



**PROGRESSIVE INSURANCE BHD(19002-P)**

**PRODUCT FACT SHEET**

# PRINCIPLE OF INSURANCE



## **INSURABLE INTEREST**

You must have insurable interest in a property, item or life such that a loss or damage to the property, item or life would result in a financial loss to you.

Insurable interest is the relationship, which is recognized by law, whereby you will stand to lose in the event of loss or damage to the subject matter arising from a happening or incident, and that you will continue to benefit on the well being of the subject matter of insurance.

The law will protect us in the event that you do not have an Insurable Interest, which is legally recognized, we have the right to void the policy.

## **UTMOST GOOD FAITH**

You have a duty to disclose to us all material facts regarding the subject matter insured and the circumstances pertaining to it.

Material Fact is information which will influence us as to whether to accept or decline the risk, and if so, to decide on the terms and rate to be charged.

In the event of breach of Utmost Good Faith, we have the options:

- a) To repudiate the contract
- b) To avoid liability for a particular claim
- c) Sue for damages in addition to (a) & (b) if concealment or fraudulent misrepresentation is involved

## **INDEMNITY \***

Financial compensation to restore, as best as possible, you to the same position you had enjoyed immediately before the loss.

Principle of Indemnity states that you cannot expect to make a profit from an insurance loss. After a loss, we will restore you financially to the position you were in at the time just before the loss.

We may choose to indemnify you in the following methods:

- a) Cash
- b) Repair
- c) Replacement
- d) Reinstatement

## **CONTRIBUTION \***

If at the time of any loss or damage to the property insured, there be any other insurance whether effected by you or by any other person, covering the same property, we shall not be liable to pay or contribute more than its "ratable proportion" of such loss or damage.

Contribution arises when:

- a) There are two or more policies of indemnity in force at the time of loss, and
- b) The policies must cover a common interest or subject matter, and
- c) The policies must cover a common peril which gives rise to the loss

\* Not applicable to Personal Accident Policies