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Risk Disclosure in Preserving the Interests of Parties in an Insurance Contract

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Abstract. The requirement to disclose risk at the end of an insurance contract and during its duration was the subject of this research, which viewed this as a shared responsibility between the two parties. The definition of risk, the requirements for the insurer to accept it, and the legal ramifications for the contract's legality and continuation were all covered. The principles of good faith in concluding an insurance contract are shared by the laws of Jordan, Egypt, and Tunisia; however, the penalties for withholding essential risk data vary, ranging from contract rescission, amendment, or invalidation in cases of deliberate concealment.

1. INTRODUCTION

Human life depends on security, which is a basic need that must be satisfied by all methods. People cherish their possessions and work to keep their lives safe. This viewpoint gave rise to the idea of insurance as a way to lessen risks and divide up the associated costs among people.

According to linguistics, the term "insurance" comes from the Arabic word "amn," which denotes protection and security as well as the elimination of worry. Additionally, it refers to reserving recurring payments in order to get a certain amount or damages for losses (Abu Al-Hasan Ahmad, Maqayis al-Lugha Dictionary, 1979; Arabic Language Academy, Al-Mujaz, 1994).

Legally, the Jordanian Civil Code defines an insurance agreement under Section 920 as "a contract whereby the insurer undertakes to pay the insured or the beneficiary, for whom the insurance is stipulated, a sum of money, a periodic income, or any other financial compensation in the event of the insured incident or the realization of the risk specified in the contract, in exchange for a specified sum or periodic premiums paid by the insured to the insurer."

In a similar vein, Article 1 of the Unified Egyptian Insurance Law as follows: "a contract whereby the insurer undertakes to pay the insured or the beneficiary, for whom the insurance is stipulated, a sum of money, a periodic income, or any other financial compensation in the event of the insured incident or the realization of the risk specified in the contract, in consideration of a premium or periodic premiums or any other financial payments made by the insured to the insurer." (The Unified Insurance Law, promulgated by Law No. 155 of 2024, has abolished Articles 747-771 of the Egyptian Civil Code).

The Tunisian Insurance Code, Section 1, describes it to be "an agreement by which an insurance institution or the insured undertakes, in the event of the occurrence of the risk or the expiry of the term specified in the contract, to pay an amount called the insurance premium or subscription fee." According to these legal documents, an insurance contract is an arrangement that establishes mutual duties between the insured and the insurer or insurance firm.

A contract for insurance has a number of characteristics, some of which are specific to it and others of which are shared with other contracts. Named contracts, consensual contracts, bilateral contracts, commutative contracts, contracts of continuous performance, contracts in which rights and obligations are not balanced (i.e., contracts of adhesion), and contingent contracts—contracts in which the benefits are contingent on future events—are some examples of these. Lastly, both parties must provide all pertinent information on the risk covered because it is a contract of good faith.

Three essential components make up the insurance contract: risk, premium, and financial services supplied by the insurer in case of an incident. Al-Najjar Abdullah, The Insurance Contract and Its Legitimacy in Islamic Jurisprudence: A Comparative Study, 2004 states that risk is the most important component, and that the insured has a critical duty to disclose it.

Under some circumstances, insurers take risks, which some legal scholars view as responsibilities at the time of contract formation as well as as consequences and duties after the contract is signed. Insurers can use specialists to evaluate the likelihood and seriousness of risks, but they are unable to make a definitive determination, particularly when the insured has firsthand knowledge of the danger (Sharaf Al-Din Ahmad, Insurance Provisions: A Comparative Study in Comparative Law and Jurisprudence).

Due to the duration of insurance contracts, the risk remains constant during the term, and its intensity may change. Only via disclosures by the insured can insurers be made aware of any events that escalate the level of risk.

2. RESEARCH METHODOLOGY

The legal texts pertaining to the duty to disclose risk in insurance contracts are analyzed descriptively in this study. Additionally, the similarities and differences of a few chosen laws are examined using a comparative method.

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2.1. Research Problem

The degree to which risk disclosure affects the creation of a just equilibrium between the responsibilities and rights of the insured and the insurer is the research problem.

There are two parts to the responsibility (Duty) to disclose risk: the first disclosure of risk before or during the establishment of a contract, and the disclosure of risk aggravation throughout the execution of the contract. The reasons for this commitment, its terms, and the consequences of breaking it under Jordanian, Egyptian, and Tunisian law will all be explained in the parts that follow.

Chapter I: Rationale for the Need to Report Hazard

Despite being the fundamental component of an insurance contract and the source of the guarantee, risk has not been defined by legislation. As a result, the phrase has several definitions that change depending on the context in which it is used. Risk is defined by law as "the harmful event whose occurrence is uncertain and not solely dependent on the parties' will, particularly the insured." It also describes a danger to an individual or their property, the results of which are legally covered by insurance. (Sharif Muhammad Al-Omari, Scientific and Practical Principles of Risk and Insurance, 2012; M. Picard et A. Besson, Les assurances terrestres en droit français, t. I, Le contrat d'assurance; B. Beignier: Droit du contrat d'assurance, collection droit fundamental, PUF, 1999) Any legally permissible event that is consistent with public order and whose occurrence is probable, regardless of its timing or nature, is considered a risk.

Only when the risk covered by the contract is present is an insurance contract deemed legitimate. The risk must be dependent; a contract that is contingent is one in which neither side can predict how much they will win or lose at the end of it. Each party's financial situation is unclear since insurance contracts are contingent, meaning that the value of the resulting responsibilities cannot be set but rather depends on future dependent circumstances (Dukhan Ratiba, Risk in the Insurance Contract, 2016; Najib Sami: Risk and Insurance, 1997).

Since contingency suggests that the risk is not impossible, the risk must be feasible. In accordance with clauses that render contracts pertaining to non-existent things void (Section 19 of the Tunisian Insurance Code), an insurance contract is null and void if the covered object is non-existent or not exposed to risk at the end of the contract.

According to contingency, the risk must be unrelated to the parties' intentions, which implies that the loss is unintentional. Because there is no subject matter or contingency, any risk that is susceptible to the will of the parties makes the insurance contract null and invalid. An occurrence that is both likely and outside the insured's control is referred to as an accidental loss. Compensation is not warranted for intentional loss. This requirement, which in theory ensures contractual fairness, is frequently broken by insureds who fabricate occurrences to fraudulently claim insurance payments, exposing their lack of good faith at the end of the contract [1]. section 921 of the Jordanian Civil Code; section 4 of the Tunisian Insurance Code; P. Vaillier: Les limites de l'assurance, éd., La Tribune de l'assurance, 2001; and legality are the last requirements for risk, making sure the insurance contract does not contravene public order or morality.

Given these risk factors, it is essential to balance the rights and responsibilities of both parties throughout the creation and implementation of contracts by disclosing risk.

Section 1, Subsection 1: The Need to Declare Risk When Creating an Insurance Contract

Contracts with information asymmetry, like insurance contracts, where the insured has less technical and specialized knowledge, are especially subject to the obligation of disclosure. In order to ensure the realization of legitimate benefits, this duty is founded on the good faith principle, which is a cornerstone of contract execution. It requires parties to cooperate and act with integrity and transparency in fulfilling their obligations, both at the conclusion of the contract and during subsequent execution.

1. Insurer Obligations

Contracts of adhesion are those in which the insurer, being the more powerful party, drafts the agreement and establishes the premium and payout. According to Article 2 of the Tunisian Insurance Code, "The insurance contract shall be written in prominent letters, and any amendment or addition to the original contract shall be recorded in an appendix signed by both parties before the delivery of the insurance contract or the appendix," legislators require insurers to be explicit and clear during the contract formation process by writing the terms of the agreement in a clear and understandable manner. The same code's section 12 states that "Any condition that is not highlighted in a very visible manner and relates to cases that lead to invalidation, forfeiture, or exclusion." Although section 2 of the Tunisian Insurance Code does not prescribe the language, it does clarify that the insurance document must be written clearly and conspicuously. Thus, without excluding other languages like French or English, it ought to be written in Arabic, the official state language. According to Bakr Esmat, Concise Named Civil Contracts - Insurance (2018) and Article 1110 of the French Civil Code, the Arabic version is the one that takes precedence in the event of a dispute.

The Unified Egyptian Insurance Law No. 155 of 2024 does not specifically mandate that insurers provide accurate and transparent disclosures of all conditions of contracts. As stated in Article 8, "The insurer is only obliged to compensate the insured for damages resulting from the insured risk, provided that it does not exceed the insurance value," and other related articles on transparency, insurers are required to give clear and accurate information at the end of a contract. "Any condition in the insurance document that violates the provisions of this law, or its implementing regulations is void," as stated in Article 5 of the same law, also requires insurers to refrain from using abusive language that infringes on the rights of the insured. To ensure contractual stability and balance, insurers are legally required to write contracts that are explicit and devoid of ambiguity or deceit.

There are no clear requirements in Jordanian law regarding the insurer's disclosure duties at the time of contract creation. However, based on general principles of Jordanian civil law and Article 202, which states, "The contract must be executed according to its terms and in good faith," insurers are required to provide all relevant information clearly, honestly, and transparently. According to Article 144 of the Jordanian Civil Code, which is also Article 243 of the Tunisian Code of Obligations and Contracts, an insurance policy is null and void if the insurer willfully misrepresents or withholds important information (Al-Sanhouri Abdul Razzaq: The Mediator in Explaining the New Civil Law, Part Seven, 2000).

Essential information including the parties' names and addresses, the contract site, the covered risk, the date of the contract, and the insurance amount must all be included in insurance contracts, according to Article 10 of the Jordanian Insurance Law Project of 2024. Additionally, the provisions of the contract must be straightforward and unambiguous, with any ambiguity being read to the insured's advantage. This gives insurers an implied duty to be truthful, open, and transparent when creating contracts. If one side is aware of every detail and the other is not, the contract is unfair. Accordingly, contractual balance is ensured by upholding the disclosure responsibility (section 3 of the Tunisian Insurance Code).

Standard contracts, such as insurance contracts, are partially governed by laws that restrict the flexibility of contracts to safeguard the weaker party (the insured). Since the insured frequently lacks the scientific and technical skills to comprehend complicated insurance contracts, insurers must follow the good faith concept, refrain from fraud or unclear wording, and provide the insured with pertinent facts. The terms for reporting risk aggravation, informing insured events, obtaining insurance amounts, and forfeiting insurance benefits, for instance, must be made clear by insurers (Najm Omar, The Insured in the Insurance Contract: A Comparative Study, 2023).

To sum up, the concept of good faith in the creation of insurance contracts promotes contractual equity and balance. There are, however, no clear clauses addressing the insurer's pre-contractual disclosure obligations in the legislative texts of Egypt, Jordan, and Tunisia. Therefore, it is necessary to have clear and unambiguous laws requiring insurers to use transparent language when disclosing the contents of insurance contracts and insured risks.

2. Obligations Covered

As was already noted, insurers can analyze risk situations because of their experience and the professionals who can estimate the risks that need to be covered. But even with their experience, insurers aren't always able to completely understand every risky situation. As a result, they must trust the declarations and assertions made by the insured. According to Egyptian jurisprudence, if the insured purposefully hides or misrepresents risk data, basic regulations are insufficient to safeguard insurers. Although disclosing risk aggravation may be regarded as a contractual need, the absence of specific legislative regulations makes it difficult to create a strong legal foundation for pre-contractual risk disclosure. Contracting is based on opposing interests, according to broad norms. Therefore, the insurer's only options are mistakes and fraud provisions if the insured hides risk information. These clauses are insufficient, nevertheless. Insurers may make mistakes in areas that are not significant but would have prevented them from entering into a contract; nonetheless, contract repudiation due to error is only allowed if the fault is significant. In a similar vein, fraud claims require that fraud be the reason for contracting; hiding certain facts may result in contracting, but at a premium that is out of proportion to the true level of risk.

Even the Unified Insurance Law in Egypt does not specifically mandate that insureds disclose risk at the time of contract creation. Jurisprudence has so tried to provide the foundation for this duty. Rather than being a secondary legal requirement, some jurists see it as a factual obligation based on good faith and the technical character of insurance arrangements. Others view it as the insured's direct responsibility. In any case, this obligation is guaranteed to exist throughout all contract phases, including pre-contractual ones, by collaboration, shared interests, and the good faith principle (Al-Sanhouri Abdul Razzaq: The Mediator in Explaining the New Civil Law, Part Seven, 2000; Al-Ahwani Hossam El-Din, General Principles of Insurance, 1975).

Since Article 927 of the Civil Code demands disclosure of the original risk and any aggravating conditions throughout the insurance period, Jordanian law compels insureds to report risk. According to this article: "The insured must: 2. Provide all information required by the insurer to evaluate the risks assumed at the time of contracting. 3. To report to the insurer any issues that come up throughout the contract that raise these risks." To maintain contractual balance, Jordanian law mandates that insureds provide all pertinent risk information both during the contract's creation and implementation.

Since risk is the focus of insurance contracts, insureds are legally required to supply risk-related data, which is based on honesty and good faith. Its kind and severity need to be clearly specified. For instance, the insured must reveal previous theft incidences, including dates and results, in order to obtain theft insurance. In a same vein, the insured is required to notify incidents while purchasing auto insurance (Mahar Amal, Mutual Obligation to Inform in the Insurance Contract, 2018).

According to the Tunisian Insurance Code's Article 7, paragraph 2, "The insured must answer honestly and accurately all questions in the risk disclosure form, which the insurer uses to inquire about circumstances affecting risk assessment." According to Tunisian legislation, insureds must honestly and clearly respond to all questions on the pre-made insurance form about the insured risk, its conditions, and the premium in order to reveal all risk-related information. Insurers use this data to determine whether to get into a contract. Similar to legislation in Egypt and Jordan, good faith insurance contracts mandate that insureds provide all risk-related information, including descriptions, data, and severity, as well as any additional information required for informed consent (Mahar Amal, Mutual Obligation to Inform in the Insurance Contract, 2018).

Section 2: Duty to Report Risk Aggravation While Executing an Insurance Contract

Contracts for insurance are ongoing, and events may occur that change or modify the risk. The insured may or may not be to blame for these events. In either scenario, elevated risk has the potential to upset the contractual equilibrium between the insured and the insurer, which needs to be preserved. Since insurers have no influence over insured behavior that raises risk, they shouldn't be disadvantaged by it. Maintaining the premium-to-risk ratio is therefore essential.

At the beginning of the contract, insureds are required to disclose risk and any aggravating circumstances. The first disclosure is expanded upon by this requirement. Since contractual balance necessitates parity between prospective profits and losses, not only obligation values, but risk aggravation may also result in premium rises or contract termination (Al-Badrawi Abdul Moneim, Named Contracts: Lease and Insurance, 1986).

The following are examples of risk aggravating circumstances: occurring after the contract; being unknown to the insurer; influencing the likelihood or seriousness of the risk (subject to judicial discretion); and being known to the insured.

Laws mandate that insureds report post-contract occurrences that raise risk to their insurers. "...to report new circumstances arising during the contract that render the answers in the risk disclosure form inaccurate," according to Article 7, paragraph 3 of the Tunisian Insurance Code. It is contractually required to report events that raise the frequency and severity of risk. The notice mechanism and extendable periods are left up to contractual agreements as Article 7 does not stipulate them (Al-Ibrahimi Adel, Insurance Code, Journal of Judiciary and Legislation, 1993).

Notification of risk aggravation may be given orally or in writing, according to general regulations and good faith. To safeguard the insured, however, written notice is better (Al-Akrout Malek, The Place of Risk in the Insurance Contract, 2023).

Based on the notice of risk aggravation, insurers can choose the best course of action. If it is specified in the contract, insurers are permitted to raise rates under Article 9 of the Tunisian Insurance Code if risk worsens. The insurer has 30 days from the date of notification to cancel the contract if the insured rejects the increase (Al-Akrout Malek, The Place of Risk in the Insurance Contract, 2023).

If the new situation is not dire, the insurers can keep the policy with higher rates. Additionally, they can keep the contract unchanged by renewing it without raising premiums or making any payments, either overtly through an amendment or covertly through a renewal. Premium increases require the insured's approval; if they refuse, the contract will be terminated. Minor risk aggravation is implied by keeping the contract in place without premium increases.

Disclosure of risk aggravation is required by Egyptian and Jordanian legislation. The Jordanian Civil Code's Article 927/2 declares: "The insured is obligated to notify the insurer of any matters arising during the contract that increase these risks." This duty is essential to the continuation of the contract.

Article 5 of the Unified Insurance Law, which declares contracts that forfeit insurance rights due to legal violations unless deliberate or fraudulent, suggests that hiding risk aggravation may result in contract invalidation or termination based on good faith, even though Egyptian law does not specifically address this issue.

Although Egyptian law, in contrast to Tunisian and Jordanian law, does not provide defined processes for non-disclosure, all of these regulations concur that the insured must disclose risk aggravation.

Chapter II: Repercussions for Violating Risk Disclosure Requirements

An insurance contract must include risk disclosure in order to be deemed legitimate. The contractual equilibrium is upset when either party breaches this duty, whether it is by omitting important information at the time of contracting or by neglecting to disclose risk aggravation after the contract has expired. Lawmakers step in to control the consequences for these violations. The consequences for hiding risk information or not disclosing aggravating conditions are examined in this chapter.

Section 1: Repercussions for Hiding Risk Information

Violations of the first risk disclosure duty, such as hiding risk information or neglecting to report aggravating conditions, are punishable under Jordanian civil law. According to Article 928 of the Civil Code, "1. The insurer may rescind the contract and claim outstanding premiums if the insured willfully conceals or misrepresents information, diminishing the importance of the risk or changing its subject, or fraudulently breaching commitments." 2. The insurer must reimburse the premiums paid or the amount not covered by risk if there is no evidence of fraud or bad faith.

There are no clear sanctions for failing to disclose risks under Egyptian law. French insurance law penalties, which were included in the initial draft of the Egyptian Civil Code but were subsequently eliminated, are applied in Egyptian jurisprudence. Although the Unified Insurance Law of 2024 has broad rules on violations of insurance contracts, it does not specifically address penalties for breach of risk disclosure.

The Insurance Code's section 8 declares that "The insurance contract is void if the insured intentionally conceals or misrepresents information in the risk disclosure form, affecting the risk assessment." This is in accordance with Arab law.

The punishments imposed by these laws (Egyptian, Jordanian, and Tunisian) differ according on the parties' intentions. In insurance contracts, good faith is necessary for contractual balance.

1. Penalties for Faithfully Hiding Risk Information

The contract is not invalid if ill faith is not present or cannot be demonstrated. Depending on whether the insurer learns the facts before or after the incident, different penalties apply.

If the insured inadvertently withholds risk information prior to the incident, the insurer may either terminate the contract or raise premiums. According to Article 8, paragraph 3 of the Tunisian Insurance Code, "Unless the insured accepts a premium increase commensurate with the actual risk, the insurer may rescind the contract if informed of concealment or misrepresentation prior to the event."

To safeguard the insured acting in good faith, Tunisian law aims to prevent contract voidance. This protection is insufficient, though, as a small mistake might result in the contract being terminated. Rescission should ideally only take place in the event that the insured declines a premium increase. Additionally, according to Article 8, paragraph 3, "Premiums paid remain due to the insurer, who may claim outstanding premiums as damages."

There are no clear sanctions under Egyptian law for failing to disclose risks before to an occurrence. According to basic guidelines, if the insured consents, the insurer may extend the contract with a rise in premiums; if not, the insurer may withdraw the policy and repay premiums that are not risk-covered (Arafa Muhammad, Explanation of the New Civil Law, Insurance, Agency, Settlement, Deposit, Custody).

According to Jordanian legislation, insureds must tell the insurer of any aggravating conditions and provide all information pertinent to the risk assessment. Violations of these duties are punishable under Article 928 of the Jordanian Insurance Law.

In accordance with its basic regulations, Jordanian civil law penalizes data concealment and makes a distinction between good and bad faith, which is a preferred method in jurisprudence. Jordanian law, however, does not distinguish between learning the facts before to or during the incident. According to Article 928, fines are imposed prior to the incident, which permits the insurer to keep paid premiums and pursue unpaid sums in situations of bad faith. Premiums that are not covered by risk must be returned by the insurer in good faith situations, proving that the event has not taken place.

It is permissible to adopt the jurisprudential position of proportionate compensation for instances involving good faith, depending on premiums paid. Because of its broad language, section 928 covers both pre-contractual and aggravating risk disclosure violations.

The condition after the occurrence and the requirement for notice, which is mandated by general regulations, are not covered by the legislation. Some contend that the insurer can unilaterally revoke an insurance policy without obtaining approval; all they must do is tell the policyholder.

It is difficult to prove ill faith, nevertheless. It must be proven by a judge since the insurer has the burden of evidence.

Contract rescission for good faith situations is prohibited under Tunisian law (section 8) after the fact. Rather, the amount of compensation is lowered in proportion to the premium paid.

This lower payout strikes a compromise between contractual justice and permits the insured to retain coverage, although in part.

According to Egyptian jurisprudence, insurers may assert rescission or invalidation, but they must pay out less money depending on premiums paid, which should represent good faith and the premium-to-risk ratio. Rescission claims can be made by insurers both before and after an incident, with lower payouts after the incident that are supported by the insurer's interests, particularly when concealment influences both premium and policy acceptance.

2. Repercussions for Willfully Ignoring Risk Information

The basic principles on contract element inadequacies are not the same as contract voidance as a punishment. According to Article 8 of the Tunisian Insurance Code, it is a fine levied by the insurer in this case for violating disclosure requirements.

A unique clause in insurance contracts, contract voidance serves as a safeguard for insurers. One essential insured duty is risk disclosure. There may be deliberate inaccuracies and inconsistencies in risk disclosure forms. Passive hiding and other forms of concealment are considered misrepresentations under Tunisian law.

According to section 56 of the Tunisian Code of Obligations and Contracts, bad faith concealment includes willful omission of information pertaining to risk as well as purposeful concealment or misrepresentation. Since honesty is a legal requirement in all contracts, bad faith concealment results in contract termination (Al-Sanhouri Abdul Razzaq: The Mediator in Explaining the New Civil Law, Part Seven, 2000; Al-Bashir Zahra: Terrestrial Insurance, Analytical Study and Explanation of Insurance Contracts).

According to section 8 of the Tunisian Insurance Code, a contract cannot be invalid unless there is proof of the insured's bad faith and deliberate concealment or misrepresentation in the risk disclosure form.

It is challenging to prove ill faith during the contract period since concealment during formation is not the same as concealment during execution. While concealment during execution is passive (failing to reveal new circumstances), concealment during formation is active (Misrepresentation).

A contract is unenforceable if there is bad faith concealment or deception that affects risk assessment. When a contract is void, the insurer keeps the premiums that have been paid and refuses to pay out.

The Egyptian Unified Insurance Law does not specifically penalize dishonestly hiding critical risk information. Article 5 stipulates, however, that unless deliberate or fraudulent, circumstances that result in the loss of insurance rights owing to legal infractions are null and invalid. Therefore, the contract is nullified if important risk information is purposefully concealed.

The insurer must demonstrate bad faith since Egyptian civil law presumes good faith. All evidentiary techniques are available to the insurer. The punishment for bad faith is contract voidance, in which case the insurer keeps the premiums that were paid.

Two components are necessary for contract voidance according to jurisprudence: personal (poor faith) and material (misrepresentation). The deception must have an impact on the insurer's acceptance or conditions, but it need not have an impact on the insured event itself. The insurer may assert voidance regardless of whether the insured event really happened.

For original misstatement, voidance happens at contract initiation; for failure to disclose aggravation, voidance occurs at risk aggravation. The insurer has three years from the date of discovery to make a claim.

By voidance, the insurer's responsibility is removed, and they are still able to keep the premiums they have paid and collect any unpaid balances. The terms and consequences of this penalty are different from those of regular contract voidance regulations.

This penalty relates to failure to disclose risk aggravation, which is a violation of a legal contract, whereas general voidance laws apply to errors at contract formation. In insurance, the insurer keeps paid premiums and collects any unpaid sums, but general voidance necessitates restoring parties to their pre-contractual position. Additionally, failing to disclose risk aggravation results in voidance as of the breach date rather than the contract date.

In contrast to general voidance laws and other insurance contract penalties, jurisprudence acknowledges this penalty as a unique feature in insurance contracts.

Section 2: Penalties for Violations of Aggravated Risk Disclosure

Laws in Jordan, Egypt, and Tunisia have different penalties for failing to report risk aggravation during the duration of an insurance contract.

Any unilateral contract change gives the opposite party the right to demand particular performance or to withdraw the agreement in accordance with standard civil law rules. (Al-Sanhouri Abdul Razzaq: The Mediator in Explaining the New Civil Law, Part Seven, 2000) In contrast, the insurer has the authority to terminate or continue an insurance contract with or without a rate increase.

1. Contract Rescission for Failure to Disclose Risk Aggravation

If specified in the contract, Section 9 of the Tunisian Insurance Code permits insurers to raise rates for risk aggravation throughout the contract period. Both formal (a clear clause in the contract) and substantive (disclosure of risk escalation during the contract period) requirements are necessary for this.

The insurer has the right to cancel or uphold the contract with a premium increase in situations involving good faith. According to section 8, the insurer may also choose to keep the contract with only a portion of the coverage by lowering payments.

section 928 of the Jordanian Civil Code reads: "If the insured intentionally conceals or misrepresents information, reducing the risk's importance or altering its subject, or fraudulently breaches commitments, the insurer may rescind the contract and claim outstanding premiums."

There are no provisions in the Egyptian Unified Insurance Law regarding contract revocation for failure to report risk aggravation. Good faith and openness are required under general civil contract norms. The insured party's contractual responsibility is broken if risk aggravation is not disclosed. According to Egyptian Maritime Trade Law No. 8 of 1990, section 348, "1.

2. Contract Voidance for Failure to Disclose Risk Aggravation

There are two types of grounds for voidance: absolute voidance, which involves serious violations that make the contract invalid, and relative voidance, which results from consent flaws such fraud, mistake, or misrepresentation.

Any post-contract modifications are seen as risk increases since insurance contracts place a high value on time. Good faith and integrity are required by contractual ethics, which also call for avoiding fraud during implementation. Therefore, the contractual relationship should be terminated due to the insured's ill faith concealment. If concealment or deception materially impairs risk assessment, the insurer may assert invalidation, as contract voidance nullifies all legal effects (Muhammad Al-Zain, General Theory of Obligation).

The Tunisian Insurance Code, Section 8, states: "In addition to ordinary grounds for voidance, the insurance contract is void if the insured intentionally conceals or misrepresents information in the risk disclosure form, affecting risk assessment."

Voidance, which is defined as the deliberate omission of information pertaining to risk, is the punishment for ill faith concealment. The insurer has the right to void the contract at any moment for breach of trust if they find that the risk aggravation was concealed in bad faith. The legislation does not require a direct influence on the event or limit voidance to discovery that occurs before or after the occurrence.

Because concealment varies from that during formation, it is challenging to prove ill faith during contract execution. While concealment during execution is passive (failing to reveal new circumstances), concealment during formation is active (misrepresentation). Judges can therefore decide whether ill faith was committed based on subjective (actual purpose) or objective (reasonable person standard) standards.

The contract may be declared void by the insurer if bad faith is demonstrated; this is relative voidance because it solely serves to safeguard the insurer's interests. According to Muhammad Al-Zain's General Theory of Obligation, voidance is relative when it is meant to safeguard the interests of the parties.

But the impact of contract voidance is the main concern. According to general contract theory, voidance renders a contract void retrospectively. Since the contract was previously legal, voidance in this case only impacts on the non-disclosure term and not the previous contractual connection. As a result, both the insurer and the insured must repay premiums for the same time period and any compensation received after the breach.

Legislative goals to preserve contractual stability and equity is shown in this. Legislators' commitment to good faith in insurance contracts is reflected in voidance, which is regarded as a moral punishment for bad faith violations (Muhammad

Sharaan, Risk in the Insurance Contract, 1984).

Violations of the terms of contract validity are punishable under general voidance regulations. So, how can voidance be a punishment when it's being executed? Since "voidance" is a harsh punishment that takes effect retroactively, the legislator included it in Article 8 to preserve the moral character of insurance contracts. In circumstances of risk exacerbation, it would be better to exclude this extraordinary voidance. To balance contractual rights prior to breach, several jurists recommend substituting rescission for voidance.

In contrast to section 5 of the Unified Insurance Law, which permits contract invalidation for fraud or deliberate deception, Egyptian law does not specifically provide for voidance for failure to disclose risk aggravation.

The duty to reveal risk aggravation is covered under section 927/3 of the Jordanian Civil Code, which reads: "The insured is obligated to notify the insurer of any matters arising during the contract that increase these risks." In contrast to Tunisian and Egyptian law, Jordanian law only lists retraction as a punishment under section 928.

3. IN CONCLUSION

Proper risk assessment is made possible by risk disclosure, which is crucial for striking a balance between the interests of the insurer and the insured. A comparison of the laws of Egypt, Jordan, and Tunisia shows that all three countries agree that risk disclosure is crucial for the creation and implementation of contracts to safeguard contractual interests, reduce disputes resulting from non-disclosure, and maintain contractual stability.

There are no specific sanctions for hiding risk aggravation during the duration of a contract under the Egyptian Unified Insurance Law of 2024. Nonetheless, deliberate deception or the concealment of critical risk information may render a contract voidable under section 5. Because Jordanian legislation is more stringent, it permits instant contract revocation, and the retention of premiums paid in the event of ill faith concealment. Because Tunisian law is more lenient, the insurer can decide between contract maintenance and rescission.

As a result, explicit and understandable clauses pertaining to disclosure requirements for both insurers and insureds should be added to insurance contract rules.

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