



Consumer Focus

Insurance & Savings Ombudsman supports a law change for “non-disclosure”



In recent media interviews I have expressed my support for a law change relating to “non-disclosure”. I would like to see changes to help consumers who accidentally leave out information when applying for insurance.

Over 20 years, the ISO Scheme has dealt with a constant stream of complaints from people who have insurance claims declined, or their entire policy “avoided” (i.e. treated like it never existed), because they left out information on the insurance application. We hear from many unhappy people, who accidentally left out information because they have forgotten, or do not realise it is important.

The new Fair Insurance Code, for fire and general insurers (e.g. house, contents and vehicle insurance), takes effect from January 2016 and is a step in the right direction. It will mean that if a customer leaves out information then the insurer’s response must be reasonable.

But industry self regulation is not enough on its own. If the law was aligned to the UK and Australia, it would mean all insurers could only avoid a policy where they could show the non-disclosure was deliberate.

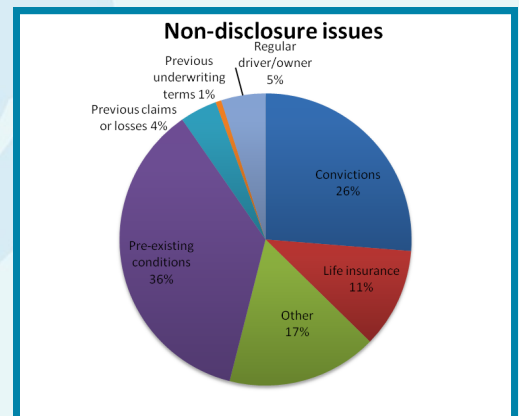
Karen Stevens

[Insurance & Savings Ombudsman](#)

See our [media release](#); a recent [media article](#) and [radio interview](#) on non-disclosure.

Key facts about complaints

- About 10% of complaints to the ISO Scheme involve non-disclosure.
- The 2 most common things people fail to disclose are their criminal convictions (29%) and pre-existing medical conditions (39%).
- About 73% of non-disclosure complaints considered by the ISO Scheme were not upheld. In those cases, because of the current law, the insurer was entitled to decline the claim and/or avoid the policy. 16% are upheld and 12% are settled or partly upheld.



What should I do?

1. Answer all the questions on your insurance application, even if you do not think it is relevant.
2. Contact your insurance company immediately if you forget 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 and take a copy to read again.
4. When you renew your house, contents or vehicle insurance, tell your insurer about anything new (e.g. convictions, accidents, losses, speed camera fines 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.

