

CHUBB®

# What should I tell my insurers?



# Introduction

Whenever you complete an application for life, trauma, disability, medical or other types of insurance, you will be required to provide a significant amount of information about your current health, medical history, financial position, occupation and lifestyle. This information enables the insurance company to assess any additional risk of claiming that you may present compared to the general population.

The information you provide on the application will form the basis on which the contract of insurance is based. It is therefore extremely important that the information you provide is truthful, complete and correct.

The consequences of not providing information that is truthful, complete and correct are potentially very serious. The purpose of this brochure is to help you understand what is required of you and what those potential consequences might be.

## **1. What do I have to tell the company when I take out insurance?**

It is not possible to list here all of the information you should tell the company. However, you must tell the company everything that may affect its decision to insure you. If the information, which you did not give the company, may have meant it would have placed an exclusion on the policy, charged a higher excess on claims, or asked you to pay higher premiums, then you should have given the information to the company.

Legally, you have a duty to give this information freely, rather than the company having to specifically ask you for it. This is referred to as the 'duty of disclosure'. You have a duty to give the company all the information it needs to know when deciding if it can offer you insurance. If you do not disclose all material information, the company is entitled to avoid the policy and decline to consider your claim.

Companies ask a range of questions in an insurance application to help obtain all of the relevant information. However, your duty to give the company all the information it requires is not necessarily limited to the questions the company asks you on the application. You may not know or understand what sort of information the company might want to know so, if in doubt, you should tell the company everything.

## **2. When do I have to give the company all this information?**

You have a duty to give the company all the information it requires when you take out the policy, and every time you seek to increase, change, or add additional covers.

Life insurance, income protection, trauma, disability 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, have a change in financial circumstances, or your situation changes in some other way between completing the application and your insurance cover starting, you must tell the company.

### **3. What happens if I don't give the company all of the information it wanted to know?**

The results of failing to give the company information that would have affected its decision to offer you insurance cover and on what terms are very serious.

Essentially, your policy could be 'avoided', which means it is treated as though it never existed. This is a common law remedy available to the company in certain circumstances.

If your policy is avoided, it could also affect other claims you might have made under the policy and the success of any future insurance claims and applications.

This is why it is so important to give the company all the information it may require.

### **4. But what if I just forgot or didn't leave out the information on purpose?**

Generally, the current law does not make a distinction between innocent or deliberate non-disclosure. This means that, even if you left out the information on the application by accident or unintentionally, the company can still decline your claim, make changes to your policy, or avoid your policy.

### **5. What happens if I gave my insurance broker/adviser the information, but it wasn't written on the application form?**

The company can avoid the policy and decline to consider the claim. This is because, even when your broker writes the answers on the application on your behalf, you are still expected to read the answers and sign a statement declaring all the information is correct.

Due to the serious consequences of non-disclosure, it is really important when someone else completes the application for you, that you check to see the answers are correct and no information has been left out.

### **6. Why has the company only raised this as an issue now, when I have made a claim?**

Often the company will only find out that you did not give all the information it required, when you come to make a claim. That is when the company asks you more questions or checks up on your history. This can lead to the company finding out about information it should have been given when you applied for insurance.

### **7. Can the company decline my claim if I gave them information which wasn't true when I made my claim?**

Yes, if the policy allows the company to do so. Usually, a policy will state that you must not give incorrect or false information when making a claim.

If you do, depending on the wording of the policy, the company may decline your

claim or even cancel your policy. It can also affect any future insurance applications you make. However, even if the policy does not specifically state that you must not give the company incorrect or false information, the company may still be able to rely on common law to decline your claim.

The consequences of making false statements to the company when you make a claim are very serious, so you must be sure all the information you give to the company is truthful and correct. Remember, if you don't know the answer to a question the company or an investigator asks you or you cannot remember, you should let them know that you will get back to them with the right information.

### **8. What if the information I didn't give the company doesn't relate to my claim?**

Non-disclosure, although often an issue when a claim is made, relates to the time when the insurance was taken out. Therefore, even though the information does not relate to the claim, if the company would have altered the terms of the cover it offered you when the insurance was arranged, (had it known about the information), it is entitled to avoid your policy and decline to consider your claim.

### **9. Can the company make me pay back the money it paid on a previous claim, if it found out I didn't give it information when I took out the insurance?**

Yes, the company is entitled to recover the amount paid because, by avoiding the policy from its commencement, it is treating the policy as though it never existed.



## 10. How can I make sure my insurance policy is not avoided?

The only way you can make sure that your policy will not be avoided is to give the company all the information it needs when you take out the insurance. If you have not given the company all the information you should have, you should tell the company immediately. Remember, most insurance companies do not cover pre-existing conditions.

## 11. What is a pre-existing condition?

This is defined in the policy. There are many different definitions for pre-existing conditions. Some policies may define them as any medical condition traceable to a condition you had before taking out the policy, even if you did not know you had it. Others will define them as conditions you knew you had before taking out your insurance.

However, this definition will depend on the particular company, as some will, after time, cover certain pre-existing conditions as a loyalty benefit. It is also worth remembering that if you suffer an injury or sickness, or develop a condition while you have insurance cover and you subsequently change to a new company, it is likely this will be treated as a pre-existing condition and no cover will be provided for it.

## 12. Is it fair that my insurance does not provide cover for pre-existing conditions?

Unless your policy offers you cover for pre-existing conditions, the company is not obliged to cover them. Generally, companies specifically exclude cover for pre-existing conditions or any associated treatment, because pre-existing conditions pose a higher risk to the company and the greater likelihood of a claim.

### Talk to your Financial Adviser

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