

# Insurance Law Reform in the UK Comparative View – Israel Tel Aviv, 23 April 2018

**Peggy Sharon Adv.  
Levitan, Sharon & Co**

# The Israeli Insurance Contract Law, 1981

## General:

- Replaced the previous Insurance Law which was based on the Common Law (Court precedents)
- Its aim: strengthening the position of the Insured vis a vis the Insurer.
- Does not apply to Marine and Aviation Insurance and Reinsurance.

# Insurance Contract Law, 1981 General (cont.)

- By specific order, jewellers policies were also excluded
- No distinction between consumer insurance and business insurance
- Most of the provisions of the law cannot be stipulated against



# Fraudulent Claims

Sec. 25:

Where... the Insured or the beneficiary **communicated false facts to the Insurer or concealed from him facts relative to the Insured event or to the liability of the Insurer**, and the same is done with fraudulent intent, the Insurer is relieved of his liability.



# Late Payment

The Insurance Contract Law, 1981

Sec. 27:

The insurance benefits will be paid **within thirty days** from the day on which the Insurer is in **possession of the information and documents** required for ascertaining his liability, However, insurance benefits **not disputed bona fide** will be paid within thirty days from the day on which a claim under section 23 (a) is submitted to the Insurer, and they may be claimed separately from the remainder of the benefits.



**The Supreme Court:** wrongful declination of coverage or delay in payment which caused damage to the Insured should be indemnified by Insurer, even beyond policy limits. Foreseeable damage



# Interest and Special Interest

## The Insurance Contract Law, 1981 Para 28:



### Interest

28: Insurance benefits bear index differentials from occurrence and interest from 30 days after claim.

### Special Interest

28A: Failure to pay insurance benefits which were not in dispute in good faith, within 30 days from the claim – a special interest of up to twenty times the applicable interest prescribed by law, in addition to the regular interest set above.

# Extra Contractual Damages Due to Late Payment



## **Sky Club v. Peltours and Aryeh ins.co.(2009)**

- Declination of coverage and late payment: entitlement for compensation for collapse of business. The Aircraft which crashed – the sole source of income.
- Damages beyond policy limit.
- Cause of action - Breach of Contract.
- Scope of Damage – foreseeable.



# Loss of Profits caused by Late Payment



## **Hadar v. Ahad Ha'am Restaurant (2012)**

- Late payment of insurance benefits led to loss of lease extension (5 years).
- The Court: Insured entitled to damages of 5 years loss of profit.
- The cause of action: Contracts and Tort – negligence/breach of statutory duty.
- Foreseeable damage in case of declination in good faith, unforeseeable damage where declination was not in good faith.

# Remedies for insurers- partial and subject to proof of causality

- **Consequences of non disclosure- sec.7(c)**  
Proportionate payment of insurance benefits (agreed premium/ premium for true situation).
- **Breach of duty to notify increase of risk – section 17 (a) after occurrence of event – 18 (c): partial benefits (agreed premium/premium to be paid subsequent to the change)**



# Remedies for insurers- partial (cont.)

**Breach of duty of immediate notification of insured event** or of delivering information and document required for ascertainment of insurer's liability (23(b))

Sec. 24 (a): reduced insurance benefits unless the failure of insured did not prevent insurer from ascertaining its liability.



Thank you  
Toda!

**Peggy Sharon Adv.  
Levitan, Sharon & Co**