

CROWN CONSULTANTS PVT. LTD. Versus ORIENTAL INSURANCE COMPANY LTD., III(2011) CPJ 439 (NC), as under:-

19. A [contract](#) of insurance is based on the doctrine of uberrima fides, i.e., utmost good faith, in the conduct of the insured. This doctrine was enunciated as far back as in 1766 by Lord Mansfield in the celebrated case of Carter V. Boehm, (1766) 97ER 1162, 1164, in the following words:

Insurance is a contract of speculation. The special facts, upon which the contingent chance is to be computed, lie most commonly in the knowledge of the insured only; underwriter trusts to his representation, and proceeds upon confidence that he does not keep back any circumstances in his knowledge, to mislead the underwriter into a belief that the circumstance does not exist. Good faith forbids either party for concealing what he privately knows, to draw the other into a bargain from his ignorance of that fact, and his believing the contrary.