

# The statement of insured risk when taking out an insurance policy

Good faith is a common principle of all legal matters; however, good faith acquires a particular connotation in the insurance contract. This occurs because the formation of the relationship or the conditions under which the insurance is agreed will necessarily be based on the statements made in the proposal or insurance application.

It is important that the policyholder or insured state the circumstances known to him when acquiring an insurance policy since, based on the information he provides to the insurance company of everything related to the exposure of the risk (also known as a statement of risk), the insurance company calculates the premium.

Therefore, the duty to disclose the state of risk with truth and certainty falls on the insured party since he is interested in insuring the risks. Precisely, the failure to comply with a truthful and accurate of the state of risk of the insured may lead to the annulment of the contract, as it prevents the insurance company from having modified the conditions in which it issued the policy or even not having issued it in favor of the insured.

In that sense, Article 1000 of the Commercial Code establishes that any false or inaccurate statement of facts or circumstances known to the insured that, in one way or another, could have directly influenced in the existence or conditions of the insurance policy could result in its annulment.

In life and health insurance, the statement about one's own health is more complex than other types of insurance since sometimes the insured is not aware of it. Now, as we saw, it is the false declaration of circumstances known by the insured party or those which it maliciously conceals (a figure known as reticence), causing



the annulment of the insurance and that, in practice, implies the declination of the claim by the insurer.

Consequently, we recommend that the insured party personally completes the form provided by the insurer for contracting the policy, especially in life and health policies, even when using the services of an insurance broker.

In summary, the insured or policyholder must declare to the insurance company, per the questionnaire submitted to him, all the circumstances known to him that may influence the risk assessment because providing false or inaccurate information may result in the annulment of the policy.