INSURANCE-5

DOUBLE INSURANCE

ARCHNA SINGH
Assistant Professor
FACULTY OF LAW
University of Lucknow
Lucknow

DISCLAIMER

Form for uploading e-content on Higher Education website

Content Creator Name	Archna Singh
Stream Name	Law
Subject Name	Insurance Law
Topic Name	Double Insurance
Course (Class)	LLB 3 Years
Year/Semester	3rd
No. of Pages	3
University Name	University of Lucknow
Content Language	English
Content Type (Notes / PPT / Text/Media)	Notes
Search Keywords (Comma Separated)	Assurance, Insurance & Gambling
URL for Videos	

The following form has to be sent in word format for each e-content that is being sent for uploading

DOUBLE INSURANCE

Double insurance refers to the method of getting insurance of same subject matter with more than one insurer or with same insurer under different policies. This means that one can get insurance policies on a subject matter more than its value.

Double insurance is possible in all types of insurance contracts. A person can insure his life in different policies for different sums. In life insurance the assured can claim the sum insured with different policies on the maturity or to his nominee after his death. This becomes possible in life insurance because life insurance is not an indemnity insurance.

In indemnity insurance such as fire and marine insured only the real loss can be indemnified. In fire and marine insurance, where the same matter is insured with more than one insurer, the insurer is entitled to the real loss in proportion to the insured sum on different policies obtained from different insurance companies. In other words, then total claim cannot be exceeded the real loss, payable proportionate by each insurer. If any of the insurers pay more than his shares, he is entitled to a contribution from other insurers. An insured is not entitled to be benefited from all the insurance policies.

In case the total loss is less than the value of Insurance policies insured by different insurance companies, the insured can claim in full against all the policies.

Example : Suppose X has obtained three fire insurance policies against has goods godown from company A (for Rs. 1,00,000) from Company B (for Rs. 2,00,000) and from company C (for Rs. 3,00,000). Subsequently the godown burnt by fire causing loss to goods worth Rs. 30,000. X may use the option to get the total claim of Rs. 60,000 from any one of the three insurance companies. According to the principle of contribution, the liability to pay the claim of Rs. 60,000 remains with all the three companies, on the ratio of policy amount shown in the policy issued by each. The ratio is 1,00,000, 2,00,000,. 3,00,000. Accordingly the liability of each company would be

$$\frac{1,00,000 \text{ x } 60,000}{6,00,000} \text{ X Rs.10,000 (A's share)}$$

$$\frac{2,00,000 \text{ x } 60,000}{6,00,000} \text{ X Rs.20,000 (B's share)}$$

$$\frac{3,00,000 \text{ x } 60,000}{6,00,000} \text{ X Rs.30,000 (C's share)}$$

In case the Company A has already paid the full amount of claim of Rs. 60,000 to Ram Company A has the right to claim Rs. 20,000 from Company B and Rs. 30,000 from Company C.

In the case of indemnity contracts double insurance is obtained by the insured where the financial soundness or credit worthiness of the insurer is doubtful.

Features of double insurance

From the above description the features of double insurance may be stated as under

1. More than one policies can be obtained against the same subject matter/life.
2. All the policies relate to the same subject matter.
3. The risk covered in all the policies is the same
4. The risk in all the policies is of the same period.
5. The insured has equal insurable interest in the subject matter.

6. The policies can be obtained either from the same insurer or from different insurers.
7. Double insurance is beneficial in life insurance only.
8. In the case of life insurance the money from all the policies can be claimed by the assured or his nominee.
9. One can get insurance policies issued on a subject matter more than its value.

REFERENCES

1. R. N. Chaudhary, General Principles of Insurance Law, Central Law Publication First Edition, 2012
2. R.K. Nagarjun, Law of Insurance, New Era Publication, Second Edition, 2012
3. M. J. Mathew Insurance Principle & Practices, RBSA Publishers, 2nd Revised Edition, 2005
4. Avtar Singh, Law of Insurance, Eastern Book Publication, 3rd Edition 2017