

2. Such property, right, interest, life or potential liability must be the subject matter of insurance.
3. The insured must bear a legal relationship to the subject matter such that he stands to benefit by the safety of the property, right, interest, life or freedom of liability. By the same token, he must stand to lose financially by any loss, damage, injury or creation of liability

b) Time when insurable interest should be present

In case of fire and accident insurance, insurable interest should be present both at the time of taking the policy and at the time of loss.

In case of health and personal accident insurance apart from self, family can also be insured by the proposer since he / she stands to incur financial losses if the family meets with an accident or undergoes hospitalisation. However, in marine cargo insurance, insurable interest is required only at the time of loss.

4. Proximate cause

The last of the legal principles, which applies only to non-life insurance, is the principle of proximate cause.

Non-life Insurance contracts provide indemnity only if losses that occur are caused by insured perils, which are covered the policy. Determining the actual cause of loss or damage is a fundamental step in the consideration of any claim.

Proximate cause is a key principle of insurance and is concerned with how the loss or damage actually occurred and whether it is indeed as a result of an insured peril.