



# Your duty to take reasonable care not to make a misrepresentation

## Your duty when you apply for insurance

Before you enter into an insurance contract you have a duty under the Insurance Contracts Act 1984 (Cth) to take reasonable care not to make a misrepresentation. A misrepresentation is a false answer, an answer that is only partially true or does not fairly reflect the truth.

## If you do not meet your duty

Not meeting your legal duty may have serious impacts on your insurance. Your cover could be avoided (treated like it never existed), or its terms may be changed. This may also result in a claim being declined, or benefit reduced.

## Guidance for answering our questions

You are responsible for the information provided to us. When answering our questions you should:

- think carefully about each question before answering
- if you are unsure of the meaning of any question, please ask us before you respond
- answer every question truthfully, accurately and completely
- if you are unsure about whether you should include information, please include it
- review your application carefully please check every answer, and if necessary, make any corrections.

## Changes before your cover starts

Before your cover starts, please tell us about any changes you and each person who answered our questions would now answer differently. This could save time if you let us know about any changes as and when they happen. This is because any changes might require further assessment or investigation.

## If you need help

It is important that you and every person answering our questions understands this information and the questions we ask. Ask us for help if you have difficulty answering our questions or understanding the application for insurance process.

## What can we do if the duty is not met?

If a person who answers our questions does not take reasonable care not to make a misrepresentation, there are different remedies that may be available to us. These are set out in the Insurance Contracts Act 1984 (Cth). They are intended to put us in the position we would have been in had the duty been met. For example, we may do one of the following:

- avoid the contract (treat it as if it never existed)
- vary the amount of the cover
- vary the terms of the cover

## Whether we can exercise one of these remedies depends on a number of factors, including all the following:

- whether the person who answered our questions took reasonable care not to make a misrepresentation. This depends on all the relevant circumstances. This includes how clear and specific our questions were and how clear the information we provided on the duty was
- what we would have done if the duty had been met, for example, whether we would have offered cover and if so, on what terms
- whether the misrepresentation was fraudulent
- in some cases, how long it has been since the cover started.

Before we exercise any of these remedies, we will explain our reasons, how to respond and provide further information, and what you can do if you disagree.