



Marine Insurance Act 1906

1906 CHAPTER 41 6 Edw 7

INSURABLE INTEREST

4 Avoidance of wagering or gaming contracts.

- (1) Every contract of marine insurance by way of gaming or wagering is void.
- (2) A contract of marine insurance is deemed to be a gaming or wagering contract—
 - (a) Where the assured has not an insurable interest as defined by this Act, and the contract is entered into with no expectation of acquiring such an interest; or
 - (b) Where the policy is made “interest or no interest,” or “without further proof of interest than the policy itself,” or “without benefit of salvage to the insurer,” or subject to any other like term:

Provided that, where there is no possibility of salvage, a policy may be effected without benefit of salvage to the insurer.

5 Insurable interest defined.

- (1) Subject to the provisions of this Act, every person has an insurable interest who is interested in a marine adventure.
- (2) In particular a person is interested in a marine adventure where he stands in any legal or equitable relation to the adventure or to any insurable property at risk therein, in consequence of which he may benefit by the safety or due arrival of insurable property, or may be prejudiced by its loss, or by damage thereto, or by the detention thereof, or may incur liability in respect thereof.

6 When interest must attach.

- (1) The assured must be interested in the subject-matter insured at the time of the loss though he need not be interested when the insurance is effected:
Provided that where the subject-matter is insured “lost or not lost,” the assured may recover although he may not have acquired his interest until after the loss, unless at

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the time of effecting the contract of insurance the assured was aware of the loss, and the insurer was not.

- (2) Where the assured has no interest at the time of the loss, he cannot acquire interest by any act or election after he is aware of the loss.

7 Defeasible or contingent interest.

- (1) A defeasible interest is insurable, as also is a contingent interest.
- (2) In particular, where the buyer of goods has insured them, he has an insurable interest, notwithstanding that he might, at his election, have rejected the goods, or have treated them as at the seller's risk, by reason of the latter's delay in making delivery or otherwise.

8 Partial interest.

A partial interest of any nature is insurable.

9 Re-insurance.

- (1) The insurer under a contract of marine insurance has an insurable interest in his risk, and may re-insure in respect of it.
- (2) Unless the policy otherwise provides, the original assured has no right or interest in respect of such re-insurance.

10 Bottomry.

The lender of money on bottomry or respondentia has an insurable interest in respect of the loan.

11 Master's and seamen's wages.

The master or any member of the crew of a ship has an insurable interest in respect of his wages.

12 Advance freight.

In the case of advance freight, the person advancing the freight has an insurable interest, in so far as such freight is not repayable in case of loss.

13 Charges of insurance.

The assured has an insurable interest in the charges of any insurance which he may effect.

14 Quantum of interest.

- (1) Where the subject-matter insured is mortgaged, the mortgagor has an insurable interest in the full value thereof, and the mortgagee has an insurable interest in respect of any sum due or to become due under the mortgage.

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- (2) A mortgagee, consignee, or other person having an interest in the subject-matter insured may insure on behalf and for the benefit of other persons interested as well as for his own benefit.
- (3) The owner of insurable property has an insurable interest in respect of the full value thereof, notwithstanding that some third person may have agreed, or be liable, to indemnify him in case of loss.

15 Assignment of interest.

Where the assured assigns or otherwise parts with his interest in the subject-matter insured, he does not thereby transfer to the assignee his rights under the contract of insurance, unless there be an express or implied agreement with the assignee to that effect.

But the provisions of this section do not affect a transmission of interest by operation of law.

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