

Important update

Duty of Disclosure for insurance cover

5 October 2021

Effective from 5 October 2021, the below information replaces the 'Duty of Disclosure for insurance cover' wording in Section 8 of the Sunsuper for life *Insurance guide* (issued 1 July 2021), Section 8 of the Sunsuper for life Business *Insurance guide* (issued 1 July 2021) and the "Other important information" section of the *Sunsuper for life Corporate Insurance guide* (issued between 29 March 2020 and 1 September 2021)

Your duty to take reasonable care not to make a misrepresentation

About your duty

When you apply for life insurance as a member of Sunsuper, the insurer may conduct a process called underwriting. It's how the insurer decides whether it will cover you, and if so on what terms and at what cost. If your application is underwritten, you will be asked questions which the insurer needs to know the answers to. These will be about your personal circumstances and may include questions about your health and medical history, occupation, income, lifestyle, pastimes, and current and past insurance. The information you provide in response to the questions is vital to the insurer's decision.

The duty to take reasonable care

When applying for insurance which is to be underwritten, you have a legal duty to take reasonable care not to make a misrepresentation before your application is accepted by the insurer. A misrepresentation is a false answer, an answer that is only partially true, or an answer which does not fairly reflect the truth. This duty also applies when extending or making changes to existing insurance, and reinstating insurance.

If you do not meet your duty

If you do not meet your legal duty, this can have serious impacts on your insurance. Your cover could be avoided (treated as if it never existed), or its terms may be changed. This may also result in a claim being declined or a benefit being reduced. Please note that there may be circumstances where the insurer later investigates whether the information you provided was true. For example, the insurer may do this when a claim is made.

Guidance for answering questions

When answering questions as part of an application for insurance cover, you should:

- Think carefully about each question before you answer. If you are unsure of the meaning of any question, please ask us or the insurer before you respond.
- Answer every question.
- Answer truthfully, accurately and completely.
- If you are unsure about whether you should include information or not, you should include it.
- Review your application carefully before it is submitted. If someone else helped prepare your application (for example, your adviser), you should check every answer (and if necessary, make any corrections) before the application is submitted.
- You must not assume that Sunsuper or the insurer will contact your doctor for any medical information.

Changes before your cover starts

Before your application is accepted, the insurer may ask about any changes that mean you would now answer the questions differently. As any changes might require further assessment or investigation, it could save time if you let us or the insurer know about any changes when they happen.

If you need help

It's important that you understand this information and the questions that you are asked. Ask us or the insurer for help if you have difficulty understanding the process of applying for insurance or answering our or the insurer's questions. If you're having difficulty due to a disability, understanding English or for any other reason, we are here to help and can provide additional support for anyone who might need it.

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What can the insurer do if the duty is not met?

If you do not take reasonable care not to make a misrepresentation, there are different remedies that may be available to the insurer. These are set out in the Insurance Contracts Act 1984 (Cth). These are intended to put the insurer in the position they would have been in if the duty had been met.

For example, the insurer may:

- Avoid the cover (treat it as if it never existed);
- vary the amount of the cover; or
- vary the terms of the cover.

Whether the insurer can exercise one of these remedies depends on a number of factors, including:

- Whether you took reasonable care not to make a misrepresentation (this depends on all of the relevant circumstances);
- what the insurer would have done if the duty had been met - for example, whether they would have offered cover, and if so, on what terms;
- whether the misrepresentation was fraudulent; and
- in some cases, how long it has been since the cover started.

Before the insurer exercises any of these remedies, they will explain their reasons, how to respond and provide further information, including what you can do if you disagree.