I] Where one peril is caused by and follows from another peril-

i. Where there is one insured peril, but no excepted peril, the insurer is held liable for losses caused by the insured peril.

ii. Where an excepted peril involved –

a. If the excepted peril precedes (come before) an insured peril, the insurer is not liable. **For Ex**. In an insurance contract fire is an insured peril, but earthquake fire is not. Earthquake peril is an excepted peril in that contract. If the property is destroyed due to earthquake fire, which takes first & insured peril of fire comes next, the insurer peril of fire comes next, the insurer is not liable.

b. Where the excepted peril follows an insured peril, the insurer is not liable & if the loss caused by each is in distinguished.

c. Where the excepted peril follows an insured peril, the insurer is liable, if the loss caused by each is distinguishable to the extent for the damage caused by the insured period upto the happening of the excepted peril. **For Ex**. In a fire insurance contract, fire is an insurable peril, but earthquake is an excepted peril. I the insurable peril fire occurs first & the excepted peril of earthquake takes place sometime after, the insurer shall be held liable for fire damage upto the time of earthquake excepted peril.

II] Where the insurer peril and the excepted peril act independently –

i. If only insured peril is involved, and no excepted peril is involved the insurer shall be held liable for losses caused by the insured peril.

ii. If an excepted peril is involved & precedes an insured peril, the insurer shall be liable for the loss caused by the insured peril. **For Ex**. A retail dealer dealing with glass appliances took a policy covering breakages from any risk except fire. A fire took place in the neighboring shops. Taking this is advantage, some persons enter into retail dealers glass shop and tool away some materials. The retail dealer claimed for the risk of theft. The insurer refused to pay the claim objecting that the fire an excepted peril was the cause of the loss & he shall not pay. The court held that the mob was the cause of the loss & not the fire, therefore the insurer was liable.

III] If the excepted peril occurs after the insured peril, as an independent cause, the insurer shall be liable only for the loss caused by the insured peril upto the tie of the intervention of the excepted peril.

Where the insured peril and excepted peril occur simultaneously.

i. The insurer shall be liable if the losses caused by the insured, and excepted peril is distinguished.

ii. The insurer shall not liable if the losses caused by the insured and excepted perils can't be distinguished.

Proximate Cause in Fire Insurance : -

The doctrine of proximate cause applied to all types of contract of insurance & also fire insurance contracts. Some of the example are given below to explain the doctrine –

1. A insured his house. Fire broke in the house of B a neighbor. Sparks from the house of B fell on the house of A. As a result A's house was burnt. Held fire is proximate cause for the damages.

2. A insured his house. Fire broke in the house or B a neighbor. An enemy of A threw a burning piece of wood on the house of A. As a result of that A's house was burnt. Here fire is the proximate cause for the damages.

3. A insured his house. Fire broke in the house of B a neighbor. Fire destroyed B's house, leaving behind the large sized walls. B could not repair his house for months. Rainy season come due to rains, the wall of B's house fell on A's house

and destroyed A's house and the property in it. Here fire was a proximate cause & rain was remote cause.

5. Doctrine of Subrogation : -

The principle of subrogation is supplement to the principle of indemnity and applied to al contracts of insurance except life & personal accident insurance.

According to this doctrine where the insured is being fully indemnified, the insurer becomes entitled to be subrogated to all the insured's rights and remedies against third parties in respect of the subject matter of the insurance.

Thus this doctrine refers to the right of the insurer to stand in place of insured after the settlement claim having all the rights and remedies against third party.

For Ex. 1) Suppose X met with an accident by a truck being driven negligently. The insurer of 'X' after settling the claim will get the right of subrogation against the truck driver and can get the compensation recovered from the insurer of truck.

2) Suppose a truck accidently ran away into a shop. The shop owner received the claim from the insurance company now the insurer has all rights & remedies of the shop owner against truck driver.

Essentials of Doctrine of Subrogation : -

1. Subrogation is similar to the principle of indemnity : -

This principle is supplement to the principle of indemnity. The insurer substitutes himself in place of the insured and get all the rights against third parties after the settlement of claim otherwise the insured will get the profit.

2. Subrogation only upto the amount claim : -

Though after settlement of claim all the rights & remedies are transferred to the insurer, he is entitled to get the benefit only to the extend of his payment & not more than that.

3. Subrogation can't be applied before payment : -

The right of subrogation can be exercised only after the settlement of claim & not before.

4. Subrogation does not apply in lie & accident policies : -

The doctrine of subrogation is not applicable in case of life insurance & personal accident insurance contract. **For Ex.** If a life assured, due to negligence of third party met with an accident his dependent will get the amount of claim from third party as well as life claim under the life policy.

5. Subrogation is the substitution : -

Insurer after making good the loss suffered by the insurer places himself in the position of the insured & has all the rights & remedies of the insured.

Rights of the Insurers : -

1. The insurer can have the rights of claim against the third parties to the extent of rights and liabilities of the assured originally have.

2. The insurer can compel the insured to take appropriate legal proceedings against the third parties.

3. Where the insurer pays the damages to the insured to the extend of indemnified & the insured gets the compensation from the third parties, the insurer is entitled to recover such compensation to the extent of indemnified.

4. The insured can't recover from both the insurer and the third party. If the insured proceeds against the insurer the insurer can't take the plea that the insured has right to sue the third party. Similarly, if the insured proceeds against the third party, the third party can't take the plea that the insured has the right to sue the insurer.

6. The Risk : -

The object of insurance is to give protection against losses caused by fortuitous or accidental occurrences are called risks, where the insurer accepts liability upon the risks in an insurance contracts. such risks are called "accepted risks". Where the insurer does not accept liability upon the risks in an insurance contracts, such risks are called 'excepted risks'.

Risks are different kinds it varies from subject-matter to subject matter. There are several perils of the sea which may occur to a ship in the sea. There are several chances of occurring accidents to a motor vehicle on road. There are several chances causing injury or death to human life. The insurer and insured must know the nature of the risks which are intended to be covered under the insurance policy.

Commencement and Duration of Risk : -

In every policy, the commencement and duration of risk or risks shall be mentioned. It is also a matter of agreement between the parties. In insurance of motor vehicles, ships, shops, the date and time of the commencement of the risks & their duration are also mentioned in the policies.

Details of the Risk : -

In every insurance policy, the nature of the risks & their details to be covered are mentioned. If there are excepted risks, they are also mentioned in the policy with clear terms.

Loss caused by the insured's willful act : -

The risk does not cover to the acts done by the insured willfully **For Ex. 1)** A person, who insured his life, if commits suicide his heirs could not get the claim. 2) A person, wh insures his shop and sets it in fire. He is not entitled to claim.

7. The Premium : -

The premium is a price paid to the risk. It the price f which the insurer undertakes his liability. It is the consideratio receivable by the insures from the insured in exchange for their undertaking to pay the sum insured in case the event insured against happens.

Calculation of Premium : -

The rate premium depends upon type of insurance. In case of life insurance, it varies from country to country. In non-life insurance it depends upon the valuation of property and the chances of happening the event i.e. risk.

Payment of Premium : -

The payment of premium is a condition precedent to the creation of a binding contract of insurance. The will not enforce a contract of insurance until the payment of premium has been paid.

Subsequent Premiums : -

In case of life insurance policies, the insured must pay the subsequent premiums within the due dates. If the insured pays premiums lately, & consequently, the insurer accepts. It means the insurer by his own conduct is stopped from repudiating the policy.

Grace Period : -

There is no duty upon the insurer to demand the subsequent premiums from the insured. It is the duty o the insured to pay subsequent premiums within the due date. A contract of lie insurance is not a contract for fixed period. It is continuing contract for that fixed period. There shall be a condition in the policy of life insurance that if the insured does not pay the premiums with the stipulated time, the policy will lapse. Generally, other types of contracts like fire, motor insurance contracts are the contracts for year only. After the completion of year, the policy lapses automatically. If the insured wishes to continue insurance of fire, motor etc. he shall have to make a fresh contract of insurance to further year respectively. However, in such circumstances, the insurance companies, after the expiry of the stipulated period of insurance, will gave the days of grace for the convenience purpose & to attract customers. The insured, if wants to continue, he can renew within the days of grace.

8. The Policy : -

A policy is a document containing a contract of insurance.

Contents of Policy : -

A policy is a document containing a contract of insurance of every kind. The policy must specify the following –

1. The name of the assured.
2. The name of the insurer
3. The subject matter insured
4. The risk insured against
5. The period
6. The premium or premiums.
7. The terms & conditions mutually agreed.

Every policy must be stamped under the Indian Stamp Act, 1849.

Generally, all the insurance companies adopted printed forms, which is easy to issue policies quickly.

The policy must be signed & issued by the insurer.

If the original policy is lost by the policy-holder, he shall submit an application to the insurer alongwith indemnification bond and also give a notification in the paper.