

# Consumer guide to disclosure

## Duty of Disclosure

When you apply for insurance, the insurance company will rely on the information it receives to decide on the terms and conditions for your insurance.

The insurance company will ask for certain particulars and you must provide complete, up to date and relevant information in response to any questions asked.

You must also tell the insurance company of any information that you may have that will be material to the risk you wish to insure. This includes any information that would influence the decision of a prudent insurer to decide whether to accept the insurance and if so, the terms that will apply including the level of premium, limitations on cover, excess or any other special requirements.

If in doubt, you should give information to the insurer for consideration.

The disclosure duty exists not only when the insurance is taken out but also at each renewal of the policy and even during the currency of the policy.

Examples of relevant facts about you, your partner or others insured under your policy, include:

### All insurances

- Criminal convictions, subject to the Criminal Records (Clean Slate) Act 2004
- If any insurer has declined or refused previous insurance or applied any special terms
- Previous losses, accidents, thefts of property or claims.

### Motor insurances

- Driving offences and infringements (for motor insurance)
- Any use of the vehicle for business purposes
- Any modifications to the vehicle
- Details of the drivers.

### Home and contents insurances

- If tenanted/used by tenant
- If unoccupied beyond a period allowed in the policy

- If undergoing alterations, additions or structural changes
- If used for business purposes
- If the property is exposed to any particular risk due to its location (eg flood, landslip)
- Whether there are any security measures in place.

If you fail to disclose material information, you have breached your duty of disclosure and the insurer may, depending on the date the information should have been provided,

- Refuse to pay part or all of a claim you make
- Treat the policy as having never existed from the start or renewal date of the policy,

In addition, where the non-disclosure was deliberate, the insurer could refuse to provide any further insurance and this may mean you are unable to get future insurance from other insurers.

Proper disclosure is extremely important in enabling an insurer to provide the right cover at the right price. If you are unsure about whether an issue should be disclosed or not, ask your insurer.

You can find more on the duty of disclosure in the [Fair Insurance Code](#).

## Non-disclosure

One of the most common forms of insurance fraud is **non-disclosure** at the time a policy is taken out. This causes the insurer to accept business which would otherwise be rejected, or to underrate the risk.

Examples include:

- A policyholder may say he/she has security installed but has none
- A policyholder fails to reveal his/her full claims history
- A policyholder fails to disclose past convictions.

Non-disclosure may either be innocent (an oversight) or fraudulent. It is usually detected at the time of a claim and may lead to the claim being rejected.