Principles of Insurance

Utmost Good Faith

Tell the truth

Reveal all material facts- info that might have a bearing on .....

Insurance

Contract where the insured pays a fee to an insurance company(the insurer), which in return promises to compensate the person for any financial loss suffered.

Subrogation

Once compensation is received
You give up your rights to further claims
Insurance company now owns
And can claim compensation

Contribution

Insured by more than one insurance company

Amount claimed is divided proportionally between them

Loss shared by companies

Indemnity

No profit from insurance

Claimant retuned to same position as was the case prior to the accident

Average Clause

If a partial loss is suffered and the property is underinsured, then only a proportion of the amount insured will be paid

Full value of the loss is not paid- all claims are reduced to a proportion of the insured value

Insurable Interest

Personal financial interest in the item being insured
Gain from its existence and suffer from its loss.....