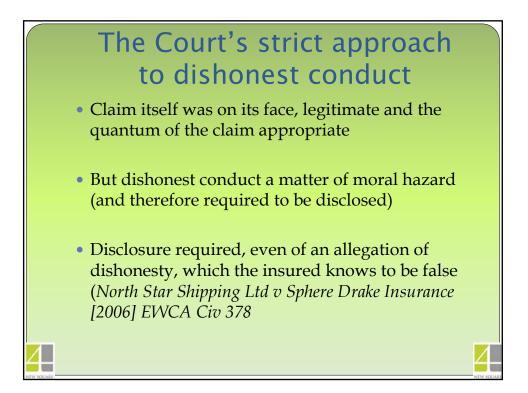






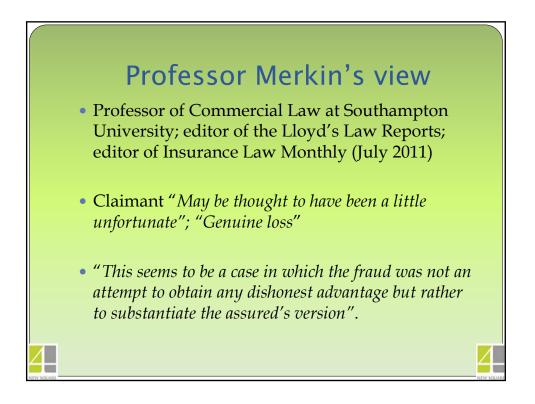


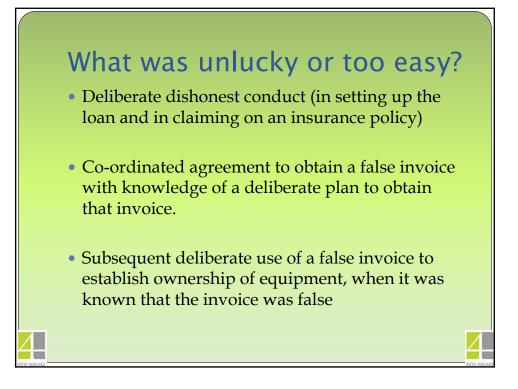




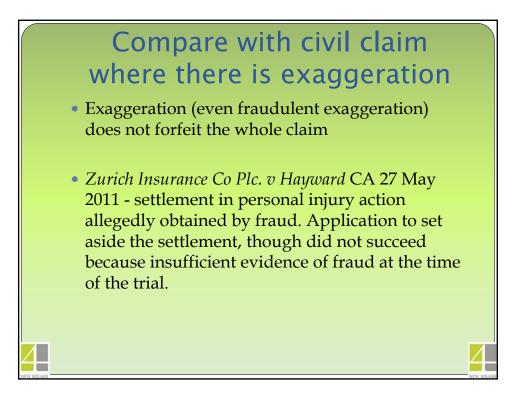
Moral hazard - too easy?

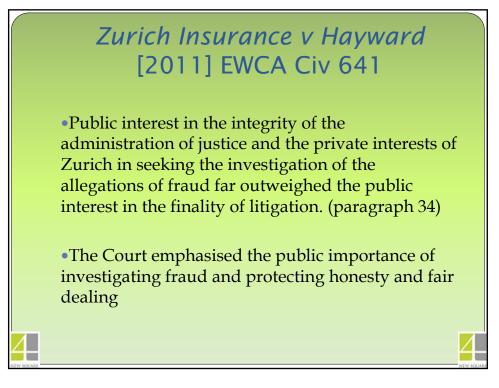
- Even if the false invoices had not been submitted to Lombard, the judge would have reached the same conclusion because of the false invoices were produced with the knowledge of the insured
- Moral hazard also arises if a false document was produced without knowledge of the insured, but was subsequently used by the insured with knowledge of the lie within the document

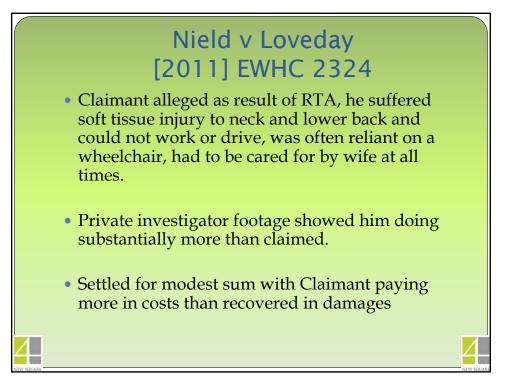


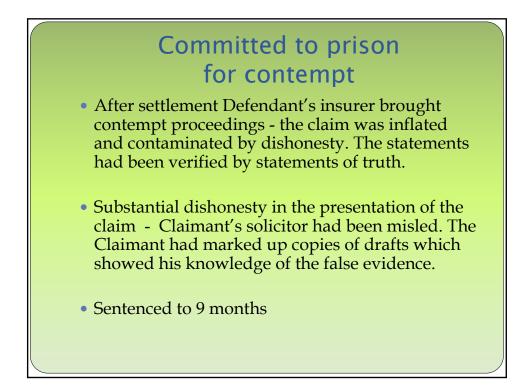


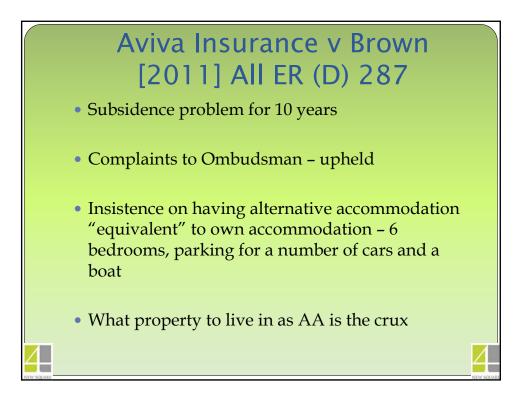
Genuine loss - genuine and honest documents If there was a genuine loss, genuine documents could have been used honestly Clear policy of the law to promote fair dealing and honesty - Jackson LJ in *Direct Line v Khan*Contested 6 day trial - nothing too easy for insurers in proving false representations













Mr Brown's letter to agents

"Please find enclosed details of a house that I consider will be suitable as alternative accommodation. <u>I have spoken to the agents who have been in touch with the owner.</u>

Could you please obtain permission from the insurers that I can proceed to rent this house and that they will pay the deposit and rent. I have spoken to Helen from your office and the date that we are aiming at is August 4th 2007.

