



## **Principle of Indemnity In Insurance Claims**

The principle of indemnity asserts that on the happening of a loss the insured shall be put back into the same financial position as they used to occupy immediately before the loss. The insured shall get neither more nor less than the actual amount of loss sustained. The doctrine says that the current market price of the loss shall be indemnified (to make whole or complete).

## **Unfair Claims Settlement Practices Act**

Is the improper avoidance of a policy holder's claim by an insurer (insurance company) or an attempt to reduce the size of the claim and to reduce its costs. **Four Basic Categories** 1) Misrepresentation of insurance policy provisions. 2) Failing to adopt and implement reasonable standards for the prompt investigation of claims. 3) Failing to acknowledge or to act reasonably promptly when claims are presented. 4) Refusing to pay.

## **Proximate Cause Principle Of Insurance**

This principle is concerned with how the actual loss or damage happened to the insured party and whether it is a result of an insured peril.

## **The Prompt Payment Act**

It states that once the owner receives a request for payment by submitting a final invoice, the General Contractor has a right to be paid within 35 days, if the work conforms to the contract and the amount requested is allowed under the contract.

**Texas Department Of Insurance 1(800)252-3439**

**[tdi.texas.gov](http://tdi.texas.gov)**

This state organization regulates improper insurance practices against policy holders.