



TPLLLife
PROXIMATE CAUSE

WHAT IS PROXIMATE CAUSE?

- Insurance Policies only provide cover for loss or damage if it is as a result of one of the perils listed in the Policy.
- Determining the actual cause of loss or damage is therefore a fundamental step in the consideration of any claim.
- **Proximate Cause** is a key principle of insurance and is concerned with **how the loss or damage actually occurred and whether it is indeed as a result of an insured peril.**
- Proximate cause is defined as **“the active and efficient cause that sets in motion a train of events which brings about a result, without the intervention of any force started and working actively from a new and independent source”.**
- Let us have a look at the Jim The Guitarist Example in the next slide.

JIM – THE GUITARIST!

- Jim, a guitar player in a local band, plays at a gig on a Sunday evening.
- The gig goes well and an encore is demanded by the crowd.
- The encore is played but as a result Jim finishes later than he expected and misses the train home.
- Jim then has to take a bus home and does not get to bed until 01:30 am.
- In the morning he oversleeps due to tiredness and because he had forgotten to put his alarm on, Jim is now in a hurry and quickly makes his breakfast, including toast which he puts under the grill.
- The postman then arrives and rings the bell (Jim has normally left long before the postman arrives.)
- The postman engages in a long conversation with Jim who eventually returns to the kitchen to find that the toast has ignited setting fire to a tea towel.
- The tea towel in turn has set fire to the kitchen table.
- Jim is not worried about the tea towel or the toast but submits a claim for the table.

JIM – THE GUITARIST! (*contd*)

- Fire is covered by the Policy and the proximate cause of the loss must be established.
- **The cause of the loss could be:**
 1. *Playing at the gig*
 2. *The fact the encore was demanded*
 3. *Missing the train home*
 4. *Going to bed late*
 5. *Omitting to set the alarm*
 6. *The arrival of the postman*
 7. *The long conversation with the postman*
 8. *The ignition of the toast*
 9. *The ignition of the tea towels*
- Referring back to the definition of PROXIMATE CAUSE , we have to find **“the active efficient cause that sets in motion the chain of events”**.
- Arguably, playing the gig (1) set in motion the chain of events. Playing a gig is not normally an insured peril and so if that was determined to be the proximate cause there would be no cover for the damage to the table. However...

JIM – THE GUITARIST! (*contd*)

- The definition of PROXIMATE CAUSE goes on “without the intervention of any force acting independently from a new and independent force.”
- All causes from 2 to 7 are new forces acting independently from new and independent forces so we can forget all prior causes in the chain.
- The ignition of the toast (8) and the ignition of the tea towels (9) are the closest causes and therefore appear to fit most comfortably with our definition.
- They are not remote causes.
- The decision now is whether the ignition of the toast and tea towels constitutes fire as meant by the Policy and, if yes, whether there are any relevant exclusions.
- ***The final step is to make the Claim Payment!***