



INSURANCE & FINANCIAL SERVICES  
**OMBUDSMAN**

# Non-disclosure

## What do you need to tell your insurer?

Insurance companies ask a range of questions on policy application forms to obtain all of the information they might need. You must provide all the information you are asked for. But your duty to give information is not limited to the questions on the application form.

Legally, you must tell your insurer about anything that could affect its decision to insure you or the terms and conditions you will be offered. For example, the information you provide could affect the level of premium or excess, any exclusions or stand-down periods, or the insurer's decision to insure you at all.

## Why do you need to tell your insurer this information?

You have full knowledge of the property – for example, your house, car, or health – for which you are seeking insurance. In order to properly assess the risk of insuring that property, the insurer wants to know as much as possible about it.

The insurance underwriter uses the information you provide to decide what the insurer will cover you for and how much it will charge you for that cover.

***An underwriter is a person from the insurance company who makes decisions about your insurance, the terms and conditions of that insurance, and how much to charge you for that cover.***

## When do you need to give your insurer this information?

You have a duty to give your insurer all the information it requires when you arrange the policy and every time the policy is renewed (this is every year for house, contents and car insurance). Sometimes, the policy will include a requirement for you to tell your insurer about any major changes during the year.

Life insurance, income protection and health insurance policies also require you to tell the company about anything that may happen between completing your application and the insurance cover starting. This means if you visit the doctor, develop a health problem, or your situation changes between the time you complete the application and your insurance cover begins, you must tell your insurer.

## What to do:

- ① **Answer all of the questions on your insurance application, even if you do not think they are relevant.**
- ② **Contact your insurance company if you forgot to include something on your application.**
- ③ **If your financial adviser/broker filled in your insurance application for you, read through it carefully before you sign it.**
- ④ **When you renew your house, contents or car insurance, tell your insurer about any new events (convictions, accidents, losses, etc).**
- ⑤ **If you can't remember your full medical history, ask your doctor for a copy of your medical notes, and double-check your insurance application.**



## What happens if you leave out information?

The consequences are serious. If you do not give your insurer all the information that could affect their decision about the terms and conditions of cover, your policy might be avoided when you make a claim.

Legally, your policy can be treated as though it never existed (it has been 'avoided') and your insurer can refuse to consider your claim. Even if you left out the information on the application unintentionally, the insurer can still avoid your policy.

If your policy is avoided, it can affect other claims you might have made under the policy, and the success of future insurance applications. This is why it is so important to give the company all the information it requires.

## Important information for life, income protection, travel and health insurance

For insurance policies where any risk relates to your health, the underwriter will require information about your medical history. Often you will be asked to provide details that may be difficult for you to remember. It is important that you provide all the information you are asked about, even if the question is broad.

If in doubt, ask your doctor for your medical notes so you can check your answers. Insurers do not automatically ask your doctor for information, even if you give them permission to do so on your application form.

## Important information for house, contents, travel and car insurance

There are 2 main categories of information:

1. Information relating to you, e.g. your insurance history about claims made, any criminal or traffic convictions you have, if you have been bankrupt; and
2. Information relating to your property e.g. if you have tenants in your house, if your car has been modified, if you live on a flood plain, any security systems or alarms.

## Real examples

**Sarah's\*** car insurance policy was "avoided" when her insurer found out that Sarah's son, who held a restricted driver's licence, was the owner and driver of the car when it was written off in an accident. Sarah said she insured the car in her name as it was cheaper. Sarah's son had to repay the loan on a car that he could no longer drive, because the insurer had no obligation to pay.

**Bob\*** had his policy avoided when he made a claim for the theft of his car. His insurer found out he did not disclose his conviction for stealing a boat when he renewed his car insurance policy. Bob's car was a write-off and, because of his non-disclosure, Bob's insurance did not pay anything on his car.

**Sue\*** had her policy avoided after her insurer found out that she had not told it about previous claims she had made (for a stolen wallet, bag and a lost ring) to another insurer, and the higher excesses imposed on her policy as a result of those claims. Sue's insurer found out about her previous claims history when she made a claim, following the burglary of her house. Sue's insurance did not pay for any of the items taken in the burglary.

**Mary\*** made a claim to her insurer under her income protection policy, as she could not work after suffering a mini-stroke. Her insurer did not consider her claim and avoided her policy. On her application, Mary had not told the insurer about a number of consultations and referrals she had prior to the date of application, her history of OOS, depression, stress, and her increased alcohol intake.

\* Not their real names