

1. Insurance contracts - Legal aspects

a) The insurance contract

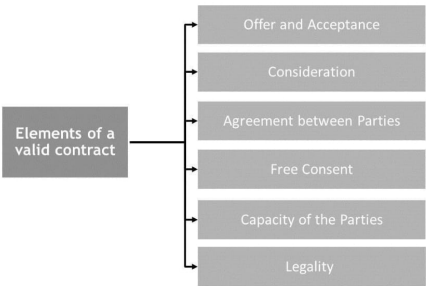
Insurance involves a contractual agreement in which the insurer agrees to provide financial protection against certain specified risks for a price or consideration known as the premium. The contractual agreement takes the form of an insurance policy.

b) Legal aspects of an insurance contract

We will now look at some features of an insurance contract and then consider the legal principles that govern insurance contracts in general.

An insurance policy is a contract entered into between two parties, viz., the company, called the **insurer**, and the policy holder, called the **insured** and fulfils the requirements enshrined in the Indian Contract Act, 1872.

Diagram 1: Insurance contract



Elements of a valid contract

Diagram 2: Elements of a valid contract

