

# Duty of Disclosure

## **Make sure you comply with your Duty of Disclosure**

The Insurance Contracts Act 1984 requires that you, and everyone who is an insured under your policy, comply with the duty of disclosure. If you are applying for insurance on behalf of any other insureds, make sure you explain this duty to them.

The duty requires you to tell the insurer certain matters which will help them decide whether to insure you and, if so, on what terms. You have this duty until the insurer agrees to insure you and before the insurer agrees to renew, extend, vary or reinstate an insurance policy.

## **If you are responding for other insureds**

If you are providing information for other insureds, you confirm that you have their authority to do so and the information provided is what they have told you in response to the duty of disclosure obligations.

## **Avoid making misrepresentations or not telling the insurer something**

If you (or anyone who is an insured, or a proposed insured, under the policy) make a misrepresentation, or if you do not tell the insurer something that you are required to tell them, they may cancel your policy or reduce the amount they will pay you in the event of a claim, or both.

If the misrepresentation or failure is fraudulent, the insurer may refuse to pay a claim and treat the policy as if it never existed.

When you first apply for your policy and before an insurer agrees to renew your policy, you may be asked specific questions relevant to the insurer's decision whether to insure you. When you answer any questions asked by the insurer, you must give honest and complete answers and tell the insurer, in answer to each question, about every matter that is known to you and which a reasonable person in the circumstances would include in answering the questions.

Examples of matters that should be disclosed are:

- Any claim you have made in recent years for the particular type of insurance;
- Cancellation, avoidance of, or a refusal to renew your insurance by an insurer;
- Any unusual feature of the insured risk that may increase the likelihood of a claim;
- Circumstances which may give rise to a claim.

An insurer who is deciding whether they are prepared to renew your policy, may give you a copy of anything you have previously told them and ask you to tell them if anything has changed. If an insurer does this, you must tell them about any change or advise that there is no change. If you do not respond then this will be taken to mean there has been no changes.

## **Delay between final entry into the policy and original disclosure of information**

You need to tell the insurer if you have disclosed information in the insurance application process and something has happened that makes the information disclosed inaccurate, or new matters arise that would require disclosure under the duty. You must do this until the insurer agrees to insure you (and before the insurer agrees to renew, vary, reinstate or extend your insurance contract).

## **Change of Risk or Circumstances**

You should carefully monitor and review that your insurance contract is adequate to cover your asset(s) and seek a variation if it is not. If in doubt it is better to notify the insurer of any changes to the insured risk during the period of insurance. The insurer can then decide whether to cover the new risk.

Examples are:

- A change of location or storage for the insured risk
- A change of use of the insured risk
- Physical or mechanical modifications