



Duty of Disclosure

In order to make an informed assessment of the risk and calculate the appropriate premium, your insurer needs information about the risk you are asking it to insure.

For this reason, before you enter into a contract of insurance, you have a duty under the Insurance Contracts Act 1984 to disclose to your insurer every matter that you know, or could reasonably be expected to know, is relevant to the insurer's decision whether to accept the risk and, if so, on what terms. The duty also applies when you renew, extend, vary or reinstate a contract of insurance.

You do not have to disclose that which:

- Reduces the risk to be undertaken by the insurer;
- Is common knowledge;
- Your insurer knows, or in the ordinary course of its business, ought to know; or
- Your insurer has specifically agreed to waive relative to your obligation to disclose.

Your duty of disclosure extends to not only answering the questions contained in a proposal or application form, but to all matters that are relevant to the risk for which insurance is being sought. You must notify the insurer of changes in and to the risk between the time that you answered the questions and the date that the contract of insurance was entered into.

If you do not comply with your duty of disclosure, your insurer may be entitled to reduce its liability in respect of a claim or may cancel your contract of insurance. If the non-disclosure is fraudulent, the insurer may be able to avoid (or cancel) the contract of insurance from its beginning. This would have the effect that you were never insured.

One important matter to be disclosed is the history of losses, whether insured or uninsured, suffered by the person seeking or applying for insurance or any closely associated person or entity. As you are responsible for checking that you have made complete disclosure, we suggest that you keep an up to date record of all such losses and claims.

If you have any questions about whether information needs to be disclosed, please contact us.